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David M. Wight. *Oil Money: Middle East Petrodollars and the Transformation of US Empire, 1967-1988*. Ithaca, Cornell University Press, 2021. https://doi.org/10.7591/cornell/9781501715723.001.0001

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Introduction by by Nathan Citino, Rice University

David Wight opens his book with a stunning example of the hubris inspired by the petrodollar bonanza of the 1970s: a proposal by White House Chief of Staff Donald Rumsfeld for an Arab space agency, developed in partnership with the United States but paid for by Arab oil producers. Wight notes Rumsfeld's belief that such a program would give the US government "leverage for obtaining Arab cooperation" on oil prices. It would also promote modernization of Arab societies and "reduce radicalism in the area." According to Rumsfeld, "the *mullah* or *mufti* would be harder pressed to sway an electronic technician than a camel herder toward some reactionary political position" (2). Although Rumsfeld justified his proposal in crude Orientalist terms, Arab leaders themselves were not immune to petrodollar-inspired dreams. My favorite example appears at the beginning of Toby Craig Jones' book *Desert Kingdom: How Oil and Water Forged Modern Saudi Arabia*. Two years after Rumsfeld dreamed of launching Arabs into space, the Saudi prince Muhammad al-Faisal worked with French experts "to measure the feasibility of towing a 100-million-ton iceberg from Antarctica to the Red Sea." The Prince apparently hoped that "the melting ice would slake the desert kingdom's desperate need for freshwater."[1]

Wight's focus on the accumulation of petrodollars by oil producers, and the implications of petroleum price hikes for US relations with the countries of the Middle East and North Africa (MENA), constitutes an important contribution to the historical literature about the 1970s and 1980s. These years, characterized by "rapidly increasing international flows of investments, trade, travel, media, and communications," helped to create the globalized world economy (6). The challenge for historians has been finding a way to narrate the structural economic changes that we associate with globalization. *Oil Money* offers a distinct approach that complements other accounts of late-twentieth-century economic change by scholars such as Daniel Sargent, Chris Dietrich, and Fritz Bartel.[2] Wight builds his narrative around petrodollars themselves and their significance for American policy making. He aims to follow 'the money,' to borrow a phrase that will forever be linked to the Watergate era. Wight's other contribution is to study how Washington officials imagined reconstituting the US empire in the MENA region following the 1970s oil shocks by recapturing and influencing the flow of petrodollars. He shows how American imperial power worked through sovereign states, corporations, and financial institutions. *Oil Money* thus offers an account of American empire as adapting to challenges, rather than coming to an end in some discrete moment of decolonization.

The three distinguished reviewers for this roundtable approach *Oil Money* from quite different professional and scholarly perspectives. Yet each of them finds reason to praise Wight's study. Diane B. Kunz uses her experience as both a Wall Street lawyer and economic historian to place Wight's topic in a comparative context. She notes how "the petrodollar recycling plans recounted by Wight echoed the events of the 1920s," and compares the Latin American debt crisis of the 1980s to "the defaults of the 1920s and 1930s." For her, the oil shocks evoke an earlier moment of global economic transition, from British to US hegemony. Kunz writes that "Wight clearly and incisively explains how the petrodollar influx was successfully managed by the interplay of US and MENA public and private actors." She further praises Wight's "ability to recapture the spirit of the times in its messy totality." American studies scholar B. Alex Beasley commends Wight for producing "a long overdue comprehensive history of the role of petrodollars in US-Middle East diplomacy." For Beasley, Wight successfully "foreground[s] questions about how US actors maintained power, control, even hegemony" in the face of geopolitical and economic changes. Indeed, Beasley notes, Wight shows how policy makers understood such changes as presenting new opportunities for extraction and profit. Beasley compares such adaptations to the success of financial institutions in exploiting domestic African-American

[1] Toby Craig Jones, *Desert Kingdom: How Oil and Water Forged Modern Saudi Arabia* (Cambridge, MA: Harvard University Press, 2010), 1.

[2] Daniel J. Sargent, *A Superpower Transformed: The Remaking of American Foreign Relations in the 1970s* (New York: Oxford University Press, 2015); Christopher R.W. Dietrich, *Oil Revolution: Anticolonial Elites, Sovereign Rights, and the Economic Culture of Decolonization* (New York: Cambridge University Press, 2017); and Fritz Bartel, *The Triumph of Broken Promises: The End of the Cold War and the Rise of Neoliberalism* (Cambridge, MA: Harvard University Press, 2022).

borrowers within the US despite (or because of) their hard-won access to homeownership as an achievement of the civil rights movement. International historian Marino Auffant describes *Oil Money* as a "groundbreaking work," partly because of the author's ability to narrate economic interdependence. For instance, chapter four describes "the role of petrodollars in Egypt's shift away from the Soviet sphere of influence" and "the ways in which Saudi petrodollars promoted US influence in the Arab world." Wight succeeds, Auffant argues, "at showcasing the deleterious and destabilizing impact of petrodollars for the Middle East." His book also contains "rich and colorful anecdotes," including one about a "fraudulent scheme to sell manure to Bahrain and Dubai." Wight "makes a fully convincing case," Auffant concludes, for "centering petrodollars" in the rise of "capitalist hyper-globalization." Wight's achievement makes *Oil Money* "an essential read" for scholars interested in the MENA region, the US in the World, and globalization. It is a "superb and impactful piece of scholarship."

The reviewers' criticisms of *Oil Money* focus on the limitations of Wight's story or on the important topics and questions that lie outside of it. Kunz observes that Wight's book tells "the story of what did not happen," in terms of the potential for petrodollars to foster a realignment of the MENA region away from US hegemony. Beasley contends that *Oil Money* "tends to conflate, or at least not thoroughly delineate, the US *state* and American *business*." More research is needed, he argues, to understand how public and private actors understood their respective interests and could work either in harmony or at cross-purposes. Citing Robert Vitalis' book *Oilcraft*, Beasley also questions whether the 1970s oil shocks really brought an era of "cheap oil" to an end.[3] Understanding American officials' perceptions of oil markets and the actual workings of those markets requires different kinds of research. Auffant wonders whether 'empire' is the best framework for studying a new era of economic interdependence, and notes that Wight focuses more on the geopolitics than the economics of petrodollars. He also observes that "*Oil Money*'s greatest strength also contains its key limitation;" namely, that an "over-emphasis on US empire in the Middle East and North Africa" neglects the agency of oil-producing states and their ambitions for leveraging their wealth. Among the examples he cites is the Arab Bank for the Economic Development of Africa, a "South-South" initiative funded by Saudi Arabia and Libya and promoted by Algerian president Houari Boumédiène. Because petrodollars involved so many actors and affected societies across the globe, these reviewers suggest, Wight's study will not be the final word on the subject.

Wight offers a professional and thorough response to reviewer comments. Suffice it to say that he accepts the need for more research about the global implications of petrodollars. He concedes: "Auffant is right that the book is structured to focus on US-Middle East petrodollar ties" and does not attempt to analyze "petrodollar connections forged outside of the United States' orbit." On the consequences of petrodollars for the US, he embraces the paradox whereby Saudi and Iranian petrodollars "*simultaneously* decreased the amount of power the United States had in its relations with these countries *and* increased the power the United States wielded in the Middle East and the rest of the world." Regarding the distinction between policy makers' perceptions and how a globalizing economy actually works, Wight agrees that "*Oil Money* is at times suggestive, but not definitive." What remains clear is that petrodollars continue to inspire the ambitions and dreams of officials, capitalists, and ruling family scions. One has only to look at Masdar City, the supposedly carbon-neutral project built by the United Arab Emirates and analyzed in Gökçe Günel's *Space Ship in the Desert: Energy, Climate Change, and Urban Design in Abu Dhabi*.[4] Not to be outdone in the hubris department, Saudi Arabia's de facto ruler Crown Prince Mohammad bin Salman continues to develop ever more ambitious plans for his city

[3] Robert Vitalis, *Oilcraft: The Myths of Scarcity and Security that Haunt US Energy Policy* (Stanford, CA: Stanford University Press, 2020).

[4] Gökçe Günel, *Space Ship in the Desert: Energy, Climate Change, and Urban Design in Abu Dhabi* (Durham, NC: Duke University Press, 2019).

of the future, NEOM.[5] Petrodollars retain their fascination as a symbol of our highly unequal, globalized world because they possess a material basis and are the stuff of which dreams are made.

Participants:

David M. Wight is Visiting Assistant Professor of History at the University of North Carolina at Greensboro. In addition to his book *Oil Money: Middle East Petrodollars and the Transformation of US Empire, 1967–1988* (Cornell University Press, 2021), he is the author of several articles and book chapters (including publications in *Diplomatic History, History & Memory,* and *Middle East Report*) on US foreign relations, the geopolitics of the Middle East, global political economy, and popular culture.

Nathan J. Citino is the Barbara Kirkland Chiles Professor of History at Rice University. He is the author of *From Arab Nationalism to OPEC: Eisenhower, King Sa'ud, and the Making of U.S. - Saudi Relations* (Indiana University Press, 2002, 2010). His second book, *Envisioning the Arab Future: Modernization in U.S.-Arab Relations, 1945-1967* (Cambridge University Press, 2017), was awarded the Robert H. Ferrell Book Prize by the Society for Historians of American Foreign Relations. His current research examines the foundations of US empire in the Middle East.

Marino Auffant is an America in the World Consortium Post-Doctoral Fellow in the Kissinger Center for Global Affairs at Johns Hopkins School of Advanced International Studies, and a Hans J. Morgenthau Fellow at the University of Notre Dame's International Security Center. His research focuses on the international history of the 1970s Energy Crisis. His doctoral dissertation won the Munich Security Conference's John McCain Dissertation Award (2023), and his work has been published in the *Texas National Security Review*. Previously, Marino served as an Ernest May Fellow in History and Policy at Harvard Kennedy School's Belfer Center, a Graduate Student Associate at the Weatherhead Center for International Affairs, and a Junior Scholar at the Kissinger Center's International Policy Scholars Consortium and Network (IPSCON). He received his PhD (2022) and his BA (2010) from Harvard University, and his MPA (2013) from France's École Nationale d'Administration (ENA).

B. Alex Beasley is Assistant Professor of American Studies at the University of Texas at Austin, where he teaches courses in the history of capitalism, the history of energy, urban history, the history of race and gender, and US empire. He is the author of *Expert Capital: Houston and the Making of a Service Empire*, forthcoming from Harvard University Press. The dissertation on which *Expert Capital* is based was awarded the 2017 Honorable Mention for the Betty M. Unterberger Dissertation Prize from the Society for Historians of American Foreign Relations (SHAFR). An article based on this research, published in *Diplomatic History*, won the Stuart L. Bernath Scholarly Article Prize from SHAFR in 2019. His work has also been published in *Radical History Review* and in an edited collection on global oil labor entitled *Working for Oil* (Palgrave, 2018). He is the invited chapter editor of "Economic Issues and U.S. Foreign Relations" in SHAFR's historiographical guide (2021) and has served as the Associate Editor for Book Reviews at *Enterprise and Society* since 2018. With Jessica Levy, he is co-editing a volume provisionally entitled *Capitalism and the American Century: Toward a Global History of Postwar America.*

Diane B. Kunz is Executive Director of the Center for Adoption Policy, a 501 (c) 3 corporation that has become a pre-eminent legal and policy institute engaged in adoption and family creation issues. Kunz received her PhD at Yale University and taught there 1988-1998. In 1983, she began graduate studies in diplomatic, economic and legal history at Oxford University (M. Litt. 1986) and Yale University (PhD, 1989).

[5] See Ben Hubbard, *MBS: The Rise to Power of Mohammad bin Salman* (New York: Tim Duggan/Random House, 2020), 168-170, 243.

From 1988 until 1998 she was Assistant, then Associate Professor of History at Yale University. While at Yale she wrote extensively on twentieth century international history, and U.S. relations with the Middle East, including the prize winning book, *The Economic Diplomacy of the Suez Crisis* (University of North Carolina Press, 1991). Since October 2021, she has been Scholar in Residence at the Louis D. Brandeis Center for Human Rights Law. Kunz is working on a transnational history of international adoption which is under contract with UNC Press.

Review by Marino Auffant, Johns Hopkins SAIS

In *Oil Money: Middle East Petrodollars and the Transformation of US Empire, 1967-1988*, David Wight reveals the pivotal role of petrodollars in articulating US relations with the Middle East and North Africa since the 1970s. While much of the historical literature on petroleum focuses on Western companies' and governments' quest for control over the region's oil production and trade, Wight focuses instead on the United States' efforts to manage Arab and Iranian oil revenues to benefit its own economy and to advance US geostrategic interests.[1] He argues that, in the aftermath of the 1973-1974 oil crisis, the Nixon, Ford, and Carter administrations transformed the United States' relationship with Middle Eastern oil producers by building new frameworks of petrodollar interdependence that reaped lucrative business contracts for US corporations, financial profits for international banks, and unprecedented fortunes for Middle Eastern elites. And yet, this proved to be a double-edged sword: oil wealth over-militarized the Persian Gulf and further entrenched authoritarian rule in the region, which generated popular resistance against local elites and the United States. Thus, the Islamic Revolution and the subsequent Iran-Iraq War revealed the fragility, explosiveness, and discontents of the American petrodollar order.

Wight's groundbreaking work is a valuable and welcome addition to the recent wave of scholarship on oil, US-Middle Eastern relations, and the advent of globalization during the 1970s, joining other seminal works such as Roham Alvandi's *Nixon, Kissinger, and the Shah* (2016), Christopher Dietrich's *Oil Revolution* (2017), Giuliano Garavini's *The Rise and Fall of OPEC in the Twentieth Century* (2019), Victor McFarland's *Oil Powers* (2020), and Robert Vitalis's *Oilcraft* (2020).[2] But unlike previous works, Wight's book explicitly and unapologetically frames petrodollars as a key anchor for US empire in the Middle East. He challenges our understanding of the place of oil in US foreign relations after the 1970s, which was not only driven by fears of scarcity, but also by the search for much-needed financial capital for the US economy. Moreover, Wight asserts that the US government's efforts to attract petrodollars constituted a transformation of the dynamics of the American empire during the 1970s: it moved from a more coercive framework that sought to extract commodities at low prices from the developing world, to a more 'cooperative empire' of petrodollar interdependence that sought to build mutually-beneficial capital and trade flows between the United States and its Middle Eastern client states.

Wight also asserts the importance of the 1973-1974 Oil Shock as the pivotal crisis that transformed the shape and meaning of US empire in the Middle East. And yet, he also shows how the emergence of petrodollars as an area for US-Middle Eastern collaboration was far from preordained. On the contrary, the Energy Crisis placed unprecedented strain upon US relations with the Persian Gulf. The Arab oil embargo against the United States brought US-Saudi relations to the verge of rupture, and the Shah of Iran led the charge in the concurrent four-fold increase in oil prices by the Organization of the Petroleum Exporting Countries (OPEC). In this sense, the shift towards 'cooperative empire' was the product of the United States' relative loss of power in the region. Indeed, economic collaboration emerged as a strategy for the Nixon and Ford administrations—orchestrated by Secretary of State Henry Kissinger—to regain leverage over Arab petrostates and Iran. In this sense, one quotation from Kissinger comes up as particularly striking: "If those

[1] Daniel Yergin stands out as the most well-known exponent of this traditional approach to the history of oil. See Daniel Yergin, *The Prize: The Epic Quest for Oil, Money, & Power* (New York: Free Press, 2009).

[2] Roham Alvandi, *Nixon, Kissinger, and the Shah: The United States and Iran in the Cold War* (New York: Oxford University Press, 2014); Christopher R. W. Dietrich, *Oil Revolution: Anticolonial Elites, Sovereign Rights, and the Economic Culture of Decolonization* (Cambridge, United Kingdom ; Cambridge University Press, 2017); Giuliano Garavini, *The Rise and Fall of OPEC in the Twentieth Century* (Oxford: Oxford University Press, 2019); Victor McFarland, *Oil Powers: A History of the U.S.-Saudi Alliance* (New York, NY: Columbia University Press, 2020); Robert Vitalis, *Oilcraft: The Myths of Scarcity and Security That Haunt U.S. Energy Policy* (Stanford, California: Stanford University Press, 2020).

Bedouins want to use all of their money to build soccer stadiums, that's fine with me… We should absorb as much of their money as we possibly can… Our principal objective should be to maximize their dependence on us" (84). This may raise the question, however, of whether the lens of 'empire' is the best prism to construe this petrodollar relationship, as it came from a place of American weakness, or even desperation.

But if such questions may arise about the choice of 'empire' as the correct lens for assessing the impact of petrodollars in US foreign relations, the fourth chapter, "The Triangle to the Nile," convincingly shows the imperial dynamics at play in the American petrodollar order. Wight breaks new ground by showcasing the role of petrodollars in Egypt's shift away from the Soviet sphere of influence and into the US orbit—that is, the ways in which Saudi petrodollars promoted US influence in the Arab world. With his vivid descriptions of 'triangular investment,' he explains how Saudi oil money paid for Egypt's purchases of US equipment and services, enabling President Anwar Sadat to undertake the *infitah* or 'opening-up' of the Egyptian economy to American capitalism. This comes as one of the greatest strengths of Wight's book: its ability to highlight the long-lasting geopolitical impact of petrodollar interdependence, and the ways in which it reshaped the political and economic map of the Middle East during the 1970s.

Wight also greatly succeeds at showcasing the deleterious and destabilizing impact of petrodollars for the Middle East. Indeed, much of the Persian Gulf's oil money went into US arms purchases, thus over-militarizing an already volatile region. But while US defense contractors may have favored selling as many arms as possible to Saudi Arabia and Iran, these trade deals remained rife with controversies. For starters, they threatened to wreck US relations with Israel. Wight deftly shows how American officials found themselves torn between their quest for petrodollar profits—especially given fierce competition from European arms manufacturers—and their fears of upsetting regional balances of power, not just between Israel and its Arab neighbors, but between Iran and Saudi Arabia as well. In this context, Wight shows how Riyadh was even more bullish than Washington in its regional threat assessment, interpreting disparate events such as Oman's Dhofar rebellion, the Communist takeover of South Yemen, the rise of the Marxist Derg junta in Ethiopia, the consolidation of Ba'athist rule in Iraq, and the Ogaden War between Ethiopia and Somalia as evidence of a Communist encirclement of Saudi Arabia. The Saudi monarchy successfully deployed Cold War rhetoric to pressure D.C. policymakers into committing to ever-growing arms sales into the region—with long-lasting consequences.

Wight thus paints a story rife with hopes, disappointments, and betrayals, which caused disruption not just for Arab and Iranian societies, but also in the United States. He provides rich and colorful anecdotes, including the bankruptcy of US cattle ranchers who were fooled into a fake, fraudulent scheme to sell manure to Bahrain and Dubai in 1974, and the moral panic that spread across South Carolina at the news of the purchase of Kiawah Island by Kuwaiti sheikhs in the same year. But if these stories are tragically comical, the narrative becomes much more dramatic when it comes to the Persian Gulf. Indeed, mistrust went both ways, and while the Islamic Revolution had a multiplicity of causes, Wight convincingly argues that the petrodollar boom added layer upon layer of socio-cultural dislocation and anti-Western resentment across distinct segments of the Iranian population.

Oil Money thus concludes by asserting the long-term legacy of the US-Middle Eastern petrodollar relationship. From the Iran-Iraq War and the Iran-Contra affair to the Saudi funding for the Afghan mujahedeen and the rise of Al-Qaeda, Wight provides a sobering picture of the deleterious effect of petrodollar interdependence for millions of Arabs, Iranians, and Americans. He makes a fully convincing case for centering petrodollars in our understanding of capitalist hyper-globalization, in the history of American economic and military empire, and in the lengthy list of crises and 'forever wars' that have plagued US relations with the Arab and Muslim worlds all the way into the present. *Oil Money* thus becomes an essential read for anyone interested in the history of the Middle East, of the US in the world, and the dynamics of capitalist globalization.

And yet, as noted above, *Oil Money*'s greatest strength also contains its key limitation: the over-emphasis on US empire in the Middle East and North Africa hides other striking dynamics, the most salient of which is the agency of regional actors in choosing how to employ their petrodollars for their own independent agendas—for instance, Saudi Arabia's buildup of pan-Islamic networks, Algeria and Libya's leadership in building new Afro-Arab solidarities, and Iran's growing petrodollar ties with India and Pakistan.[3] While the embrace of collaborative US empire certainly played a key role in directing Saudi and Iranian petrodollars towards the American economy, petrostates also often acted independently of US intentions. Such is the case, for instance, of the Arab Bank for the Economic Development of Africa, a project of South-South cooperation that saw the light in the 1970s under the leadership of Algerian President Houari Boumedienne with a preponderance of Saudi and Libyan funding that served to solidify an Afro-Arab voting bloc against Israel at the United Nations.[4] The narrow focus on US-Arab and US-Iranian bilateral frameworks of analysis thus overshadows the emergence of other globe-spanning petrodollar ties, and especially as it comes to South-South contacts beyond the New International Economic Order (NIEO).

This emphasis on US imperial dynamics thus erases some layers of nuance about the choices and strategies undertaken by Middle Eastern oil producers to leverage their petrodollar reserves. For instance, it was Saudi Arabia that took the initiative of proposing petrodollar interdependence as a basis for a new special relationship with the United States—a position that Saudi Oil Minister Ahmed Zaki Yamani advocated for repeatedly during the leadup to the oil crisis. In this sense, rather than the United States seeking to absorb Saudi Arabia into its empire, the Saudi monarchy sought out a mutually beneficial partnership with successive US administrations.[5] In contrast, Mohammad Reza Shah Pahlavi oftentimes sought to use petrodollar wealth to assert Iran's independence from the United States and fend off accusations of being an American puppet. This explains, for instance, how he deftly pitted American, British, German, French, and Japanese investors against each other, and how the Iranian nuclear program was pioneered through petrodollar recycling with French and German companies—not American ones. Similar questions can be raised about Iraq's pursuit of petrodollar integration with France, or Kuwait's rise as the world's largest aid donor per capita to the developing world in the 1970s.[6]

Additionally, despite its title, *Oil Money* is more focused on geopolitical than on the economic impact of petrodollar recycling. The fifth chapter exclusively delves into "The Petrodollar Economy," and Wight certainly describes some key battles over petrodollars at the World Bank and the International Monetary Fund, but the book only probes lightly into some of the most important monetary and economic legacies of the petrodollar order, such as the Saudi efforts to uphold the US dollar as the international reserve asset after the collapse of Bretton Woods, the financialization of the global economy, and the debt crises of the developing and socialist worlds, even if Wight includes some mention of the Polish and Mexican debt defaults of the early 1980s and several discussions of the rise and fall of the NIEO. And yet, these were

[3] For instance, it would have been compelling to contend with Gilles Kepel's concept of "petroislam," Timothy Mitchell's use of "McJihad," or Cemil Aydin's work on Saudi Pan-Islamism since the 1970s. See Gilles Kepel, *Jihad: The Trail of Political Islam* (Cambridge, Mass.: Belknap Press 2002); Timothy Mitchell, *Carbon Democracy: Political Power in the Age of Oil* (London; Verso, 2011); Cemil Aydin, *The Idea of the Muslim World: A Global Intellectual History* (Cambridge, Massachusetts: Harvard University Press, 2017).

[4] Arab Bank for Economic Development in Africa, *Annual Report 1975 - The Arab Bank for Economic Development in Africa* (London: Wartmoughs Limited, 1976).

[5] For an overview of the Saudi government's investment strategies, see Ahmed Banafe and Rory Macleod, *The Saudi Arabian Monetary Agency, 1952-2016: Central Bank of Oil*, (New York: Palgrave Macmillan, 2017).

[6] For US-European tensions about the Iranian nuclear program, and the petrodollar-fueled nuclear boom of the 1970s, see: Jacob Darwin Hamblin, "The Nuclearization of Iran in the Seventies," *Diplomatic History* 38, no. 5 (2014): 1114–1135; Jayita Sarkar, "U.S. Policy to Curb West European Nuclear Exports, 1974–1978," *Journal of Cold War Studies* 21, no. 2 (May 1, 2019): 110–149; Jacob Darwin Hamblin, *The Wretched Atom: America's Global Gamble with Peaceful Nuclear Technology* (New York, NY: Oxford University Press, 2021); Marino Auffant, "Oil for Atoms: The 1970s Energy Crisis and Nuclear Proliferation in the Persian Gulf," *Texas National Security Review* 5, no. 3 (Summer 2022): 59–82.

driving elements in the making of capitalist globalization, which Wight closely ties to his conceptual vision of US cooperative empire in the 1970s and 80s.[7]

But given *Oil Money*'s scale, ambitions, and broad contributions across a variety of fields, these comments should come as an invitation for further research into the petrodollar economy—not just in a Middle Eastern context, but for the rest of the world, from OPEC states such as Venezuela, Nigeria and Indonesia and non-OPEC petrostates like Canada, Norway, and Mexico, to the Global South, the Socialist Bloc, and the Western world. By revealing the pivotal role of petrodollars in the remaking of US empire in the era of globalization, Wight has produced an impressive foundation that scholars beyond the field of Middle Eastern studies should contend with and build upon. Wight has thus produced a superb and impactful piece of scholarship that casts new light upon some of the most significant events of the past fifty years, and its legacy will surely live on as we continue to grapple with the intricate role of oil—and oil money—in the making of our convoluted times.

[7] For the relationship between petrodollars and the international economy during the 1970s and 1980s, see: Judith Stein, *Pivotal Decade: How the United States Traded Factories for Finance in the Seventies* (New Haven: Yale University Press, 2010); C. Edoardo Altamura, "A New Dawn for European Banking: The Euromarket, the Oil Crisis and the Rise of International Banking," *Zeitschrift Für Unternehmensgeschichte* 60, no. 1 (2015): 29–51; Fritz Bartel, "Fugitive Leverage: Commercial Banks, Sovereign Debt, and Cold War Crisis in Poland, 1980–1982," *Enterprise & Society* 18, no. 1 (2017): 72–107; Carlo Edoardo Altamura and Juan Flores Zendejas, "Politics, International Banking, and the Debt Crisis of 1982," *Business History Review* 94, no. 4 (2020): 753–778; Duccio Basosi, "Oil, Dollars, and US Power in the 1970s: Re-Viewing the Connections," *Journal of Energy History/Revue d'Histoire de l'Énergie*, no. 3 (June 2, 2020), URL : energyhistory.eu/en/node/192; Michael De Groot, "The Soviet Union, CMEA, and the Energy Crisis of the 1970s," *Journal of Cold War Studies* 22, no. 4 (2020): 4–30; Christy Thornton, *Revolution in Development: Mexico and the Governance of the Global Economy* (Oakland, California: University of California Press, 2021).

Review by B. Alex Beasley, The University of Texas at Austin

In *Oil Money*, David Wight has given historians of capitalism and of US foreign relations a gift: a long overdue comprehensive history of the role of petrodollars in US-Middle East diplomacy. Wight's book is the only recent historical work to take the petrodollar as its primary subject, and *Oil Money* is sure to become the touchstone work for scholars and students hoping to understand how, why, and to what extent petrodollars have shaped US empire since the 1970s. Beginning in that decade, oil-producing states, especially in the Middle East and North Africa (the MENA, which is the geographic subject of Wight's analysis), enjoyed unprecedented revenues from oil sales, to the tune of $200 million per day (3). States that had been previously dominated by European nations via colonialism, or through European and American capital via multinational oil corporations, found themselves flush with cash that needed to be invested. Wight charts how US policymakers courted MENA governments to spend their petrodollars to purchase technology, arms, and services from the American state and American corporations.

The crux of Wight's important argument is that the US goal in courting petrodollars was twofold. First, American policymakers hoped to use petrodollar recycling to have MENA nations "pay for their own modernization under US tutelage," keeping intact all the longstanding Cold War assumptions that modernization would directly engender political moderation and loyalty to US-style democratic capitalism (3). The difference was that the US would no longer foot the bill. Second, petrodollars seemed to provide a solution for "a US economy racked with both inflation and recession" in the 1970s and after (3). MENA states and non-state actors, of course, did not always behave according to the US plan. But Wight argues that the central importance of petrodollars nonetheless "facilitated a fundamental transformation…in the international empire that the United States had forged since World War II," becoming a means by which the US could maintain its international hegemony in a more hostile geopolitical climate after the 1970s (4). For Wight, the petrodollar era marks the beginning of a new period of US foreign relations, the transition "to a new system of cooperative empire" defined by the use of oil-rich nations' "enhanced wealth for shared ends" (5).

Oil Money is a valuable contribution to a major debate in the history of US foreign relations: How should we understand the nature of US global power between the Vietnam War era and the beginning of the wars in Iraq and Afghanistan? Many Americans experienced the 1970s as a period of profound instability, insecurity, and even decline, marred by oil shocks, presidential scandal and resignation, the retreat from Vietnam, the end of Bretton Woods, and crises that challenged Fordist and Keynesian assumptions which had buoyed federal and international policy for decades.[1] Historians of domestic and foreign policy have understood the 1970s as a "pivotal decade," in Judith Stein's words, in which capitalists and heads of state began to set in motion the form that neoliberal globalization would take.[2] Historians of US foreign relations have emphasized that expanded international trade and extended supply chains, the end of formal territorial imperialism and the rising economic and political power of states in the Global South, and Americans' distrust of their government's interventions abroad after the disaster of Vietnam, marked a dramatic rupture in the US foreign policy status quo during the 1970s.[3] But even if historians now agree about the importance

[1] On the other hand, unprecedented political and social triumphs for racial justice, gender equality, environmental regulation, and gay and lesbian rights complicate depictions of the decade as entirely overshadowed by malaise. See, for instance, Nancy MacLean, *Freedom Is Not Enough: The Opening of the American Workplace* (Cambridge: Harvard University Press, 2008).

[2] Judith Stein, *Pivotal Decade: How the United States Traded Factories for Finance in the Seventies* (New Haven: Yale University Press, 2011).

[3] For just a sampling of the vast literature on the 1970s, see Stein, *Pivotal Decade*; Bruce J. Schulman, *The Seventies: The Great Shift in American Culture, Society, and Politics* (New York: Da Capo Press, 2002); Jefferson Cowie, *Stayin' Alive: The 1970s and the Last Days of the Working Class* (New York: The New Press, 2010); Niall Ferguson, Charles S. Maier, Erez Manela, and Daniel Sargent, eds., *The Shock of the Global: The 1970s in Perspective* (Cambridge: Harvard University Press, 2011); Suleiman Osman, *The Invention of Brownstone Brooklyn: Gentrification and the Search for Authenticity in*

of the 1970s, they have had a tendency to narrate the decade in terms of decline. Juxtaposed with the optimism, growth, and international might of the postwar era, the 1970s seemed to be a reversal of the country's fortunes, with Vietnam, the oil shocks, stagflation, and rising global market competition signifying chickens coming home to roost.

Wight resists this narrative arc. In *Oil Money*, petrodollars are not simply weapons wielded by a new postcolonial elite, but new tools of foreign policy that were just as capable of *reinscribing* US global power as they were of *challenging* it. As National Security Advisor and US Secretary of State Henry Kissinger put it bluntly, "We've got to come up with ways to soak up their dough…Our principal objective should be to maximize their dependence on us" (84). And, ultimately, that money did not even have to be spent in the US to have an impact. As one 1974 Treasury report argued, petrodollar investment in capitalist markets anywhere in the world ensured that oil-rich states would "have a stake in the smooth functioning of the markets," making "disruptive actions…doubly costly—in the first instance to the value of their security portfolio and in the second instance to the value of their direct investment" (69).

This argument has crucial implications beyond the specifics of petrodollar diplomacy. It invites scholars to continue to rethink post-colonial, late- and post-Cold War politics; to think beyond the impact of these changing geopolitical conditions on Americans in the US, and instead to foreground questions about how US actors maintained power, control, even hegemony under these shifting circumstances. This kind of analysis nicely complements recent works from scholars like Christopher Dietrich and Adom Getachew who investigate the economic and political thought of Global South elites during the era of decolonization.[4] Though Wight quite clearly centers the US perspective on petrodollar politics, he rejects depictions of post-1970s US foreign policy as a series of panicked responses to new threats, and instead conjures a much more self-assured United States that experimented with innovative strategies to contain and redirect the power that the Global South aimed to seize.

Beyond the field of diplomatic history, Wight's work joins a number of recent books connecting the shifting financial markets of the 1970s with the politics of imperialism and racial justice. Finance is hardly a new topic for historians of US foreign relations or historians of capitalism, but, until recently, work on finance in the last third of the twentieth century tended to focus on the high politics of deregulation, 'financialization,' and global flows of investment. This scholarship made clear that the terms of neoliberal globalization disproportionately harmed communities of color in the Global North, entire nations in the Global South, and indigenous people all over the world, but scholars framed this harm as an *effect* of a shifting financial landscape rather than its cause.[5]

More recent scholarship has turned this analysis on its head. Historian Keeanga-Yamahtta Taylor, for instance, shows that mortgage lenders saw Black activists' successful campaign to end the practice of redlining not as a threat, but as an opportunity. Their navigation of federal policy, and the investor-friendly hands-off approach of the federal government, made it possible for them to reap the profits of uneven urban

Postwar New York (New York: Oxford University Press, 2011); Greta R. Krippner, *Capitalizing on Crisis: The Political Origins of the Rise of Finance* (Cambridge: Harvard University Press, 2011); Robert O. Self, *All in the Family: The Realignment of American Democracy Since the 1960s* (New York: Hill and Wang, 2012); Daniel Sargent, *Superpower Transformed: The Remaking of American Foreign Relations in the 1970s* (New York: Oxford University Press, 2015); Meg Jacobs, *Panic at the Pump: The Energy Crisis and the Transformation of American Politics in the 1970s* (New York: Hill and Wang, 2016); Kim Phillips-Fein, *Fear City: New York's Fiscal Crisis and the Rise of Austerity Politics* (New York: Macmillan, 2017); Benjamin Holtzman, *The Long Crisis: New York City and the Path to Neoliberalism* (New York: Oxford University Press, 2021).

[4] Christopher Dietrich, *Oil Revolution: Anticolonial Elites, Sovereign Rights, and the Economic Culture of Decolonization* (New York: Cambridge University Press, 2017); Adom Getachew, *Worldmaking after Empire: The Rise and Fall of Self-Determination* (Princeton: Princeton University Press, 2020).

[5] For examples, see Stein, *Pivotal Decade*; Jefferson Cowie, *Capital Moves: RCA's Seventy-Year Quest for Cheap Labor* (Ithaca: Cornell University Press, 1999).

development in new ways, through the 'predatory inclusion' of Black homebuyers rather than their exclusion.[6] Like Taylor's work, Wight's account of petrodollars shows that capitalists could respond to movements resisting economic colonialism by creating new financial instruments that aimed to continue these exploitative relationships in another form. In other words, petrodollars did not signify a *reversal* of the previous imperial relationship between the US and the MENA, and their continued unequal entanglement was also not an unfortunate accident of a new financial context. Rather, it was a market made through political ambitions, conflict, and unintended consequences—as all markets are.

As I see it, Wight's work has major broad implications for future scholarship. *Oil Money* makes clear the need for continued attention to financial instruments beyond state aid in the history of US foreign relations. Of course, work on financial diplomacy has a long history in the field, most notably in the work of Emily Rosenberg.[7] And scholars have examined the International Monetary Fund and the World Bank as tools of global economic hegemony, though political scientists have been more prolific on this topic than historians.[8] But they have paid much less attention to precisely how market relationships—which did not always have any direct connection to state governments—could nonetheless become instruments of geopolitics.

Importantly, Wight's analysis shows how financial flows were important *bidirectional* tools of foreign policy, particularly in the late twentieth century. Recent works by Christy Thornton and Amy Offner have shown that Mexico and Colombia, respectively, were key players in world economic governance in the second half of the twentieth century, but this historiographical shift is still in its infancy.[9] Much of the history of foreign direct investment flowing from the Global South into the Global North remains to be written. Moreover, Wight interrogates not only how petrodollars were spent, but how various actors *understood* petrodollars—what they signified in the MENA and in the United States, and how they represented different values, threats, and hopes among distinct constituencies within these countries. There is ample room to extend this approach to the study of a wide variety of topics in late-twentieth-century history, including, as just one example, the Toyota-General Motors joint enterprise New United Motor Manufacturing, Inc. (NUMMI) in 1980s California.

Like all provocative books, *Oil Money* does raise a few unanswered questions for me. At times, the book tends to conflate, or at least not thoroughly delineate, the US *state* and American *businesses.* In one passage, for instance, Wight explains the US regime of "international empire" as a model that "promoted the formal sovereignty of other nations, but the US government and/or US corporations also leveraged their…superiority as inducements to foreign governments to accept US oversight and management over…their domestic and foreign policies." As one example, Wight notes the 1933 Saudi concession granted to "a U.S. oil company," which he says began "a decades-long U.S. monopoly over foreign influence in Saudi oil affairs" (13). But were the 'US government' and 'US corporations' always in allegiance? Were the foreign-

[6] Keeanga Yamahtta-Taylor, *Race for Profit: How Banks and the Real Estate Industry Undermined Black Homeownership* (Chapel Hill: The University of North Carolina Press, 2019). For other work in this vein, see Destin Jenkins, *The Bonds of Inequality: Debt and the Making of the American City* (Chicago: The University of Chicago Press, 2021); and Bench Ansfield, "The Crisis of Insurance and the Insuring of the Crisis: Riot Reinsurance and Redlining in the Aftermath of the 1960s Uprisings," *Journal of American History* 107:4 (March 2021), 899-921.

[7] Emily S. Rosenberg, *Financial Missionaries to the World: The Politics and Culture of Dollar Diplomacy, 1900-1930* (Durham: Duke University Press, 2004). See also Peter James Hudson, *Bankers and Empire: How Wall Street Colonized the Caribbean* (Chicago: The University of Chicago Press, 2017).

[8] See, for instance, Alfred E. Eckes, *The Contemporary Global Economy: A History Since 1980* (Malden, MA: Wiley-Blackwell, 20111); Mark S. Copelovitch, *The International Monetary Fund in the Global Economy: Banks, Bonds, and Bailouts* (New York: Cambridge University Press, 2010); Randall W. Stone, *Lending Credibility: The International Monetary Fund and the Post-Communist Transition* (Princeton: Princeton University Press, 2002); Jerome Roos, *Why Not Default?: The Political Economy of Sovereign Debt* (Princeton: Princeton University Press, 2019).

[9] Christy Thornton, *Revolution in Development: Mexico and the Governance of the Global Economy* (Berkeley: University of California Press, 2021); Amy C. Offner, *Sorting Out the Mixed Economy: The Rise and Fall of Welfare and Developmental States in the Americas* (Princeton: Princeton University Press, 2019).

policy goals of the United States as a nation always in alignment with the corporate goals of a multinational business like, say, Chevron? And which one of the two held a "monopoly over foreign influence in Saudi oil affairs": the American businessmen and engineers who ran the Arabian American Oil Company (Aramco), or the men in the State Department? Does a concession to a US-based company really represent a 'US monopoly' in another country's state governance? In a similar vein, thinking in terms of the MENA and the United States sometimes obscures precisely *which* Americans benefitted from petrodollar flows. One might suspect the primary winners were not everyday oil consumers, for instance, but rather investors, arms manufacturers, and the experts for hire whose salaries were paid in petrodollars.

At root, Wight is interested in American foreign relations: the changing relationships between the United States and the nations of the MENA, particularly as those relationships were mediated, and sometimes even dictated, by oil-related concerns. That story is a very important one, and Wight has done astounding research in US and MENA state archives to uncover it like no one else before him. But these sources do not provide insight into what, say, Aramco executives wanted, or how they understood their relationship with the United States government.[10] Unlike many other oil-rich nations, the United States famously does not have a state oil company. Although the state has been and continues to be instrumental in making the oil industry possible and profitable, various players in the oil industry have been vociferously opposed to state objectives as often as they have been buoyed by them. I make these points not to critique Wight's analysis, but to suggest the need for more scholarship that complements these rigorous examinations of state aims with consideration of what we might think of as corporate diplomacy.

The emphasis on US policymakers additionally runs the risk of accepting state leaders' assessments of the global oil industry at face value. Wight carefully and skillfully articulates the analyses of key political figures like President Richard Nixon and Ford Administration White House Chief of Staff Donald Rumsfeld, showing readers how these policymakers gauged the threat and the promise of petrodollars. But political leaders' calculations and assumptions were sometimes wrong. Again, this is not a suggestion of any errors on Wight's part, but rather a further encouragement of future scholarship that can illuminate how the economic reality compared with policymaker assessments of economic stakes. For instance, Wight describes US political figures' understanding of the era of petrodollar investment as a reversal of the prior status quo of the mid-twentieth century, "in which friendly [MENA] elites received Western military support, aid, revenues, and expertise… in exchange for their commitment to fight communism and supply cheap oil" (11). In the era of petrodollars, policymakers believed that they could no longer provide those cheap prices to their citizens, but found themselves willing to exchange cheap oil for higher rates of spending from oil-producing nations, which generated income to American companies and to the state purse rather than savings directly in the pockets of American consumers.

However, it is difficult to say definitively whether US foreign policy toward the MENA during the postwar era actually succeeded in making world oil prices cheaper, no matter what policymakers believed. In fact, recent analyses suggest that US state did not have the impact its leaders assumed it to have in the global oil market.[11] This point is largely beyond the scope of Wight's project, but I raise it because it underscores the fact that what state actors believe they are doing is not always equivalent with what they have actually accomplished. More work needs to be done to tie up the loose ends connecting Nixon's beliefs about global oil prices and the way that oil markets actually operated. But regardless of how much the US government could possibly have impacted world oil prices before or after 1973, the fact remains that oil prices rose throughout the 1970s, and more revenues stayed in the Global South than before, due to increased political leverage and successful organizing in oil-producing nations. The US government's efforts to court those

[10] For a thorough detailing of the relationship between Aramco and the United States, see Robert Vitalis, *America's Kingdom: Mythmaking on the Saudi Oil Frontier* (Stanford: Stanford University Press, 2006).

[11] See Vitalis, *Oilcraft: The Myths of Scarcity and Security That Haunt US Energy Policy* (Stanford: Stanford University Press, 2020); also Timothy Mitchell, *Carbon Democracy: Political Power in the Age of Oil* (New York: Verso, 2011), chapter 7.

dollars is a crucial story that reframes the intentions and the implications of American foreign policy after the height of the Cold War in the 1960s.

In popular discourse and in some scholarship, the petrodollar has often been a specter, poorly understood as a financial concept and shrouded in vague conspiratorial allegations. *Oil Money* clarifies and illuminates what the petrodollar was and what it was not. For Wight, the petrodollar is a financial reality, a political tool, a cultural signifier, and a subject of struggle and negotiation between the US and the Middle East as well as within individual nations. In our own era of panic over the threat of global economic competition, *Oil Money* is a much-needed contribution and a push to think in new directions.

Review by Diane B. Kunz, Louis D. Brandeis Center for Human Rights Law; Center for Adoption Policy

From 1976 to 1983, I practiced corporate finance law on Wall Street. In the early eighties my firm represented Manufacturers Hanover Trust Company, then the third largest US bank (today part of JPMorgan Chase). As lead banker on multinational loan syndicates, 'Manny Hanny,' as it was called, made multibillion-dollar loans to Latin American governmental and quasi-governmental bodies, recycling the dollars pumped into an international world financial system that had been upended by the oil shocks. At the time, I was struck by the insouciance with which bankers appeared to throw around tens and hundreds of millions of dollars. As David M. Wight in his excellent book, *Oil Money: Middle East Petrodollars and the Transformation of US Empire, 1967-1988*, explains, one of the reasons for their casualness was that the bankers were handing out OPM—Other People's Money—the money that had been transferred to the treasuries of what he terms the "MENA" countries, the oil producing nations of the Middle East and North Africa, because of the billions of dollars generated by the oil shocks of the 1970s. As I had witnessed, many of the petrodollars went to Latin America; in the seven years after 1975, Latin American external debt grew from $75 billion to $315 billion, ultimately leading to a catastrophic debt crisis, massive defaults, and continent-wide restructurings.[1]

Tasked with this massive shift in international finance, the United States government orchestrated private bank cooperation to keep the American-led western financial system afloat. Wight's petrodollar period was, however, not unique. Having decided to become an academic historian, I wrote my first book, *The Battle for Britain's Gold Standard in 1931*, focusing on the role Anglo-American private bankers as well as the Bank of England and the Federal Reserve Bank of New York (then acting as the US central bank for foreign transactions) played in the British financial crisis and the fall of the 1931 Labour government.[2] Sitting in the Bank of England archives, almost unmined because of the (fading) fifty year rule, I was greatly amused to see that some of the same companies, both banks and borrowers, which had ridden the roller coaster of petrodollar expansion and default in the early 1980s had done exactly the same thing fifty years before, making the same arguments and ultimately the same flawed assumptions, leading to extensive defaults and restructurings during the late 1920s and 1930s.

In the interwar period, British bankers had been forced to navigate the First World War-generated transfer of massive financial reserves from Europe to the United States. The shift was as sudden as the oil shocks which Wight so ably describes. In 1914, Wall Street was so dependent on London that the onset of the hostilities caused the New York Stock Exchange to close between July 30 and December 12. Ten years later, the US government and private financial institutions controlled so much capital that only American money could, albeit temporarily, solve the reparations/war debt/capital needs conundrum afflicting the world economy after 1919.[3] British bankers and their American partners (literally in the case of J.P. Morgan bank) had finessed this transition by using what might be called the Greco-Roman solution.[4] The Bank of England and large British financial institutions, the past masters of international finance, retained significant control over the international financial system by guiding the American bankers' recycling of their newly acquired funds.

[1] In this connection see Jose Antonio Ocampo, "The Latin American Debt Crisis in Historical Perspective," *Initiative for Policy Dialogue* (March 2013) https://policydialogue.org/publications/network-papers/the-latin-american-debt-crisis-in-historical-perspective/?p=publications/network_papers/the_latin_american_debt_crisis_in_historical_perspective/ .

[2] Diane B. Kunz, *The Battle for Britain's Gold Standard in 1931* (London: Croom Helm, 1987).

[3] The Dawes and Young reparations restructuring plans were negotiated in 1924 and 1929.

[4] I am borrowing this analogy from British Prime Minister Harold Macmillan, who told a colleague that the British "are Greeks in this American empire. You will find the Americans much as the Greeks found the Romans—great big, vulgar, bustling people, more vigorous than we are and also more idle, with more unspoiled virtues but also more corrupt." See Nigel John Ashton, "Harold Macmillan and the 'Golden Days' of Anglo-American Relations Revisited, 1957-63," {online], London: LSE Research Online, http://eprints.lse.ac.uk/740/1/Anglo-American_Relations1957-63.pdf, 1986, p. 8; originally published in *Diplomatic History* 29 (4), 2005, 691-723.

For a brief time, the new system worked well, ushering in the Locarno era, and presiding over improved European and international economies, until the late 1920s, when American banks started withdrawing their funds from international lending. If this all sounds familiar, that is because the petrodollar recycling plans recounted by Wight echoed the events of the 1920s. In fact, more than one banker during the early 1980s joked that a prime reason for the Latin American debt crisis was that the bankers who remembered the defaults of the late 1920s and 1930s had retired just when the cycle began anew.

Unlike the earlier crisis, the restructurings of the 1980s did not become the prelude to a Great Depression and World War. Wight clearly and incisively explains how the petrodollar influx was successfully managed by the interplay of US and MENA public and private actors, with the United States this time playing the Greek role and the MENA nations the Roman one. He centers his account within two larger contexts. The first is the structure of what he calls the American "international empire" (5).[5] Wight then adds a further multileveled perspective, showing how the flow of petrodollars operated not only within the financial, political, and military spheres, but in the soft power realms of education, culture, and consumer goods. He accurately explores the multiplier effects of the various strands of US power, including its military power, its economic power, dented but still overweening, during the period Wight describes, and its educational and cultural power.

Anglo-American organizational structures have always relied, to an unusual extent, on private actors to accomplish governmental purposes. The Arabia American Oil Company (Aramco), the consortium of Rockefeller and other US oil companies that had developed the Saudi oil fields, paralleled the importance of the British East India Company in the period of Britain's informal empire. And it was Aramco which became a major vehicle for what Wight calls the "privileging of the private sector over the public sector in the economic development of [America's] MENA allies" (123). But the Middle Eastern structure used by Washington after 1973, weaponizing the private sector to conduct foreign policy in that region, was set not by the Nixon and Ford administrations, which were the first to cope with petrodollars, but by the Truman and Eisenhower administrations. The mid-century vehicle was the US tax code, which was manipulated by the executive branch and private companies to make multinational oil companies (MNOCs) the vehicle by which virtually all of their US corporate tax payments would flow not to the US treasury but to MENA nations.[6] Not coincidentally, John Foster Dulles, lead partner of the Wall Street law firm of Sullivan & Cromwell, and Dwight Eisenhower's Secretary of State, was one of the architects of this arrangement. Both during the 1950s and twenty years later, presidents and their secretaries of state realized that utilizing private actors to conduct as well as subsidize US foreign policy was much more expeditious than obtaining Congressional funding and the approval of US public opinion on issues pertaining to the Middle East.

When Saudi Arabia and other oil-producing states, by virtue of the massive increase in oil prices begun in 1973, received a much larger shared of oil revenues than before, the US private sector was ready to step in and orchestrate petrodollar recycling. And it wasn't only the banks and oil companies. Major American construction companies vied for MENA contracts. Bechtel, one of the leading contractors to Saudi Arabia, which won the bidding to create an entire new Saudi city, had the foresight in 1974 to appoint George Shultz as executive vice president and later as president (124). While serving as President Richard Nixon's Secretary of the Treasury from June 1972 until May 1974, Shultz had played a leading role in managing the US financial response to the oil shocks, and continued to serve as a government intermediary throughout his time at Bechtel.

[5] Wight takes his definition from Paul Kramer's formulation of an international empire as "an imperial project in which order was produced through the coordination of multiple, 'legitimate' nation-states, the promotion, management, and disciplining of flows and connections between them, and disproportionate power within multilateral bodies," in Paul A. Kramer, "Power and Connection: Imperial Histories of the United States in the World," *The American Historical Review* 116: 5 (December 2011): 1348-1391, here 1366.

[6] Wight briefly alludes to this arrangement, on page 18.

Another perfect interlocutor was John J. McCloy. After serving in the Roosevelt and Truman administrations, McCloy became a leading partner in the New York law firm Milbank, Tweed, Hadley & McCloy (now Milbank), which represented the MNOCs in their negotiations with the MENA and other oil producing states. Another of Milbank's main clients was Chase Manhattan Bank (now JPMorgan Chase), one of the leading recyclers of petrodollars into third world lending. McCloy himself represented Rockefeller interests, and it was here that his MNOC and Rockefeller roles collided in a manner which is consequential to Wight's thesis. It was McCloy who, at the behest of David Rockefeller, played a leading role in bringing the terminally ill Shah of Iran to the United States for medical treatment in the fall of 1979, in the process significantly precipitating the Iran hostage crisis, which had major ramifications on US foreign relations in general, and specifically with respect to the MENA nations.

Indeed, Wight's account of the Reagan Administration's Iran-Contra affair, during which senior Reagan administration officials attempted to use arms sales to Iran to generate funding for anti-Communist guerillas in Nicaragua behind the back of Congress, which had forbidden such sales, provides one of the most interesting sections of this book. While headlines during the explosive Congressional hearings focused on Iran and the arms-for-hostages aspect of the murky plots, as Wight says, "in terms of illegal funding for the Nicaraguan Rebels, the scandal could more accurately be called Saudi-Contra." (260) It was the petrodollars and the relationships between US and Saudi officials that fueled the Contra schemes, but it was the previous privatization and stealth funding of US foreign policy aims through private bankers, MNOCs, and MENA states, which began with the 1950 tax dodge, which provided the template for the next four decades. Moreover, former Bechtel president Shultz was Reagan's Secretary of State while another Bechtel executive, Casper Weinberger, was Reagan's Secretary of Defense. While both men claimed to have opposed the Iran-Contra machinations, their presence in the Reagan cabinet certainly assuaged any doubts that Saudi officials might have had about funding the Contras. As the Senate report condemning the Iran-Contra activities put it:

> The solicitation of foreign funds by an Administration to pursue foreign policy goals rejected by Congress is dangerous and improper. Such solicitations, when done secretly and without Congressional authorization, create a risk that the foreign country will expect and demand something in return…Moreover under the Constitution only Congress can provide funds for the Executive Branch.[7]

The same could be said of much of the Executive Branch's MENA-directed foreign policy during the three prior decades, and indeed, thereafter.

In some ways, Wight's excellent account is the story of what did not happen: the huge financial transfer of petrodollars to MENA nations did not spark a concomitant wholesale MENA political and military realignment away from the United States. Instead, Washington and Wall Street were able to incorporate the petrodollars within an expended US imperial financial framework. To be sure, they had the assistance of the Cold War: from 1965, when this account begins, to 1989 when it ends, MENA nations, especially Saudi Arabia, were, for religious, ideological, and capitalistic reasons, unlikely to ally with the Soviet Union or China. Indeed, as Wight points out, petrodollars contributed to the fall of the Soviet Union by funding the *mujahidin* resistance to Soviet control over Afghanistan.

Wight demonstrates in *Oil Money* two further strengths well worth mentioning. The first is his ability to recapture the spirit of the times in its messy totality, rather than imposing an anachronistic order which policymakers did not enjoy. He is also able to navigate complicated financial issues in a manner that clarifies them for the interested reader, but does not oversimplify. This book is clearly and engagingly written and does not neglect the effect of petrodollars and concomitant American actions on the MENA street either. I

[7] "Report of the Congressional Committees Investigation the Iran-Contra Affair," London, Forgotten Books, 2018, 15.

sincerely hope that Wight will write a follow-up volume covering the 1990s, when the Cold War had ended and military action, in the form of the Gulf War, dominated American Middle Eastern foreign policy.

We are now witnessing another fundamental financial shift: China has garnered increasing amounts of financial might and muscle in a world made far more complex by the internet, social media, and financial innovations such as Bitcoin, not to mention the as-yet not fully appreciated effects of the COVID-19 pandemic. Looking at the record of Sino-American relations from 1990 to the present, one can see how Washington has attempted to repeat with Beijing the success it found tutoring and guiding MENA petrodollars into funding the American empire. But as the actions of President Xi Jinping's government since 2012 has demonstrated, it will be much harder for the United States to pull off the trick a second time.

Response by David Wight, University of North Carolina at Greensboro

Thank you to Thomas Maddux and Diane Labrosse for proposing and working to put together this roundtable, and thank you to Nathan Citino for providing the introduction. Most of all, thank you to the three reviewers, Marino Auffant, B. Alex Beasley, and Diane Kunz, for taking the time to closely read and reflect on my book. They are extremely generous in their praise of *Oil Money*, and it is gratifying to see them highlight many of the key themes and arguments of the monograph, including the transformative nature of the 1970s and 1980s for international relations, the utility of the framework of empire and the application of cultural analysis, and Washington's use of markets and nonstate actors for geopolitical aims. It is also exciting to see the contributors taking the ideas of the book in new directions, connecting *Oil Money* to topics as varied as the Arab Bank for the Economic Development of Africa, the end of redlining in the United States, and US-British inter-war lending.

The reviewers likewise offer several thoughtful critiques and suggestions for future scholarship, a few of which I will take the opportunity to discuss further.

I am gratified that Marino Auffant finds convincing my case for petrodollars as central to the geopolitics of the United States and the Middle East during the 1970s and 1980s. Auffant also suggests that my book focuses more on the geopolitical, rather than the economic, impacts of petrodollar flows. To my mind, it is hard (perhaps impossible) to disentangle the geopolitical from the economic when considering international petrodollar recycling. And as Auffant acknowledges, I do analyze traditional economic topics like petrodollar investments, exports, and foreign aid. But Auffant is certainly right that I give certain economic topics less coverage than others. Both due to the primary focus of the book and to the need to keep its size manageable, I focused more on petrodollar exchanges between the Middle East and the United States rather than on how petrodollars were used once they had been returned to Western hands. Fortuitously, in the last couple years new and important scholarship has been published on the financialization of the global economy since the 1970s and on the wave of debt crises in Latin America, the Warsaw Pact countries, and elsewhere during the 1980s, though undoubtedly there is still much to be learned about the role of petrodollars in these events.[1]

Indeed, even the extent or limits of petrodollars as a unique financial force in the global economy during the long 1970s remains under-analyzed. Many historians take it as a given that petrodollars initiated recent globalizing trends such as the growth of Western finance and private lending from the Global North to the Global South. Few scholars, if any, however, have fully taken on David E. Spiro's economic analysis and the conclusions he reaches in his 1999 book *The Hidden Hand of American Hegemony*, where he argues that the surge in petrodollars in the 1970s did not cause a significant change in the longer trajectories of the growth of Western financial markets and Western private lending to the Second and Third Worlds. According to Spiro, both trends began well before the petrodollar surge, and their growth rates remained fairly stable before, during, and after the petrodollar boom of the 1970s, suggesting that while petrodollar recycling was necessary for the continuation of these trends from roughly 1973 to 1981, it was not an extraneous factor that uniquely launched them.[2]

Auffant also argues that *Oil Money's* great strength in exploring US empire simultaneously obscures other petrodollar connections forged outside of the United States' orbit, along other North-South and South-South

[1] For example, see Fritz Bartel, *The Triumph of Broken Promises: The End of the Cold War and the Rise of Neoliberalism* (Cambridge: Harvard University Press, 2022); Michael Franczak, *Global Inequality and American Foreign Policy in the 1970s* (Ithaca: Cornell University Press, 2022); Joanne Meyerowitz, *A War on Global Poverty: The Lost Promise of Redistribution and the Rise of Microcredit* (Princeton, NJ: Princeton University Press, 2021); and Caleb Wellum, "Energizing Finance: The Energy Crisis, Oil Futures, and Neoliberal Narratives," *Enterprise & Society* 21, no. 1 (March 2020): 2-37.

[2] David E. Spiro, *The Hidden Hand of American Hegemony: Petrodollar Recycling and International Markets* (Ithaca, NY: Cornell University Press, 1999), 60-68.

networks, that to varying degrees challenged US interests and priorities. *Oil Money* is certainly not devoid of coverage of such connections, with South-South petrodollar collaborations on issues like resistance against Israel, the New International Economic Order, foreign aid, migrant labor, investment and trade boycotts of the United States, and leftist Afro-Arab solidarities discussed (32-33, 91-93, 102, 125-127, 158-163, 165-169, 204-206, 236, 243, 245, and 255). Petrodollar ties and proposals between the oil-rich states of the Middle East and Western Europe, Japan, and the Warsaw Pact that challenged US influence, including those involving the shah of Iran and the House of Saud, are likewise covered (33, 63-65, 70-71, 75, 79, 87-91, 105-106, 112-114, 116-123, 129, 145, 172-173, 179, 188, 191, 243, 248, 255, 266-267). With that said, Auffant is right that the book is structured to focus on US-Middle East petrodollar ties, and fortunately there are many new and forthcoming scholarly works that focus on international petrodollar ties during the long 1970s that do not center the United States (Auffant's own work being an important contribution).[3]

Both Auffant and Alex Beasley see understandings of the decline of US geopolitical power in the 1970s as a central theme in *Oil Money*, though from somewhat different angles. Auffant places more emphasis on the relative decline of US power vis-à-vis the oil-rich countries of the Middle East, whereas Beasley stresses how the United States was able to reinscribe its power in new forms, countering the widespread narrative of the 1970s as a decade of US decline. Together they capture what I found to be one of the most noteworthy aspects of US petrodollar interdependence: greater oil revenues for monarchical Iran and Saudi Arabia simultaneously decreased the amount of power the United States had in its relations with these countries and increased the power the United States wielded in the Middle East and the rest of the world. Relatedly, petrodollar interdependence with the United States offered increased power for monarchical Iran and Saudi Arabia even as it entrenched US dominance in the Middle East. It was the perceived benefits of working within US empire, rather than in opposition to or outside of it, that led Tehran and Riyadh to independently pursue petrodollar interdependence with the United States even before the oil shock of 1973 (36-37, 53-54).

Separately, Beasley raises the important question of to what degree US policymakers' understandings of how global markets and international relations worked (particularly the role of the US government within them) matched or missed the realities of a large, complex world. As Beasley notes, recent scholarly attention has especially brought this question to bear on the issue of ensuring that oil reaches international markets, with important works questioning US policymakers' belief that Western control over international oil production and/or a Western military presence in key oil-producing regions like the Persian Gulf were/are necessary to ensure the free flow of petroleum to Western markets.[4] But this question can easily be applied to US policymakers' beliefs about petrodollar recycling as well. Were massive arms sales necessary to maintain strong alliances? Would petrodollars have had a more destabilizing impact on the global economy if Washington had not actively worked to steer where they would be invested? Were triangular petrodollar investments essential to achieving Egypt's shift away from the Soviet Union and toward the United States? These and other questions are intriguing, and on such matters *Oil Money* is at times suggestive, but not definitive. As Beasley suggests, there remains much fruitful work to be done in this area, even if counterfactuals are inherently challenging in the field of history.

Both Beasley and Diane Kunz emphasize and see value in the book's analysis of how the US government used non-state actors (and markets more broadly) as tools to achieve geopolitical aims. Beasley, however, adds that *Oil Money* sometimes conflates, or fails to thoroughly delineate, the competing views and interests of the US state and US corporations. I will note that the book does describe some incidents where the US state

[3] For example, see Marino Auffant, "Oil for Atoms: The 1970s Energy Crisis and Nuclear Proliferation in the Persian Gulf," *Texas National Security Review* 5, no. 3 (Summer 2022): 59-82 and Ljubica Spaskovska, "'Crude' Alliance - Economic Decolonisation and Oil Power in the Non-Aligned World," *Contemporary European History* 30, no. 4 (2021): 528-543.

[4] For additional examples, see Emma Ashford, *Oil, the State, and War: The Foreign Policies of Petrostates* (Washington, D.C.: Georgetown University Press, 2022) and Brandon Wolfe-Hunnicutt, *The Paranoid Style in American Diplomacy: Oil and Arab Nationalism in Iraq* (Stanford: Stanford University Press, 2021).

(or factions within it) and US businesses were at odds with each other: the Nixon administration rebuffing proposals championed by General Electric and Planet Oil (36-38), the differing views on the best US approach to the Arab-Israeli conflict between Chase Manhattan Bank and Exxon on the one hand and Secretary of State Henry Kissinger on the other (39-40, 55), Bechtel's efforts to back out of the Suez-Mediterranean (Sumed) pipeline construction project against the wishes of the State Department (96-97), numerous US corporations opposing efforts within Congress to further restrict or regulate foreign investments (150), and congressional campaigns to prevent arms export deals that stood to garner US weapons manufacturers billions of dollars (chapters 6, 7, 9, 10).

Yet on the whole, I believe projects for petrodollar interdependence largely tended to bring the US state and participating US companies into close alignment for the simple reason that participating US companies were pleased with Washington's efforts to steer money to them. With that said, I do think Beasley is right to push for further analysis on possible divisions between the state and businesses, with particular attention to sources that can glean greater insights into the thinking of corporate leaders (Beasley's own work on the international history of US oilfield services companies is a model in this regard).[5] One promising avenue would be further study on efforts by US weapons and technology manufacturers to overcome US trade restrictions with countries considered to be a security threat by the White House, such as Libya under Qaddafi and Iraq under the Baathists.

Kunz, fittingly for someone who has researched and written economic histories spanning many different periods, raises interesting parallels and contrasts between US efforts to steer the flow of Middle East petrodollars during the 1970s and other US campaigns to guide international finance from the early twentieth century to the dawn of the twenty-first century.[6] The United States' efforts to fund itself with Chinese investments and trade, especially in the 1990s and early 2000s, is of obvious interest to historians, especially as new records become available.[7] That China has become the United States' primary geopolitical rival in recent years of course only heightens the stakes in interpreting earlier US efforts to attract and steer Chinese business.

Yet if present-day China is clearly outside the realm of US empire, the present and future position of Saudi Arabia within systems of US power is far more ambiguous and in flux. I completed *Oil Money* during the years of the Trump administration, a period that saw a marked strengthening of ties between the White House and the Saudi monarchy.[8] Today, the ill-will between President Joe Biden (and much of the Democratic Party as well as many Republicans) and Crown Prince Mohammed bin Salman, and their disagreements over key issues like oil prices and the Russia-Ukraine War, compounded by the fact that China is now the largest export and import partner of Saudi Arabia, has produced one of the lowest points in the Saudi-US relationship since the Arab oil embargo of 1973-1974. Yet despite these strains, for now Saudi Arabia and the United States continue to engage in many joint petrodollar projects. It remains to be seen if the future of

[5] B. Alex Beasley, "Service Learning: Oil, International Education, and Texas's Corporate Cold War," *Diplomatic History* 42, no. 2 (April 2018): 177-203.

[6] Kunz's early work on the history of petrodollars and US foreign policy served as an important launching point in my research. Diane B. Kunz, *Butter and Guns: America's Cold War Economic Diplomacy* (New York: Free Press, 1997).

[7] For an analysis on the initial efforts toward Chinese-Western economic interdependence during the 1970s, see Lei Liu, "China's Large-scale Importation of Western Technology and the U.S. Response, 1972-1976," *Diplomatic History* 45, no. 4 (September 2021): 657-687.

[8] Important works on the changes in Saudi Arabia and the broader Arab Gulf during the 2010s include Adam Hanieh, *Money, Markets, and Monarchies: The Gulf Cooperation Council and the Political Economy of the Contemporary Middle East* (Cambridge: Cambridge University Press, 2018) and Madawi Al-Rasheed, *The Son King: Reform and Repression in Saudi Arabia* (Oxford: Oxford University Press, 2021).

Saudi-US relations will be one of further drifting apart (including in the realm of petrodollar interdependence) or one marked by yet another reconciliation.

Again, thank you very much to the contributors for the time and serious thought they dedicated to my book. The responses have helped me to think about *Oil Money* in new ways and offered promising avenues for future research. I eagerly await the new insights and discoveries that the growing scholarship on the global 1970s and 1980s will surely bring.