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Review by Patrick Sharma, University of California, Berkeley

Christopher Dietrich’s “‘Arab Oil Belongs to the Arabs’: Raw Material Sovereignty, Cold War Boundaries, and the Nationalisation of the Iraq Petroleum Company, 1967-1973” provides a detailed account of the international politics surrounding the June 1972 nationalization of the Iraq Petroleum Company (IPC). Drawing on a wide range of sources, including materials from the U.S. and British national archives, the archives of the International Monetary Fund, and the Johnson and Nixon presidential libraries, Dietrich’s piece describes the forces that led the Iraqi government to pursue nationalization, the IPC’s efforts to maintain control over its Iraqi operations, and the responses of Eastern and Western governments to the conflict. By contextualizing these events within the geopolitical upheavals of the late 1960s and early 1970s, Dietrich’s article makes an important contribution to our understanding of the ways in which developing countries sought to achieve economic sovereignty in the decades after independence, even if the paper’s ambitious scope sometimes gets in the way of its arguments.

Dietrich begins with a discussion of ‘raw material sovereignty,’ the concept that peripheral countries have a right to control the terms on which natural resources are extracted from their territories. According to Dietrich, raw material sovereignty had intellectual roots in the economic structuralism of the mid-twentieth century, when thinkers such as Raúl Prebisch argued that developing countries, whose exports were dominated by raw materials, suffered from declining terms of trade vis-à-vis industrialized nations. Incubated in the United Conference on Trade and Development, in the 1960s raw material sovereignty became a rallying cry for members of the global South as they sought to augment their political independence with greater economic freedom. According to Dietrich, the rise of raw material sovereignty was manifested in
the passage of a series of UN General Assembly resolutions questioning the legality of the concessionary contracts that multinational companies had secured during the colonial era.

One such agreement was that between the IPC, a consortium of Shell, British Petroleum, the Compagnie française des pétroles, Esso, and Mobil, and the government of Iraq. Although the IPC had dominated Iraqi oil production since the 1920s, the overthrow of the pro-western Hashemite monarchy in 1958 ushered in a period of intense conflict over the production and selling of Iraqi oil. Viewing the IPC as an imperialist institution, the new Iraqi government demanded that the company increase production, grant the government a greater share of its profits, and relinquish rights to undeveloped oil fields in Rumaila. Not surprisingly, the IPC rejected these demands, and in order to maintain its hold over the Iraqi market strategically cut production and threatened legal action against companies that did business with the state-owned Iraq National Oil Company (INOC). The latter was undertaken with the direct approval of the British Foreign and Commonwealth Office (FCO), which feared that giving in to Iraqi demands would encourage economic nationalism in other oil producing countries.

The British approach contrasted with that of the United States, which sought to facilitate compromise between multinational oil companies and oil producing governments. The charged international atmosphere of the late 1960s rendered such efforts ineffective, however, and tensions between the Iraqi government and the IPC increased following the Ba'athist coup of 1968. Around this time INOC developed the capacity to produce and market oil independently of the IPC. This gave the government the upper hand in the negotiations, and when the IPC continued to reject demands that it cede Rumaila, the Iraqi government nationalized the company.

While limiting himself to Western sources, Dietrich highlights the key role of the Soviet Union in this history. Financial and technical assistance from Eastern bloc countries, granted in exchange for future oil, allowed INOC to develop the capacity to exploit the Rumaila oil fields. This eliminated the IPC’s only advantage over INOC and proved to be a deciding factor in the Iraqi government’s decision to pursue nationalization.

This much is well known. But Dietrich goes beyond existing scholarship by pointing out the importance of non-Soviet actors to this history. In the years immediately before and after the seizure, the Iraqi government secured agreements from French, Italian, Brazilian and Spanish companies to purchase INOC oil. The creation of this market, as well as timely financial assistance from fellow oil producing countries, was also key to the IPC nationalization.

To Dietrich, the diversity of interests that contributed to the IPC nationalization stands as a testament to the geopolitical pluralism of the Cold War. Viewed in proper perspective, the IPC nationalization is not a story of Soviet expansion but one in which a developing country successfully navigated a rapidly shifting international terrain. One can quibble
with Dietrich’s failure to assign specific levels of influence to each of the players in this story, but his perspective is a welcome approach to a topic that has so far been viewed in narrow East-West terms.

Dietrich is weakest when arguing that the IPC nationalization provides a window onto nascent forces of globalization. Although he is right to point out that globalization was as much the consequence of “specific policy choices” (473) as the result of structural economic factors, it is unclear exactly how the story of the IPC nationalization advances this thesis. There is little in the paper to suggest that the growth of cross-border information and capital flows contributed to the IPC nationalization, nor is there an explanation of how the IPC nationalization spurred subsequent changes in the international political economy.

In a sense, Dietrich’s desire to assert a connection between the IPC nationalization and contemporary globalization is symptomatic of his ambition. Dietrich tackles an extremely wide range of subjects in the article, from the Johnson and Nixon administrations’ third world diplomacy to post-revolutionary Libya. As a result, the article tends to digress, and its line of argumentation is occasionally lost.

This is a stylistic complaint. On the whole, the article stands as a well-crafted piece of historical scholarship. Patient readers will be rewarded with a fresh look at an important event in the modern history of the Mideast and a prime example of the intersections of North-South and East-West relations during a period of global change.

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