

THE END OF THE CONCESSIONARY REGIME:
OIL AND AMERICAN POWER IN IRAQ, 1958-1972

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Abstract

This dissertation analyzes the historical process that culminated in the 1972 nationalization of the Iraq Petroleum Company (IPC) – a consortium that included four of the world’s largest and most powerful corporations. I draw on IPC archives, recently declassified U.S. Government documents, and the Arab press to trace the impact of Iraq’s 1958 “Free Officers’ Revolution” on IPC interests in Iraq. I show that the Revolution set in motion a process of institutional development that resulted in the complete nationalization of the Iraqi oil industry at a relatively early date, and I emphasize the agency of a particular group of Western-trained Iraqi technical experts in producing this outcome. Moreover, I examine U.S and IPC efforts to counter Iraq’s radical movements and offer an original interpretation of the relationship between the American government and the international oil industry. I show that the Iraqi challenge to the IPC undermined the stability of an implicit “corporatist bargain” between the U.S. State Department and the major American oil companies, and that the breakdown of this relationship was part of a larger crisis of American hegemony in the early 1970s. In so doing, I reveal powerful underlying factors that continue to drive the historical encounter between the U.S. and the Middle East.

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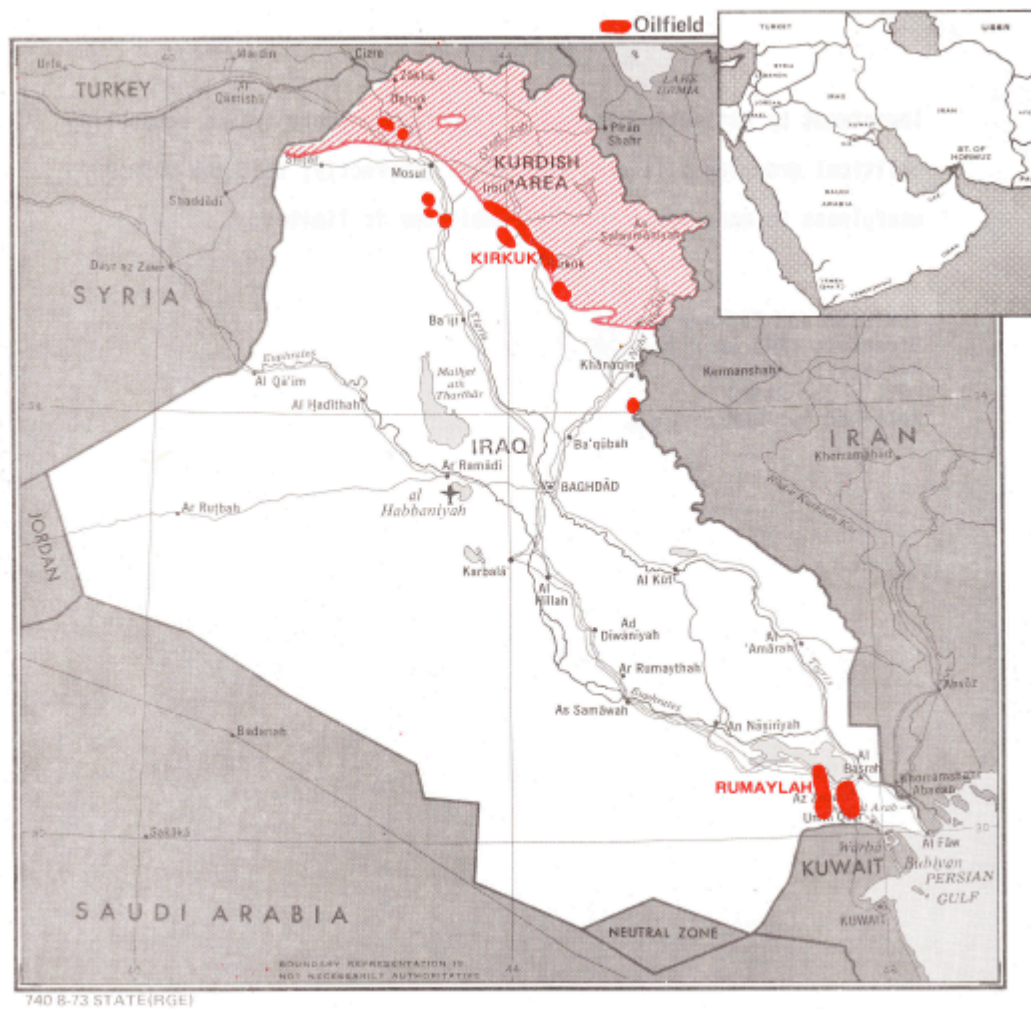
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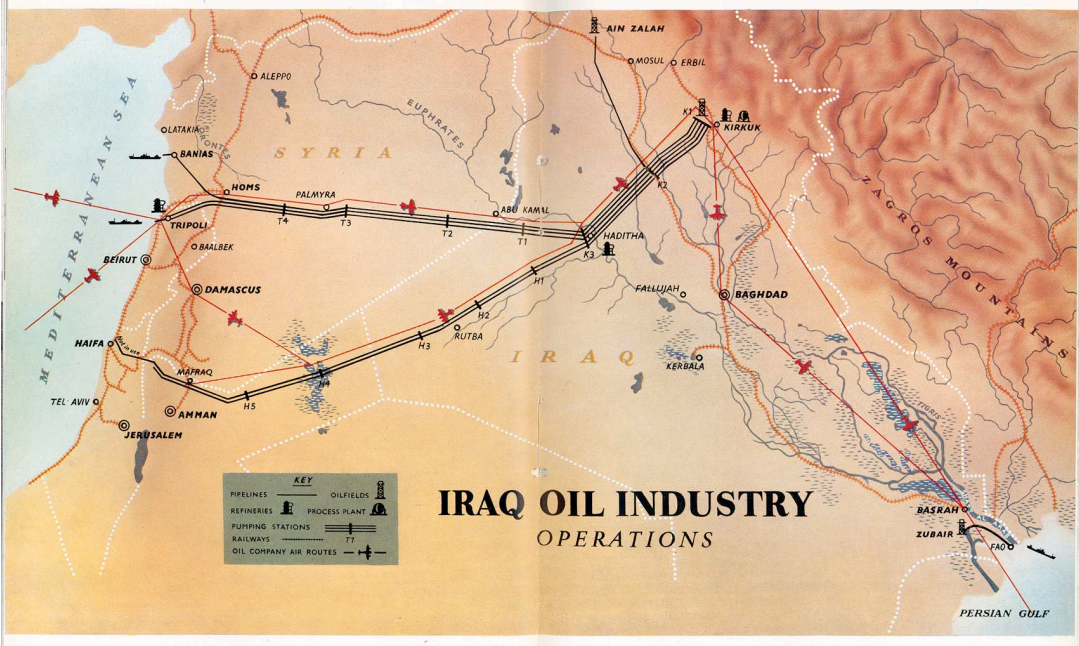
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Map 1. Iraq Oil Map



Source: U.S. Department of State, 1973 (U.S. National Archives, College Park, Md., Record Group 59, Central Files 1970-1973, Box: 2382, Folder: POL Iraq-Yemen 7/26/71).

Map 2. Iraq Oil Industry Operations



Source: Iraq Oil Industry Operations 1953 From Iraq Today. Directorate-General of Propaganda, Baghdad, 1953

(http://www.lib.utexas.edu/maps/middle_east_and_asia/iraq_oil_industry_1953.jpg).

Map 3. Indian Ocean Strategic Concept



Source: U.S. Department of the Army, Defense Mapping Agency Topographic Center, *South Asia, A Bibliographic Survey* (Washington, DC: Government Printing Office, 1973), printed in William Stivers, *America's Confrontation with Revolutionary Change in the Middle East, 1948-83* (New York: St. Martin's Press, 1986).

***Introducing the Concessionary Regime:
Oil and American Power in Iraq, 1958-1972***

Introduction

In June 1972, the government of Iraq nationalized the Iraq Petroleum Company (IPC) – a consortium of some of the world largest and most powerful corporations. This dissertation analyzes the historical processes that led to this development and evaluates its ultimate significance. The expropriation of IPC was the first successful large-scale nationalization of a major international oil company operating in the Middle East. I argue that IPC's nationalization should be understood as the culmination of a social process that began with the 1958 revolution that overturned Iraq's Western-backed Hashemite Monarchy. A succession of revolutionary governments then initiated a series of modernizing reforms that culminated in the 1972 nationalization. The success of the nationalization both reflected and accelerated a transformation in the structure of the world economy and its attendant inter-state system. It marked the emergence of a new era in the relationships among multinational corporations, oil producing countries, and the American state. In short, it was part of a process that undermined the stability of the relationships that sustained America's hegemony within the post-WW II world system, and opened a new, more anarchic period in the history of world politics.

Historiography

The nationalization of the IPC has received limited and uneven analysis within the scholarly literature. The problem is usually approached from one of three general directions. The first is the field of business history. Large-scale histories of the oil business provide a global economic context for interpreting general developments in the industry, but tend to pass over the IPC nationalization without analyzing – or appreciating – the effect of developments within Iraq on the industry as a whole.¹

¹ See Anthony Sampson, *The Seven Sisters: The Great Oil Companies and the World they Shaped* (New York: Viking Press, 1975); Daniel Yergin, *The Prize: The Epic Quest for Oil, Money, and Power* (New York: Simon and Schuster, 1991); Simon Bromley, *American Hegemony and World Oil: The Industry, The State System, and the World Economy* (University Park: Pennsylvania State University Press, 1991); James Bamberg, *British Petroleum and Global Oil, 1950-1975* (Cambridge: Cambridge University Press, 2000). These studies tend to overlook Iraq altogether, and focus instead on Libya's 1969 nationalization of Occidental Petroleum, a relatively minor player in the regional oil order. More specialized studies of the Iraqi oil industry based on reporting in contemporary industry press provide excellent analysis of the nationalist pressures and state-building processes that gave rise to the IPC nationalization. But without access to US government or oil company records, their analyses of the Great Power politics involved remain highly speculative, and the discussion of state-firm relations is limited. See Joe Stork, *Middle East Oil and the Energy Crisis* (New York: Monthly Review Press, 1975); Joe Stork, "Oil and the Penetration of Capitalism in Iraq," in *Oil and Class Struggle*, ed. Petter Nore and Terisa Turner (London: Zed Books, 1980); Edith and E.F. Penrose, *Iraq: International Relations and National Development* (Boulder: Westview Press, 1978); Michael E. Brown, "The Nationalization of the Iraq Petroleum Company," *International Journal of Middle Eastern Studies* 10, no. 1 (1979): 107-124; Adil Hussein, *Iraq the Eternal Fire: 1972 Iraqi Oil Nationalization in Perspective*, trans. A.W. Lúlúa (London: Third World Center for Research and Publishing, 1981); Paul Stevens, "Iraqi Oil Policy: 1961-1976," in *Iraq: The Contemporary State*, ed. Tim Niblock, 168-190 (New York: St. Martin's Press, 1982); Peter Sluglett, "Progress Postponed: Iraqi Oil Policy, Past, Present and Future," in *Oil in the New World Order*, ed. Kate Gillespie and Clement M. Henry, 227-256 (Gainesville: University of Florida Press, 1995).

The first historical analysis of the IPC nationalization based on oil company archives is Samir Saul's "Masterly Inactivity as Brinksmanship: The Iraq Petroleum Company's Road to Nationalization, 1958-1972," *International History Review* 29, no. 4 (December 2007): 746-792. In this article, Saul presents a close analysis of the economic issues at stake in the Iraq-IPC negotiations, and sheds a great deal of light on Company strategies for defending its position within Iraq and the world market more generally. However, his analysis may overstate the coherence and rationality of "the Company." In contrast to an interpretation that emphasizes the firm's economic dominance and political realism in explaining how it was able to delay

The second general approach comes from the field of Iraqi social and economic history. Landmark studies by Hanna Batatu (1978) and Edith and Ernest Penrose (1978) based on extensive field research in the 1960s remain unsurpassed as sources for essential social, political, and economic information.² These works provide excellent analysis of the domestic political context in which the IPC nationalization took place. However, there is very little analysis of how the IPC nationalization affected the prevailing geopolitical order in the region, or the structure of the world economy more generally.³

The third general approach is that taken by historians of American foreign relations. The historiography in this field is the least developed. There are several reasons for this. The first is the general impression that, until Iraq's 1990 invasion of Kuwait, the U.S. and Iraq had very little history of direct relations.

nationalization for as long as it did (792), my emphasis is on the tensions within "the Company," and the vulnerabilities to its political position. Moreover, the central focus of my analysis is on the effect of the Iraq-IPC dispute on the balance of political and economic forces within Iraq, and the wider region, as I seek to use this case to illuminate broader questions regarding the relationships among multinational corporations and states (both powerful ones such as the US, and less powerful ones such as Iraq) in the late twentieth century.

² Hanna Batatu (1926-2000) taught history and political science at the American University of Beirut (1962-82), and Georgetown University (1982-1994). Edith Penrose (1914-1996) taught Economics at Johns Hopkins University, the London School of Economics, and the School of Oriental and African Studies, among other places.

³ Hanna Batatu, *The Old Social Classes and the Revolutionary Movements of Iraq: A Study of Iraq's Old Landed and Commercial Classes, and of its Communists, Ba'athists and Free Officers* (Princeton: Princeton University Press: 1978) [reprinted, London: Saqi Books, 2004]; Edith Penrose and Ernest Penrose, *Iraq: International Relations and National Development* (Boulder: Westview Press, 1978). A partial exception to this claim should be made for the Penroses. They do look at the international context – as their title would imply – but they see all the causal arrows pointing inward towards Iraq. That is, changes in the world economy affected developments within Iraq. But they are unwilling to recognize any causal arrows running in the other direction. They are unwilling to entertain the notion that changes within Iraq may have affected the international system. See Penrose and Penrose: 415.

Until 1958, Iraq, as a former British Mandate, sat squarely within the English sphere of influence.⁴ After 1958, so the story goes, Iraq drifted into the Soviet orbit.⁵ There is some merit to this view. Iraq established a working relationship with the Soviet Union after the 1958 revolution, and severed formal diplomatic relations with the U.S. in 1967. The two countries did not restore relations until 1984. Moreover, American interests in Iraq paled in comparison to American investments elsewhere in the Gulf – notably in Iran, Kuwait and Saudi Arabia. And given the strategic alliances with Iran and Saudi Arabia, most studies have focused on U.S. relations with one or both of those countries.⁶

However, to view US-Iraq relations prior to the 1980s or 90s as a blank slate is incorrect. Though few recognize it, the United States has been a major

⁴ On US-Iraq relations in the British period see the memoirs of former American diplomats: Nicholas G. Thacher, "Reflections on US Foreign Policy towards Iraq in the 1950s," in *The Iraqi Revolution of 1958: The Old Social Classes Revisited*, 62-76 (London: I.B. Tauris, 1991); and Waldemar Gallman, *Iraq Under General Nuri: My Recollections of Nuri al-Said, 1954-1958* (Baltimore: Johns Hopkins University Press, 1964).

⁵ For an analysis that emphasizes the Soviet role, see Michael E. Brown, "The Nationalization of the Iraq Petroleum Company," *International Journal of Middle Eastern Studies* 10, no. 1 (1979): 107-124. For an analysis that emphasizes the limits to Soviet influence, see Oles M. Smolansky and Bettie M. Smolansky, *The USSR and Iraq: The Soviet Quest for Influence* (Durham: Duke University Press, 1991).

⁶ There are several excellent books in this tradition. See, for example, David Painter, *Oil and the American Century: The Political Economy of US Foreign Oil Policy, 1941-1954* (Baltimore: Johns Hopkins University Press, 1986); Irvine Anderson, *Aramco, the United States, and Saudi Arabia: A Study of the Dynamics of Foreign Oil Policy, 1933-1950* (Princeton: Princeton University Press, 1987); Nathan Citino, *From Arab Nationalism to OPEC: Eisenhower, King Sa'ud, and the Making of US-Saudi Relations* (Bloomington: Indiana University Press, 2002); Robert Vitalis, *America's Kingdom: Mythmaking on the Saudi Oil Frontier* (Stanford: Stanford University Press, 2007); James A. Bill, *The Eagle and the Lion: The Tragedy of American-Iranian Relations* (New Haven: Yale University Press, 1988). Though oil diplomacy is not a major theme, Salim Yaqub's *Containing Arab Nationalism: The Eisenhower Doctrine and the Middle East* (Chapel Hill: University of North Carolina, 2004) is indispensable for understanding American policy in the Middle East in the late 1950s.

power in Iraq since the liquidation of British influence in 1958.⁷ This dissertation details this history, and analyzes how the politics of oil affected the relationship between the two states during a critical, if underappreciated period of their development.

Method of Analysis and Narrative Summary

In the interest of gaining a fuller and more accurate understanding of this rather submerged history, I analyze the situation from three distinct perspectives: Iraq's state-building elite, IPC executives and field managers, and U.S. government officials. I do so by drawing on variety of sources and methods.

To access the perspectives of American officials, I draw on recently declassified government documents.⁸ I place special emphasis on perspectives within the State Department, and its Department of Near Eastern Affairs (NEA) in

⁷ The history of US-Iraq relations in the the post-1958 period remains a virtual *terra incognita*. As of yet, no monograph-length study exists, the most sustained analyses are: Barry Rubin, "United States-Iraq Relations: A Spring Thaw?," ed. Tim Niblock (New York: Saint Martin's Press, 1982); Douglas Little, *American Orientalism: The United States and the Middle East since 1945*, 2nd Edition (Chapel Hill: University of North Carolina, 2004); Douglas Little, "Mission Impossible," *Diplomatic History* 28, no. 5 (2004); Nathan Citino, "Middle East Cold Wars: Oil and Arab Nationalism in US-Iraqi Relations, 1958-1961," in *The Eisenhower Administration, the Third World, and the Globalization of the Cold War*, ed. Kathryn C. Statler and Andrew L. Johns, 245-269 (Lanham, MD: Rowman and Littlefield Publishers, 2006).

⁸ I make extensive use of State Department records (Record Group 59) at the US National Archives, College Park, Md. The analysis of US government records is made easier by the recent publications in the State Department's *Foreign Relations of the United States (FRUS)* series [a complete list of the volumes employed is located in the bibliography]. I also the Iraq Country and Robert Komer Files at the John F. Kennedy Library in Colombia Point, MA., as well as microfilm collections of documents found in the Kennedy and Nixon Libraries.

particular. This methodological choice reflects a certain understanding of how the policymaking process works.⁹

At the outset, I reject any unitary model of the state. Rather than a collective personality, the state is an arena of competition in which different socially rooted policy currents vie for influence.¹⁰ These various policy currents reflect contending visions of the American political economy and find expression in one or more bureaucracy within the foreign policy apparatus. There is, however, a paradox. While there is a great deal of contention regarding the way the American political economy should be organized and how it should relate to the world economy as a whole (free trade or protectionism, subsidies for this industry or that industry, etc), it all takes place within a relatively circumscribed sphere.¹¹ As scholars such as Gabriel Kolko, Franz Schurmann, and Bruce

⁹ My approach draws most directly on the insights of Gabriel Kolko, *The Roots of American Foreign Policy: An Analysis of Power and Purpose* (Boston: Beacon Press, 1969); Franz Schurmann, *The Logic of World Power: An Inquiry into the Origins, Currents, and Contradictions of World Politics* (New York: Pantheon, 1974); and Bruce Cumings, *The Origins of the Korean War, Vol. 2: The Roaring of the Cataract 1947-1950* (Princeton: Princeton University Press, 1990). In analyzing the relationship between the US government and the major international oil companies, I draw on the insights of Michael J. Hogan, "Corporatism," in *Explaining the History of American Foreign Relations*, ed. Michael J. Hogan and Thomas G. Patterson, 137-48 (Cambridge: Cambridge University Press, 2004).

¹⁰ Cumings observes: "The state was not the agent of a ruling class so much as an object and resultant of a conflict of interests among different classes and groups, especially between capitalist attempts at control from above and people's attempts at control from below. ... This is what is meant by the 'relative autonomy' of the capitalist state (open to the assertion of interests by both the ins and the outs, but still functioning to preserve capitalism as a system" (18). He hammers home the point a couple pages later: "The state is not simply the executive arm of the bourgeoisie, but guarantees the field on which the the bourgeoisie plays" (20).

¹¹ Cumings describes this circumscribed sphere in which foreign policies are debated as "the American egg" (15-17). Throughout most of this dissertation the focus is on an even smaller sphere within the American egg – that of the NEA, the highly specialized foreign policy organ that followed events in Iraq most closely. For most of the period in question, the President, the Secretary of State, and other national representatives were largely pre-occupied with Europe and

Cummings demonstrate, all politically relevant visions of American statecraft are essentially capitalist. In the end, consensus prevails. The issue is not capitalism or socialism, but rather *national* capitalism or *international* capitalism. Before delving too deeply into the bureaucratic politics of the state it's worth recalling this fundamental unity of purpose. The ends of American policy are never in doubt: the preservation of capitalism as a system, and American primacy within the capitalist world economy. It is simply the means, and the division of the spoils, that are at issue.¹²

With that said, it is worth looking more closely at these policy currents and their bureaucratic expressions as they relate to American policymaking toward Iraq. Despite their unanimity of purpose, American policymakers developed very different tactics for achieving shared ends. These different tactics, in turn, had significant implications for the way in which the historical relationship between the United States and Iraq evolved. To analyze these

Asia. Iraq was simply not on the agenda of top government officials, nor was it within the realm of a larger public consciousness. On this point, I cannot argue with Kolko's basic claim: "The theory of public attitudes as the fount of the decision-making process reinforces a democratic theory of legitimacy, which, for reasons of sentimental tradition at home and ideological warfare abroad, is a useful social myth" (1969): 13.

¹² Kolko emphasizes consensus - the fundamental unity of purpose among the various tendencies within the American state, and warns against overstating the causal impact bureaucratic politics in Washington DC. See, *The Roots of American Foreign Policy*; and *Confronting the Third World: United States Foreign Policy, 1945-1980* (New York: Pantheon, 1988): ix-xii.

differing tactics we must identify the dominant policy currents of the 1950s and 1960s. Schurmann labels these nationalism and internationalism.¹³

The nationalist current was socially rooted in an expanding westward-looking national market. Schurmann and Cumings elaborate on the social origins of this current at great length. For our purposes it is sufficient to note that nationalists advocated the unilateral outward expansion of American power, exhibited overt hostility toward the rising nationalisms of the Third World, and an open nostalgia for the colonial order of the previous century. The internationalist tendency was socially rooted in a cosmopolitan and Atlantic-facing “Eastern Establishment” – for our purposes globally competitive multinational corporations, such as the oil majors and their allies in manufacturing, and banking. Internationalists exhibited a greater appreciation for what Michael Mann describes as the infrastructural power of multilateral institutions such as the IMF, World Bank, and UN.¹⁴ This tendency was more

¹³ Cumings, identifies “containment” as a third force - a compromise between internationalism and nationalism. For present purposes it suffices to simply identify the nationalist/internationalist dialectic at work.

It is also important to note that there is a sectional, or geographic, component to the process by which “the national interest” is defined. Peter Trubowitz demonstrates that arguments about American foreign policy have historically been arguments among three broad geo-economic regions. Rather than a single integrated national political economy, Trubowitz sees three regional economies – the South, the Northeast, and the West – that integrated with the world economy on different terms and at different times. Each region, therefore, has a different policy preference for which its representatives advocate. The internationalist current was socially rooted in the industrial Northeast, while the nationalist current was rooted in the expanding South and West. See Peter Trubowitz, *Defining the National Interest: Conflict and Change in American Foreign Policy* (Chicago: University of Chicago Press, 1998).

¹⁴ Michael Mann’s notion of “infrastructural power” as defined in his essay, “The Autonomous Power of the State: Its Origins, Mechanisms and Results,” in *States in History*, ed. John A. Hall, 109-136 (Oxford: Basil Blackwell, 1986) is discussed at greater length in chapter two.

concerned with the stability of the world economy as a whole (than any particular sector) and believed that nationalist forces in the Third World could not be suppressed, but they could be co-opted.¹⁵

The various bureaucracies within the foreign policy apparatus tended to line up on one side or the other of this basic cleavage. Internationalism was strong in the State Department and its Office of Near Eastern Affairs (NEA); nationalism in the National Security Council, Joint Chiefs of Staff and CIA.¹⁶ Given the relatively limited nature of the relations between the U.S. and Iraq, NEA files speak most directly to US-Iraq affairs. As we shall see in the first three chapters, the NEA was committed to a certain, and evolving, understanding of modernization theory. According to which, the State Department could guide underdeveloped states such as Iraq through difficult transition to capitalist modernity through the liberal provision of programs of economic, military, and technological assistance. This remained the dominant policymaking approach

¹⁵ On this point, see Kai Bird, "Co-Opting the Third World Elites: Trilateralism and Saudi Arabia," in *Trilateralism: The Trilateral Commission and Elite Planning for World Management*, ed. Holly Sklar, 341-351 (Boston: South End Press, 1980).

¹⁶ Though it is important to note that bureaucracies themselves are also internally divided along the same lines. Cumings notes, for instance, the existence of "(... several CIAs... the CIA of the liberal, academically-inclined intellectuals; the CIA of the clandestine cowboys in East Asia; elements linked to the FBI who mistrusted elements linked to the British and allegedly to the Philby conspiracy, and so on)" (19). The same could be said of other bureaucracies. The point here is not to provide a precise description of social reality at any given point, but rather to identify broad tendencies observed over time.

through the late 1960s. After this point the analytical emphasis shifts (to a degree) to the NSC under the direction of Henry Kissinger.¹⁷

Another reason for the emphasis on State Department materials is that these files also provide a window for analyzing the other two sets of major actors – IPC officials, and Iraq’s state-building elite. The area and industry experts within the State Department followed developments within the Iraqi oil industry quite closely. And it was the State Department, of all government bureaucracies, that maintained the closest relationship to the multinational oil companies interested in Iraq. These materials, therefore, give us State Department perspectives on the relationship between oil multinationals and the American government.

To access the perspectives of IPC officials, I draw on records of the IPC Archive in Warwick, England.¹⁸ This is a remarkable set of records that sheds a great deal of light on the internal deliberations of “the Company.” I use the singular form and place it in quotes because despite the general practice of referring to IPC as a unified and coherent actor – it was anything but. IPC was actually composed of six distinct corporations.¹⁹ Those six firms – British

¹⁷ Here I draw on the Richard M. Nixon presidential materials at the US National Archives, College Park and the Nixon National Security Files (microfilm reels).

¹⁸The IPC Archive represents a section of the larger BP Archive at the University of Warwick, in Coventry, England. This private collection is available to scholars through special permission from the Archive’s director, Mr. Andrew Whitehead. I would like to thank Andrew Whitehead, along with BP archivists Peter Housego, and Joanne Burman for their help in working through these files. I am unaware of any other historian using these materials. Saul uses a similar and overlapping set of records from the CFP – one of the companies that comprised IPC.

Petroleum, Royal Dutch Shell, Esso (later Exxon), Mobil, CFP and Partex²⁰ – were headquartered in five separate states, occupied very different market positions within the global oil industry, and often held sharply divergent conceptions of what was in their own best interest.²¹

In short, BP, Esso, and Shell were the largest partners in the company. They held substantial oil reserves elsewhere in the region and elsewhere in the world. As a consequence, they had more crude reserves than they could market, and favored the suppression of Iraqi production. CFP and Partex were the smallest partners with little or no reserves elsewhere. Moreover, CFP was a “parastatal” – that is a partially French state-owned firm, that was heavily dependent on Iraqi production to service protected markets in France and West Germany. CFP was therefore most interested in working with Iraqi nationalists to expand IPC production.

Mobil occupied a middle – liminal – position that made it a rather unique actor. Mobil was the smallest firm to emerge from the original 1911 breakup of the Standard Oil trust. Mobil had access to the large and growing American market as well as markets overseas. But it lacked substantial reserves of its own.

¹⁹ Despite the internal divisions in the IPC, the consortium still managed to present a united front. I therefore retain the practice of referring to “the Company,” when the IPC acted as a unit.

²⁰ A note on names: Sometimes the Esso-Mobil group is described as NEDCO (Near East Development Company), the holding company for American interests that was established in 1928. Today Exxon and Mobil are one company (Exxon-Mobil after merging in 1998).

²¹ For comparisons of the various firms see Anthony Sampson, *The Seven Sisters: The Great Oil Companies and the World they Shaped* (New York: Viking Press, 1975); Daniel Yergin, *The Prize: The Epic Quest for Oil, Money, and Power* (New York: Simon and Schuster, 1991).

As a consequence, it took on the rather ambitious character of an independent firm, always looking for new opportunities to secure crude reserves. This made it a key interlocutor with the American state. By providing the State Department with critical inside information on developments within Iraq and the IPC consortium it hoped to gain special consideration for its interests elsewhere.

The IPC archive also provides a window for analyzing developments not just within Iraq or the consortium, but the global oil industry as a whole. The most significant development in this regard was the emergence of a new class of “independent” multinational oil corporations. The term “independent” is used to denote independence from the seven large, vertically and horizontally integrated majors – the so-called “Seven Sisters” that controlled more than 90% of total Middle Eastern production by 1954.²² The independents were drawn to the Middle East by the rather fantastic finds of the late 1930s and 1940s, but were largely blocked in the Middle East by the dominance of the Seven Sisters through the early 1960s. However, by the early 1960s, the dam was beginning to break as independents, both American and otherwise, undermined the position of the majors by offering producing states better terms than were afforded in the original concessionary agreements. To get at this larger world of oil, and to gain some perspective on IPC files, I also draw on the private papers of John J. McCloy

²² The majors, also known as the “seven sisters” comprised: BP, Shell, Exxon, Mobil, Texaco, Chevron, and Gulf.

and Walter J. Levy, two individuals who transversed the public-private divide in international oil affairs.²³

The perspectives of Iraqi state-builders are the most difficult to access for obvious reasons. Not only are there the well-rehearsed problems of conducting research in authoritarian and underdeveloped states where records are not kept, organized, or made available to foreign scholars. But these problems are compounded by the state of crisis that has enveloped Iraq since the American invasion of 2003, if not before. I, therefore, conducted no research for this dissertation in Iraq. But the lack of access to Iraqi archival sources does not however mean that Iraqi perspectives are wholly inaccessible.

Though it may seem counter-intuitive, the IPC files, and the American government documents offer a useful window for analyzing not just IPC, or U.S. government policy, but for analyzing what actually happened in Iraq. That is, these Western archival sources can provide access to the perspectives of Iraqi state-builders. The IPC, in particular, was assiduous in collecting, translating, and analyzing Arab press reports pertaining to developments bearing on IPC operations. These reports record the public statements of prominent Arab oil experts and trace the fluid dynamics of Iraq's internal politics.

Relying on oil company records for a faithful representation of Arab perspectives does raise some methodological concerns. But in this dissertation, I hold to the notion that historical evidence retains a degree of autonomy from the

²³ John J. McCloy Papers (Series 20: International Oil), Amherst College, Amherst Ma.; Walter J. Levy Papers, American Heritage Center, University of Wyoming, Laramie, Wyo.

rhetorical envelope in which it is delivered.²⁴ Moreover, I read IPC sources alongside U.S. government documents, selected memoirs of Iraqi government officials, and works of scholarship on Iraq.²⁵ By cross-referencing these various sources it is possible to arrive at a reliable sense of what actually happened in Iraq.

It would be difficult to overstate the value of early works of scholarship on Iraq such as those by Batatu and the Penroses. Both Batatu and the Penroses spent years researching in Iraq and had access to high-ranking Iraqi officials. Batatu's book in particular can almost be read as a primary document. It would not be too much of a stretch to regard *The Old Social Classes* as a kind of oral history archive. Batatu recorded hundreds if not thousands of interviews with players who had intimate knowledge of Iraqi social and political developments.²⁶

²⁴ The most elegant defense of this claim that I am aware of can be found in chapter one ("The Power in the Story," 1-30) of Michel-Rolph Trouillot, *Silencing the Past: Power and the Production of History* (Boston: Beacon Press: 1995). Against the "one-sided historicity" of positivists and constructivists who would have clear distinction between "what happened" and "what is said to have happened" on the one hand, and no distinction, on the other – Trouillot calls for the more arduous task of discerning how history – as both a process and narrative – is produced.

²⁵ Key Iraqi memoirs include: 'Ali Karim 'Abdullah Sa'id, *'Iraq 8 Shubat 1963: Min Hiwar al-Mafahim ila Hiwar al-Damm - Muraja'at fi Dhakirat Talib Shabib [Iraq, February 8, 1963: From a Dialogue of Understanding to a Dialogue of Blood - Reflections on Talib Shabib's Memory]* (Beirut: Dar al-Kanuz al-'Arabiya, 1999); Sa'dun Hammadi, *Mudhakirat wa 'Ara'a fi Sha'aun al-Naft [Memories and Opinions Concerning Oil]* (Beirut: Dar al-Talia lil-Tiba'a wal-Nashr: 1980). Key works of Iraqi scholarship include: Hamid Bayati, *Saddam Husayn wa al-Mu'amar al-Kubra: 'Asrar Inqilab 17 Tammuz 1968 fi al-'Iraq fi al-Watha'iq al-Sirriyah al-Amrikiyah [The Secret Coup of 17 July 1968: Saddam Hussein and the Great Conspiracy in Iraq in American Secret Documents]* (London: Mu'assasat al-Rafid, 2000); 'Adil Hussein, *Iraq the Eternal Fire: 1972 Iraqi Oil Nationalization in Perspective*, trans. A.W. Lúlúa (London: Third World Center for Research and Publishing, 1981).

²⁶ On this question of sources and objectivity, Batatu recognizes his own limits when he observes: "Perhaps it is not possible to write a history of a Communist party that is neither pro-Communist nor anti-Communist. But this is anyhow what I have sought to do. ... Of course it does not follow that my way of looking at things is not involved in these pages. In any historical work one does, there is history, but there is always something of oneself. This is unavoidable. One, if only

In the course of this dissertation I take special note to compare the information provided by Batatu's often anonymous sources with the information contained in American documents. The identity of claims is often uncanny. To me this suggests that the U.S. Embassy in Iraq and Batatu shared some of the same anonymous sources.

This sketch of my sources and methods serves to introduce many of the major composite actors involved in the history I analyze. However, there are several other minor actors that also play a role at one or more points. These include the British government, which owned a majority interest in BP and exerted considerable influence on that company and, in turn, the IPC as a whole.²⁷ The same can be said of the French government and its influence on CFP.²⁸ The Soviets also play a role. To be sure, one far less substantial than many cold warriors might have it. Still, the Soviets did have limited influence in Iraq from the immediate period following the 1958 revolution through early 1960, and then exerted a major influence in the period leading up the 1972 nationalization. The "Cold War" is not the principle metanarrative framing the action in this

unwittingly, bares one's own narrowness of experience and one's intellectual and temperamental inadequacies" (xxii).

²⁷ My analysis of British policymaking draws on the bound volume of British archival sources: *OPEC Origins and Strategy, 1947-1973; Vol 1-6*. A.L.P. Burdett; Slough: Cambridge Archive Editions, 2004. I also owe a debt to the Wm. Roger Louis essays collected in *Ends of British Imperialism: The Scramble for Empire, Suez and Decolonization: Collected Essays* (London: I.B. Tauris, 2006).

²⁸ My analysis of French policymaking owes a great debt to David Styan, *France and Iraq: Oil, Arms and French Policy Making in the Middle East* (London: I.B. Tauris, 2006).

dissertation, but the Soviet Union was an actor, and its agency is recognized when relevant.²⁹

At a regional level there were several actors that warrant attention. Prior to Egypt's defeat in the 1967 Arab-Israeli War, Egypt was the most important regional actor in Iraq. This was particularly true in the immediate post-revolutionary period. The Iraqi Free Officers modeled their revolution on Egypt's, and many looked to Gamal Abdel Nasser for leadership. After peaking in the early 1960s, Egypt's influence in Iraq experienced a steady downward slide. By 1968 Egypt ceased to be relevant. In the middle to late 1960s, Syria was an important actor as it competed with both Egypt and Iraq for the title of the leading exponent of Arab socialist revolution.³⁰ After the emergence of a stable and assertive regime in Iraq between 1968-70, Iran and Saudi Arabia become important actors – especially after the two kingdoms were “deputized” by the Nixon administration to police Gulf shipping lanes.

In terms of Iraqi domestic politics, there are three main actors sets I am concerned with. The first is the Communist Party of Iraq (CPI). As is often noted, Communism made rather limited gains in the Middle East when compared to other world regions such as Latin America or Asia, but Iraq represents something

²⁹ My analysis of Soviet policymaking owes a great debt to Oles M. Smolansky and Bettie M. Smolansky, *The USSR and Iraq: The Soviet Quest for Influence* (Durham: Duke University Press, 1991).

³⁰ The best works available on the inter-Arab politics of the era are Malcolm H. Kerr, *The Arab Cold War: Gamal 'Abd al-Nasir and His Rivals, 1958-1970*, 3d Edition (London: Oxford University Press, 1971); and Malik Mufti, *Sovereign Creations: Pan-Arabism and Political Order in Iraq and Syria* (Ithaca: Cornell University Press, 1996).

of an exception to this general pattern.³¹ Due to Iraq's ethnic and religious diversity, and to rather extreme inequities in Iraqi wealth distribution, many Iraqis were drawn to Communism's promise of universalism, and to its promises of rapid economic development and a more just social order. The CPI was, in fact, the most popular organized political force in the region. The party first took shape in the mid-1930s, and despite facing severe repression from the monarchy, succeeded in organizing a massive and socially diverse following. Over the course of the 1940s and 50s, the party grew to several thousand – mainly workers and peasants – among whom Iraqi Jews, Christians, Kurds and Shi'is were all well represented.³² The CPI succeeded in attracting members and supporters among all the ethnic and religious groups comprising Iraqi society because of its ability to articulate the grievances of the mass of lower-class Iraqis and because of the intensity of a particular debate within Iraq between the doctrines of *wataniyya* – local Iraqi patriotism, and *qawmiyya* – pan-Arab nationalism.

Here the ethnic and religious diversity of Iraq should be recalled. The largest group among Iraq's roughly seven million inhabitants was, by far, Shi'i

³¹ For a concise comparative review of Communist movements in Iran and Iraq see, Joel Beinin, "Class and Politics in Middle Eastern Societies: A Review Article," *Comparative Studies in Society and History* 28 (no. 3, 1986): 552-57.

³² Malik Mufti, *Sovereign Creations: Pan-Arabism and Political Order in Iraq and Syria* (Ithaca: Cornell University Press, 1996): 112. Batatu notes that on the eve of the 1958 Revolution the CPI numbered only in the "several hundreds" – owing in large part to repression under the Monarchy. However, by mid-1959 "membership had swollen to an estimated 20,000 to 25,000. ... By the beginning of 1963 it had declined to nearly 10,000" (1000-1001). Batatu is, however, only referring to formal party members, and not to pro-Communist groupings and auxiliaries such as labor and professional associations, women's and cultural organizations, and, after August 1958, the Popular Revolutionary Force.

Arabs from south and central Iraq (see Map 1), comprising some 50% of all Iraqis. However, the most socially dominant segment of the Iraqi population was the Sunni Arabs of central and northwestern Iraq, who comprised some 20% of the population. Iraqi Kurds of northeastern Iraq, ethnically and linguistically distinct from Iraqi Arabs, comprised another 20%. The remaining 10% was comprised of Jews, Christians, Yezidis, and Zoroastrians among others.³³ Given this diversity, many Iraqis embraced the CPI's secular and "Iraqist" conception of national identity that recognized the ethnic, religious, and linguistic diversity of the country.³⁴

This Iraqist conception contrasted sharply with the pan-Arab orientation of the Ba'th – the second major composite actor in Iraqi domestic politics. The *Ba'th* – or renaissance – party was founded in Syria in the late 1940s by Michel 'Aflaq and Salah al-Din Bitar. 'Aflaq and Bitar were French-educated schoolteachers who provided the party with its political and philosophical direction through the middle 1960s. Under their leadership, the party was committed to the principles of pan-Arab unity and socialism, though the latter was never precisely defined. After establishing a strong base in Syria, the Ba'th opened a branch in Iraq in 1954. Through the late 1950s, the Iraqi Ba'th

³³ Batatu, 40.

³⁴ Batatu notes that despite the universalism of Marxist doctrine – in practice, the movement lent itself to a "particularist" (i.e., Iraqist) orientation (818-19). That the CPI would embrace an Iraqist conception of national identity should not be surprising. Marx and Engels, after all proclaimed: "Though not in substance, yet in form, the struggle of the proletariat with the bourgeoisie is at first a national struggle. The proletariat of each country must, of course, first of all settle matters with its own bourgeoisie." *The Communist Manifesto* (New York: Penguin Books, 1998): 64.

remained a small “vanguard” party of fewer than 300 members.³⁵ The party was led by modern educated professionals (school teachers, professors, doctors, lawyers, and engineers) and rooted in the Sunni Arab segment of Iraqi society, particularly within the officer corps of the Army. Sunni Arabs’ minority status within Iraq led many of Iraq’s Sunni Arabs to look beyond Iraq’s horizons and imagine a political community based on ethnic and sectarian solidarities.³⁶ This was the essential appeal of the Ba’th.

The Communist movement in Iraq was the strongest force of opposition to the monarchy in the 1940s and 1950s. Its organization and activism was a major factor contributing to the 1958 revolution, and it was the chief beneficiary of it. With the removal of the Hashemite Monarchy, the CPI was allowed to operate freely and its ranks swelled to the tens of thousands. Its growth and dynamism alarmed conservative elements of Iraqi society.

In turn, the Ba’th party became a repository for anti-Communist sentiment. For a time, General ‘Abd al-Karim Qasim, who led the 1958 revolution, sought to maintain himself in power by playing the Communists and Ba’thists off one another. After initially drawing on Communist support to consolidate control, Qasim changed course and turned his repressive measures on the CPI and allowed the Ba’th greater freedom of movement. Between 1958 and 1963, there

³⁵ Batatu, 742.

³⁶ Sami Zubaida, "Community, Class and Minorities in Iraqi Politics," in *The Iraqi Revolution of 1958: The Old Social Classes Revisited*, ed. Robert A. Fernea and Wm. Roger Louis, 197-210 (London: I.B. Tauris, 1991).

was a great deal of social tension between the two parties that approached something approximating low-level civil war.³⁷ However, by 1963, the contest was largely over. Despite its superior mass following, the CPI was vanquished for reasons that are explored in greater depth in chapter one.

With the defeat of Communism, the Ba‘th remained the strongest organized political force in Iraq. The party – with CIA support, as we learn in chapter one – led the February 1963 coup that toppled the regime of General Qasim. The Ba‘th went on to lead a short-lived regime of its own that lasted less than nine months. The particular nature of U.S. support for the Ba‘th, as well as the reasons for it, are examined in some detail in chapter two because of what they reveal about the State Department’s vision of modernization in Iraq. The chapter then analyzes the reasons for the failure of the Ba‘thist regime and what they reveal about the Ba‘th’s approach to governance. At this point, it suffices to say that the Ba‘th overextended itself in its bid for power and engendered a great deal of resistance from within Iraqi society.

Iraqi Nasserists (followers of Egypt’s Gamal Abdel Nasser), the third major actor in Iraqi domestic politics, led the resistance to the Ba‘th. With the liquidation of Communism in Iraq by the early 1960s, many left-of-center Iraqis gravitated toward Nasserism. This was particularly true after Nasser’s full-throated embrace of Arab socialism in 1962. After the overthrow of the Ba‘th in November 1963, Nasserists remained the driving force in Iraqi politics through

³⁷ Witness pitched battles in Mosul (March 1959), Kirkuk (July 1959), and Baghdad (February 1963).

the late 1960s. It was under their leadership that the critical state-building measures that led to the eventual nationalization of the IPC took place. In 1964 the government of Iraq established the Iraq National Oil Company (INOC), which then contracted with European independent oil producers – particularly French and Soviet – to establish the infrastructure for a state-owned and operated Iraqi oil industry. These developments are analyzed in chapter three.

Iraq's Nasserists, however, suffered more or less the same fate as their Egyptian patron. Nasser's defeat in the June 1967 Arab-Israeli War spelled doom for Iraqi Nasserists – though not right away. On the contrary, the outcome of the June War radicalized Iraqi politics and led to the alpenglow of Iraqi Nasserism in late 1967 and early 1968. I argue that the radicalization of Iraqi oil policy in this period was part of a much broader “global” movement of protest against prevailing structures of power and authority.³⁸ This is to say that the oppositional politics of the era that are usually associated with student activism in Paris, Prague and Berkeley had an analog in Baghdad. In Baghdad, Nasserist ideologues and technocrats propelled by movements from below struck out against symbols of established authority – most notably the IPC and the Iraqi politicians on its payroll. This notion of a “Global ‘68,” and how it played out in Baghdad is analyzed in chapter three.

³⁸ On this notion of a “Global ‘68” see Arif Dirlik, “The Third World,” in *1968: The World Transformed*, ed. Carole Fink, Philipp Gassert, Detlef Junker and Daniel S. Mattern, 295-317 (Cambridge: Cambridge University Press, 1998). See also Jeremi Suri, *Power and Protest: Global Revolution and the Rise of Detente* (Cambridge: Harvard University Press, 2003); and Paul Chamberlain, “A World Restored: Religion, Counterrevolution, and the Search for Order in the Middle East,” *Diplomatic History* 32, no. 3 (June 2003): 441-469.

After a burst of radicalism reminiscent of the immediate post-revolutionary period, Iraqi conservatives struck back with a vengeance. Again, it was the Ba'ath that led the reaction with a July 1968 coup that entrenched the party in power, this time permanently. However, unlike in 1963, the Ba'ath did not enjoy CIA support as it reached for power. The reasons for this are explored in chapters three and four. But at this point it is worth noting that just as the 1967 War led to the demise of Nasserism in Iraq and the Middle East more generally, the war also led to the demise of the "Arabists" within the State Department's Division of NEA. Just as Truman's "loss of China" in 1949 led to the demise of the "old China hands" in the State Department, the June War discredited the Arabists' limited accommodation of Nasser and the forces of Arab nationalism.

Throughout much of the 1960s, national security hawks and other hardliners bristled under the hegemony of State Department developmentalism. The State Department's failure to produce regional stability, graphically illustrated by the 1967 Arab-Israeli war, offered hardliners an opening to marginalize their bureaucratic rivals. There would be, they concluded, no more coddling of neutralism. When Ba'athist conspirators reached out for American support in 1968-69, their calls went unanswered. By mid-1969, national security hawks had eclipsed State Department Arabists in the making of American policy in the Middle East. According to the now dominant policy current in Washington, Arabs "only understood the language of force." Rather than accommodating forces of Arab nationalism, the Nixon administration forged new "special relationships" with Iran and Israel designed to contain, and perhaps even "roll-back," the

regional influence of radical states such as Iraq– an initiative that had its own unintended consequences, which are explored in the conclusion.

When it was clear that the Ba’th would get no help from the American Embassy, it looked for other ways to consolidate power. The party leadership then reached out to the Soviet Union and the CPI – which experienced a short-lived revival – and articulated a “revolutionary agenda” that entailed nationalizing the IPC. As we see in chapter four, the Ba’th, led by party Chair Saddam Husayn al-Tikriti (Saddam Hussein), eliminated its Nasserist rivals in 1968-69 and then co-opted their agenda. By the summer of 1970, the Ba’th’s top leadership was clearly, and unalterably committed to the complete nationalization of the IPC.

The IPC met the Iraqi challenge by scaling back production dramatically in 1971. This proved the final straw; as in mid-May 1972, Iraq gave the IPC two weeks either to restore production or to face immediate nationalization. When the IPC failed to comply, Iraq carried through on its threat and seized the companies’ Kirkuk-based production facilities – where more than two-thirds of Iraq’s oil was produced. American officials doubted Iraq’s ability to market this volume of nationalized oil and sought to organize a consumers’ boycott similar to the one that thwarted Iran’s attempt to nationalize its oil industry in 1951-53. However, in the face of a rapidly changing world oil market, anticipated consumer solidarity failed to materialize, and Iraq found a host of willing buyers. Iraq’s success in marketing its nationalized oil allowed it to nationalize the IPC’s

remaining southern facilities in a series of moves taken over the next three years. By 1975, the government presided over a wholly nationalized Iraqi oil industry.

The End of the Concessionary Regime

The nationalization of IPC represents what I call the end of the concessionary regime in Iraq, and it spelled doom for similar arrangements elsewhere in the region and the world. By concessionary regime I mean to denote the set of relationships that sustained the origins and development of the Middle Eastern oil industry from the American entry to the Gulf through the early 1970s. Those relationships in turn fueled America's rise to global leadership. It was cheap Middle Eastern oil that powered the reconstruction of Europe and Asia, and sustained the long boom in advanced industrialized economies.³⁹

At its most basic level, the concessionary regime was based on relatively cooperative relations among Middle Eastern oil monarchies (the Al Sa'ud in Saudi Arabia, the Pahlavi Shahs in Iran, and the Hashemites in Iraq), the seven oil majors, and the American state. In this sense, the concessionary regime began to crumble with the overthrow of the Hashemites in 1958. But this process would take time to work itself out. This dissertation is, at bottom, a study of this falling away. A major theme is the effort of the American State Department to devise a fix for the hole in the regime created by the collapse of Hashemite power. For

³⁹ The post-WWII phase of the concessionary regime is usually referred to as the "postwar petroleum order." See Daniel Yergin, *The Prize: The Epic Quest for Oil, Money, and Power* (New York: Simon and Schuster, 1991): 409-430.

most of the period under analysis, developmentalism appeared to be that fix. For the developmentalists, it was hoped that the loss of Iraq was not total. Perhaps with sufficient guidance from the American state, “republican” Iraq could be rehabilitated, and could continue to play the role assigned to it by the regional and global division of labor. Such thinking was delusional. The gap between Washington’s theory of development, and its practice in Iraq could not be bridged. The dispute over the role of the IPC in the political economy of Iraq made the contradiction apparent to all.

With the nationalization of IPC in June 1972, “the Golden Thread had snapped,” as Karl Polanyi might say. All of this became painfully obvious over the course of the 1970s as the United States was enveloped in a “decade of crises.” America’s claim to global leadership was gravely tarnished. This dissertation explores how the transformation within the political economy of Iraq contributed to this more general crisis of American power in the early 1970s, and offers insights for thinking through the subsequent history of American involvement in the Middle East.

Overthrowing Qasim:

Debating Regime Change in Iraq, 1958-1963

Nobody of any significance in Iraq thinks there is any chance whatever of stopping the Communists through the internal mobilization of non-Communist elements. All apparently feel that the real choice before them is between accommodation with the Communists or the elimination of Communists through external intervention.

Miles Copeland and James Eichelberger, CIA, March 1960

The answer has to come from within Iraq and the United States cannot hope successfully to manipulate the internal forces at work.

Department of Near Eastern Affairs, Position Paper, June
1962

While its still early, Iraqi revolution seems to have succeeded. It is almost certainly a net gain for our side.

Assistant National Security Adviser, Robert Komer,
February 8, 1963

Introduction

In the early morning hours of July 14, 1958 a group of Iraqi Free Officers led by Brigadier 'Abd al-Karim Qasim and Colonel 'Abd al-Salam 'Aref mounted a *coup d'état* against the British-installed Hashemite Monarchy. The overthrow of the Hashemites represents a seminal watershed in the international history of the modern Middle East. Hashemite Iraq was a key pillar of the Baghdad Pact – a regional security alliance loosely modeled on North American Treaty Organization (NATO) – and a stalwart ally of the West in the Cold War. In the mid-1950s, particularly after Egypt's Gamal Abdel Nasser embarked on a course

of “positive neutralism” that entailed establishing military and economic relations with the Soviet Union, Western powers increasingly looked to Hashemite Iraq to serve as a bulwark against the spread of Communist influence in the Arab world.

The emergent regime under the leadership of General Qasim established friendly relations with the Soviet Union and the Communist Party of Iraq (CPI), withdrew from the Baghdad Pact, threatened to annex neighboring Kuwait, and, in December 1961, took the critical step of unilaterally revising the terms of the Iraq Petroleum Company (IPC) concession. Developments in Iraq appeared so threatening from a Western vantage point that many believe that the United States, through its clandestine services, provided covert assistance to the Ba’th Party leaders that overthrew Qasim’s regime in February 1963. Though scholars of modern Iraq have long noted an American role in the coup, the idea the CIA had once helped the Ba’th gain power in Iraq first began to enter wider American public consciousness in 2003.¹ The most sensational claims have been based

¹ The earliest scholarly claims of U.S. involvement appear in two important works of Iraqi history: Hanna Batatu, *The Old Social Classes and the Revolutionary Movements of Iraq: A Study of Iraq's Old Landed and Commercial Classes, and of its Communists, Ba'thists and Free Officers* (Princeton: Princeton University Press: 1978 [reprint London: Saqi Books, 2004]): 985-86; Edith Penrose and Ernest Penrose, *Iraq: International Relations and National Development* (Boulder: Westview Press, 1978): 288. These works are based on extensive fieldwork in Iraq conducted before, during, and after the 1963 coup. The claims of U.S. involvement cite subject interviews and the contemporary Arab press. Marion Farouk-Sluglett and Peter Sluglett’s *Iraq Since 1958: From Revolution to Dictatorship*, 3d Edition (London: I.B. Tauris, 2003) added some detail based on additional interviews (86), but the story attracted little attention outside the field of Middle East studies until the US invasion of Iraq in early 2003. Just days before the invasion, Roger Morris, a former member of the National Security Council, published an op-ed that claimed that the CIA had installed Saddam Hussein and his Ba’th Party in power forty years earlier. Morris claimed to learn of CIA involvement while serving on the NSC in the late 1960s. See Roger Morris, “A Tyrant 40 Years in the Making,” *The New York Times*, 14 March 2003 (see bibliography for web address).

largely on the work of journalist Said Aburish.² In his book, *Saddam Hussein: The Politics of Revenge*, Aburish claims that that the 1963 coup “represented one of the most elaborate CIA operations in the history of the Middle East” (55-56). His account furnishes a great deal of detail, but very little documentation as it is based largely on interviews with former Ba’thists.³ More calibrated analyses advancing more limited claims have been put forward by Malik Mufti and Douglas Little – both highly reputable scholars within their respective fields. Using records declassified through the early 1990s, Mufti finds “mounting evidence of U.S. involvement,” while Little claims only that in 1962 the Kennedy administration “began quietly to encourage dissident army officers to seize power.”⁴

Similar stories were subsequently published by several journalists, see, for example, Richard Sale, “Saddam Key in Early CIA Plot,” *United Press International*, 10 April 2003; Michel Despratx and Barry Lando, “Iraq: Crimes and Collusions: 40 Years of Western Support for the Ba’athists,” *Le Monde Diplomatique*, 2 Nov 2004 (see bibliography for web address); Tim Weiner, *Legacy of Ashes: The History of the CIA* (New York: Doubleday, 2007): 140-41.

² Said K. Aburish, *Saddam Hussein: The Politics of Revenge* (London: Bloomsbury Publishing, 2000).

³ Aburish presumably learned much of the story while acting intermediary between the Iraqi government and western arms manufacturers in the 1970s and 1980s. On Aburish’s background see his interview for: PBS, “The Survival of Saddam,” *Frontline*, January, 2000 (see bibliography for web address).

⁴ In addition to documents compiled in the Declassified Documents Reference System through the early 1990s, Mufti, a political scientist at Tufts University, draws on an exhaustive analysis of Arabic sources – press, pamphlet, memoir, oral history and scholarly works. He sees collaboration with the CIA as indicative of a larger pattern of Ba’thist alliance building. See Malik Mufti, *Sovereign Creations: Pan-Arabism and Political Order in Iraq and Syria* (Ithaca: Cornell University Press, 1996): 144.

Little, a diplomatic historian at Clark University, draws on a wider set of available American documents (given the later date of his publication) to argue that US support for the Ba’th grew out of American concerns that Iraq was growing too close to the Soviet Union. See Douglas Little, *American Orientalism: The United States and the Middle East since 1945* (Chapel Hill: University of

In this chapter I draw on new archival sources to analyze the logic behind U.S. policy toward Iraq between 1958 and 1963.⁵ I argue that the details of American covert activity in Iraq remain shrouded in mystery, given currently available documentation. But available records make it clear that covert political action to remove Qasim from power was vigorously debated among American policymakers throughout the period in question. The dominant positions within

North Carolina Press, 2004 [2002]): 63. In a subsequent article Little elaborated on his position: "Almost all published accounts of the 1963 coup and its gruesome aftermath indicate that the Ba'thists relied on carefully prepared lists to identify their victims. A number of these accounts claim that those lists were provided by the CIA, which saw an opportunity to liquidate the Iraqi Communists. Given the agency's preoccupation with preventing further Soviet inroads in the Arab world, such accounts seem quite plausible" (696). See Douglas Little, "Mission Impossible: The CIA and the Cult of Covert Action in the Middle East," *Diplomatic History* 28, no. 4 (Nov 2004): 663-701.

Also worth noting in this context is Nathan Citino, "Middle East Cold Wars: Oil and Arab Nationalism in US-Iraqi Relations, 1958-1961," in *The Eisenhower Administration, the Third World, and the Globalization of the Cold War*, ed. Kathryn C. Statler and Andrew L. Johns, 245-269 (Lanham, MD: Rowman and Littlefield, 2006). Citino's is a deeply researched and finely argued analysis of Eisenhower's foreign policy toward Iraq. It provides important context, but does not speak directly to the events of February 1963.

⁵ This chapter is based on the following archival sources: State Department Central and NEA Lot Files (RG59), USNA, College Park, Md.; the John F. Kennedy Library (JFKL), Columbia Point, Ma.; the John F. Kennedy, National Security Files, Microfilm series (JFKMF); *Foreign Relations of the United States (FRUS) 1958-1960, Volume 12, FRUS, 1961-1963, Volume 17* (electronic edition, see bibliography for web address) and the Iraq Petroleum Company Archive (IPC), University of Warwick, Coventry, UK. I also draw on Hamid Bayati, *Al-Inqilab al-Dami: al-Khafaya al-Dakhiliyah wa-Mawafiq al-Duwal al-Inqlimiyah wa Dawr al-Mukhabarat al-Gharbiyah [The Bloody Coup: Internal Mysteries, Regional Political Positions and the Role of Western Intelligence]*, 2nd Edition (London: Mu'assasat al-Rafid, 2000), a relatively unknown collection of British Foreign Office files. Despite the provocative title – and a forward that claims the coup was “arranged by the oil companies and western intelligence” (7) – Bayati's work is mainly a compilation of British documents with only general introductory and analytical remarks. While the analysis is limited, the documents themselves (presented in Arabic and English) are useful. I also make use of: United States Senate Select Committee to Study Governmental Operations with Respect to Intelligence Activities (Church Committee), *Interim Report: Alleged Assassination Plots Involving Foreign Leaders*, (Washington DC: GPO, 1975); and A. Burdett (ed.), *OPEC: Origins And Strategy 1947-1973*, Vols. 1-6, (Slough: Cambridge Archive Editions, 2004).

Access to the IPC Archive requires special permission from the British Petroleum Company, but the other collections have been open for a decade or more. Nonetheless, the vast majority of documents cited in this chapter have not been used in any published work.

this debate can be characterized as hard-line interventionism, and anti-interventionist accommodationism. Hardliners regarded the overthrow of the Hashemites as an act of insubordination that threatened the geopolitical order of the region and its economic foundations. They favored covert intervention aimed at restoring a reliably pro-US regime, if not the *ancien régime* itself. In contrast, accommodationists regarded the Hashemite order as inherently unstable and saw social reform and economic development as the keys to blocking Soviet inroads into the Middle East.⁶ They acknowledged that Qasim was not an ideal leader for Iraq, but they insisted that he was not a Communist, and was perhaps the single greatest impediment to the Soviets gaining control of the oil-rich country. They believed that skillful American diplomacy coupled with a robust program of military and economic aid could encourage Qasim to adopt a genuinely neutralist position in the Cold War that did not pose a significant danger to American interests in the country or the region.

In this chapter, I demonstrate that U.S. policy toward Iraq passed through four distinct phases between 1958 and 1963. In the first phase, from the revolution through early 1959, the Eisenhower administration absorbed the blow of the Iraqi revolution and then adjusted U.S. policy to better accommodate “the aims and aspirations of the Arab people.” In practice this meant promoting the

⁶ For a clear statement of this perspective see Nicholas G. Thacher, “Reflections on US Foreign Policy towards Iraq in the 1950s,” in *The Iraqi Revolution of 1958: The Old Social Classes Revisited*, 62-76 (London: I.B. Tauris, 1991). Thacher was a Foreign Service officer in the American Embassy in Baghdad between 1956 and 1958. He was subsequently a member of the State Department’s division of Near East Affairs and a key participant in the policymaking process analyzed in this chapter.

regional influence of Nasser as an alternative to Communism. A second phase began in early 1959 when Qasim drew closer to the Soviet Union and cultivated CPI support to suppress conspiracies within the Army. Hardliners, led by CIA director Allen Dulles, then stepped up pressure for intervention and initiated at least some level of covert activity in Iraq. However, a new phase of *rapprochement* began in early 1960 when Qasim suddenly reversed course and placed firm controls on the CPI and made it clear that he would not allow Iraq or its oil to come under Soviet domination. This period of *rapprochement* lasted until late 1961 when mounting domestic problems forced Qasim into a confrontation with the IPC that entailed unilaterally revoking the IPC's right to develop the large but undeveloped North Rumaila oil field in southern Iraq (see Maps 1 and 2, in the front matter). With this action a final phase began in which the internal balance of American power shifted toward greater interventionism. Hardliners, now led by Robert Komer, stepped up pressure to "do something" and found a sympathetic audience among senior policymakers. The details of what the U.S. did to affect regime change in Iraq remain obscure, but the general policy orientation is clear enough.

The US, Iraq, and the Arab Cold War, July 1958 – April 1959

If the Iraqi coup succeeds it seems almost inevitable that it will set up a chain reaction which will doom the pro-Western governments of Lebanon, Jordan, and Saudi Arabia, and raise grave problems for Turkey and Iran.

- CIA Director Allen Dulles, July 14, 1958⁷

Western Reactions to 1958

The Free Officers' coup that brought General Qasim to power in July 1958 came as tremendous shock to the Eisenhower administration. The coup unfolded at the highpoint of post-World War II pan-Arab nationalism.⁸ At the time, the U.S. administration framed its strategy in the Middle East in terms of the "Eisenhower Doctrine" – a 1957 legislative initiative that promised \$200 million in annual military and economic aid to Arab states resisting "overt armed aggression from any nation controlled by International Communism."⁹ Despite the *pro forma* references to the threat posed by "International Communism," the initiative was introduced as part of an effort to contain the regional influence of Nasserist pan-Arabism.¹⁰ For administration hard-liners such as Secretary of State John Foster

⁷ Allen Dulles Briefing Notes, 14 July 1958, in *FRUS, 1958-1960* [volume], 12: 311.

⁸ See Wm. Roger Louis and Roger Owen, *A Revolutionary Year: The Middle East in 1958*, ed. Wm. Roger Louis and Roger Owen (London: I.B. Tauris, 2002). See also Robert A. Fernea and Wm. Roger Louis, *The Iraqi Revolution of 1958: The Old Social Classes Revisited*, ed. Robert A. Fernea and Wm. Roger Louis (London: I.B Tauris, 1991).

⁹ Dwight D. Eisenhower, "Special Message to the Congress on the Situation in the Middle East," January 5, 1957. See John T. Woolley and Gerhard Peters, *The American Presidency Project*. Santa Barbara, CA: University of California (<http://www.presidency.ucsb.edu/ws/?pid=11007>).

¹⁰ See Salim Yaqub, *Containing Arab Nationalism: The Eisenhower Doctrine and the Middle East* (Chapel Hill: University of North Carolina, 2004); Diane B. Kunz, "The Emergence of the United States as a Middle Eastern Power, 1956-1958," in *A Revolutionary Year*, ed. Louis and Owen, 77-100; Malik Mufti, "The United States and Nasserist Pan-Arabism," in *The Middle East and the*

Dulles, it appeared that Nasser's Egypt was moving in to fill the "vacuum" created by the collapse of British colonial power in the Middle East – a development that could threaten the security of Europe's access to Middle Eastern oil supplies. For Dulles, the distinction between Nasserist pan-Arabism, and Soviet-sponsored communism was moot. As he put it shortly after the coup, "the real authority behind the Government of Iraq was being exercised by Nasser, and behind Nasser by the USSR."¹¹

Given this alarm, on July 15, the U.S. and Britain deployed Marines and paratroopers to shore up pro-Western regimes in Lebanon and Jordan.¹² Contingency plans for joint military intervention to defend the oil fields of Kuwait and Saudi Arabia were discussed, but these measures proved unnecessary as General Qasim was quick to reassure Western capitals that the revolution was directed against "politically and economically corrupt Iraqis" and that existing oil contracts and operations would be unaffected.¹³ British officials were particularly reassured, and in September, the British-dominated IPC extended the new

United States: A Historical and Political Reassessment, ed. David W. Lesch, 168-90 (Boulder: Westview Press, 2003); Lloyd C. Gardner, *Three Kings: The Rise of an American Empire in the Middle East* (New York: The New Press, 2009).

¹¹ Dulles quoted in Memo of Discussion, 373rd Meeting of the NSC, 25 July 1958, in *FRUS 1958-1960*, 12: 103.

¹² For excellent analysis of Western reactions to 1958 see: Wm. Roger Louis, "Britain and the Crisis of 1958," 15-76; Diane B. Kunz, "The Emergence of the United States as a Middle Eastern Power, 1956-1958," 77-100; Irene L. Gendzier, "Oil, Politics, and US Intervention," 101-142; Roger Owen, "The Dog That Neither Barked Nor Bit: The Fear of Oil Shortages," 275-288, all in *A Revolutionary Year*, ed. Louis and Owen.

¹³ Basrah Petroleum Co., General Management Circular no. 39/58, 18 July 1958, in RG59, Box: 3797, Folder: 787.00/2-163.

government a loan that British officials believed critical to the consolidation of Qasim's authority.¹⁴

Not only did the new regime go to great lengths to reassure the Western powers of the security of oil operations in Iraq, but it soon became clear that even though the Iraqi Free Officers were inspired by their Egyptian counterparts, they were neither unified nor Egyptian-directed. Within weeks of the coup, a power struggle emerged between the revolution's top commanders, and it was the issue of unity with Nasser's Egypt that proved the flashpoint of Iraqi social and political tensions.

Iraq's Internal Situation: Qasim, 'Arif, and the Communists

The Baghdad Pact and Eisenhower Doctrine initially unified Iraqi opposition groups under a National Front in 1957.¹⁵ However, with the overthrow of the Hashemites this unity broke down and a violent conflict between the leading political parties – the CPI and the BPI (the Ba'th Party of Iraq) – emerged over the direction that the revolution would take. In this contest for power, the cause of *wahda*, or union with the United Arab Republic (the union of Egypt and Syria under Nasser's leadership), was the “symbol” if not the “substance” of Iraqi social and political conflict.¹⁶ The BPI saw joining the UAR as

¹⁴ Owen, 281.

¹⁵ Batatu, 831.

a means of vanquishing its Communist rivals. Its leaders advocated immediate union and reached out to Nasser for intelligence support.¹⁷ The CPI, on the other hand, opposed any such unity scheme. Nasser had dissolved political parties in Egypt and Syria, and the CPI was unwilling to suffer the same fate. Moreover, the party had large Shi'i and Kurdish constituencies opposed to joining a regional federation that would ultimately be dominated by Sunni Arabs.¹⁸

Mirroring this struggle between the CPI and the BPI was a power struggle between Qasim and his top deputy, Colonel 'Arif. Almost immediately following the revolution 'Arif began challenging Qasim's leadership. Though not a member of the Ba'th Party, 'Arif was sympathetic toward their movement, and a vocal advocate of immediate *wahda*. Qasim, on the other hand, saw Egypt as a traditional geo-political rival to Iraq, and had no interest in subordinating his state to Nasser's leadership.¹⁹ Though not a Communist himself, Qasim saw the CPI as a counterweight to Nasser, 'Arif and the Ba'th, and allowed the party to operate freely for the first time in its history.²⁰

¹⁶ Farouk-Sluglett and Sluglett observe that the BPI found in the cause of *wahda* "a stick with which to beat the Communists – whom they could accuse of being traitors to the Arab nation..." (58).

¹⁷ Mufti (1996), 81-98.

¹⁸ Ibid, 110-16.

¹⁹ Mufti 113-116; Malcolm H. Kerr, *The Arab Cold War: Gamal 'Abd al-Nasir and His Rivals, 1958-1970*, 3d Edition (London: Oxford University Press, 1971): 16-18.

²⁰ Batatu, 808-860; Mufti (1996), 113-20, 125-29.

Tensions between the two leaders escalated sharply over the course of the late summer as 'Arif grew increasingly insubordinate. In September, Qasim appointed 'Arif Ambassador to West Germany as a kind of soft exile. When 'Arif quietly returned in December, he was arrested and jailed. The struggle with 'Arif and the pan-Arab nationalist forces he represented drove Qasim into an increasingly close alliance with the CPI (and behind it, the Soviet Union) over the course of late 1958 and early 1959.

Qasim's dependence on the CPI was most clearly illustrated by the suppression of a March 1959 nationalist uprising in the northern city of Mosul.²¹ The uprising took the form of an Egyptian supported army mutiny that attempted to seize control of the Mosul garrison in the hope that the revolt would spark a nation-wide uprising. The leaders of the revolt vastly overestimated their reservoir of support in Mosul and the country more generally, but nonetheless, the battle raged for nearly a week, and was only put down by mobilizing the Popular Revolutionary Force (PRF), a Communist-led militia.

In the immediate aftermath of the failed Mosul uprising, Communist power surged.²² The CPI and its auxiliary organizations were flooded with new recruits, and the party initiated an "educational campaign" demanding that Communists be awarded control of critical government ministries, such as the Ministry of the Interior – key for setting domestic social policy. Although Qasim

²¹ The events of Mosul, April 1959 are analyzed in detail by Batatu, 866-889.

²² Batatu, 899-904.

did not accede to the CPI's demand for control over the Ministry of Interior, CPI members were given other high-level positions in the government. In the aftermath of Mosul, the Communists appeared to many, and not just American hardliners, an unstoppable social force. The Communist conquest of state power appeared imminent.

The Regional Situation: The Arab Cold War and the Reorientation of U.S. Policy

Nothing concentrates the mind like a walk to the gallows. Such was the thinking in Washington in the face of the Communist rising in Iraq. Prior to the revolution, the Eisenhower administration found it convenient to code its opposition to Nasserist pan-Arabism in terms of the Cold War project of Soviet "containment."²³ However, with the emergence of open tension between Nasser and Qasim, the Eisenhower Doctrine's facile formulation of Egypt as "state controlled by International Communism" began to appear counterproductive to say the least. By late 1958, all but the most hard-line elements of the U.S. government (such as Secretary of State John Foster Dulles, who refused to make any distinction between nationalism and communism) had come to recognize that Nasser was not a Communist, and that he could be of use to U.S. efforts to combat Communism in the Arab world.²⁴

²³ This should not be a controversial statement. Kunz observes "... it would be impossible to get legislative approval for an initiative aimed at Arab-Arab disputes, but beating the Communist drum would make champions of intervention, albeit reluctant ones, of the vast majority of legislators who were part of the bipartisan foreign policy consensus that reigned during the 1950s and into the late 1960s" (83).

This line of thinking was codified in November 1958 with NSC policy directive 5820/1. That document recognized that American strategic interests rested on Washington's ability to "work more closely with Arab nationalism and associate itself more closely with such aims and aspirations of the Arab people as are not contrary to basic interests of the United States."²⁵ Thus, the more subtle distinction between nationalism and Communism that is usually associated with the foreign policy of the Kennedy administration actually began to take shape in late 1958. For the late Eisenhower administration, particularly after the death of Foster Dulles in May 1959, there was a growing recognition that Arab nationalism was not a monolith, nor was it Soviet directed.²⁶ Eisenhower himself came to recognize the folly of the doctrine that bore his name and concluded that the U.S. should throw its weight behind Nasser in his efforts to contain Arab Communism. As CPI power in Iraq waxed in early 1959, American policymakers, and Eisenhower in particular, began to think, "It might be good policy to help the UAR take over in Iraq." According to the records of an NSC meeting in January the

²⁴ However, by late 1958, Dulles was quite sick with colon cancer, which eventually killed him in May 1959. As he grew ill, the more accommodationist tendencies with the Eisenhower White House were given fuller expression. See Mufti (1996), 99-102.

²⁵ NSC 5820/1, "US Policy Toward the Near East," 4 Nov 1958, in *FRUS 1958-1960*, 12: 188-90. For excellent analysis of this document see Mufti (2003), 168-90; and Gendzier, 141-42.

²⁶ See Nathan Citino, "Middle East Cold Wars: Oil and Arab Nationalism in US-Iraqi Relations, 1958-1961," in *The Eisenhower Administration, the Third World, and the Globalization of the Cold War*, ed. Kathryn C. Statler and Andrew L. Johns, 245-269 (Lanham, MD: Rowman and Littlefield, 2006).

President suggested providing Nasser with “money and support” toward this end.²⁷

The allure of covert intervention in Iraq only grew stronger with the consolidation of Communist power over the course of the spring of 1959. In March, Iraq withdrew from the Baghdad Pact and signed a military and economic aid agreement with the USSR.²⁸ In the aftermath of the Communist victory in Mosul, CIA Director Allen Dulles described Iraq as “the most dangerous spot on the globe,” and began advocating a more proactive policy toward what appeared to be an emerging Middle Eastern front in the Cold War.²⁹ In an April 1959 meeting of the NSC, Gordon Gray, the President’s National Security Adviser, argued that the U.S. could not simply “sit and watch unfolding events which seem to point inevitably to Soviet domination of Iraq.”³⁰ The President agreed that if the U.S. was “really going to undertake to save Iraq, we should have to begin to do so now.”³¹ Toward this end, the NSC formed a “Special Inter-Agency Working Group” (referred to as the Iraq Interagency Group – IIAG) to monitor the situation closely for the “purpose of determining what the U.S. Government either

²⁷ Memo of Discussion, 393rd Meeting of the NSC, 15 Jan 1959, in *FRUS, 1958-1960*, 12: 375-77.

²⁸ Oles M. Smolansky and Bettie M. Smolansky, *The USSR and Iraq: The Soviet Quest for Influence* (Durham: Duke University Press, 1991): 16.

²⁹ Dulles quoted in Dana Adams Schmidt, “CIA Head Warns of Danger in Iraq,” *New York Times*, 29 April 1959, p. 1.

³⁰ Policy Paper by Gordon Gray [prepared for 2 April meeting of the NSC], 1 April 1959, in *FRUS 1958-1960*, 12: 401-402.

³¹ Memo of Discussion, 401st Meeting of the NSC, 2 April 1959, in *FRUS 1958-1960*, 12: 402-406.

alone or in concert with others, can do [*less than 1 line of source text not declassified*] to avoid a Communist takeover in Iraq.”³²

Debating Regime Change, April 1959 – January 1960

Hard-line pressure within the IIAG

The IIAG was composed of both hard-line and more accommodationist elements. Representatives of the CIA and the Department of Defense were consistently the most strident in advocating a more interventionist U.S. policy in Iraq. These hard-line elements, which were most visibly represented by CIA Director Allen Dulles, believed that the situation in Iraq was sufficiently dangerous to warrant covert political action aimed at regime change. More accommodationist elements represented by officials within the Near Eastern Affairs division within the State Department were consistent in their opposition to any covert intervention on the part of the United States. From their perspective, any such intervention would only drive Qasim further into the arms of the CPI and the USSR. In brief, accommodationists opposed U.S. intervention, and preferred to let the political forces in Iraq resolve themselves. Hardliners had no confidence that the inner logic of Arab politics would resolve itself in anyway that was compatible with U.S. interests, and demanded forceful action by the administration.

³² Memo of Discussion, 402nd Meeting of the NSC, 17 April 1959, in *FRUS 1958-1960*, 12: 423-437. See p. 437.

Despite Allen Dulles' grave concerns after the failed Mosul uprising, it was the accommodationists who held sway in the IAG's early meetings. By early summer 1959, Qasim became equally concerned with the dramatic expansion in Communist power expressed by the suppression of the Mosul uprising, and began to check their advance. In May, the PRF was disarmed while Communists were castigated in the press and removed from Qasim's government. The trend was so favorable from Washington's perspective that regular meetings of the IAG were discontinued in mid-June. Communists in Iraq suffered a further serious blow in July when violence erupted in the northern city of Kirkuk. Though the events and their motivations (discussed in greater detail below) were complex, the CPI was widely perceived within Iraq as having perpetrated atrocities in a violent over-reach for power.³³

Despite these favorable trends in the late spring and summer of 1959, the situation once again deteriorated in the fall. Tensions between nationalists and Communists were aggravated in August and September when 23 prominent nationalists (mostly high ranking Army officers) were executed for participating in the Mosul uprising.³⁴ The Special Supreme Military Tribunal ("The People's Court") that handed down the death sentences was presided over by Col. Fadil 'Abbas al-Mahdawi, the highest-ranking Communist remaining in Qasim's government. When Qasim expressed support for the Mahdawi court proceedings,

³³ "Summary of Events in Iraq Since Late June" (Top Secret), n.d. [marked NEA: NE: 2967], in RG59, NEA Lot Files, 1958-1963, Box: 3, Folder: Inter-Agency Group on Iraq.

³⁴ Meyer to Hart, 21 Sep 1959, "Iraqi Executions," in RG59, NEA Lot Files, 1958-1963, Box: 3, Folder: Inter-Agency Group on Iraq.

U.S. officials became concerned the Communist movement was again gaining strength, and the IIAG was reconvened. By this time, hard-line tendencies within the IIAG had strengthened, and it was the accommodationists who were hard pressed to defend their preferred “hands-off” policy.³⁵

The atmosphere of impending doom was dramatically illustrated on October 7, 1959, when Ba’thist gunmen, including a young Saddam Husayn al-Tikriti (Saddam Hussein) attempted to assassinate Qasim as his motorcade traveled through central Baghdad. The attempt, part of an effort to avenge nationalist losses in Mosul, Kirkuk and in the Mahdawi court, failed, but Qasim was wounded in the attack and remained hospitalized until January 1960. The Ba’thist gunmen, for their part, escaped to Cairo where they enjoyed Nasser’s protection for the remainder of Qasim’s reign.³⁶

IIAG hardliners allied with regional hawks in CENTO (the Central Treaty Organization – the successor to the Baghdad Pact after Iraq’s withdrawal) –

³⁵ “The Situation in Iraq” (Secret), n.d. [c. October, 1959]; Meyer to Jones, “Suggested Agenda for Meeting of Inter-Agency Group on Iraq, December 4,” 3 Dec 1959; “Significant Points Supporting Our Present Hands-Off Policy Toward Iraq,” 22 Dec 1959, all in RG59, NEA Lot Files, 1958-1963, Box: 3, Folder: Inter-Agency Group on Iraq.

³⁶ Some speculate that the CIA was behind the October 7 assassination attempt. See, for example, Richard Sale. While there is ample evidence within declassified documents that American officials were well aware that nationalist forces were planning an assassination attempt, and that they made no effort to warn Qasim, I am unaware of any evidence of covert relations between the CIA and the Ba’th prior to the October 7. See Citino, 256-57. It seems more likely that it was October 7 that brought the Ba’th to the attention of the US government. Indeed, after October 7, US documents begin to make increasing reference to the Ba’th. And for whatever it is worth, the Mahdawi court (not always esteemed for its credibility) claimed in its trial-in-absentia of Ba’th Secretary-General Fu’ad al-Rikabi, that when al-Rikabi fled to Cairo after October 7, Nasser put him in contact with the US Embassy, which furnished him with 400,000 Iraqi Dinars for the “purpose of conducting activities to undermine the Qasim government.” See Baghdad to State, A-654, 1 Jan 1960, in JFK National Security Files, Microfilm, Reel: 1, Frames: 125-26, (Frederick, Md.: University Publications of America, 1987) [hereafter, JFKMF: 1: 125-26].

expressed concern that the situation was spinning out of control and demanded forceful intervention. Jordan, Turkey and Iran all expressed interest in direct military intervention to contain the situation.³⁷ NEA accommodationists, however, insisted that “the best hope for solution in Iraq lies with Iraqis themselves and intervention or threat of intervention by outsiders no matter how well intentioned [is] apt to increase tensions in Iraq and facilitate rather than check Communist efforts to assume greater influence.”³⁸

At a meeting of the NSC held on October 1, accommodationists succeeded in getting Allen Dulles to agree to refrain from engaging in any “contingency planning” with regional powers, but the Director insisted that the U.S. begin some “very hard thinking as to what we might be required to do if an Iraqi emergency developed.”³⁹ The CIA then developed contingency plans over and against the objections of the NEA.⁴⁰ Despite NEA’s opposition, the hard-line trend within the IIAG continued to pick up speed over the course of November and December and

³⁷ Eilts to Jones, “CENTO Discussion of Iraq,” 14 Oct 1959. See also, State to Amman, n.d.; Draft Circular Airgram, n.d.; Hart to Secretary, n.d, all in RG59, NEA Lot Files, 1958-1963, Box: 3, Folder: Inter-Agency Group on Iraq.

³⁸ State to Amman, n.d., Inter-Agency Group on Iraq, in RG59, NEA Lot Files, 1958-1963, Box: 3, Folder: Inter-Agency Group on Iraq.

³⁹ “NSC Meeting Concerning Iraq,” 1 Oct 1959, in RG59, NEA Lot Files, 1958-1963, Box: 3, Folder: Inter-Agency Group on Iraq.

⁴⁰ CIA [signature redacted] to Jones, 13 Oct 1959, “Contingency Planning Regarding Iraq.” This document is mostly redacted, but NEA objections to it indicate something of its substance: see Meyer to Jones, 16 Oct 1959, both in RG59, NEA Lot Files, 1958-1963, Box: 3, Folder: Inter-Agency Group on Iraq.

was expressed in the form of a Special National Intelligence Estimate (SNIE) dated December 15.⁴¹

The SNIE, procured at the behest of the CIA and Joint Chiefs of Staff, stressed the idea that Qasim was a “madman,” psychologically unstable and increasingly dependent on Communist support.⁴² Officials in the NEA, however, took exception to many of the assumptions of the SNIE, and insisted that if CIA officials were determined to intervene, then they must “be more specific regarding their proposals, [2.5 lines of source material not declassified].”⁴³

Nicholas Thacher, one of the most experienced and knowledgeable Arabists in the NEA, complained that the document “overplayed” Qasim’s dependence on the CPI, and “underplayed his own highly developed sense of self-preservation which... will incline him to stop Communist inroads on his own power before the relationship has shifted to one where he is subservient to the

⁴¹ Meyer to Jones, “Suggested Agenda for Meeting of Inter-Agency Group on Iraq, December 4,” 3 Dec 1959; Jones to Meyer, “Items Suggested by [CIA] for Discussion at Iraq Inter-Agency Group Meeting This Afternoon,” (Secret), 28 Dec 1959; “Proposed Report to the NSC by the IAG,” n.d. [c. early Jan 1960], all in RG59, NEA Lot Files, 1958-1963, Box: 3, Folder: Inter-Agency Group on Iraq.

⁴² See SNIE 36.2-5-59, 15 Dec 1959, “Short-Term Prospects for Iraq,” in *FRUS, 1958-60*, 12: 496-500; Washburn to Jones, “NIE on Iraq,” 17 Dec 1959; Meyer to Jones, 22 Dec 1959, “Meeting of Inter-Agency Group on Iraq”; Meyer to Jones, 26 Dec 1959, all in RG59, NEA Lot Files, 1958-1963, Box: 3, Folder: Inter-Agency Group on Iraq. The NEA documents cited above make it clear that the SNIE was procured under pressure from Admiral Elonzo Grantham and the Joint Chiefs of Staff in league with the CIA.

⁴³ Meyer to Jones, “Items Suggested by [redacted] for Discussion at Iraq Inter-Agency Group Meeting This Afternoon,” (Secret), 28 Dec 1959, in RG59, NEA Lot Files, 1958-1963, Box: 3, Folder: Inter-Agency Group on Iraq.

Communists.”⁴⁴ Thacher regarded any plans for covert intervention in Iraq as ill conceived, and he sought instead to employ more traditional diplomatic measures to encourage Qasim to temporize. Thacher expressed particular confidence in the abilities of John D. Jernegan, the American Ambassador to Iraq appointed after the fall of the Hashemites. Ambassador Jernegan was a veteran diplomat with considerable experience with US-Middle East policy. Moreover, he had a reputation for “balanced judgment, a capacity for understanding complex problems, and the ability to deal with them in an imaginative way.”⁴⁵ For Thacher, Ambassador Jernegan had worked hard to earn Qasim’s “personal respect,” and “We should be careful not to sacrifice such a position as we now retain in Iraq for gains of a doubtful nature.”⁴⁶

The accommodationists, however, failed to win any consensus on the issue and an IIAG meeting was called for December 28 to discuss CIA proposals for covert intervention. In the meeting, NEA officials took issue with the findings of the SNIE and continued to argue in favor “our present hands-off policy.” An NEA policy paper prepared for the meeting concluded “Nationalism, whether of the domestic Iraqi type or the Pan Arab variety, will do a better job of opposing

⁴⁴ “Suggested Comments on Special National Intelligence Estimate on Iraq” (Secret, drafted by Thacher), 22 Dec 1959, in RG59, NEA Lot Files, 1958-1963, Box: 3, Folder: Inter-Agency Group on Iraq.

⁴⁵ Biographical Sketch of J. D. Jernegan, in JFKL, Country Files, Box: 117, Folder: Iraq 1961-1962.

⁴⁶ Meyer to Jones, 22 Dec 1959, “Meeting of Inter-Agency Group on Iraq: Some Points Supporting Our Present Hands Off Policy Towards Iraq,” in RG59, NEA Lot Files, 1958-1963, Box: 3, Folder: Inter-Agency Group on Iraq.

communism if it is unhampered by recognized ties with foreign, particularly Western, elements.”⁴⁷

However, the accommodationists were losing the argument. A policy review conducted in preparation for a January 12, 1960 meeting of the IIAG concluded that “On the diplomatic and the political level” the U.S. had adopted a stance of strict non-intervention.⁴⁸ But, “on the military level,” and “in deep secrecy” the U.S. and the UK were updating contingency plans for possible joint military action. “On the CIA level,” emphasis was placed on working with the British to intensify intelligence gathering, and in the “prepositioning of certain materials should they be necessary for later utilization in Iraq.” In “authorizing this expanded activity,” the IIAG sought to prepare for “a possible regime change” without “abandoning our basic thesis that the best and most enduring solution to the Iraqi situation lies with the Iraqis themselves.”⁴⁹

At the January 12, 1960, meeting, the IIAG discussed two concrete proposals put forward by the CIA. They are identified only as “Proposal I” and “Proposal II,” and the contents of these proposals remain redacted in full, but the hand-written marginalia at the bottom of one page indicates something of the substance: “Utilizing Iraq influences 1) Baath situation – Nasser’s capabilities

⁴⁷ Ibid.

⁴⁸ Jones to Meyer, Secret Memo, “Iraq Inter-Agency Group Meeting January 12,” 11 Jan 1960, in RG59, NEA Lot Files, 1958-1963, Box: 3, Folder: Inter-Agency Group on Iraq. See pp. 4-5.

⁴⁹ Ibid.

in.”⁵⁰ Given the ambiguities within that source material, it is uncertain what transpired in the January 12 meeting. But a subsequent document makes it clear that at that meeting, the IIAG “agreed” to initiate “additional United States action suggested by the CIA.”⁵¹

An unsigned top-secret policy study titled “Preventing A Communist Takeover in Iraq” provide some indication of what this expanded activity entailed.⁵² The report concluded that there were “Serious doubts as to Qasim’s: (1) mental stability, (2) ability to maintain control, (3) usefulness against Communists.” But it argued against any direct American intervention. The authors warned, “it would be folly... to attempt U.S. covert political action” due to the unintended consequences that might flow from the enterprise.⁵³ Such intervention, particularly if it entailed the assassination of Qasim could trigger

⁵⁰ “Proposed Report to the NSC by the IIAG,” n.d. [ca. early Jan 1960], in RG59, NEA Lot Files, 1958-1963, Box: 3, Folder: Inter-Agency Group on Iraq. The quoted marginalia appears at the bottom of page 2. Although the minutes from the January 12 were initially selected for inclusion in the *FRUS* volume published by the State Department, they were withdrawn for “national security” reasons. See Memo for the Record, Washington, 12 Dec 1960 (Top Secret) [*all 4.5 pages of source text not declassified*], in *FRUS 1958-1960*, 12: 500. My own FOIA request for these minutes yielded a document so heavily redacted that it is of very little historical value.

⁵¹ “IIAG Meeting,” n.d. [hand-marked 2-27], in RG59, NEA Lot Files, 1958-1963, Box: 3, Folder: Inter-Agency Group on Iraq. The quote in full: “we agreed at the last meeting of the Inter-Agency Group on January 12 to additional United States action suggested by CIA. Considering that a new regime may emerge from one or another of the many anti-Qassim non-Communist factions, [*less than 10 lines of source text not declassified*].” “Deferring decision” is hand-marked in the margin.

⁵² “Preventing a Communist Takeover in Iraq” (Secret), 24 Sep 1959, in RG59, NEA Lot Files, 1958-1963, Box: 3, Folder: Inter-Agency Group on Iraq.

⁵³ To support this argument, the authors cited “our experience in Syria” in 1957. In that instance an effort to assassinate Nasser through Saudi auspices was discovered leading to a major political crisis in Saudi Arabia. On the Syrian operation see Matthew Jones, “‘The Preferred Plan’: The Anglo-American Working Group Report on Covert Action in Syria, 1957,” *Intelligence and National Security*, (Sep 2004). On the implications for Saudi Arabia, see Robert Vitalis, *America’s Kingdom: Mythmaking on the Saudi Oil Frontier* (Stanford: Stanford University Press, 2007): 193.

civil war, from “which the Communists (as the best organized political group) could benefit most.” The report therefore concluded “Best hope clearly lies in influence and action emanating from Iraq’s Arab neighbors, particularly the United Arab Republic.”

In addition to lending support to the UAR, the paper called for increased U.S. contacts with Iraqi “opposition elements” and “exile groups,” “grooming political leadership for a successor government to Qasim,” and economic “sabotage” against IPC infrastructure. In terms of grooming a successor government, the document identified several potential candidates: Rashid ‘Ali al-Kaylani, a prominent nationalist officer who led a pro-German military coup in 1941; Fa’iq Samarra’i, another prominent nationalist and Iraq’s Ambassador to the UAR, and General Ahmad Salih al-‘Abdi – Qasim’s anti-Communist chief of internal security rumored to be plotting against him.⁵⁴ In addition to these individuals, it recommended seeking out “Other Army leaders” or “A Moslem divine” to lead a new regime. “As a last resort,” it recommended setting up a “self-styled free Iraqi government” to request “open military intervention” on the part of the Egyptian and/or Jordanian armies.

⁵⁴ Rashid ‘Ali was also involved in a December 1958 plot disclosed to Qasim by British intelligence. See Mufti, 132. On Samarra’i’s background see Batutu, 832. On al-‘Abdi, see USARMA Baghdad to Washington DC, CX-138, 22 Dec 1959, in RG59, NEA Files, 1958-1963, Box: 3, Folder: Inter-Agency Group on Iraq.

The Copeland-Eichelberger Letter and the "Health Alteration Committee"

These same themes were emphasized in a mysterious letter from Miles Copeland and James Eichelberger to an unidentified addressee that the U.S. Embassy in Beirut forwarded to the State Department in March 1960.⁵⁵ The Ambassador in Beirut identified Copeland and Eichelberger as "two business consultants who maintain offices in Beirut." However, Copeland subsequently authored several books on the Middle East in which he identified himself as a long serving covert operative of the CIA. In one such book he identifies Eichelberger as a "State Department analyst who had written a number of papers on the role of the Army in underdeveloped nations."⁵⁶ And in the course of the letter, the authors state that it represented a culmination of the analysis that they had conducted for "Kim's office" – a reference to Kermit "Kim" Roosevelt, the CIA's Near East station chief.⁵⁷ Given this context, it is fair to conclude that the letter reflected interventionist sentiments within the CIA in early 1960.

⁵⁵ Beirut to State, no. 539, (Secret Air Pouch), "Views on Middle East Politics by Two Private American Experts" [Marked: 780.00/3-760], 7 March 1960, in RG59, Box 2030, Folder: 780.00/1-460. Copeland passed it to the Beirut Embassy (McClintock). The Ambassador's introduction to the letter stresses the credentials and reliability of the authors and states that he thought the letter was penned in early February 1960.

⁵⁶ One such paper, "Power Problems of A Revolutionary Government," according to Copeland, was attributed (by the CIA) to Egyptian Vice President Zakariyya Mohedeen, and the principles articulated within it were credited with helping Nasser consolidate his authority in Egypt. See Copeland, *The Game of Nations: The Amorality of Power Politics* (New York: Simon and Schuster, 1969): 86-87. "Power Problems" is included as Appendix A, pp., 284-300.

⁵⁷ Roosevelt was the CIA's Near East station chief between 1950 and 1959. He then took a position as legal counsel to the Arabian American Oil Company (ARAMCO) and was replaced by James Critchfield, who remained in the position for ten years. See Weiner, 140; and Critchfield's PBS interview for "The Survival of Saddam" (see bibliography for web address).

The letter itself stressed the familiar themes of the “Preventing a Communist Takeover” study:

Qasim is insane, incapable of balancing political forces in Iraq. ... It is probable that Iraq will increasingly become a Communist agency in the Middle East through which the Soviet Union can promote its strategic objectives in the area without assuming direct responsibility.

In direct rebuke to accommodationist sentiments that sought an “Iraqi solution to the Iraqi problem,” Copeland and Eichelberger insisted that external intervention was required:

apparently nobody of any significance in Iraq thinks there is any chance whatever of stopping the Communists through the internal mobilization of non-Communist elements. All apparently feel that the real choice before them is between accommodation with the Communists or the elimination of Communists through external intervention [emphasis in original].

Copeland and Eichelberger envisioned employing Nasser and the Ba’th in the effort to overthrow Qasim, and expressed the pro-Nasser sentiments that were characteristic of Copeland, and of certain elements of the CIA.⁵⁸ But what is particularly interesting is the way that the letter framed its support for using Nasser as an instrument in removing Qasim from power. The authors explained that prior to the 1958 revolution, it appeared that Nasser intended to “initiate a campaign to disrupt the relations between oil producing countries and the concessionary companies.” But when confronted with the radicalism of Qasim, Nasser was forced into a tacit alliance with the conservative oil-rich monarchies of the Gulf.⁵⁹ The authors argued that Nasser was now the West’s best bet against

⁵⁸ See Beirut to State, no. 2821, 9 March 1960; Paris to State no. 949, 14 Mar 1960, both in, RG59, Box: 2030, Folder: 780.00/1-460.

⁵⁹ Kerr, 18-21.

nationalist “oil experts’ led by [‘Abdallah] Tariki” (for more on Tariki, see chapter 3). Though the addressee of the letter is not identified, one can imagine that emphasizing Nasser’s utility to the effort to protect Western oil interests would ensure that the letter would receive high-level attention in Washington.

Without access to CIA sources, it is impossible to know how such sentiments translated into actual policy, but evidence uncovered by a 1975 U.S. Senate subcommittee (known as the Church Committee, chaired by Senator Frank Church, D-ID) investigation indicates that in February 1960, the CIA established an “Iraqi Health Alteration Committee” to oversee

a “special operation” to “incapacitate” an Iraqi colonel believed to be “promoting Soviet bloc political interests in Iraq.” ...

The approved operation was to mail a monogrammed handkerchief containing an incapacitating agent to the colonel from an Asian country. [CIA Science Adviser Mr. Joseph] Scheider testified that, while he did not now recall the name of the recipient, he did remember mailing from an Asian country, during the period in question, a handkerchief “treated with some kind of material for the purpose of harassing that person who received it.”

During the course of this Committee’s investigation, the CIA stated that the handkerchief was “in fact never received (if, indeed, sent).” It added that the colonel: “suffered a terminal illness before a firing squad in Baghdad (an event we had nothing to do with) not very long after our handkerchief proposal was considered.”⁶⁰

Clearly the CIA officials testifying before the Church Committee engaged in a great deal of subterfuge and obfuscation. The document cited above is internally inconsistent and mocking in tone. And, unfortunately, the Church Committee did not look further into the matter. The documents it cited pertaining to the 1960

⁶⁰ United States Senate Select Committee to Study Governmental Operations with Respect to Intelligence Activities (Church Committee), *Interim Report: Alleged Assassination Plots Involving Foreign Leaders*, (Washington DC: GPO, 1975): 181, note 1, paragraphs 4, 7, and 8 (see bibliography for web address).

“disabling operation” were uncovered in the course of a larger investigation of a “generalized assassination capability” within the CIA. Moreover, the documents quoted in the Committee’s report, are not included in the Church Committee records made available to researchers at the U.S. National Archives.⁶¹ Given that there was no systematic analysis of the overthrow of Qasim, the available documentation is fragmentary and episodic at best. However, even on the basis of such scattered documentation it is clear that in early 1960, the CIA initiated covert activity that entailed, at a bare minimum, an effort to “‘incapacitate’ an Iraqi colonel.”

Rapprochement, 1960-1961

The Ebb of Communist Power in Iraq

Events over the course of 1960 indicate that the “default roll-back tendency” within the CIA was paranoid.⁶² Qasim did not become a witting or unwitting tool of the CPI or its Soviet sponsor. Quite to the contrary, on January 6, that is while Copeland and Eichelberger were formulating plans for Qasim’s overthrow, the Iraqi leader abruptly changed course and issued a Law of Associations that explicitly outlawed the CPI. By early 1960, Qasim concluded

⁶¹ Records of the U.S. Senate, Records of the Select Committee to Study Government Operations with Respect to Intelligence Activities, RG46, USNA (College Park, MD).

⁶² On the “default roll-back position within the CIA,” see Franz Schurmann, *The Logic of World Power: An Inquiry into the Origins, Currents, and Contradictions of World Politics* (New York: Pantheon Books: 1974): 408-414; and Bradley R. Simpson, *Economists with Guns: Authoritarian Development and US-Indonesian Relations, 1960-1968* (Stanford: Stanford University Press: 2008): 40.

that his authority was secure and that he no longer needed Communist support. By all accounts, Qasim grew increasingly erratic and dictatorial after surviving the Ba'thist assassination attempt in late 1959. He kept all of the paraphernalia of the attack on prominent display and proffered it as evidence of his own divine protection. Moreover, Qasim was as convinced of his rivals' weakness as he was of his own strength. He considered the Ba'th's attempt on his life as amateurish and interpreted it as a sign of desperation on their part. The Ba'th could neither organize a mass movement in support of immediate union with Egypt, nor could it mount an effective assassination, let alone a successful coup d'état.⁶³ Given Qasim's profound sense of confidence he soon began releasing nationalist leaders, including Colonel 'Arif, while Qasim continued to harass and disrupt CPI activities. This was a policy course that many would later regard as a fatal mistake – for Qasim and the CPI alike.

The Communists, for their part, were suffering a period of malaise after a period of massive expansion.⁶⁴ The CPI was the initial beneficiary of the removal of the Hashemite regime and the (*de facto*) legalization of party life. Iraqis from among all of Iraq's diverse ethnic and religious communities flocked to the party that promised greater democratic freedoms, social justice and rapid economic development. But the party was soon internally divided over how to integrate new social elements. The party had grown too large, too fast. It was becoming

⁶³ Qasim's expressed his sense of confidence with the release of his nationalist rivals Col. 'Aref and Rashid 'Ali al-Kaylani in Nov 1961. See Baghdad to State no. 382, 29 Nov 1961, in JFKMF: 3:35.

⁶⁴ See Batatu's chapter, "The Self-Flagellation," 926-930.

unwieldy and discipline was breaking down. The problem seemed to be illustrated by the events in Kirkuk in July 1959. There, “Kurdish fanatics” – under the banner of the Communist Party – struck violently against their class, sectarian, ethnic, and tribal rivals.⁶⁵ The violence in Kirkuk erupted at a critical moment for the Communists. According to Batatu, the “mood of the country” was beginning to change.⁶⁶ After more than a year of revolutionary turmoil and acute political violence, many Iraqis began to yearn for calm and stability, which did not bode well for the party.

The CPI itself responded to the events in Kirkuk by embarking on a period of critical self-reflection. When Qasim turned on the CPI, the party leadership was faced with the question of what to do. Many rank and file Communists felt the party was in a position to seize state power for itself and saw no need to continue to support a regime that was increasingly hostile towards it. The CPI leadership, however, feared that it had insufficient support within the Army to carry through a successful coup. Moreover, the party feared that many of the recent recruits were insufficiently committed and might defect in the event of protracted civil conflict. This crisis of confidence only accelerated the sentimental trend away

⁶⁵ Batatu, 912-21.

⁶⁶ Batatu observes: “A people cannot live for long on its nerves. After the convulsions of the first year of revolution, Iraqis began thirsting for response. This did not augur well for the Communists who developed and ripened best in tempestuous times” (922).

from the Communists. As Batatu explains, “the party was beating a full retreat, and no public in the country admires a force in retreat or cares to hang on to it.”⁶⁷

This crisis of confidence on the part of the Communist leadership was only exacerbated by the conservative advice the party received from the Soviet Union. At this point, Moscow was eager to cultivate relations with Nasser and seeking détente with Washington.⁶⁸ The Soviets therefore, had no interest in sacrificing improving relations with Egypt and the United States to support Communists in Iraq. Moreover, the Kremlin warned that a Communist revolution in Iraq would invite Western intervention, and that it could not defend the party if it came to that.⁶⁹ As a result, the CPI called off its high-profile campaign for cabinet posts, and entered a period of restraint and self-criticism.⁷⁰

⁶⁷ Batatu, 930.

⁶⁸ On US-Soviet détente culminating in Krushchev’s visit to the US in September 1959, see Editorial Note, *FRUS 1950-1960*, 10 (Part 1), no. 85. See also Batatu, 903.

⁶⁹ Batatu, 862-65, 902-04, 993-94; Joe Stork, “The Soviet Union, the Great Powers and Iraq,” in Fernea and Louis, 95-105 (1991): 98-100; Peter Sluglett, “The Pan-Arab Movement and the Influence of Cairo and Moscow,” in Louis and Owen, 209-220 (2002): 217.

⁷⁰ A 1967 internal CPI circular (“An Attempt to Appraise the Policy of the Communist Party in Iraq in the Period July 1958 – April 1965”) representing this Maoist-influenced perspective acknowledged that pressing for state power in 1959 could have resulted in civil war and Western intervention. But, it reasoned, the CPI was, at the time, best prepared to survive the reaction. See Batatu’s analysis of the circular (928-930). This line of analysis is supported by US documents. US officials, particularly the more well-informed members of the NEA, repeatedly stressed that the US should avoid aggravating Communist-nationalist tensions in Iraq, as the Communists were best-positioned to triumph in any Iraqi civil war. It is certainly true that a Communist revolution in Iraq would likely have invited an American reaction, perhaps even overt military intervention. But given that the US was, at the time, working to demonstrate its anti-colonial credentials, it would have paid a very heavy price for so visibly inserting itself in the internal affairs of an Arab country. The CPI would have forced the American hand, and would, in turn, be remembered – not as a party that lost its nerve while poised on the precipice of power – but rather in terms of “what could have been.” And, as it was – to anticipate – when Western intervention and civil war did unfold in 1963 – it was at the time and place of the nationalists’ choosing (see this chapter’s conclusion and chapter two).

Qasim's virtual declaration of independence from the CPI represented a welcome surprise to national security planners in the Eisenhower administration. The anxiety that peaked in early 1960, quickly gave way to a more patient and accommodating stance.⁷¹ The IIAG discontinued regular meetings in April 1960, and U.S. policy in general swung toward increasing accommodation over the course of 1960 and early 1961. Diplomatic cable traffic between the Baghdad Embassy and the State Department became increasingly consumed with efforts to promote human, economic, and technical exchange through the International Cooperation Agency (later remained the Agency for International Development – AID).⁷²

The rapidly changing mood in US-Iraqi relations was reflected in a February 1960 meeting between U.S. Secretary of State Christian Herter and the Iraqi Ambassador to the US, 'Ali Haidar Sulaiman. In their meeting, Sulaiman explained that the CPI was "dead in Iraq."⁷³ The big problem as he saw it was no longer the Communist threat, but "the art of government – the need for competent administrators and economic technicians." And from Baghdad,

⁷¹ See Nathan Citino, "Middle East Cold Wars: Oil and Arab Nationalism in US-Iraqi Relations, 1958-1961," in *The Eisenhower Administration*, ed. Statler and Johns, 245-269.

⁷² One could have fun with DC acronyms and say the Iraq portfolio passed from the CIA to the ICA. On the deterioration of Iraqi-Soviet relations see Baghdad to State, no. 411, 29 Sep 1960, in JFKMF: 13: 603. On Iraqi satisfaction with the shift in US policy toward "Africa and colonial questions more generally," see Baghdad to State, no. 1036, 13 April 1961, in JFKMF: 13: 626.

⁷³ Memcon with Amb Sulaiman, Washington DC, 9 Feb 1960, in JFKMF: 2:317. See also Baghdad to State, no. 1920, 20 Feb 1960, in JFKMF: 13: 564: "[the] trend toward improved relations with the US and with US contractors put in train by Qasim last May as he applied breaks to Communist drive, seems to be accelerating rapidly."

Ambassador Jernegan reported “the Government of Iraq no longer feels it necessary to take steps demonstrating ‘withdrawal’ from contacts and associations with Britain and the United States as part of the break with the past...”⁷⁴

The following month, NEA’s Armin Meyer piled on the good news by describing Qasim’s sharp move against the Communists as “the most hopeful sign in Iraq probably since the revolution.”⁷⁵ Meyer described the country as marked by unusual calm and stability. Trade unions were under control, Communists in the Government and Army were under heavy surveillance, and there were increasing indications that Qasim was dissatisfied with the quality of Soviet economic and military aid, while U.S. contractors were being courted. For Meyer, it appeared that “Our policy of friendship and non-involvement seem to have proved sound.”⁷⁶

A historian must then reconcile the Embassy’s description of “our policy of friendship and non-involvement” with the interventionist tone of the Copeland/Eichelberger letter and the documents uncovered by the Church Committee.⁷⁷

⁷⁴ Baghdad to State, no. 797, 3 Mar 1960, in JFKMF: 13: 566.

⁷⁵ Meyer to Jones, “Notes for upcoming IIAG meeting,” 16 Mar 1960, in RG59, NEA Files, 1958-1963, Box: 3, Folder: Inter-Agency Group on Iraq.

⁷⁶ Ibid.

⁷⁷ Nathan Citino analyzes a similar set of IIAG records found in Dwight D. Eisenhower Presidential Library and concludes that in early 1960, “Eisenhower administration officials opted against pursuing ‘regime change’ in Baghdad” because they were satisfied that Qasim posed no threat to the existing oil order in Iraq. There is certainly merit in this interpretation. As of early 1960 there was no indication that Qasim would pose a challenge to American oil interests, and Washington’s

This apparent contradiction is best explained by understanding that states are not the wholly unified and coherent actors that many international relations theorists once imagined, but rather complex organizations penetrated by a variety of interests.⁷⁸ A state can, therefore, pursue several policy tracks at once. The “Preventing A Communist Takeover” document cited above is very clear that U.S. policy was operating on several levels simultaneously: “On the diplomatic and political level” the U.S. was following a policy of non-intervention, while on the “military” and “CIA” levels, it was inclined toward greater activism.⁷⁹ This same point is illustrated by a May 1960 Embassy dispatch that explained that while planning for “regime change” was “certainly necessary” and the Embassy was eager to participate in it, “this kind of planning should not substitute in any way for day-to-day measures which are needed to retain and strengthen the United States position in Iraq under the present regime.”⁸⁰

policy did shift toward greater accommodation commensurate with Qasim’s shift away from the Communists. However, a more sociological conception of the state allows one to see that while one element of the state – call it the “dominant element” – “opted against pursuing regime change,” a “recessive element” remained committed to that objective. The existence of this recessive element would prove critical when US policy swung toward a more interventionist disposition a few years later.

⁷⁸ See, for example, Stephen Krasner, *Defending the National Interest: Raw Materials Investments and U.S. Foreign Policy* (Princeton: Princeton University Press, 1978). Krasner takes a very strident anti-organizational politics stand. In his mind, the “imperial presidency” and its NSC overrule any organizational or societal influences or interests.

⁷⁹ Jones to Meyer (Secret Memo), “Iraq Inter-Agency Group Meeting January 12,” 11 Jan 1960; see also Jones to Secretary, “NSC Briefing on Iraq,” n.d. [c. Jan 1960], both in RG59, NEA Files, 1958-1963, Box: 3, Folder: Inter-Agency Group on Iraq.

⁸⁰ Baghdad to State no. 1121, “Measures to Oppose Soviet Economic Offensive in Iraq,” 11 May 1960, in JFKMF: 13: 627.

Given the capacity of a state to operate on several levels at once, it seems eminently plausible that while accommodationists took the lead in pursuing more constructive relations with the Qasim regime in 1960 and 1961, hard-liners continued to collect intelligence on Iraqi opposition groups and “pre-position materials” in Iraq for later use in the event that the overthrow of Qasim became both possible and necessary. Qasim never returned to the relatively pro-Communist stance of his first year in power, but as I demonstrate below, in late 1961, he took actions far more threatening to Western interests than simply allowing Communists some breathing room.

A New Frontier? The Kennedy Administration Encounters Iraq

By the time the Kennedy administration came into office in January 1961, the political situation in Iraq had improved dramatically. The Communists there were no longer poised to seize power. Meanwhile, Qasim expressed clear dissatisfaction with the quality of Soviet military and economic aid and a desire to establish better relations with the West. The incoming Kennedy administration, therefore, maintained its predecessor’s belated tolerance for Iraq’s Cold War neutralism, and continued the effort to cultivate pan-Arab nationalism as an alternative to Communism.⁸¹ Indeed, early in the Kennedy

⁸¹ In this sense, the Kennedy administration’s approach to the Middle East (and the Third World more generally) did not represent any substantial departure from that of the latter Eisenhower years, though as Simpson points out, there was a clearer tendency on the part of the Kennedy administration to rely on the military as an agent of modernization, as opposed to a purely repressive instrument. In short, the Eisenhower administration viewed the Army as a

administration, U.S. intelligence agencies conducted a National Intelligence Estimate that described Nasser as “the leading exponent of Arab reformism,” and lauded “his demonstrated readiness to assume leadership in defending Arab nationalism against Communism. Despite his dependence on the Bloc, *he is not neutral in the conflict between Arab nationalism and Communism.*”⁸² The U.S. had come a long way from the Eisenhower Doctrine.

This general policy orientation was clearly reflected in a comprehensive Iraq policy review initiated in the fall of 1961. Despite the loud proclamations of change, the Kennedy administration’s policy review largely ratified the late Eisenhower approach.⁸³ It acknowledged that Qasim had drawn on Communist support in the critical first year of the revolution, and that he accepted economic and military aid from the Soviet Union. But, it expressed satisfaction that the Communists had “overplayed their hand in their drive for power,” and were no longer in a position to exert influence on Qasim’s government or seize power. Given these factors, the State Department advocated a *laissez faire* approach that sought to let Iraq’s internal dynamics run their course.

conservative force, whereas the Kennedy administration entertained a fantasy of the Army as a progressive force. See Simpson, 67. For excellent analysis of the contradictions within the doctrine of “military modernization,” see Simpson, 228.

⁸² Emphasis added, see “Nasser and the Future of Arab Nationalism,” NIE 36-61, June 27, 1961, in *FRUS, 1961-1963*: 17 [electronic edition, see bibliography for web address], no. 68. See also Komer to Rostow, 30 June 1960; Komer to Bundy, “Calls for a New Opening with Nasser,” 8 Dec 1961, both in *FRUS, 1961-1963*: 17: 74 and 149.

⁸³ Department of State, Guidelines for Policy and Operations: Iraq, April 1962, in JFKL, Country Files, Box :117, Folder Iraqi 1961-1962; Country Files, JFKL; see also “NEA Working Draft,” in RG59, NEA Files, 1959-1964, Box: 2, Folder: Iraq-US Guidelines 1962, 1A-B.

The State Department policy review reflected the optimism of the era. Qasim may not have been an ideal leader for Iraq, but State Department analysts were satisfied that he was not a Communist, nor was he willing to share power with the Communists. In short, it appeared that after a brush with danger in 1958-1959, Qasim had embarked on a neutralist course that represented no threat to American interests. Iraq – with sufficient U.S. aid – could eventually constitute a “New Frontier” for human advancement and capital accumulation.⁸⁴

This accommodating attitude was put to the test early in the Kennedy administration when, in June 1961, Britain granted formal independence to Kuwait, which had been a British protectorate since 1899. Qasim responded to the Anglo-Kuwaiti Accord by reviving a long standing-claim that Kuwait was an integral part of the Iraqi *liwa'* (province) of Basra, which had been forcibly removed by British imperialism. Qasim designated the Kuwaiti monarch “*qa'im maqam*” – a subordinate to the governor of Basra – and threatened to “liberate” the country by force if the Kuwaiti monarch refused to accept this new designation.⁸⁵ Britain, which formerly supported Qasim’s regime as a counter to Egypt, suddenly became highly alarmed and pressured the White House to defend Kuwaiti “sovereignty.”⁸⁶ The Kennedy administration, however,

⁸⁴ For a succinct statement of the optimism of this moment see Thacher to Jones, “Thoughts on a ‘Peace Corp,’” 6 Feb 1961, in RG59, NEA Files, 1958-1963, Box: 3, Folder: 1961 Chron Inter-Office Memorandums (folder 2 of 2).

⁸⁵ Elwood (INR) to Strong (NEA), 26 June 1961; State to Kuwait, 27 June 1961, in *FRUS, 1961-1963*, 17: 66 and 67.

responded to the crisis with notable restraint. The president signaled American readiness to support British military intervention should it come to that, but expressed interest in preserving the “recent favorable trend in Iraq,” and hope that the situation could be contained by drawing on Nasser’s regional influence.⁸⁷

Indeed, Nasser, hoping to preempt any move by the British, organized an anti-Iraq consensus within the Arab League, which then deployed a peacekeeping force of more than 2,000 troops to Kuwait.⁸⁸ In this case, the hands-off approach appeared to pay dividends. With the arrival of Arab forces in Kuwait, Qasim backed down and the threat of immediate military action by Iraq subsided, but the humiliated Iraqi leader continued to make threatening statements and tensions persisted.

The Kennedy administration’s basic sympathy for Qasim’s government was further demonstrated as another crisis took shape in the northern Kurdish regions of Iraq in the fall of 1961. Relations between Qasim and Kurdish leaders were initially cordial. Upon taking power, Qasim promulgated a provisional constitution that promised equal rights for Iraq’s Kurdish citizens, and a new era of “brotherhood and unity” was proclaimed. He then invited Mullah Mustafa

⁸⁶ Home (UK FS) to Rusk, 28 June 1961, in *FRUS, 1961-1963*, 17: 70, Note 1; Home to Rusk, 29 June 1961, *FRUS, 1961-1963*, 17: 72; Editorial Note, *FRUS, 1961-1963*, 17: 73. For excellent analysis of the differences between British and American policies toward Iraq see Mufti (1996): 118-19, 129-132; see also Louis, 70-72; and Citino, 258.

⁸⁷ Editorial Note, *FRUS, 1961-1963*, 17: 73.

⁸⁸ Talbot to McGhee, 29 Dec 1961, *FRUS, 1961-1963*, 17: 155. The Arab League force consisted of 1100 Saudis, 900 Jordanians, 140 Sudanese, and 150 Egyptians. For the regional politics, see Kerr, 18-21.

Barzani, the most prominent Kurdish leader, to return to Baghdad after twelve years of exile and provided him a generous retainer and living accommodations. There may have been a measure of sincerity in his actions as Qasim's mother was *Fa'ili* (Shi'i Kurdish), but there was also a political calculus at work as well. Given that Barzani was opposed to *wahda*, Qasim saw him as an important counterweight to the pan-Arabists and cultivated his support. However, by early 1961, relations between Qasim and Barzani deteriorated to the point that Barzani began threatening to lead a separatist revolt.⁸⁹

As tensions between Qasim and Barzani continued to mount, Kurdish representatives approached the American Embassy with pleas for assistance. They wanted the Embassy to use its influence to encourage Qasim to grant greater rights to Iraqi Kurds, but Embassy officials stressed their limited influence and counseled restraint.⁹⁰ In private however, Embassy officers were wholly dismissive of Kurdish grievances. William Lakeland, a political analyst in

⁸⁹ Barzani's precise objective and the reasons for the breakdown between Barzani and Qasim are matters of debate. Works of Kurdish history usually blame Qasim, emphasize Barzani's patriotic credentials, and present the mullah as the legitimate representative of a broad movement for Kurdish independence. See Ismet Sheriff Vanly, "Kurdistan in Iraq," in *A People without a Country: The Kurds and Kurdistan*, ed. Gerard Chaliand, trans. Michael Pallis, 139-193 (New York: Olive Branch Press, 1991); Edgar O'Ballance, *The Kurdish Struggle 1920-94* (New York: St. Martin's Press, 1996): 37-44; 47-63; David McDowall, *A Modern History of the Kurds*, 3rd Revised Edition (New York: I.B. Tauris, 2004): 302-13. However, Sa'ad Jawad, in the most detailed analysis of the period, suggests that there was very little socially or politically at stake in the contest between the two leaders. The conflict between Qasim and Barzani was at root personal. Barzani wanted power and Qasim was unwilling to share power – with Barzani or anyone else. Barzani was a respected tribal leader, but this was not on the basis of any modern ideology such as Kurdish nationalism. The vast majority of Iraqi Kurds were not invested in notions of an independent Kurdish state, or even Kurdish "autonomy" (which was never defined). Kurdish loyalties were generally local and tribal. See Sa'ad Jawad, *Iraq and the Kurdish Question, 1958-1970* (London: Ithaca Press, 1981): 36-106.

⁹⁰ Baghdad to State, A-353, "Kurdish Representatives Petition Qasim," 14 Sep 1960, in JFKMF: 2: 20-21.

the American Embassy, regarded Kurdish demands as representative of little more than the interests of large landowners and tribal elites threatened by Qasim's agrarian reform program.⁹¹ In his analysis:

The insistent demands of the Kurds in Iraq for "national rights", "equality", "justice", and so forth strike me as strange if they mean no more than equality. Kurds in Iraq are hardly worse off than Arabs in comparable circumstances. The Kurdish peasant villager is probably somewhat better off than his Arab contemporary south of him. There are Kurdish officers in Iraq's army, Kurdish Ministers in Iraq's cabinet, Kurdish importers and exporters, Kurdish Directors General, Chiefs of Police and diplomats. Actually, the Kurdish 'struggle' in Iraq is pressure – pressure on the Iraqi government to give a little more to the Kurds, and, having gained leverage, to demand still a little more. For years the best roads in Iraq were in the North – Kurdistan. ... Progress in the North has, on the whole, moved as fast as anywhere in the country... The more that 'national' concessions are made to Kurds, the more can Kurds be expected to step up demands for increased 'national rights'.⁹²

Despite their failure to secure American support in their conflict with Baghdad, Kurdish nationalists continued to escalate their demands. In the summer of 1961, skirmishes broke out between Kurdish tribes loyal to Barzani and those loyal Qasim. When pro-Barzani forces attacked government columns and seized government controlled territory in mid-September 1961, Qasim responded with a massive aerial bombardment of Barzani's home village of Barzan.⁹³ Aerial bombardment drove many Kurds into opposition and the

⁹¹ Lakeland described Qasim's agrarian reform program as "a 'social revolution,' designed ... to destroy the old social relationships wherein economic and political power remained in the hands of those relatively few who controlled the land and its produce." Baghdad to State, A-353, 14 Sep 1960, "Kurdish Representatives Petition Qassim," in JFKMF: 2: 20-21.

⁹² Baghdad (Lakeland) to State, no. 949, 6 Mar 1961, in JFKMF: 2: 354-58. Lakeland's portrayal of the status of Kurds within Iraq, suggests that Qasim's government was more progressive in integrating national minorities than the US was at the time.

⁹³ Baghdad to State, no. 127, 7 Sep 1962; London to State, no. 2285, 17 Dec 1962, both in JFKL, Country Files, Box: 117, Folder: Iraq 1961-1962.

insurgency began to strengthen.⁹⁴ As the conflict developed into a full-scale war, Kurdish representatives stepped up their appeals to the American Embassy. When a group approached the Embassy in early October, Embassy officer James Akins “told them that the United States could in no way back Kurdish separatists – indeed it was highly questionable whether it was in the interests of the Kurds themselves to revolt against the central government; Kurds seem to have at least as good representation in the government and civil service as their numbers warrant.”⁹⁵

The Embassy’s unwillingness to sponsor the Kurdish rebellion reflected a larger geo-strategic vision concerned with preserving the stability of allied regimes in Iran and Turkey (both of which had large and potentially restive Kurdish populations), but it also demonstrated the extent to which the Embassy had come to sympathize with Qasim’s government.⁹⁶ The Embassy’s rebuff to the pleas of Kurdish nationalists would be the high point of US-Iraqi *rapprochement*.

⁹⁴ Baghdad to State, no. 162, 19 Sep 1961; Tabriz to State, no. 31, 19 Sep 1961, “Some Aspects of the Revolt in Kurdistan,” both in JFKMF: 2: 762 and 748-50.

⁹⁵ Baghdad to State, no. 258, Memcon (Akins) with Nur al-Din Muhi al-Din (DG of Housing), Afrasiab Jaff (town planner Min Housing), and Mustapha Jaff, 4 Oct 1961, in JFKMF: 2:812.

⁹⁶ State (Bowles, acting SS) to Tabriz, Tehran, Baghdad, CW-2436, 18 Sep 1961, “Approaches by Kurdish Nationalist Elements,” in JFKMF: 2: 747.

The Challenges of Revolutionary Government and the Origins of Law 80

Qasim's Domestic Problems

By mid 1961, there were indications of mounting domestic problems for Qasim.⁹⁷ The confrontation with Nasser culminating with the Kuwait debacle reinforced in the public mind the extent to which Qasim had isolated Iraq within the Arab world. Growing Kurdish opposition to his regime indicated the extent to which he had alienated potential domestic supporters and squandered Iraqi resources. And in a broad social sense, the revolution itself had begun to stall. In late 1958 and early 1959, Qasim initiated a flurry of social reforms that redistributed land holdings, improved the status of women, and liquidated a tribal system of justice designed under the British Mandate to cultivate the power of the landed shaykhs. Qasim's agricultural reforms succeeded in breaking up the power of "the old social classes," and Qasim's housing program – the *Madinat al-Thawra* (City of the Revolution) township on the eastern edge of Baghdad (today's Sadr City) – provided housing for Baghdad's recent immigrants from the countryside and produced a solid base of support for Qasim among the urban poor. But Qasim's efforts to promote manufacturing and to construct a national bourgeoisie as a base of support made only limited gains.⁹⁸ In addition, Iraq was cursed with two years of drought whose impact was compounded by an

⁹⁷ Still in the accommodationist mode, the Embassy expressed alarm at indications that Qasim's popularity was reaching new lows in April 1961. See "British Paper on Iraq" (Secret), 13 April 1961, in RG59, NEA Files, Box: 3, Folder: 1961 Chron Inter-Office Memorandums (folder 2 of 2).

⁹⁸ See Batatu, 837-39.

inefficient bureaucracy leading to a decline in agricultural output and higher food prices.⁹⁹ Qasim's popularity therefore began to fall at the same time that he succeeded in checking all potential contenders to power. It was within this context of flagging public support that Qasim embarked on a course of confrontation with the IPC.

The immediate trigger for Qasim's challenge to the IPC was the outbreak of war with the Kurds.¹⁰⁰ Qasim immediately blamed the insurgency on the IPC (an all-purpose bogey), and characterized Kurdish rebels as IPC stooges and agents of imperialism.¹⁰¹ He then broke off negotiations with the IPC, and broadcast transcripts of those negotiations on Baghdad Radio.¹⁰² Soon Qasim was threatening to resort to unilateral legislation to force the IPC to relinquish control of unexploited concessionary areas.¹⁰³

⁹⁹ For a detailed analysis of the politics behind Qasim's social policies, see: Batatu, 837-860; Farouk-Sluglett and Sluglett, 76-79; and Penrose and Penrose, 240-54. For a systematic critique of Qasim's agrarian reform, see Mufti (1996): 140, 183-187.

¹⁰⁰ Baghdad to State no. 127, 7 Sep 1962; London to State no. 2285, 17 Dec 1962, both in JFKL, Country Files, Box 117: Iraq 1961-1962.

¹⁰¹ Baghdad to State, no. 168, 25 Sep 1961, in JFKMF: 2: 785-86. See also Baghdad to State, no. 245, 29 Sep 1961, "Qassim Accuses British and Americans of Complicity in Kurdish Revolt; Exonerates USSR; Dissolves KDP," in JFKMF: 2:791; Tabriz to State no. 31, 19 Sep 1961, "Some Aspects of the Revolt in Kurdistan," in JFKMF: 2: 748-50.

¹⁰² Samir Saul, "Masterly Inactivity as Brinksmanship: The Iraq Petroleum Company's Road to Nationalization," *International History Review* 29, no. 4 (2007): 746-792: 752-64. See also Yergin, *The Prize*, 508-25; Joe Stork, "Oil and the Penetration of Capitalism in Iraq," in *Oil and Class Struggle*, ed. Petter Nore and Terisa Turner, 172-198 (London: Zed Books, 1980): 181-86; Joe Stork, *Middle East Oil and the Energy Crisis* (New York: Monthly Review Press, 1975): 74-108.

¹⁰³ See Bagdad to State, no. 129, 9 Jul 1960, JFKMF: 4: 138; "Legislation in Iraq: Joint Opinion," 27 Nov 1961, in IPC (File no.) 135979. "Translation from the French of the Interview given to M. Empis, Editor of *La Revue Pétroliér*, by M. Mohamed Salman, Iraqi Minister of Oil," 15 Nov 1961, in IPC 135979. Salman's call to redefine the terms of Iraq's relationship with IPC received support

While the war in Kurdistan was the immediate trigger for a confrontation with the IPC, there were subtle indications that a confrontation was brewing for quite sometime. However, given the mood of accommodationism that prevailed throughout 1960 and 1961, these indications were largely overlooked by American observers. As noted above, upon taking power Qasim was quick to reassure Western states that he represented no threat to the oil companies. However, signs of an impending confrontation began to surface as early as July 1960, when Qasim raised oil transport fees in Basra to finance a port construction project.¹⁰⁴ The following month, the companies (led by Standard Oil of New Jersey, or Esso, later Exxon) unilaterally reduced oil prices citing global surplus production.¹⁰⁵ In early September, Qasim hosted the international conference that gave rise to the Organization of Petroleum Exporting Countries (OPEC) – which sought to collectively resist future price reductions.¹⁰⁶ However, this level of friction was not considered abnormal or alarming. Indeed, whatever

from some prominent American petroleum experts. Wanda Jablonski and Frank Hendrix wrote analyses in support of the Iraqi position that IPC concession was in need of major revision. For these analysts, IPC concession was a relic of the colonial era, and would have to be restructured for a post-colonial age. See Jablonski, “A New Iraq ‘Feeler’ to IPC?” 13 Nov 1961; Frank Hendrix, “Tomorrow’s concession agreement” 5 Dec 1961. For IPC reactions to Salman’s interview see Draft IPC to Min Oil, 24 Nov 1961; and Ekserdjian-Salman, Memcon Dec 5, 1961, all in IPC 135979.

¹⁰⁴ Baghdad to State, no. 129, 9 Jul 1960, in JFKMF 4: 138.

¹⁰⁵ Saul, 756.

¹⁰⁶ Qasim was convinced that these cuts were political in nature and “not due solely to economic factors.” See Baghdad to State, no. 381, 22 Sept 60, in JFKMF: 4: 176. For US Embassy reactions to the Baghdad Oil Conference and the formation of OPEC see also Baghdad to State, no. 410, 29 Sep 1960, JFKMF: 4: 181. For British reactions see “Statement by Dr. Tala’at al-Shaibani [Iraqi Delegate] on the success of the first OPEC conference, undated, outlining principal decisions taken [FO371/150060],” in *OPEC Origins and Strategy, 1947-1973; Vol. 2: 1960-1963*; ed. A.L.P. Burdett (Slough: Cambridge Archive Editions, 2004).

the intent of some of its more radical founders, OPEC's formation was not interpreted as a particularly radical act by most Western observers.¹⁰⁷ On the contrary, the British in particular, were satisfied at the exclusion of Nasser's Egypt from the new organization and believed its emergence might be indication that Iraq was drawing nearer to its more conservative neighbors in the Gulf.¹⁰⁸ Moreover, it was thought that the new organization might provide a structure for moderating the more radical tendencies among oil producing countries.¹⁰⁹ This interpretation of events was given further support in November 1960, when Qasim appointed Muhammad Salman as Minister of Petroleum Affairs. Salman was regarded as a "moderate counterpart to Sheik Abdullah Tariki," and U.S. officials believed he was determined to reach a deal with the IPC that would keep oil and OPEC "out of the Cold War."¹¹⁰

Given the generally accommodationist frame of its analysis, the Embassy took little notice of a gradual hardening of Qasim's oil negotiating stance over the course of 1961. Indeed, the State Department expressed no particular alarm at

¹⁰⁷ On OPEC's more radical founders (Shaykh 'Abdullah Tariki of Saudi Arabia and Juan Pablo Pérez Alfonzo of Venezuela) see Pierre Terzian, *OPEC: The Inside Story*, trans. Michael Pallis (London: Zed Books, 1985): 21-35. On Tariki, see also Vitalis' chapter "El Jefe Rojo," in *America's Kingdom*, 194-227.

¹⁰⁸ See [British Embassy,] Tehran to [British] Eastern Dept, 20 Sept 1960; [British Embassy,] Baghdad to [British] Eastern Dept, 20 Sept 1960, both in *OPEC Origins and Strategy*, Vol. 2: 87-94.

¹⁰⁹ These themes are analyzed in greater detail in chapters three and four when OPEC begins to play a more active role in the oil politics of the region.

¹¹⁰ Cairo to State, no. 481, "Mohamed Salman - Iraqi Minister of Petroleum Affairs," 20 Nov 1960, JFKMF: 5: 453. 'Abdallah Tariki is introduced in greater detail in chapter 3.

the breakdown of Iraq-IPC negotiations in early October 1961, and regarded Qasim's threats of unilateral legislation as mere bluster. For the Embassy and State Department, the lesson of Muhammad Musaddiq's nationalization of the Anglo-Iranian Oil Company (subsequently renamed BP) ten years earlier was still too clear for Qasim to overlook. Moreover, conditions within the global oil industry were no more conducive to an oil strike than they were in 1951. In late November, the State Department's division of Intelligence and Research conducted a study that found that the government of Iraq was far more dependent on the IPC than the IPC was on Iraq.¹¹¹ Iraq's total production rate of 1 million barrels per day (mbpd) could easily be made up with the 1.5mbpd in spare capacity located elsewhere in the Gulf. And given that oil revenues accounted for more than half of all government revenue, any threat to IPC facilities or operations could result in the rapid "collapse of Qasim's government."¹¹²

However, from Qasim's standpoint, inaction represented a greater threat than action (in a domestic political sense), and on December 11, 1961, he issued Public Law 80 – a landmark decree that would permanently alter the oil politics of the region. The eleven-page law nullified the existing concession, which it

¹¹¹ INR-25, Nov 20, 1961, "Consequences of Breakdown of Oil Negotiations," in JFKL, Komer Files, Box: 426, Folder: Iraq 1961-1962. Compare Iraq's 1mbpd to Saudi Arabia: 1.35; Kuwait: 1.65; and Iran: 1.2 (mbpd). The British Economics Department took Qasim's threats a little more seriously. It believed that the entire exercise of threatening Kuwait was designed to compel the British government to "pressure the IPC to come to terms." See HMG Econ Dept, "Iraq's Revised Threats Against Kuwait," 18 Dec 1961, in IPC 135979.

¹¹² INR-25, Nov 20, 1961, "Consequences of Breakdown of Oil Negotiations," in JFKL, Komer Files, Box: 426, Folder: Iraq 1961-1962.

regarded as an agreement among unequal parties, and divided the IPC's concessionary area into two categories. The first category consisted of the 47 "defined districts," or individual oil extraction "points" that the companies retained access to. The second category consisted of all other lands, which reverted to Iraqi state control. Under Article III of the law, the IPC was allowed to lease portions of these newly reclaimed territories as long as the total lands leased did not exceed 5% of Iraq's total land mass. In addition, the law gave the IPC three months to hand over all geological data for the reclaimed territories.¹¹³

The most significant area reclaimed by Iraq was an oilfield known as Rumaila in the vicinity of Basra (Maps 1 and 2). IPC had established a well in the southern portion of the field, but on December 14, the Company was ordered to cease all operations. This action effectively divided the Rumaila field, and left the government in control of a potentially very lucrative reserve.¹¹⁴ Estimates of the size of the Rumaila field varied, but the IPC believed that it contained about 10 billion barrels or more than a third of Iraq's total 27 billion barrels of proven reserves.¹¹⁵

¹¹³ "Reasons Justifying Law No. 80 of 1961: Defining the Exploitation Districts for the Oil Companies," Published in Iraqi Government Gazette No. 616, 12 Dec 1961, both Arabic and English translation in IPC no. 135979.

¹¹⁴ N.M. Ekserdjian, Note on Rumaila Oil Field [G/268], 14 Dec 1961, in IPC no. 135797. See also Stewart to Herridge, 3 March 1963, in IPC no. 135985.

¹¹⁵ See Corrai to Bird, 18 Aug 1965, in IPC no. 135992; "The Profitability of North Rumaila," 31 March 1964, in IPC no. 135987; INR-25, Nov 20, 1961, "Consequences of Breakdown of Oil Negotiations," in JFKL, Komer Files, Box: 426, Folder: Iraq 1961-1962.

Iraq's moderate pro-Western Foreign Minister Hashem Jawad tried to reassure Ambassador Jernegan that the law was fair in that it allowed the companies to retain access to "all the areas from which they are already producing."¹¹⁶ He hoped that that there would be no reduction in production rates and stressed that the law was designed to allow the companies to expand production into new areas when they demonstrated an interest in doing so. Ambassador Jernegan was satisfied with Jawad's comments and expressed his hope that the IPC would respond with restraint. In his view, the IPC should be "prepared to accept the de facto existing situation," as there was no clear basis for any "official protest against the law."¹¹⁷ As the Ambassador understood it, the United States had "long since accepted the principle that governments may expropriate private property provided prompt and adequate compensation is paid. In this case, it would seem extremely difficult to formulate claims for compensation, since quantity and value of oil in ground could not be proven."¹¹⁸ However, Law 80 marked a fundamental turning point in the relations between

¹¹⁶ Ryland to Geoffrey Herridge, 14 Dec 1961, in IPC no. 135979.

¹¹⁷ Baghdad to State no, 294, 30 Dec 1961, JFKL, Country Files, Box: 117, Folder: Iraq 1961-1962. See also Baghdad to State, 28 Dec 1961; and Talbot to McGhee, 29 Dec 1961, both in *FRUS, 1961-1963*: 17: 154 and 155.

¹¹⁸ Baghdad to State no, 294, 30 Dec 1961, in JFKL, Country Files, Box: 117, Folder: Iraq 1961-1962. The Ambassador could have added that the oil in the ground was not exactly the private property of the IPC. The IPC's concessionary agreement rather granted the company the right to access the oil. This distinction is discussed at greater length in chapter three when the legal niceties of Rumaila are analyzed in detail.

Washington and Baghdad. Key policymakers in Washington were nowhere near as accommodating as the Ambassador.

Debating Regime Change II: “Do Something,” December 1961 – February 1963

The Turn Toward Interventionism

While Ambassador Jernegan was prepared to accommodate to Law 80, hardliners in Washington were not. Assistant National Security Adviser Robert Komer was particularly concerned about Qasim’s challenge to the IPC. Komer expressed considerable frustration with the State Department’s traditional “hands-off” approach to Iraq, and began, almost immediately following Law 80, advocating a more assertive, interventionist policy.¹¹⁹ Much as they had in the 1959-60 period, NEA accommodationists resisted increasingly impatient calls for action.

A leading non-interventionist was the NEA head (Assistant Secretary of State) Philip Talbot. In a December 1961 memorandum, he sought to disarm hardliners by acknowledging that there were signs that the situation in Iraq might “be returning to something like the post-revolutionary period in 1958 and 1959, during which there was great alarm that Iraq was going communist.”¹²⁰ But he cited “our lack of effective means of achieving a reversal in Iraqi policy,” and

¹¹⁹ Komer to Bundy, 29 Dec 1961, in *FRUS, 1961-1963*: 17: 156.

¹²⁰ Talbot to Ball, 18 Dec 1961, in *FRUS, 1961-1963*: 17, 150. Note 1 explains that the report was completed in response to Komer’s oral request.

argued that the U.S. “must resist firmly all efforts to force us to undertake intervention of any type in the internal affairs of Iraq unless and until it is clear that the domestic communists stand to gain control of Iraq in absence of such intervention.” He warned that “to intervene ineffectively in Iraq would only serve to increase the likelihood of a situation we do not want: a communist takeover.” Talbot admitted, “We cannot guarantee that Prime Minister Qassim will not prove to be another Castro,” but suggested that the U.S. should not attempt any Bay of Pigs type action.

In contrast to Talbot’s caution, Komer criticized “our tendency [to] sit back and regard IPC, Kuwait and even Iraq as [a] UK baby.” He cited the American ownership share in the IPC (23.75%) and suggested making preparations to support a “nationalist coup [that] ... might occur at anytime.”¹²¹ Moreover, he was critical of the State Department’s traditional reliance on Nasser to contain Qasim. In his view, Nasser had “backed several failed coups already,” and was not reliable. Komer believed that it was time for the U.S. to play a more direct role and sought “an indication of Presidential interest” to help get contingency planning for Iraq “moving.” National Security Adviser McGeorge Bundy then got President Kennedy’s approval to increase pressure on the State Department to consider more direct action.¹²²

¹²¹ Komer to Bundy, 29 Dec 1961, in *FRUS, 1961-1963*: 17: 156.

¹²² Komer to Bundy, 29 Dec 1961, in *FRUS, 1961-1963*: 17: 156, Note 4.

From a rather uninformed hard-line perspective, restoring the Hashemite Monarchy might appear the best alternative to Qasim. Indeed, the Embassy in Baghdad was approached by several figures from the old Hashemite regime seeking support for a pro-Western coup.¹²³ However, William Lakeland, one of the more astute political analysts within the Embassy, warned against tying American fortunes to the Hashemites, or to other conservative forces. He discounted the likelihood of a successful “conservative-oriented coup,” and outlined a much more ambitious project than simply restoring an *ancien regime*:

Even if such an operation would be successfully carried out, however, it is highly questionable whether the resulting situation would be a genuine improvement from the Western point of view. We are seriously concerned about the continuing poisoning of Iraqi (and other Afro-Asian) minds[,] which appears to be taking place and believe that this problem deserves more serious and continuing attention in the over-all conduct of our foreign affairs. As far as Iraq is concerned, however, we are convinced the problem is essentially a long and not short-term one. *Changing the structure of government, replacing one despotism with another, is hardly going to solve the problems of education and development, political responsibility and social cohesiveness which have plagued Iraq throughout its life as a modern state and which will undoubtedly be with it for decades to come.* For the West to take on any form of direct or indirect responsibility for these continuing and intractable problems without reasonable assurances of being able to devote the necessary resources to see the job through would in our opinion be irresponsible and dangerous.¹²⁴

For Lakeland, no less than a non-Communist Iraqi social revolution was in order. Supporting any such revolution would require precise knowledge of Iraqi social conditions and a deeper appreciation for the balance of political forces within Iraq.

¹²³ Baghdad (Davies) to State, no. 621, 29 Mar 1962, in JFKMF: 3: 161-62.

¹²⁴ Baghdad (Lakeland) to State, no. 513, “Opponents of Qasim Regime [Hashemites] Urge Intervention,” 31 Jan 1962, in JFKMF: 3: 108. Emphasis added.

US Intelligence on the Ba'th

In the interest of gaining a deeper appreciation for the social and political situation in Iraq, a National Intelligence Estimate (NIE) was commissioned in January 1962. The NIE found that although “plotting is endemic in military circles and assassination is an ever-present possibility,” it could not “identify any particular individuals or groups likely to bring off a successful coup.”¹²⁵ While the NIE did not identify the Ba'th as a group “likely to bring off a successful coup,” that NIE was followed by a subsequent report that included an “Intelligence Note” on “Ba'thist Capabilities.”¹²⁶ The study found a Ba'thist takeover a real possibility and advised that the U.S. should prepare for early recognition of a new Ba'thist-led government. In the event of protracted civil conflict, it found “it might be necessary to give covert support for anti-Communist elements in Iraq.”¹²⁷

The contingency planning cited above reflects the strengthening of hard-line trends within the U.S. policymaking process. However, more accommodationist elements within the NEA viewed this trend with grave misgivings. In a June 1962 memorandum to National Security Adviser Bundy, NEA analysts defended the State Department's traditional hands-off approach.¹²⁸

¹²⁵ NIE 36.2-62, “Iraq,” 31 Jan 1962, in *FRUS, 1961-1963*, 17: 183.

¹²⁶ Grant (NEA) to McGhee (Undersecretary of State for Political Affairs), “Contingencies in Iraq,” 3 May 1962, *FRUS, 1961-1963*: 17: 262. The attached “Intelligence Note: Ba'thist Capabilities,” dated 12 April 1962, was not included in the material released to the National Archives, and published in *FRUS*. See Note 3.

¹²⁷ *Ibid.*

They acknowledged that Qasim was a source of increasing irritation to the oil companies but insisted that it was “unlikely that Qasim will go so far as to permit control of IPC operations to be transferred from the Western companies to the Soviets or the Red Chinese.” They warned against potential unintended consequences of any effort to “topple Qasim” through an oil shutdown and insisted, “The answer has to come from within Iraq and the United States cannot hope successfully to manipulate the internal forces at work.” In their view:

anti-Qasim nationalist forces will become more and more troubled as Qasim pursues his course which results in isolating Iraq progressively from brother Arabs and from the Free World. Eventually, in our opinion, unless the West makes serious mistakes, such internal pressures will be created in Iraq as to force a change. That change is estimated as most likely to produce another strongly nationalistic government, but with a more balanced foreign policy.

For this faction of government officials, the inner logic of Arab politics was on the side of the US, and any American intervention could only prove counterproductive.

Despite the arguments of the NEA, accommodationists were delivered a major setback in June 1962 when Qasim ordered the recall of Ambassador Jernegan.¹²⁹ The immediate catalyst for the recall was the formal acceptance of Kuwait’s Ambassador in Washington, but the move represented a critical opening for Komer and the hard-liners.¹³⁰ Two days after Jernegan’s recall, Komer cited

¹²⁸ Brubeck to Bundy, “US Policy on Iraq,” (Secret, Drafted by Grant, Strong, and Thacher), 20 June 1962, in *FRUS, 1961-1963*: 17: 303.

¹²⁹ Basra to State, no. 93, 4 June 1962, in JFKMF: 13: 683.

Iraq's "slow but steady swing... toward [the] Soviet orbit," and suggested that it was time for a new Iraq policy:

I wonder if we shouldn't take advantage of Jernegan's return for a thoroughgoing re-appraisal of our Iraq policy. ... Given US/UK interest in Iraq and its proximity to a floundering Iran, it seems prudent to ask ourselves again whether essentially a "wait and see" policy is still valid. It probably [is] simply because of lack of promising alternatives. But *why not at least review ways in which we might more positively influence the course of events? Would CIA have any ideas*; how about another talk with the British; indeed it might even be worthwhile to solicit UAR views. We certainly want to put ourselves in the best position to (1) react quickly to a change of regime in Iraq; (2) counter an accelerated drift toward the Bloc.¹³¹

Komer's query about reviewing "ways in which we might more positively influence the course of events" recalls Thomas Beckett's famous circumlocution regarding a troublesome priest. Komer's memorandum does not constitute "smoking gun" evidence of American intervention, but it certainly indicates which way the policy currents were running amongst the ascendant interventionist camp in Washington.

Evaluating the Balance of Forces in Iraq: The Embassy's Social Analysis

With Law 80 and the recall of Ambassador Jernegan, it appears a red line was crossed in Komer's mind. Over the course of the summer of 1962, the U.S. Embassy staff in Baghdad expressed increasing interests in meeting with Iraqi opposition groups and followed the progress of the Ba'th quite closely. The Embassy took great interest when a group of Ba'thist conspirators approached the British Embassy in late June seeking support for a coup planned for mid-

¹³⁰ Biographical Sketch of John. D. Jernegan, in JFKL, Country Files, Box: 117, Folder: Iraq 1961-1962.

¹³¹ Komer to Talbot (secret memorandum), 4 June 1962, in JFKMF: 13: 687. The brackets around "is" indicate the omission of a parenthetical reference to a recent cable. Emphasis added.

July.¹³² When the British Ambassador in Iraq, Sir Roger Allen, expressed reservations about BPI capabilities and was non-committal, the State Department's Roger Davies encouraged him to think more imaginatively about what the U.S. and the UK could do jointly to "counter pressures against us."¹³³ The Ba'athist operation planned for mid-July was ultimately postponed for fear that Qasim had gotten wind of it, but the American Embassy continued to track the party's progress over the course of the summer and fall.¹³⁴

At the same time, there is some indication that the U.S. may have initiated a quiet reversal in its Kurdish policy to begin providing limited covert assistance to Barzani's forces.¹³⁵ The evidence for this is far from incontrovertible or

¹³² Baghdad to State, no. 592, 25 June 1962, in JFKL, Country Files, Box: 117, Folder: Iraq 1961-1962.

¹³³ Baghdad to State no. 40, 18 July 1962, in JFKL, Country Files, Box: 117, Folder: Iraq 1961-1962. It appears that there were at least two sets of anti-Qasim conspiracies circulating in Iraq: those associated with the UAR-BPI, and those associated with Jordan and the Hashemites. The British, for obvious reasons preferred to work with the later group, and resented American contacts with the Ba'th. See Allen (British Embassy, Baghdad) to Crawford (British Foreign Office), 1019/12/62G, 31 Dec 1962; Washington (Spears) to London, Air 10244, 29 January 1963; Thomas and Hiller to Peyton (British Ministry of Power), 17 April 1963, all in Bayati, 69-78.

¹³⁴ Baghdad to State [all identifying marks classified], 15 July 1962; Baghdad to State, no. 40, 18 July 1962; Baghdad to State, no. 46, July 20, 1962; Baghdad to State, no. 79, Aug 9, 1962, in JFKL, Country Files, Box: 117, Folder: Iraq 1961-1962.

¹³⁵ On August 25, the *London Times* reported the arrest of "two U.S. petty officers" stationed in Turkey charged by Turkish authorities with smuggling arms to Kurdish insurgents. Qasim then seized upon the story as "proof" of Western intervention. See Baghdad to State, no. 108, 28 Aug 1962, in JFKMF: 3: 507. In November 1962, two US Army attachés were arrested by Iraqi officials and charged with smuggling weapons to Kurdish insurgents. One of the arrested officers eventually "confessed" (Embassy's irony quotes) to acting as intermediaries between Lt. Col. Harry Hall (a former Assistant Army Attaché in Iraq) and Kurdish tribesmen. See Baghdad to State, no. 233, 5 Nov 1962, in JFKMF: 3:646. Whether or not the US provided any covert material support to the Kurds is far from clear. But what is clear is that as relations with Baghdad deteriorated over the course of 1962, pressures to intervene on behalf of the Kurds increased. See Ankara to State, A-492, 27 Nov 1962, "Assistance to the Kurds of Iraq," in JFKMF: 3: 696-97. One source of this pressure was *New York Times* reporter Dana Adams Schmidt. In September 1962,

overwhelming, but what is clear is that over the course of the fall of 1962, the U.S. Embassy demonstrated a marked interest in analyzing sources of stability and instability in Iraq.¹³⁶ Of particular concern was the strength of Qasim's base of support. James Akins, one of the more astute Embassy officials remaining in Iraq after the recall of the Ambassador, wrote a series of analyses detailing this base in late 1962.

Akins began one September 1962 assessment on a note of caution by discounting past Embassy reports of Qasim's universal unpopularity in Iraq.¹³⁷ Akins noted the difficulties of assessing the opinions and loyalties of lower-class Iraqis – urban slum (*sarifa*)-dwellers, and peasants (*fellahin*) – who were “naturally suspicious of Embassy officials.” He then questioned the reliability of the Embassy's traditional sources of political information and warned that the Embassy's upper-class informants had “even less contact with the lower classes

he lobbied the US Embassy in Beirut to provide covert assistance and warned that failure to do so would drive the Kurds to seek assistance from the Soviets. He assured the Embassy that in return for US support Barzani would purge the Kurdish movement of Communists, cooperate with “conservative Arab Iraqi elements and bring Iraq back into Baghdad Pact.” Baghdad to State, no. 150, 20 Sep 1962, in JFKMF: 3:565. Schmidt then entered Iraqi Kurdistan where he spent a month as Barzani's honored guest – and publicist. Schmidt filed a series of *NYT* articles from Kurdistan that advocated the cause of Kurdish independence, which generated a great deal of controversy within the US Embassy. See New York (USUN) to State, no. 1344, 18 Oct 1962, in JFKMF: 3: 620; Baghdad to State, A- 476, “Communist-Kurdish Exchange on Schmidt's New York Times Articles,” 6 Nov 1962, in JFKMF: 3: 657. Schmidt later recorded his experiences as *Journey Among Brave Men* (Boston: Little Brown and Company, 1964).

¹³⁶ The British were particularly suspicious of American motives for analyzing the “strength of opposition movements in Iraq.” See Allen (British Embassy, Baghdad) to Crawford (British Foreign Office), 1019/12/62G, 31 Dec 1962; Washington (Spears) to London, A-10244, 29 January 1963, both in Bayati, 69-70.

¹³⁷ Baghdad (Akins) to State, A-291, “Support for Qasim Among the Lower Classes,” 17 Sep 1962, in JFKMF: 3: 560-62.

than does the Embassy.” Moreover, “Their views on the thinking of the serifa dwellers or Fallahin spring almost exclusively from their own politics.”

Akins sought to bypass these traditional sources of information and elicit the opinions of lower-class Iraqis directly. He found that, among them, there was a great deal of support for Qasim. The Iraqi leader may not have “transformed Iraq,” but he had “improved the lot of many” and “they would certainly oppose anyone who would try to take away the gains they have made.”¹³⁸ Akins noted that Qasim’s land reform and literacy programs were particularly popular among the poor, and that “Although there is widespread unemployment in Iraq, the basic wage has been quadrupled since the revolution and those of the very poor who have work should be very pleased.” Moreover, Qasim allowed virtually unrestricted migration from the countryside to the cities, and Baghdad’s *sarifa* population had grown to approximately 500,000 – constituting a more than a third of the city’s total population.¹³⁹ Akins described this population as an “instrument of terror in a time of anarchy” and warned of a generalized class war erupting in aftermath of Qasim’s overthrow. In Akins’ analysis, any effort to overthrow Qasim would have to move quickly to neutralize this rather formidable base of support.¹⁴⁰

¹³⁸ Ibid.

¹³⁹ Baghdad to State, A-320, “Sarifa Population of Baghdad,” Sept 24, 1962, in JFKMF: 3: 570-72.

¹⁴⁰ Baghdad to State, no. 156, 26 Sep 1962, in JFKMF: 3: 576-77. Akins found this same class-basis for Qasim’s support among the Shi’a. Despite the clerical establishment issuing a series of *fatwas* (religious decrees) forbidding Communism in 1960, Akins found that Shi’i districts were

As 1962 came to a close, it was increasingly apparent that the Ba'ath would soon strike and that they would take immediate measures to control Baghdad's *sarifa* dwellers.¹⁴¹ In mid-December, BPI members informed the Embassy "that Qasim would be overthrown by a Baathi coup within a week."¹⁴² The December plot was ultimately postponed, but to Roy Melbourne, one of the more hawkish officials in the American Embassy, the time had come to "establish our credit with [the] anti-Communist opposition."¹⁴³ Secretary of State Dean Rusk then wrote to the Baghdad Embassy to extend his "highest compliments for the recent 'Baghdad Series' [of] telegrams." He assured the Embassy staff that the "Excellent series has received top-level attention."¹⁴⁴

The Coup of February 8, 1963: "A Net Gain for Our Side"

Early in the morning on February 8, 1963, Iraqi pilots loyal to the Ba'ath laid siege to the Qasim's headquarters (and living quarters) in the Ministry of

Communist strongholds where support for Qasim was relatively firm. See Baghdad to State, A-452, "Shi'a Muslim Attitudes Toward Qasim Regime," 29 Oct 1962, in JFKMF: 3: 633.

¹⁴¹ As the Embassy reported in mid-January 1963: "Nationalist coup against Qasim would very likely be followed by a drastic purge of Communists in army and government and application of controls even more stringent than in UAR." See Baghdad to State, no. 352, 19 January 1963, in JFKL, Country Files, Box: 117, Folder: Iraq 1961-1962.

¹⁴² Baghdad to State, no. 293, 17 Dec 1962, in JFKMF: 3: 735. The Ba'athists warned that the "Sarifa dwellers could be expected try plunder residential areas until order restored" and advised that the Embassy officers "procure arms... for protection of house and family when the revolt comes."

¹⁴³ Baghdad (Melbourne) to State, no. 362, 22 Jan 1963; see also Baghdad (Melbourne) to State, 15 Jan 1963, in JFKMF: 3: 837-39, and 801.

¹⁴⁴ Rusk to Baghdad (Melbourne, forwarded to various posts), CA -1318, Jan 1963, in JFKMF: 3: 844. For British takes on this period See Allen (British Embassy, Baghdad) to Crawford (British Foreign Office), 1019/12/62G, 31 Dec 1962; Washington (Spears) to London, A-10244, 29 January 1963, both in Bayati, 69-70.

Defense, and seized control of the Abu Ghraib radio transmitter to announce the death of Qasim and the success of the “14 Ramadan Revolution” (the Islamic date of the coup).¹⁴⁵ The proclamation of Qasim’s death proved premature as fighting at the Ministry of Defense would continue for another 27 hours before the Ministry was actually captured and Qasim executed – and it would be several days before resistance from within Communist-dominated *sarifa* districts would be subdued.¹⁴⁶ However, even before Qasim’s body was produced on Baghdad television, Komer informed President Kennedy that, “While its still early, [the] Iraqi revolution seems to have succeeded. It is almost certainly a net gain for our side.”¹⁴⁷ Komer went on to explain what the U.S. could expect from the new regime and outlined steps toward early recognition.¹⁴⁸ Komer’s memo has been taken by many, as evidence of U.S. support for, if not involvement in, the overthrow of Qasim. At the very least the document indicates that Komer felt that the U.S. had a “side” in Iraq’s domestic political affairs.¹⁴⁹

¹⁴⁵ Baghdad to State, A-772 (Week 6), 12 Feb 1963, in RG59, Box 3943, Folder: POL 2-1 Joint Weekas Iraq 2/1/63.

¹⁴⁶ Ibid.

¹⁴⁷ Komer to JFK, 8 Feb 1963, in JFKL, Country Files, Box: 117, Folder: Iraq 1961-1962.

¹⁴⁸ Komer outlined what the US could expect of the new regime in the following terms: “(1) seek to balance heavy Soviet investment by better relations with US and UK; (2) be more reasonable with oil companies; (3) be pro-Nasser but opposed to union; (4) compromise with the Kurds and lay off Kuwait.”

¹⁴⁹ Mufti was the first to cite this document (145). Since his 1996 publication it’s gone “viral.”

But if Komer's memo represents the tip of an iceberg, the depth of that berg's lower reaches remains obscure. For years, speculation about U.S. involvement in the coup has centered on the claim that the CIA provided the Ba'ath's National Guard militia with lists of "known Communists" targeted for "executive action" (execution).¹⁵⁰ Such claims may simply reflect contemporary press reporting from the era. Shortly after the coup, *TIME* magazine, for instance, reported that

hundreds of dogged men in green arm bands [Ba'athist National Guard militia men], carrying mimeographed lists of Red leaders complete with home addresses and auto license plate numbers, methodically hunted down Communists who had grown strong in Kassem's final months. By last week the new regime had killed or jailed nearly 2,500 dissident Communists.¹⁵¹

But such claims would be consistent with American special warfare doctrine from the era.

One study from 1961 or 1962 included a section on "the capability of the U.S. Government to provide support to friendly groups, not in power, who are seeking the violent overthrow of a communist dominated and supported

¹⁵⁰ For whatever it is worth, Aburish identifies Lakeland as the "mastermind" behind this rather brutal episode (55-56). According to Aburish, Lakeland was a CIA agent operating undercover as an assistant military attaché. Though Aburish does not provide a citation, he appears to have gotten this from 'Ali Karim 'Abdullah Sa'id, *'Iraq 8 Shubat 1963: Min Hiwar al-Mafahim ila Hiwar al-Damm - Muraja'at fi Dhakirat Talib Shabib [Iraq, February 8, 1963: From a Dialogue of Understanding to a Dialogue of Blood - Reflections on Talib Shabib's Memory]* (Beirut: Dar al-Kanuz al-'Arabiya, 1999): 273; 277-78 (footnote 1). The documents I am using identify Lakeland as "First Secretary of the Embassy" (not an assistant military attaché), and I have found no evidence to either substantiate or in-substantiate Aburish's claim regarding Lakeland working as a covert operative, though Lakeland did compile a list of "known Communists" in April 1961, see the note below.

¹⁵¹ *TIME*, "Green Armbands, Red Blood," 22 Feb 1963. The article also explained, "Western observers like what they see in Iraq. Said one: 'In general the Baath are a topnotch bunch of responsible, eager, exceptionally well-educated people.'"

government.”¹⁵² The study went on to discuss providing “covert assistance” to such groups and advised that, “Pinpointing of enemy concentrations and hideouts can permit effective use of ‘Hunter-Killer’ teams.” Given the Embassy’s concern with the immediate suppression of Baghdad’s *sarifa* population, it seems likely that American intelligence services would be interested in providing support to the Ba’thist “‘Hunter-Killer’ teams.” Moreover, while it is unlikely that the Ba’th required CIA assistance in identifying its enemies, the Embassy did have in its possession a list of 129 “known Communists,” and it’s not unreasonable to suspect that that list – or ones like it – would have been shared with the Ba’th.¹⁵³

However, the question of whether or not the CIA provided the BPI with lists used in the National Guard’s anti-Communist purge in some ways distracts from the more fundamental issue of American policy toward the BPI and its February coup. The public statements of officials who witnessed the events at close hand suggest that there was an underlying meeting of the minds between

¹⁵² “Deterrence of Guerilla Warfare,” [n.d.], in JFKL, Komer Files, Box: 413, Folder: CI Special Group 2/61-4/62 and undated. See pp. 20, and 52.

¹⁵³ The list was compiled by William Lakeland in April 1962 from open source material (i.e. the Iraqi press) and was considered a “Who’s who of Iraqi Communists.” See Baghdad to State no. 659, 11 Apr 1962, in RG59, Folder: 787.001/4-1162. I would like to thank Nate Citino for generously sharing his discovery of this document with me. According to Tareq Y. Ismael (Professor of Political Science, University of Calgary), a leading expert on the CPI, most of the names on the list were simply prominent intellectuals and not necessarily leaders, or even members of the CPI. Again, I would like to thank Citino for sharing Ismael’s comments with me. It is also worth noting in this context that there are well-documented cases of the CIA providing local “Hunter-Killer” teams (also known as “death squads”) with lists of individuals slated for “executive action” (assassination). See for example, National Security Archive, *Electronic Briefing Book no. 4, CIA and Assassinations: The Guatemala 1954 Documents* ed. Kate Doyle and Peter Kornbluh (see bibliography for web address). Documents nos. 3 and 4 are lists of individuals to be assassinated. Document no. 2 is an instructional manual for committing “political murder in defense of freedom.”

U.S. officials and the BPI. In a 1991 interview, Jamal Atasi, a cabinet member of a Ba‘thist regime that came to power in Syria in March of 1963, discussed the nature of US-Ba‘thist relations at the time:

When we discovered this thing [BPI collaboration with the CIA] we began to argue with them. They would assert that their cooperation with the CIA and the U.S. was to overthrow ‘Abd al-Karim Qasim and take over power—they would compare this to how Lenin arrived in a German train to carry out his revolution, saying they had arrived in a U.S. train. But in reality—and even in the case of the takeover in Syria—there was a push from the West and in particular from the United States for the Ba‘ath to seize power and monopolize it and push away all the other elements and forces.¹⁵⁴

Talib Shabib, a prominent Iraqi Ba‘thist who assumed the post of Foreign Minister after the February 1963 coup, acknowledged that the Ba‘th came to power with CIA support in an interview with Iraqi scholar ‘Ali Karim ‘Abdullah Sa‘id. When confronted, Shabib explained that “it was not unusual in the relations between the Third World and foreign powers for ambitious individuals to advance their political fortunes by looking for ways to cooperate with outside powers” (272), though he rather predictably skirted any details and denied that he personally had any contacts with the CIA prior to the coup (277).¹⁵⁵

The public statements of former American officials shed more light on the nature of US-BPI relations in the period leading up to the coup. In a 2000 PBS interview, James Critchfield, the CIA’s Near East station chief in Cairo (1959-

¹⁵⁴ Mufti (1996): 144.

¹⁵⁵ ‘Ali Karim ‘Abdullah Sa‘id, *Iraq 8 Shabbat 1963: Min Hiwar al-Mafahim ila Hiwar al-Damm - Muraja‘at fi Dhakirat Talib Shabib [Iraq, February 8, 1963: From a Dialogue of Understanding to a Dialogue of Blood - Reflections on Talib Shabib’s Memory]* (Beirut: Dar al-Kanuz al-‘Arabiya, 1999). See also, Hani al-Fkaiki, *Awkar al-Hazimah’: Tajribati fi Hizb al-Ba‘th al-‘Iraqi’i [Dens of Defeat: My Experience in the Iraqi Ba‘th Party]* (London: Riyad al-Rayyis lil-Nashr, 1993) 269-278.

1969), outlined the American attitude toward the Ba'ath, but downplayed the role of the CIA in the overthrow of Qasim:

In 1961 and 1962, we increased our interest in the Ba'ath – not to actively support it – but politically and intellectually, we found the Ba'ath interesting. We found it particularly active in Iraq. Our analysis of the Ba'ath was that it was comparatively moderate at that time, and that the United States could easily adjust to and support its policies. So we watched the Ba'ath's long, slow preparation to take control. They planned to do it several times, and postponed it.

We were better informed on the 1963 coup in Baghdad than on any other major event or change of government that took place in the whole region in those years.¹⁵⁶

While Critchfield was careful to claim that the CIA did not “actively support” the Ba'ath, James Akins, described a more active role played by the US. In a 2004 interview with *Le Monde Diplomatique*, Akins stated that:

The revolution was of course supported by the U.S. in money and equipment as well. I don't think the equipment was terribly important, but the money was to the Ba'ath party leaders who took over the revolution. It wasn't talked about openly – that we were behind it – but an awful lot of people knew.¹⁵⁷

These statements by Critchfield and Akins taken together suggest an integral role for the CIA in Qasim's overthrow.

¹⁵⁶ “The Survival of Saddam,” PBS Frontline, Jan 2000 (see bibliography for web address). PBS also interviewed James Akins for the same program. In response to a question about US reactions to the 1963 coup he explained that when the BPI came to power: “We were very happy. They got rid of a lot of communists. A lot of them were executed, or shot. This was a great development. And things opened up in Iraq. We resumed diplomatic relations. Ultimately, we sent out an ambassador. But when did the disillusionment start? Not while I was there. I left in 1965.”

¹⁵⁷ Akins quoted in Michel Despratx and Barry Lando, “Iraq: Crimes and Collusions: 40 Years of Western Support for the Ba'athists,” *Le Monde Diplomatique*, 2 Nov 2004 (see bibliography for web address).

Conclusion

The Evidence in Sum

In sum, one can conclude that given (1) the interest of top-level government officials (led by Assistant National Security Adviser Komer with the apparent support of the President) in pursuing regime change in Iraq through covert political action, (2) Embassy reports indicating familiarity with the intimate details of Ba‘thist plans for a coup against Qasim, and contingency plans for supporting a successor regime, (3) fragmentary documentation pertaining to the “Iraqi Health Alteration Committee” and other such CIA initiatives, and (4) the recollections of former U.S. and Arab officials, it is clear that American policy – broadly conceived – was a significant factor contributing to Qasim’s downfall and the emergence of a Ba‘thist led regime in Iraq.

In making this argument, it is important to recognize other factors as well. These other factors include Qasim’s alienation of many potential supporters by failing to share power or establish representative institutions, the slow pace of economic development that failed to meet expectations, the debilitating war in Kurdistan, and Iraq’s isolation within Arab world. These factors exacerbated tensions within Iraq and created openings for Washington to exploit. But it is unlikely that the BPI could have executed a *coup d’état* without American support – in one form or another. In other words, this set of factors constitutes a necessary, but, by no means, a sufficient condition for the successful overthrow of Qasim and his replacement by a Ba‘thist regime. Washington’s support, on the other hand (whether material or simply moral), was significant to the ultimate

historical outcome.¹⁵⁸ Ba‘thist conspirators would not have attempted to seize power in the absence of reasonable assurances that their coup would be embraced by the United States. The American embrace of the Ba‘thist regime is detailed in the next chapter.

The Qasim Period in Perspective

The period 1958-63 represents a first act in US-Iraqi post-monarchical relations. The events that took place in this period would structure future relations. The decisive moment in this regard was the promulgation of Law 80. The conflict between the IPC and the government of Iraq that would emerge over that law would be the underlying issue shaping US-Iraqi relations until the Company’s eventual nationalization in June 1972.

While this period witnessed the beginning of the end for the IPC, it also marked the emergence of the BPI as an important force in Iraqi politics, and the beginning of a US-Ba‘thist alliance that would have fateful consequences. As I demonstrate in the next chapter, by supporting the Ba‘thist regime that overthrew Qasim, the U.S. committed its power and prestige to a party that

¹⁵⁸ In this sense the American role in Iraq was comparable with other well-documented cases of covert intervention such as in Iran 1953, Guatemala 1954, and Indonesia 1965. On Iran see Ervand Abrahamian, "The 1953 Coup in Iran," *State and Society* 66, no. 2 (2001): 182-215; and *Mohammad Mossaddeq and the 1953 Coup in Iran*, ed. Mark J. Gasiorowski and Malcolm Byrne (Syracuse: Syracuse University Press, 2004): chapters 4-7. On Guatemala, see Stephen Schlesinger and Stephen Kinzer, *Bitter Fruit: The Story of the American Coup in Guatemala* (Cambridge: Harvard University Press: 1999 [1982]). On Indonesia see Bradley R. Simpson, *Economists with Guns: Authoritarian Development and US-Indonesian Relations, 1960-1968* (Stanford: Stanford University Press, 2008), chapters 5-8; and Benedict Anderson, Ruth McVey, and Frederick Bunnell, *A Preliminary Analysis of the October 1, 1965, Coup in Indonesia* (Ithaca: Cornell University Press, 1971).

became infamous for venal cruelty – and to an extent, tied American fortunes in Iraq to those of the BPI. The alliance with the Ba‘th may have appeared necessary to the defense of American oil interests in the region, but as we shall see in the chapters ahead, it could not preserve those interests indefinitely.

Things Fall Apart:

The Tragedy of US-Ba‘thist Relations, February-November, 1963

Things fall apart; the centre cannot hold;
 Mere anarchy is loosed upon the world,
 The blood-dimmed tide is loosed, and everywhere
 The ceremony of innocence is drowned;
 The best lack all conviction, while the worst
 Are full of passionate intensity.

William Butler Yeats, "The Second Coming"

Breakdown and failure reveal the true nature of things. In failure, life's reality is not lost; on the contrary, here it makes itself wholly and decisively felt. There is no tragedy without transcendence.

Karl Jaspers' epigraph to *The Tragedy of American Diplomacy*, by William Appleman Williams

Over the course of the 1950s and 1960s, respect for anything smacking of "tradition" steadily eroded and the willingness to countenance dictatorial solutions in changing societies steadily increased. Whether this pattern of 'hardening' represented a perversion of the liberal principles behind modernization theory or the gradual unveiling of modernism's mailed fist from the velvet glove of liberal meliorism is an open question. However one answers this question, it is evident that the intellectual history of modernization theory represents in miniature the tragedy of postwar American liberalism.

Nils Gilman, *Mandarins of the Future*, p. 12

Introduction

The February 1963 coup that overthrew the regime of General Qasim opened a new era in the history of US-Iraq relations. Shortly after the coup, the U.S. *chargé d'affaires* in Baghdad reported, "After all this time, it finally came off... Now we are starting out afresh and tuning up for the new situation, which I hope

will offer much promise for the United States.”¹ The chargé’s comments succinctly captured the sense of optimism that characterized American perceptions of the developing situation in Iraq. In this chapter, I analyze U.S. efforts to help the new regime establish a firm base of power, the logic behind Washington’s support for the Ba’th, and the reasons for the Ba’th’s ultimate failure to establish a stable regime.²

I argue that a fascination with modernization theory – indeed, a kind of high-modernist fixation on the transformative power of revolutionary violence – among Kennedy Administration officials produced unrealistic expectations regarding the modernizing potential of the Ba’th.³ The modern educated social origins of Ba’thist leaders, and the party’s populist but anti-Communist orientation, led many policymakers to believe that they had a willing partner with whom they could work to modernize the country and undermine the long-term appeal of Communism’s promises of rapid economic development and social justice. In short, U.S. policymakers believed that the Ba’th represented a viable alternative to Communism in Iraq.

¹ Melbourne to Davies (Confidential, Official-informal), 12 Feb 1963, in RG59, NEA Lot Files 1958-63, Box: 7, Folder: Letters from the Field, Jan-June, 1963. See Also Komer to JFK, 9 Feb 1963 (discussed in chapter 1).

² This chapter is based on the following archival sources: RG59, Central Files 1963, and NEA Lot Files, 1958-1963; the IPC Archive; the John F. Kennedy Library; and *FRUS 1961-63*, volume 18.

³ See Nils Gilman, "Modernization Theory, The Highest Stage of American Intellectual History," in *Staging Growth: Modernization, Development, and the Global Cold War*, ed. David C. Engerman, Nils Gilman, Mark H. Haefele and Michael E. Latham, 47-80 (Amherst: University of Massachusetts Press, 2003); and Gilman, *Mandarins of the Future: Modernization Theory in Cold War America* (Baltimore: The Johns Hopkins University Press, 2003). Gilman’s ideas are discussed at greater length in the conclusion to this chapter.

Key to America's modernizing vision for Iraq was the notion that Iraq's vast oil wealth could be harnessed to serve the purposes of non-Communist economic development, and could facilitate Iraq's reintegration after the ruptures of the Qasim era with a regional political economy that played a critical role in the world economy as a whole. U.S. policymakers, however, overestimated the local base of support available to the Ba'th, and underestimated the complexity of the IPC as an instrument of public policy and the depth of the divisions between the Company and the government of Iraq.

As I demonstrate, the oil companies operating in Iraq were not the passive instruments that U.S. policymakers imagined. The IPC's leading shareholders (BP, Exxon and Shell) had their own foreign policy, one which did not always dovetail neatly with the interests of Washington. Contrary to the preferences of American policymakers, the IPC refused to accommodate the new regime. While Mobil and CFP were interested in increasing Iraqi production and would have been happy to accommodate Washington, the consortium's larger partners – BP, Exxon, and Shell – saw themselves as engaged in a zero-sum struggle for control of Iraq's resources and was unwilling to increase Iraqi production simply to satisfy the political "whims" of London or Washington. For these parties, the change of regime was all but irrelevant. Although the set of political elites in power changed, the basic objective of securing greater state control over Iraqi oil resources did not. American policymakers tried to finesse this point, but had only limited influence with the consortium.

The failure to elicit more cooperative behavior on the part of the IPC, led American policymakers to adopt a heavy reliance on what sociologist Michael Mann describes as the “despotic power” of the state.⁴ This is to say that the U.S. over-relied on police, military, and paramilitary functions to generate a stable social order, due to a failure to develop infrastructures to co-ordinate Iraqi social and economic life. American efforts to reinforce this despotic power took the form of a robust program of counterinsurgency and internal security assistance. In making this argument, this chapter contributes to a historical revision of the Kennedy years in that it emphasizes the administration’s tendency to “countenance dictatorial solutions” to the problems of development in the Third World.⁵

⁴ Mann defines despotic power as “the range of actions which the [state] elite is empowered to undertake without routine, institutionalized negotiation with civil society groups,” and infrastructural power as “the capacity of the state to actually penetrate civil society, and to institute logistically political decisions throughout the realm.” Michael Mann, “The Autonomous Power of the State: Its Origins, Mechanisms and Results,” in *States in History*, ed. John A. Hall, 109-136 (Oxford: Basil Blackwell, 1986): 113. For excellent applications of Mann’s theory to processes of Iraqi state-formation see Malik Mufti, *Sovereign Creations: Pan-Arabism and Political Order in Iraq and Syria* (Ithaca: Cornell University Press, 1996); and Toby Dodge, *Inventing Iraq: The Failure of Nation Building and a History Denied* (New York: Columbia University Press, 2003), especially chapter 7, “The Imposition of Order: Social Perception and the ‘Despotic’ Power of Airplanes.”

⁵ On this historical revision, see, for example, Jeremy Kuzmarov, “Modernizing Repression: Police Training, Political Violence, and Nation-Building in the ‘American Century,’” *Diplomatic History* 33, no. 2 (April 2009); Michael E. Latham, *Modernization as Ideology: American Social Science and “Nation Building” in the Kennedy Era* (Chapel Hill: University of North Carolina, 2000); Bradley R. Simpson, *Economists with Guns: Authoritarian Development and US-Indonesian Relations, 1960-1968* (Stanford: Stanford University Press, 2008); Ryan M. Irwin, “A Wind of Change? White Redoubt and the Postcolonial Moment, 1960-1963,” *Diplomatic History* 33, no. 5 (2009): 897-926. For the orthodox view, emphasizing the president’s idealism, see, for example, Arthur Schlesinger Jr., *A Thousand Days: John F. Kennedy in the White House* (Boston: Houghton Mifflin, 1965); Theodore Sorensen, *Kennedy* (New York: Harper and Row, 1965); Roger Hilsman, *To Move a Nation: The Politics of Foreign Policy in the Administration of John F. Kennedy* (Garden City: Doubleday, 1967).

However, the American effort to build a stable anti-Communist regime in Iraq failed. The Ba‘th’s brutal tactics, unwillingness to share power with other political groups, and reputation for collusion with foreign powers (initially Egypt and then the US) undermined popular support for the regime. Moreover, once in power, the party became increasingly embroiled in a conflict with Nasser that alienated powerful pro-Nasser factions in the Army. In November 1963, these Nasserist officers seized upon a crisis within the Ba‘th party leadership to mount a coup that overthrew the Ba‘th and brought an early American experiment in Iraqi nation-building to a crashing end.

The U.S. and the Consolidation of Ba‘thist Power

The New Regime and its International Reception

The Government that came to power in February 1963 did so through a great deal of bloodshed.⁶ The siege on government ministries executed by rebel military units was accompanied by a house-to-house sweep of Communist districts by the Ba‘th’s National Guard militia.⁷ Precise casualty figures are unknown, but an estimated 1,500 suspected Communists were killed between February 8 and 10 as the Ba‘th seized power. As this violence unfolded in the

⁶ The CPI claimed that 5,000 of its members were murdered between February 8 and February 10. The Ba‘th claimed the number was only 340. Batatu’s “confidential foreign source” claimed that Ba‘th “killed a good lot of communists” and estimated the number was probably 1,500. See Batatu, 985. Mufti, cites Batatu’s figure of 1,500 (p. 144).

⁷ Baghdad to State, A-772, 12 Feb 1963, POL 2-1 Joint Weekas Iraq 2/1/63, Box 3943, RG59, Central Files, 1963, USNA.

streets of Baghdad, the military attaché in the American Embassy toured the city and found the Ba‘th to be “consolidating its position rapidly. ... Any resistance was met with bullets...”⁸ The Embassy reported that the attaché was “impressed” by the “efficiency” of the Ba‘th’s campaign, and “especially by [the] display of friendliness to Americans shown by soldiers and National Guard.”⁹

As the attaché’s comments suggest, the regime that emerged from this bloodshed represented a significant improvement from Washington’s perspective.¹⁰ The Ba‘th consolidated control quickly and announced the formation of a new government with Brigadier ‘Abd al-Salam ‘Arif and Major General Ahmad Hasan al-Bakr as the new President and Prime Minister.¹¹ But these senior military officers were largely figureheads for a group of young, unknown civilian party activists with virtually no experience in government.¹² The real leadership in the movement was provided by ‘Ali Salih al-Sa‘di, the 33

⁸ Baghdad to State no. 410, 10 Feb 1963, POL Iraq, Box 3943, RG59, Central Files, 1963, USNA.

⁹ Ibid.

¹⁰ Melbourne to Davies (Confidential, Official-informal), 12 Feb 1963, Letters from the Field, Jan-June, 1963, box 7, NEA Lot Files, Records of the Director 1958-1963, USNA. See Also Komer to JFK, 9 Feb 1963 (discussed in chapter 1).

¹¹ Recall that the 42 year-old ‘Arif was Qasim’s leading rival, and was not a member of the BPI. The 50 year-old General al-Bakr was the senior military officer within the party. See Biographical Information, February 8 Government, Iraq 1961-1963, box 426, Komer Files, JFKL; Baghdad to State, A-772, 12 Feb 1963, POL 2-1 Joint Weekas Iraq 2/1/63, box 3943, RG59, Central Files, 1963, UNSA.

¹² Baghdad to State, A-772, 12 Feb 1963, POL 2-1 Joint Weekas Iraq 2/1/63, box 3943, RG59, Central Files, 1963, UNSA. See also Batatu 966-73; 1003-26; Mufti, 145; Farouk-Sluglett and Sluglett, 82-87.

year-old BPI general secretary who became Deputy Prime Minister and Minister of the Interior.¹³

Some in the State Department regarded the Ba'th as "a movement of harebrained schoolboys" that lacked the capacity to govern. According to Embassy reports, the party lacked a strong popular base and was rather "proud of being an elite based on the intelligentsia [which neither] sought [nor] needed mass approval and support."¹⁴ However, top-level policymakers in the White House and NSC interpreted the coup as a decisive blow to Soviet interests in the region and embraced the new regime enthusiastically. President Kennedy promptly recognized the new government and ordered the State Department to prepare a new comprehensive aid program.¹⁵ The USSR, for its part, denounced the Ba'th's "Revolution as American inspired and financed," and

¹³ This group included Hazim Jawad (the new Foreign Minister), and Talib Shabib (Minister of State) and Lt. Col. Salah Mahdi 'Ammash (Defense Minister). Jawad, whom the US Embassy described as "one of our boys," received intelligence training from the UAR and was responsible for the BPI's "clandestine printing and propaganda distribution operations." 'Ammash, a former military attaché in Washington DC, was described as "friendly to the service attaches of the US Embassy in Baghdad." See Biographical Information, February 8 Government, in JFKL, Komer Files, Box: 426, Folder: Iraq 1961-1963; Baghdad to State, (Jawad) 14 Nov 1963, in JFKL, Country Files, Box: 117A, Folder: Iraq 9/63-11/63; Baghdad to State, A-251, ('Ammash) 17 Sep 1963, in RG59, Box: 3943, Folder: POL 6 Prominent Persons 2/1/63.

On Jawad, see also Baghdad to State, 14 Nov 1963, (Jawad) Iraq 9/63-11/63, box 117A, Countries, JFKL.

¹⁴ Hilsman (INR) to Rusk, RNA-10, 21 Feb 1963, "Outlook for the Iraqi Coup Regime of February 8, 1963," Iraq 1961-1963, box 426, Komer Files, JFKL. On uncertainty within the State Department, see also Rusk to Beirut, Damascus, Baghdad, 9 Feb 1963, POL 2 Gen Reports and Stats, box 3943, RG59, Central Files, 1963, USNA; State to Various Posts, 14 Feb 1963, Iraq 1962-63, box 117, Country Files, JFKL.

¹⁵ On US recognition and aid for the Ba'th, see Rusk to JFK, 9 Feb 1963, in *FRUS 1961-1963*, 18: 154; Komer to JFK, 10 Feb 1963, Iraq 1962-63, box 117, Country Files, JFKL; Komer to JFK, 20 Feb 1963, *FRUS 1961-1963*, 18, no. 159; Rusk to JFK, 22 Feb 1963, *FRUS 1961-1963*, 18, no. 161.

implicated the CIA.¹⁶ Given such accusations, the Embassy was instructed to take special care “to avoid creating the impression that we sired the regime or are now trying to father it,” but the Kennedy administration’s general embrace of the new government reinforced the common notion that the CIA was “instrumental in bringing to a sudden end a period of considerable Soviet influence in Iraq.”¹⁷ This perception, in turn, undermined the Ba’th’s subsequent effort to establish its nationalist credentials.

US Public-Private Co-Operation and the Ba’thist Regime

With the overthrow of Qasim, many American officials believed that the IPC had been handed a golden opportunity.¹⁸ The U.S. Embassy in Baghdad expressed hope that the Company would extend a loan to the new regime to help it get established and then quickly enter into far reaching negotiations of all

¹⁶ This is how the Soviets characterized the American role in Qasim’s overthrow. See Bagdad to State, A-1101, 28 May 1963, Iraq 3/63-5/63, box 117A, Country Files, JFKL. The PRC leveled similar accusations as well. See Komer to Bundy, 14 Feb 1963, Iraq 1961-1963 WH Memoranda, box 426, Komer Files, NSF, JFKL; ACCRA to State, A-538, 15 Feb 1963, Iraq 1962-63, box 117, Country Files, NSF, JFKL; Hilsman to State, INR Research Memo, 15 Feb 1963, “Implications of Iraqi Coup for Soviet Policy,” Iraq 1962-63, box 117, Country Files, JFKL; Hong Kong to State, no. 1400, 18 Feb 1963, POL Iraq, box 3943, RG59, Central Files 1963, USNA; Moscow to State, no.2617, 16 April 1963, POL Iraq, box 3943, RG59, Central Files, 1963, USNA.

The CIA dismissed charges of “Western, particularly CIA, involvement in the coup” as “Communist propaganda.” See CIA, Office of Current Intelligence (OCI), Special Report, 9 Aug 1963, “Iraq-Kurdish Rebellion, Iraq 6/63-8/63, box 117A, Countries, JFKL. The quote appears on p. 2.

¹⁷ For the first quotation, see Brubeck (ExSec, SD) to Bundy, 13 Feb 1963, FRUS 1961-1963, 18, no. 157. For the second, see CIA, Office of Current Intelligence (OCI), Special Report, 9 Aug 1963, “Iraq-Kurdish Rebellion, Iraq 6/63-8/63, box 117A, Countries, JFKL. The quote appears on p. 2.

¹⁸ Baghdad to State, no. 407, 9 Feb 1963, Iraq 1962-63, box 117, Country Files, JFKL; Baghdad to State no. 437, 14 Feb 1963, Pet 6 Companies 2/1/63, box 3621, RG59, Central Files, 1963, USNA; Brubeck (ExSec, SD) to Bundy, 15 Feb 1963 Iraq 1962-63, Box 117, Country Files, NSF, JFK.

outstanding issues. According to the American Embassy in Baghdad, the new regime was determined to handle all outstanding oil issues on a “ ‘commercial and economic basis’ without issues being submitted to public forum.”¹⁹ The Embassy did not expect the government to retract Law 80, but was confident that the Law “could be subject to [a] practical application.”²⁰

Given this optimism, the State Department met with U.S. business leaders with interests in Iraq to encourage them to adopt a friendly and accommodating attitude toward the new government. On February 14, Philip Talbot, the head of the State Department’s division of Near Eastern Affairs (NEA), met with the representatives of Exxon and Mobil (the two U.S. partners in the IPC consortium) to request flexibility in their dealings with the new Iraqi government.²¹ However, the U.S. oilmen were more circumspect about the new regime. They wanted to know how the coup would affect the situation in neighboring Saudi Arabia, where their interests were much more substantial. They were particularly concerned that the events in Baghdad would lend strength to Nasserist forces in the region committed to the expropriation of foreign oil companies.²²

¹⁹ Baghdad to State no. 437, 14 Feb 1963, Pet 6 Companies 2/1/63, box 3621, RG59, Central Files, 1963, USNA.

²⁰ Ibid.

²¹ Memcon , Talbot with Lindenmuth (Mobil, NEDC VP) and Turner (Mobil), “Recent Developments in Iraq – Effect on IPC,” 14 Feb 1963, POL Iraq, RG 59, Central Files, 1963, Box 3943; POL Iraq.

²² For general trepidation within oil circles about the Nasserist trend in the region see Memcon (Komer) with Kermit Roosevelt (Gulf Oil), 28 Jan 1963, FRUS 1961-1963, 18, no. 145; and Ekserdjian to IPC Shareholder Groups [hereafter: IPC], “Ba’ath Party proclamations on oil negotiations in Iraq,” G/583, 11 Feb 1963, IPC 135984.

However, the State Department had received indications that the conservative regimes in Kuwait and Saudi Arabia were relieved by the emergence of a Ba'thist led government in Baghdad.²³ Talbot did his best to reassure the oilmen that, despite the Ba'th's Nasserist rhetoric of Arab unity and socialism, there were deep tensions between the two forces owing to Syria's 1961 succession from the UAR.²⁴ The BPI even went so far as to ban the public display of Nasser's image.²⁵ Given this tension, there was virtually no chance of a unified Fertile Crescent (Egypt, Syria, and Iraq) turning its sights on American capital investments in the region. Quite to the contrary, Talbot explained, "If the revolutionary group fully establishes itself, then for the first time there will exist a modernizing movement in the eastern part of the Arab world which will offer competition to Nasser."²⁶ The oilmen signaled their willingness to be flexible, but

²³ Memcon with Saudi Amb Sheikh Abdullah al-Khayyal, "Implications of Iraq Revolution with Regard to Saudi Arabia," 13 Feb 1963, POL Iraq, box 3943, RG59, Central Files, 1963, USNA. The Saudi government saw in the Ba'th a potential "ally against Nasser." See Jidda to State, no. 637, February 14, 1963, Iraq 1962-63, box 117, Country Files, JFKL; and Dhahran to State no. 222, 18 Feb 1963, POL Iraq, box 3943, RG59, Central Files, 1963, USNA.

²⁴ On the breakup the UAR, and the Syrian Ba'th's role in promoting it, see Malcolm H. Kerr, *The Arab Cold War: Gamal 'Abd al-Nasir and His Rivals, 1958-1970*, 3d Edition (London: Oxford University Press, 1971), p. 21-43; and Mufti, 132-39.

²⁵ Baghdad to State, A-777, 14 Feb 1963, "New Government Bans Printing and Sale of Arab Personalities [Aref and Nasser]," POL Iraq, box 3943, RG59, Central Files, 1963, USNA. The display of Aref's image was banned as well, indicating a degree of tension between Aref and the BPI.

²⁶ Memcon with Lindenmuth (Exxon, NEDC VP) and Turner (Mobil), "Recent Developments in Iraq - Effect on IPC," 14 Feb 1963, POL Iraq, RG 59, Central Files, 1963, Box 3943; POL Iraq.

warned that given the complex corporate structure of the IPC, it would be difficult to get all parties to agree to a common line of action.²⁷

This same theme of optimism was emphasized a few days later when Robert Strong (NEA) met with Russell Dorr of Chase National Bank. But like the Exxon and Mobil representatives, Dorr was concerned about the security of oil installations in Kuwait and Saudi Arabia. As one of the world's largest investment banks, Chase's holdings would be profoundly affected by any disruption in Gulf oil production.²⁸ Strong tried to reassure Dorr that while the Iraqi leaders were "proponents of statism," they were not "irrational" and would prove moderate and pragmatic in their dealings with the oil companies.²⁹ Dorr accepted Strong's defense of the Ba'th, but was worried about President 'Arif, who was not a member of the Ba'th, and remained a vocal advocate of union with Egypt. To this, Strong contended that 'Arif was merely a "fiery figurehead" who had been brought in to mollify Nasserists and other non-Ba'thist nationalists. But the real power in Iraq, Strong insisted, was with the Ba'th.

²⁷ Komer to JFK, 20 Feb 1963, *FRUS 1961-1963*, 18: 159.

²⁸ In a subsequent meeting Christian Herter Jr. (Mobil) expressed concern that regional instability was having a negative affect on mutual fund values. See Memcon with Moses, Herter, 3 May 1963, PET 6 Companies 2/1/63, box 3621, RG59, Central Files, 1963, USNA.

²⁹ Memcon with Russell Dorr (Washington Rep of the Chase National Bank), "New Regime in Iraq," 25 Feb 1963, POL Iraq, box 3943, RG59, Central Files, 1963, USNA.

The State Department's Assessment of the New Regime

The American government's guidance to the private sector reflected what one might describe as a "romantic view" of the Ba'th. In one State Department communication Secretary Dean Rusk characterized the new regime as "neutralist, reformist, and socialist (Scandinavian type)" in its aims, and predicted that "*Following 'pacification' of the country, including a Kurdish settlement, it is likely to seek to create a democratic and constitutional base and to devise a sounder approach to economic development.*"³⁰ However, the optimistic tone of the State Department's proclamations was undercut by a more realist sensibility lurking just below the surface. Rusk predicted that the Ba'th would develop a "sounder approach to economic development," and be "reasonable" in its dealings with Western business interests, but he also recognized that in the long term, Iraq's "pan-Arabism including a demand for Arab control over Arab resources (oil)" would remain a point of friction between the two governments.³¹

The Wattari Overture and its Demise

Internal Divisions within the IPC

The State Department saw the IPC as the "West's biggest tangible asset in developing new relationship with Iraq," and hoped that the Company would be

³⁰ State to Certain Posts, CA-9411, 2 March 1963, *FRUS 1961-1963*, 18: 174. Emphasis added.

³¹ Rusk to JFK, 22 Feb 1963, "United States Posture Toward Iraq," *FRUS 1961-1963*, 18: 161. The Secretary also expressed long-term concern about Iraq's "bias against monarchies (Saudi Arabia and Jordan)," and its "hostility toward Israel."

flexible in its dealings with the new regime.³² But just as the Mobil and Exxon officials had warned, getting the Company to agree on a common line would be difficult. The Company divided along several axes. Mobil and CFP, the smallest of the parent companies, were both “crude short” and preferred a production increase and a more generally accommodating attitude with regard to Iraq. However, the larger partners, Exxon, BP, and Shell were all “crude long,” and preferred to suppress Iraqi production so as to maintain the prevailing price structure.³³ Moreover, BP, which held a dominant position in the consortium and oversaw the day-to-day management of the Company, was itself divided.³⁴ BP management was split between a hard-line tendency represented by Geoffrey Herridge, the London-based IPC Managing Director, and a more accommodationist approach represented by W.W. Stewart, the chief representative in Baghdad.

³² Baghdad to State no. 437, 14 Feb 1963, PET 6 Companies 2/1/63, box 3621, RG59, Central Files, 1963, USNA. In a subsequent communication, the Embassy described the oil itself as “The most vital free world interest in Iraq.” Oil was the “basis of the Iraqi economy and the major economic factor which [would] permit Iraq to resist Soviet penetration. It [was] therefore in the US interest to do everything within its power to encourage both sides to reach a reasonable settlement of outstanding GOI-IPC problems.” See Baghdad to State, A-1101, 28 May 1963, Iraq 3/63-5/63, box 117A, Country Files, NSF, JFKL. The quote appears on page 9.

³³ On the distinction between “crude long” (surplus reserves relative to marketing capacity) and “crude short” (excess marketing capacity relative to reserves) see the introduction. The smallest partner, Partext (5%), did not play a decisive role in these inter-consortium debates, though it sided with the accommodationist wing.

³⁴ Memcon (Blackiston) with Mobil (Gross), 26 Apr 1963, “IPC-GOI Negotiations,” PET Iraq 2/1/63, box 3621, RG59, Central Files, 1963, USNA.

Stewart, for his part, was particularly impressed by the selection of 'Abd al-'Aziz al-Wattari to serve as the new Iraqi Minister of Oil.³⁵ Al-Wattari was a 33 year-old petroleum engineer who had received a PhD from Colorado State University.³⁶ He had served in Qasim's Oil Ministry but was quite critical of Qasim's oil policy – particularly the way in which Qasim politicized the negotiations with the IPC. In al-Wattari's conversations with Stewart, the Oil Minister emphasized his concern that "oil matters should be approached from a strictly economic point of view."³⁷ He also assured the Company that he did not agree with Qasim's decision to bar the Company from developing the North Rumaila oil field and indicated that while it would not be possible to retract Law 80, the Company could retain preferential access to North Rumaila oil under the existing terms of the law.³⁸ Moreover, he emphasized that the government would make no move to carry through Qasim's threat to establish an Iraq National Oil Company.³⁹ As an initial show of good will, al-Wattari requested that Basra Petroleum Company (the IPC subsidiary operating in the southern part of the

³⁵ Baghdad to State no. 437, 14 Feb 1963 Baghdad to State no. 437, 14 Feb 1963, PET 6 Companies 2/1/63, box 3621, RG59, Central Files, 1963, USNA. American officials acquainted with al-Wattari were equally impressed. See Beirut to State, no 784, 4 March 1963, Iraq 3/63-5/63, box 117A, Country Files, JFKL; Biographical Information, February 8 Government, Iraq 1961-1963, box 426, Komer Files, JFKL.

³⁶ Biographical notes, 20 Nov 1963, in IPC no. 161640; Wattari, Biographical Information, February 8 Government, Iraq 1961-1963, box 426, Komer Files, JFKL.

³⁷ Stewart to Herridge, 12 Feb 1963, IPC no. 135984.

³⁸ Stewart to Herridge, 3 March 1963, IPC no. 135985.

³⁹ Al-Wattari assurance on delaying the formation of the INOC confirms the speculation of Penrose and Penrose (p. 258).

country) increase production from Iraq's southern oil fields exported through the al-Fao loading terminal.⁴⁰ The terminal had a total export capacity of 22 million tons annually (mta), but after Qasim imposed a unilateral increase on Basra port dues in July 1962, the Company reduced exports to a rate of less than eight mta.⁴¹

Stewart urged Herridge to accommodate al-Wattari's initial request and cautioned the Managing Director against demanding an immediate and explicit retraction of Law 80.⁴² Stewart emphasized that the attitude of the new regime "toward the West and towards ourselves... [was] both friendly and encouraging," but warned that the Company could not expect the new regime to "reverse its predecessor's actions overnight."⁴³ In his view, flexibility on the part of the Company was warranted, as the Company had a unique opportunity to work with a sympathetic government, and "*IPC actions [were] likely to constitute a key factor in its survival.*"⁴⁴ Stewart requested that the Director send a high-level delegation to Iraq that would be endowed "with full powers" to increase Iraqi production

⁴⁰ "Timeline of negotiations with new regime Feb 8-24," 28 Feb 1963, IPC no. 135985.

⁴¹ Figures from Penrose and Penrose, 417, n. 1; and 258. The increase raised port dues from 23 fils per ton to 280 fils per ton (500 fils = 1 Iraqi Dinar = 1 British Pound). The State Department calculated that the increase raised oil prices by 7 cents per barrel – a trivial sum in its view. See Memcon Lindenmuth (VP Mobil; President NEDC), 20 Feb 1963, PET 6 Companies 2/1/63, box 3621, RG 59, Central Files, 1963, USNA.

⁴² Stewart pleaded with Herridge: "I am sure you will agree that it is too much to expect that a new government of strong nationalist views can take some dramatic step to reverse the actions of its predecessors, but [nonetheless] it seems to me that we must make a quick response to Wattari's common sense approach to our mutual problems and his manifest good will." See Stewart to Herridge, 12 Feb 1963, IPC no. 135984.

⁴³ Stewart to Herridge, 15 Feb 1963, A/384, IPC no. 135984.

⁴⁴ *Ibid.* Emphasis added.

“on the spot.”⁴⁵ Stewart added that accommodating al-Wattari’s demand for an immediate production increase would be fortuitous to a larger settlement of the Law 80 issue.⁴⁶

Herridge was not persuaded by Stewart’s appeal. The Managing Director preferred to wait and see “how the situation shakes down” before entering into any far reaching agreement.⁴⁷ Ostensibly, the IPC Managing Director’s reluctance to accommodate al-Wattari was motivated by commercial concerns. From Herridge’s perspective, oil exported from the al-Fao terminal was uneconomical, not only because of Qasim’s increased port charges (which al-Wattari agreed to lower), but also because the al-Fao loading terminal was rendered obsolete by changes in oil tanker technology. The trend in the industry was toward new “super tankers” that required newer deepwater loading terminals.⁴⁸

There was also an important political logic at work as well. According to Mobil’s William Lindenmuth, the “British companies, influenced by Foreign Office

⁴⁵ Baghdad to State no. 437, 14 Feb 1963, PET 6 Companies 2/1/63, box 3621, RG 59, Central Files, 1963, USNA.

⁴⁶ Stewart to Herridge, 19 Feb 1963 A/390, IPC no. 135984.

⁴⁷ Herridge quoted in *Ibid.* Unlike Stewart, Herridge did not see accommodating al-Wattari on Basra area issues as productive to future Law 80 negotiations. According to Mobil’s Lindenmuth, “IPC cannot make a maximum offer to Wattari on the Basra area matter in the absence of an overall settlement with the Iraq Government. Thus the company will wish to hold back something for use in later negotiations with the Government.” See Memcon, State (Blackiston) with Lindenmuth (Mobil), “IPC-GOI Negotiations,” 20 Feb 1963, PET 6 Companies 2/1/63, box 3621, RG 59, Central Files, 1963, USNA.

⁴⁸ The Company preferred to export through the Khor al-Amaya deep-water terminal, which went in to operation in late 1962. The government of Iraq, however, was interested in maintaining revenue and employment from the Fao terminal. See Memcon, State (Blackiston) with Lindenmuth (Mobil), “IPC-GOI Negotiations,” 20 Feb 1963, PET 6 Companies 2/1/63, box 3621, RG 59, Central Files, 1963, USNA.

thinking, were not prepared as yet to assume that relations with the new government would necessarily be much better. They preferred to take a 'wait and see' attitude."⁴⁹ For the British Foreign Office, the regime's demonstrated anti-Communism was of only limited utility. From their perspective, the American fears of Communism were hyperbolic. Communists were largely marginalized and persecuted in Middle Eastern countries (as the National Guard's decisive blow against the CPI made all too clear), and the region and its oil resources were in no danger of falling under Soviet control. It was not Communism that represented the greatest threat to Western oil interests, but rather indigenous Arab nationalism, especially when it took inspiration or leadership from Nasser's Egypt. The BPI had overthrown Qasim, only to establish a government committed to a pro-UAR stance, if not outright union.⁵⁰ In short, the view from London was that there was no compelling political or economic reason to accommodate the new leadership in Baghdad.⁵¹

⁴⁹ Ibid. Mobil, as a crude short IPC partner, tended to be the most aggressive in seeking a production increase in Iraq. As a consequence it acted as a key conduit between the State Department and IPC. See the introduction for a fuller discussion.

⁵⁰ Herridge was particularly concerned about the Ba'ath's nationalistic pronouncements on oil. See Ekserdjian to IPC, "Ba'ath Party proclamations on oil negotiations in Iraq," [party circular from October 1960], 11 Feb 1963, IPC no. 135984. See also "IPC Director [Headed] for Iraq Soon," 18 Feb 1963, no. 293, IPC no. 135984.

⁵¹ The British, for their part, resented that "the Americans have benefited from the fact that they probably had contacts with opposition elements before the recent coup." See Thomas to Peyton (Ministry of Power), 17 Apr 1963. See also Hiller (BFO) to Allen (British Embassy, Iraq), 19 Apr 1963; and Allen to Hiller, 25 Apr 1963, British documents published in Hamid Bayati, *Al-Inqilab al-Dami: Al-Khafaya al-Dakhiliyah wa-Mawafiq al-Duwal al-Inqlimiyah wa Dawr al-Mukhabarat al-Gharbiyah [The Bloody Coup: Internal Mysteries, Regional Political Positions and the Role of Western Intelligence]*, 2nd Edition (London: Mu'assasat al-Rafid, 2000), p. 77-81. For excellent analysis of the differences between British and American policies toward Iraq see, Mufti, 118-19, 129-132; see also Wm. Roger Louis, "Britain and the Crisis of 1958," in *A Revolutionary Year: The*

Herridge's reluctance to compromise with the new government in Iraq was supported by the analysis of Richard Bird, a Beirut-based IPC Arabist.⁵² Like Stewart, Bird was impressed with the political leadership of the new regime, but in contrast – indeed direct rebuke – to what he described as Stewart's "pessimism" against pressing too firmly on the new government, Bird believed that the Company was now in a position to demand the complete retraction of Law 80. Whereas Stewart expressed sensitivity to the delicacy of al-Wattari's position and warned that it was "essential" that al-Wattari "not come to be regarded as a tool of the oil companies or Western powers," Bird contended that there was no need to accommodate al-Wattari.⁵³ Bird regarded the new Oil Minister as merely a "transitory figure" lacking in any real power.⁵⁴ Rather than negotiating with this relatively low-level technocrat, Bird advised that "we must disengage Wattari quickly" and negotiate directly with the "soldiers and politicians" at the top of the regime. Bird was particularly encouraged by a recent

Middle East in 1958, ed. Wm. Roger Louis and Roger Owen, 15-76 (London: I.B. Tauris, 2002), p. 70-72; Nathan Citino, "Middle East Cold Wars: Oil and Arab Nationalism in US-Iraqi Relations, 1958-1961," in *The Eisenhower Administration, the Third World, and the Globalization of the Cold War*, ed. Kathryn C. Statler and Andrew L. Johns, 245-269 (Lanham, MD: Rowman and Littlefield, 2006), p. 258.

⁵² Bird's position in the firm is not entirely clear. This is my best estimate based on the reports that he filed.

⁵³ Stewart to Herridge, 3 March 1963; William E. Lindenmuth Memo on Melbourne/Wattari Discussions, 8 March 1963, both in IPC no. 135985.

⁵⁴ Bird to Chairman, 1 March 1963, IPC no. 135985.

press conference in which President ‘Arif stated that, “all laws issued by Kassem on oil affairs will be reconsidered.”⁵⁵ Bird continued:

I mention it because I still do not think we should assume that the new Iraq Government is going to consider it quite impossible to amend or abrogate Law 80 – as we have sometimes been advised... the less we appear to accept the inevitability of the rape of IPC/BPC/MPC by the former Prime Minister, the better chance we will have of getting back our rights in part, if not in whole. ... *I have the impression that a number of our Groups still think Law 80 is irrevocable. I think they are wrong* [emphasis added].

For Bird, and IPC hardliners, there was no need to accept the “rape” of IPC; reclamation of the Company’s “rights” was within reach.

The Failure of the Murphy Mission

Bird’s hard-line analysis was in direct contradiction with the interests of the United States. Ba’thist leaders were well aware of American fears of the Communist phantom and sought to use this to their advantage. Using a tactic common to many postcolonial states caught in the maelstrom of the Cold War (including most notably, Egypt, in the Middle East), Iraqi officials sought to use the threat of Communist subversion as a lever compel the U.S. to use its influence to elicit more cooperative behavior on the part of the IPC. In their meetings with American Embassy officials, Ba’thist leaders never failed to stress that the most effective way to combat Communism in Iraq was to eliminate poverty and promote economic development. This could be accomplished, in the words of one Iraqi official, by “getting the oil companies to increase production in order to

⁵⁵ ‘Arif is quoted in “Iraq – Law 80,” March 12, IPC no. IPC 135985. ‘Arif’s comments were reported in *Tayyar* a Beirut daily on 23 Feb.

raise the standard of living of the people. Thereby providing a better life, hope for the future and dealing the coup de grace to Soviet efforts to communize the country.”⁵⁶

US pressure on the British, and British pressure on BP, did compel the IPC to send a delegation to negotiate with the new regime. But rather than sending a high-level delegation as Stewart requested, Herridge chose to send Lester Murphy, a relatively low-level representative to act as a mere “feeler.” When Murphy finally arrived in late April, he demanded the complete retraction of Law 80.⁵⁷ In his discussion with al-Wattari, Murphy tried to convince the Oil Minister that the passage of Law 80 was contrary to Iraqi national interests. He pointed out that there had been no capital investment in Iraq since the issuance of the law, and warned that there would be no investment until the IPC and other foreign investors had some assurance that their property rights would be respected. al-Wattari for his part, tried to convince Stewart that while he was not a fan of Qasim, Law 80 was “the one good thing that he did,” and made it clear

⁵⁶ Memcon with Director General of Security Jamil Sabri Bayati, 26 April 1963, Baghdad 1963, box 7, RG59, NEA Lot Files, Records of the Director 1958-1963, USNA. For the same argument (“The United States could help fight Communism in Iraq at no cost to itself by joining with other Western countries in persuading IPC to increase its oil production.”), see Basra to State A-66, “Call of the New Mutasarrif of Basra Liwa at the Consulate, “14 March 1963, POL 6 Prominent Persons Iraq 2/1/63, box 3943, RG59, Central Files, 1963, USNA. See also Baghdad to State, no. 674, 22 April 1963; and Baghdad to State, A-1101, 28 May 1963, both in Iraq 3/63-5/63, box 117A, Country Files, JFKL.

⁵⁷ Memcon Wattari, Uqaili, Murphy, Stewart, Road, Ministry of Oil, Baghdad, 22 Apr 1963, in IPC no. 135985.

that given the political climate in Iraq, neither “he, nor anyone else, not even the RCC could amend it... That would be political suicide.”⁵⁸

Given the distance between the two negotiating positions, the April negotiations quickly collapsed. The breakdown alarmed the State Department, which called for a meeting with British Embassy officials in Washington on April 29. In the meeting, the State Department requested that the British government instruct its oil companies to be more forthcoming with the new leadership in Baghdad. For their part, British officials stressed that British shareholders in IPC had long been “prepared to negotiate with a new Iraq Government whenever Qassim were overthrown,” but described the new regime as disorganized and dysfunctional and therefore impossible to deal with.⁵⁹ But the State Department was not convinced that the Company had offered “anything useful in the Iraqi view.”⁶⁰ The State Department believed that the British were being unrealistic in what they could expect from the new regime, and attributed this lack of realism to the “old school persuasion” of BP officials in London.⁶¹ Washington continued

⁵⁸ Ibid. In 1962, the rate of Iraqi oil production increased by only .05%, while Iran increased by 12%, Kuwait by 11.5%, and Saudi Arabia by 9.2%. See Joe Stork, *Middle East Oil and the Energy Crisis* (New York: Monthly Review Press, 1975), p. 106. For a broader comparison of production figures across the 1960s, see chapter 3 of this dissertation.

⁵⁹ Memcon with British Officials, 29 April 1963, PET 6 Companies 2/1/63, box 3621, RG59, Central Files, 1963, USNA.

⁶⁰ Memcon with Moses (Mobil) and Christian Herter, Jr. (Mobil Company Government Relations), 3 May 1963, PET 6 Companies 2/1/63, box 3621, RG59, Central Files, 1963, USNA.

⁶¹ Ibid.

to pressure on British counterparts over the course of the spring an early summer, but to no avail.⁶² The IPC was unwilling to budge.

Wattari and the "Small Committee"

The failure to reach a speedy accord with the IPC had the effect of hardening al-Wattari's negotiating position. Al-Wattari, by the late spring, was already under intense criticism within Iraq for not moving forward with Qasim's initiative to form a National Oil Company, and pressure was mounting on him to show something tangible in return for his accommodating stance vis-à-vis the companies.⁶³ Despite growing demand for Middle Eastern oil due to a cold winter

⁶² US officials expressed considerable frustration with BP in particular. According to Roger Davies (NEA): "It is BP which has been reluctant to be forthcoming to the Iraqis. In the first days after the Iraqi coup, it appeared that BP was motivated by a fear that the new government would be subordinated to the UAR. More recently, however, the apparent BP desire to go slow has been based on the fact that the Iraqi Government is continuing to face internal and external difficulties and the future is somewhat obscure." See Davies to Eilts, 30 March 1963, Baghdad 1963, RG59, NEA Lot Files, box 7, Records of the Director, 1958-1963, USNA.

On growing frustration with BP and the British more generally, see: London to State no. 3172, 15 Feb 1963, Pet 6 Companies 2/1/63, box 3621, RG59, Central Files, 1963, USNA; Virgil L. Barr (Petroleum Attache, Baghdad) to Davies, March 18, Baghdad 1963, RG59, NEA Lot Files, box 7, Records of the Director, 1958-1963, USNA; Baghdad to State no. 680, 22 April 1963, PET 6 Companies 2/1/63, box 3621, RG59, Central Files, 1963, USNA; Memcon (Blackiston) with Mobil (Gross), 26 Apr 1963, "IPC-GOI Negotiations," PET 6 Companies 2/1/63, box 3621, RG59, Central Files, 1963, USNA; Baghdad to State, no. 733, 4 May 1963, Pet 6 Companies 2/1/63, box 3621, RG59, Central Files, 1963, USNA; Baghdad to State no. 31, 6 July 1963, Pet 6 Companies 2/1/63, box 3621, RG59, Central Files, 1963, USNA; Baghdad to State, no. 32, 8 July 1963, PET 6 Companies 2/1/63, box 3621, RG59, Central Files, 1963, USNA; State to Baghdad, no. 13, and London no. 171, 8 Jul 1963, PET 6 Companies 2/1/63, box 3621, RG59, Central Files, 1963, USNA.

⁶³ Penrose and Penrose speculate that the delay in forming INOC was a result of Company pressure (258), this, was indeed, the case.

in Europe, al-Wattari appeared to be getting nowhere with his efforts to increase IPC production.⁶⁴

This mounting pressure led al-Wattari, in April 1963, to form a three-person “Small Committee” within the Ministry of Oil to review the state of all oil matters.⁶⁵ In addition to Wattari, the Committee was composed of Adib al-Jadir and Khayr al-Din Hasib. Al-Jadir was a textile engineer who had received a PhD from the University of Colorado. He served as Qasim’s first Director General of Oil Affairs, but stepped down in April 1959 in protest of Qasim’s dispute with Nasser, and his increasingly dictatorial prerogatives.⁶⁶ Hasib, for his part, studied statistics at Cambridge University on an IPC scholarship.⁶⁷ After receiving a PhD in 1959, Hasib went to work for the IPC in its London offices. After a year in London, he returned to Iraq and went to work in the Company’s Concessionary Affairs Division in Baghdad. Hasib left the company within a few months, but Bird noted regret at not being able to make use of his “undoubted talents” and that he left “of his own volition and on friendly terms.”⁶⁸

Given the background of these individuals, the establishment of the Small Committee, to the extent that it was noticed, was not seen as a hostile act. But as

⁶⁴ London to State, no. 3172, 15 Feb 1963, Pet 6 Companies 2/1/63, 3621, RG59, Central Files, 1963, USNA.

⁶⁵ Ekserdjian to IPC, 8 April 1963, IPC no. 135985.

⁶⁶ Biographical notes, Adib al-Jadir, 20 Nov 1963, IPC no. 161640.

⁶⁷ Hasib’s *The National Income of Iraq, 1953-1961* was published by Oxford University Press in 1964 and remains a seminal work in the field of Iraqi economic history.

⁶⁸ Ekserdjian to IPC, 8 April 1963, IPC no. 135985.

we shall see, this step proved to have immense long-term implications. Al-Jadir and Hasib would go on to play leading roles in Iraqi oil politics over the course of the next decade, and in retrospect, the formation of the Small Committee can be seen as a direct response to the Company's failure to respond to al-Wattari's initiative, and as an important turning point in Iraq's post-Qasim evolution toward a more confrontational stance vis-à-vis the companies. As the summer wore on, al-Wattari expressed increasing adamancy in defense of Law 80, and signaled his desire for Iraq to displace Iran and Saudi Arabia as leaders within OPEC and to take the organization in a more radical direction.⁶⁹

Developing a Counterinsurgency State in Iraq

Mullah Mustafa Barzani and the Second Wave of the Kurdish Insurgency, February-June

The Ba'th's failure to achieve an immediate production increase was compounded by a failure to achieve a settlement with the Kurds. As noted in chapter one, Mullah Mustafa Barzani and the Kurdish Democratic Party (KDP) initially supported the Ba'thist coup against Qasim. On February 10, the KDP sent a congratulatory telegram to the NCRC and announced a cease-fire to the war.⁷⁰

⁶⁹ This hardening of Wattari's negotiating position was apparent in May when CFP's Jean Duroc-Danner went to Baghdad to attempt a softer approach to finding a way of "making Law 80 ineffective." See Memcon (Cotton Dept Ass Secy, NEA) with Page (VP JSO), "Iraq and Law 80," 15 May 1963, PET Iraq 2/1/63, box 3621, RG59, Central Files, 1963, USNA. On Wattari's intention to assert control of OPEC and take it in a more radical direction, see London to State A-2793, 18 May 1963, PET Iraq 2/1/63, box 3621, RG59, Central Files, 1963, USNA.

⁷⁰ Jawad, 113.

In early March, General Tahir Yahya, Chief of the General Staff, traveled to Barzani's mountain stronghold in the far north of Iraq to negotiate an autonomy agreement.⁷¹ However, Yahya found Barzani in no mood to compromise. Barzani regarded his revolt as the critical element accounting for Qasim's weakened position and the success of the February coup. In Barzani's view, no regime in Baghdad could survive without his support. He therefore presented Yahya with maximalist autonomy demands including Kurdish control over Kirkuk oil fields – to include a guarantee that an autonomous Kurdish government under his leadership would receive two-thirds of Iraq's total oil revenue.⁷² Yahya was given three days to comply with Barzani's demands or war would be resumed. The war was not in fact resumed in March, but tensions between the two sides continued to escalate over the course of April and May leading senior Iraqi officials to increasingly look to a military solution to the Kurdish question.

Weighing Military Assistance to the Ba'th

Escalating tensions with the Kurds were a matter of great concern to American policymakers.⁷³ In March, Assistant National Security Adviser Robert

⁷¹ See Jawad's detailed discussion of these negotiations, pp. 132-45.

⁷² Jawad, 135.

⁷³ State (Rusk) to Bagdad no. 292, 8 Mar 1963, POL Iraq, box 3943, RG59, Central Files, 1963, USNA; JCS to McNamara (Secretary of Defense), JCSM-197-63, 9 Mar 1963, *FRUS 1961-1963*, 18: 184; Saunders (NSC) to Bundy (NSC), 2 April 1963, *FRUS 1961-1963*, no. 204; State to Baghdad, 5 Apr 1963, in *FRUS 1961-1963*, 18, no. 208; Memcon with UK Embassy in DC, "British

Komer warned, "Some of our spies are beginning to get quite worried about [the] risk that [the] Kurdish problem may flare up again to bedevil [the] new Iraqi regime."⁷⁴ With the removal of Qasim, the CIA believed that there was nothing stopping the Soviet Union from providing military support to the Kurds.⁷⁵ An Iraqi regime weakened by a Kurdish insurgency would, in turn, "benefit only the Soviets and the Iraqi communists."⁷⁶ The situation became so critical that it caught the attention of the Special Group on Counterinsurgency (SGCI) within the White House, a new Kennedy administration entity formed to oversee counterinsurgency assistance to allied regimes in the developing world.⁷⁷ For the Special Group, the "prolongation of the conflict in Iraq engenders instability, and provides an opportunity for communist exploitation of the Kurdish problem in

Representatives re Iraqi Kurdish Problem," 11 May 1963, POL Iraq, box 3943, RG59, Central Files, 1963, USNA.

⁷⁴ Komer to Bundy, March 1, 1963, in *FRUS 1961-1963*, 18: 173.

⁷⁵ Cline (CIA) to Bundy, 7 March 1963, Iraq 3/63-5/63, box 117A, Country Files, JFKL.

⁷⁶ State to Certain Posts, CA - 9411, 2 Mar 1963, in *FRUS 1961-1963*, 18: 174.

⁷⁷ The Special Group on Counterinsurgency (SGCI) was established on January 18, 1962 to coordinate American efforts to combat "subversive insurgency ('wars of liberation')." Robert Kennedy (Attorney General and brother to the president) was chair of the SGCI. See NS Action Memorandum No. 124, 18 Jan 1962, "Establishment of the Special Group (CI)," CI Special Group 2/61-4/62 and undated, box 413, Komer Files, NSF, JFKL. As a continuation of these efforts the Office of Public Safety was established under the Agency for International Development (AID) on November 1, 1963 to coordinate assistance to police and paramilitary forces in selected countries. See AID, General Notice, 1 Nov 1963, CI Police Programs 1961-1963 [3 of 4], box 413, Komer Files, NSF, JFKL. Police assistance to Iraq totaled \$120,000 for 1963 and 1964. Compare to \$832,000 for Iran in the same period. On police assistance figures for Iraq see Memorandum for the Special Group (CI), Report on Public Safety Activities, 15 April 1963, CI Police Programs 1961-1963 [4 of 4], box 413, Komer Files, JFKL.

Iraq and in neighboring countries.”⁷⁸ Despite largely *pro forma* references to a “negotiated settlement of the Kurdish issue,” the Special Group saw “A firm Iraqi military position” as offering the best prospect for “an early end to hostilities and [the] advancement of internal stability in Iraq.”⁷⁹

However, expanding the repressive capacity of the Iraqi state proved counterproductive to the stated objective of promoting a negotiated settlement of the Kurdish issue. Indeed, in May, one Embassy official expressed concern that U.S. assistance was not moving the Iraqi government toward moderation. On the contrary: “The preponderance of educated Baghdadis seem to favor a ‘final solution’ of the Kurdish problem. *Iraqis are advocating with alarming frequency a program of outright genocide in Kurdistan.*”⁸⁰ In the view of General Hardan al-Tikriti of the NCRC, the “Kurds should either accept [the] ‘opportunity to become Arabs,’ or face ‘extermination’.”⁸¹ Such sentiments continued to increase among senior Iraqi leaders over the course of May, and on June 10, the Iraqi Army launched a new offensive to bring “law and order” to the North. The so-called “Second Wave” of the Kurdish war had begun.⁸²

⁷⁸ Minutes of the Special Group on Counterinsurgency (Governor Harriman, RFK, General Taylor, Mr. Forrestal, McCone, et al.) Meeting, May 16, 1963, *FRUS 1961-63*, 18: 251.

⁷⁹ *Ibid.*

⁸⁰ Baghdad to State A-1039, “Iraqi Attitudes Toward Kurds and Kurdish Revolt,” 7 May 1963, POL Iraq, box 3943, RG59, Central Files, 1963, USNA. Emphasis added.

⁸¹ *Ibid.*

⁸² Jawad, 142-48.

One factor contributing to the Ba'ath's decision to seek a military solution to the Kurdish problem was U.S. military assistance. In early April, the U.S. agreed to provide Iraq with 40 tanks, 12 tank transporters, 15 combat helicopters, and 500 military trucks.⁸³ Shortly after the outbreak of hostilities in June, Iraq requested an emergency resupply including the provision of napalm weapons. To sweeten the deal, General Hasan Sabri al-Bayati offered to provide the American Embassy with a Russian made "T-54 tank and technical manuals on Soviet equipment."⁸⁴ The NEA expressed concern that providing "napalm to be used to put down the Kurdish uprising" at a time when "Soviet press and radio are initiating charges of genocide against Kurds entails some propaganda risks."⁸⁵ Moreover, the actual use "of napalm might destroy villages, but would not necessarily drive Kurds to surrender; on contrary, it might stiffen their resistance and cause them to seek active material Soviet support."⁸⁶ Despite these risks, President Kennedy was an enthusiastic supporter of providing counterinsurgency assistance to the Ba'ath, and the NEA concluded that the anticipated intelligence value of the Soviet equipment was sufficient to justify the

⁸³ Saunders (NSC) to Bundy (NSC), 2 April 1963, FRUS 1961-1963, no. 204; Davies to Talbot, 20 June 1963, "Provision of Arms to Iraq" (Secret), Baghdad 1963, box 7, RG59, NEA Lot Files, Records of the Director, 1958-1963, USNA.

⁸⁴ Davies to Talbot, 20 June 1963, "Provision of Arms to Iraq" (Secret), Baghdad 1963, box 7, RG59, NEA Lot Files, Records of the Director, 1958-1963, USNA. For the initial request see Memcon with Dir Gen of Sec Jamil Sabri Bayati, 26 April 1963, Baghdad 1963, box 7, RG59, NEA Lot Files, Records of the Director, 1958-1963, USNA.

⁸⁵ Ibid.

⁸⁶ Ibid.

risks.⁸⁷ If the Iraqis carried through on their part of the deal – which was not a given – it would “allow the U.S. [to] manufacture replacement equipment in the west to provide an alternative to Soviet supply.”⁸⁸

The decision to meet the Iraqi request for military assistance reflected what Bradley Simpson describes as the “developmental imagination” of American national security planners.⁸⁹ According to this logic, only the emergence of a well-armed government would be able to establish internal security and set Iraq on the road to political and economic development – which in turn, would be accomplished through military auspices. In short, progress toward national development in Iraq, required the construction of what Simpson describes as a

⁸⁷ According to Robert Komer, the President believed the “Soviets have come out directly in support of Kurds; ergo, we should support the Iraqis.” Komer added the following endorsement: “This makes good sense on many counts, but Talbot [NEA] is too waffly for CIA’s taste (and in this case for mine). A little ammo for the Iraqis would be a good investment, even without a delightful bonus [the T-54].” Komer to Bundy, 19 June 1963, Iraq-Kurdish Rebellion, 13 June 1963, Iraq 6/63-8/63, box 117A, Countries, JFKL.

Earlier, an unidentified Embassy officer responded to an Iraqi request for military aid in the following terms: “... much of Iraq’s wealth in recent past has been squandered on maintenance oversize military establishment [that] could be diverted to build schools, hospitals, and promote general economic situation which appeared to be static and declining rapidly.” See Memcon with Director General of Security Jamil Sabri Bayati, 26 April 1963, Baghdad 1963, box 7, RG59, NEA Lot Files, Records of the Director 1958-1963, USNA.

⁸⁸ According to Shabib’s later recollection, Bayati arranged the T-54 deal without prior authorization from himself, ‘Ammash, or Bakr. When the Ba’thist leadership learned of the deal they objected and refused to follow through. According to Shabib, the whole affair was a scandal, as it had turned Iraq into a “spy state.” He described the resulting situation as a “double sided predicament: on the one side Iraq would lose the Soviets as a source of intelligence. On the other the United States would see us as a bunch of kid swindlers [*mutahaleen al-sabaneen*].” See ‘Ali Karim ‘Abdullah Sa’id, *Iraq 8 Shubat 1963: Min Hiwar al-Mafahim ila Hiwar al-Damm - Muraja’at fi Dhakirat Talib Shabib [Iraq, February 8, 1963: From a Dialogue of Understanding to a Dialogue of Blood - Reflections on Talib Shabib’s Memory]* (Beirut: Dar al-Kanuz al-‘Arabiya, 1999): 274.

⁸⁹ See Bradley Simpson, “Imagining Indonesian Development,” and “Developing a Counterinsurgency State,” (chapters one and three) in *Economists with Guns: Authoritarian Development and US-Indonesian Relations, 1960-1968* (Stanford: Stanford University Press, 2008).

“counterinsurgency state” – that is to say, a state whose principal functions are organized around efforts to promote “short run stabilization” as a precondition to more “long-range modernization.”⁹⁰

The Breakdown of the Ba‘thist Regime

“Defensive Unionism” and the Cairo Charter

The threat of Communist opposition, the simmering impasse with the IPC, and war in Kurdistan were not the only problems bedeviling the Iraqi regime by the summer of 1963. The Ba‘thist-led government committed, rhetorically at least, to pan-Arab unity never held any great appeal to Iraqi Shi‘is or Kurds.⁹¹ Many Shi‘is in particular were opposed to Iraq joining in any Sunni dominated pan-Arab state and harbored particular animus against ‘Arif who had a reputation for anti-Shi‘a sectarianism.⁹² However, by the mid summer it was clear

⁹⁰ Simpson, 63. Once “internal security” was achieved through effective application of counterinsurgency theory, the military itself was to undertake large-scale development projects in what Simpson describes as “military-led modernization” (67-74). Just as Simpson’s analysis suggests, the Embassy in Baghdad believed: “Iraqi Army offers opportunities for civil action (Defense/AID) program. Inform GOI that American team with experience in other areas could be made available to explain and explore possibilities GOI *utilizing Iraqi military for development work* [emphasis added].” See Baghdad to State, no. 594, 27 Mar 1963, Iraq 3/63-5/63, box 117A, Country Files, JFKL.

⁹¹ Though it should be noted that urban, modern-educated KDP Kurds led by Jalal Talabani did see opportunity in unification with Egypt. Talabani and Nasser met (behind the back of both Barzani and the BPI) several times in mid to late February to discuss unity plans. Talabani believed that Nasser would be more amenable to their interests than the BPI and believed that an autonomous Iraqi Kurdistan might be more likely within a larger pan-Arab federation than an independent Iraq. However, Talabani and the KDP, never had Barzani’s support in this, and were, in any case, quickly marginalized by his military leadership. See Baghdad to State, no. 501, 1 Mar 1963, Iraq 3/63-5/63, box 117A, Country Files, JFKL. For detailed analysis see Jawad, 113-122.

⁹² On Shia opposition to the Ba‘th see: Baghdad to State A-74, 14 May 1963, “Public Demonstrations in Basra,” POL Iraq, box 3943, RG59, Central Files, 1963, USNA.

the Ba‘th was rapidly losing support among its ostensible base of support among Sunni pan-Arabists within the officer corps.

The “Ba‘thist regime” was always a coalition government in which the Ba‘th was only one element – albeit the leading element. Despite the tension between the BPI and the Nasserists who made up the nationalist coalition, both groups had an interest in maintaining the appearance of pan-Arab unity. In a classic case of what Malik Mufti describes as “defensive unionism,” the Iraqi regime initiated a series of tripartite unity talks with Egypt and Syria (which was also led by a weak Ba‘thist regime after March 8, 1963) that culminated in an April 17 “Cairo Charter” that outlined a step-by-step process for unifying the Fertile Crescent.⁹³

However, this façade of pan-Arab unity was fragile, and a power struggle between the Ba‘thist and Nasserist factions was increasingly apparent by the early summer.⁹⁴ According to Batatu, there was nothing to hold the nationalist

⁹³ Mufti describes “defensive unionism” as a “short-term solution to the problem of regime consolidation” (8). It is this concern with regime consolidation that leads a government to cede “sovereignty to more powerful foreign actors” (2). In these meetings, Nasser, still smarting from the Syrian succession, drove a hard bargain that entailed a great deal of centralized power in Cairo, and greater representation for his partisans within the Syrian and Iraqi governments. Nasserists in both Syria and Iraq accepted such terms as they were angling for leading roles in a new federation that would allow them to eventually eliminate their Ba‘thist rivals. The Ba‘thists (especially the Syrians) were loath to repeat the experience of 1958-61, but were, to an extent, prisoners of their one pan-Arabist rhetoric. These talks culminated in an April 17 “Cairo Charter” that outlined a step-by-step process of unifying the Fertile Crescent. See Mufti, 149-152.

⁹⁴ The Embassy reported growing concern over mounting opposition to the BPI and its National Guard militia. This opposition was expressed in May with an attempted coup led by Nasserists. See Baghdad to State, no. 621, 5 Apr 1963, Iraq 3/63-5/63, box 117A, Country Files, JFKL; “British Paper on Iraq” (Secret), 13 April 1961, 1961 Chron Inter-Office Memo (folder 2 of 2), box 3, RG59, NEA Lot Files, Records of the Director, 1958-1963, USNA. On the Nasserist coup attempt, see

coalition together beyond a general opposition to Qasim and his Communist supporters. In his words, the Ba‘th party suffered, above all, from a lack of any “considered program” for Iraq: “A Ba‘thi would have looked in vain through the whole literature of his party for a single objective analysis of any of the serious problems besetting Iraq. Instead of thought, he could find only wide and vague slogans.”⁹⁵ Compounding this lack of a “considered program” to hold a political coalition together, was a general “vindictiveness” and “cruelty” toward political enemies that “severely damage[d] the image of the party in the public mind.”⁹⁶ Batatu draws on Dostoevsky to summarize the Ba‘th’s dilemma: “Nothing is harder than to have an idea or easier than cutting off heads.”⁹⁷

U.S. Ambassador Robert Strong’s Assessment

Even the U.S. Embassy, which had a great deal invested in believing in the modernizing potential of the Ba‘th, began to express concern over the party’s shallow base of support by early summer. In May, William Lakeland noted rising opposition from Nasserist Army officers and that there were persistent rumors of the brutality and corruption of the Ba‘thist regime – including reports of “special

USARMA Baghdad to State, CX 107-63, May 26, 1963, Iraq 3/63-5/63, box 117A, Country Files, JFKL.

⁹⁵ Batatu, 1013-14.

⁹⁶ Ibid, 1012.

⁹⁷ Quoted in Ibid, 1014.

rape prisons for Iraqi girls.”⁹⁸ Lakeland discounted such reports as products of over-active Oriental imaginations, but still lamented the Ba’th’s failure to generate a base of popular support.

Lakeland’s report was only one in a series indicating that the Iraqi regime was suffering from a weak social base. But despite such indications, the U.S. Embassy remained bullish on the prospects for the party. In June, the American *chargé d’affaires* in Baghdad noted that that the Ba’th had succeeded in consolidating its hold over the “machinery of government and instruments of power” by expanding the National Guard to a force of 20,000 (from less than 5,000 in February) and purging it “of elements considered unreliable by Baath.”⁹⁹ The following month, Robert Strong, a veteran of the NEA and the IIAG (see chapter one) and the new Ambassador to Iraq reported, “As a clandestine group with good intelligence experience and capabilities, Baathists are likely to be able to make the formation of [a] hostile, effective power grouping difficult, including in the army.”¹⁰⁰ Strong expressed concern that failure to put down the Kurdish rebellion could cause problems for the regime, but was confident that the BPI

⁹⁸ Baghdad to State, A-1083, 21 May 1963, POL Iraq, box 3943, RG59, Central Files, 1963, USNA.

⁹⁹ Baghdad (Melbourne) to State, A-118, 18 June 1963, “Statement by NDP on Arab Union,” POL 12 Political Parties 2/1/63, box 3943, RG59, Central Files, 1963, USNA.

¹⁰⁰ Baghdad to State, no. 32, 8 July 1963, (Secret), PET 6 Companies 2/1/63, box 3621, RG59, Central Files, 1963, USNA. Strong indicated that there were 1,200 Ba’thist officers – some 20 percent of the officer strength, and that the “National Guard is effective power instrument opposition army officers cannot overlook.”

was sufficiently “tough and ruthless” to hang on to power despite growing opposition.¹⁰¹

In August, as indications of opposition to Ba‘thist rule continued to mount, Ambassador Strong took a step back and tried to put the political situation in perspective:

Regarding the present Iraqi Government, after two months of what I believe has been cold, objective analysis, I have come to the view that the U.S. should do what it can to support this GOI. ... While there are a number of things about the Baath I dislike and even fear (a bit), I would hate to see Iraq drop back [in] to chaos, utter incompetence, and [the] breeding of communism as a result of [the] disappearance of the Baath. A military coup against the Baath would almost certainly have all or most of these results.¹⁰²

The Ambassador’s reservations reflected growing concern on the part of the Embassy that Ba‘thist methods were fanatical and cruel and party’s hold on power was growing increasingly tenuous. Other indications, particularly from oil industry sources, suggested that despite U.S. counterinsurgency and internal security assistance, the regime was unable to deliver the public order and competent administration the Ambassador envisioned.¹⁰³

¹⁰¹ Ibid.

¹⁰² Strong to Killgore (INR), 28 Aug 1963, Letters from the Field, 7/63-12/63, box 7, RG59, NEA Lot Files, Records of the Director, 1958-1963, USNA.

¹⁰³ Bird, for example, expressed frustration with the “young Ba‘athi hotheads” but insisted: “The only alternative to Ba‘athi Government is Communism, and with all its shortcomings I prefer the former.” See Bird to Herridge, 1 June 1963, IPC no. 139985. See also Bird to Dalley 30 June 1963; and Bird to Dalley 3 July 1963 both in IPC no. 139985; Baghdad to State, no. 307, 13 Sep 1963, PET 6 Companies 2/1/63, BOX 3621, RG59, Central Files, 1963, USNA; Baghdad to State, A-236 (Confidential), 14 Sep 1963, “Ambassador’s Visit to IPC Installations at Kirkuk and K-3 Pumping Station,” PET 6 Companies 2/1/63, BOX 3621, RG59, Central Files, 1963, USNA.

Anarchy in Kirkuk

Most worrying from a law and order standpoint, were reports on the state of IPC operations in northern Iraq. The ongoing war with the Kurds undermined oil production in Kirkuk where two-thirds of Iraqi oil was produced. IPC officials complained of nightly sabotage of oil facilities and described the Army and Oil Police as powerless in the face of such attacks.¹⁰⁴ The security situation in and around Kirkuk clearly illustrated the gap between U.S. expectations for the Ba'ath and its capabilities. Within the developmental imagination of U.S. policymakers, oil was to provide the material base for a stable Ba'athist led government, but a September report filed by Ambassador Strong after touring IPC facilities in Kirkuk, illustrated just how chaotic the situation had grown.¹⁰⁵

George Tod, the IPC General Manager in Kirkuk, was particularly dispirited. He described Kirkuk as having descended to a state of near anarchy. He complained of a labor force that “turned out work when it pleased” and defied Company orders at will. Managers who sought to discipline workers faced arrest – or worse – at the hands of the National Guard, which appeared accountable only to itself. In Tod's view, labor anarchy in the north was only symptomatic of larger and deeper structural problems with the Iraqi entity. Tod's unique perspective (as represented by the American Embassy) warrants quotation at length as it

¹⁰⁴ Baghdad to State, A-236 (Confidential), 14 Sep 1963, “Ambassador's Visit to IPC Installations at Kirkuk and K-3 Pumping Station,” PET 6 Companies 2/1/63, BOX 3621, RG59, Central Files, 1963, USNA.

¹⁰⁵ Ibid.

speaks directly to Western objectives, and to the extent to which social order had broken down in Ba‘thist Iraq:

In his opinion, Iraq is an almost ungovernable political entity, will lack stability indefinitely, will suffer from an exacerbated Kurdish problem for a long time no matter what the Iraqi Army achieves, and is headed for disaster in [the] oil industry because of its labor and staff personnel policies [emphasis in original]. Formerly he considered that IPC was playing a major role in preparing Iraqis for [the] future, in improving the standards of the country, and thereby making the world a better place. *Now he considers that he is simply selling his soul to Mammon and is serving only the function of pumping oil as much as possible and maximizing IPC profit* [emphasis added]. ... In his opinion, the policy being followed by IPC as directed from London, by the UK and by the U.S. is wrong. *Instead of being conciliatory and submitting to Iraqi pressures, he would have IPC and the two governments use their economic power to force Iraq to restore to IPC its authority over its own enterprise, to return to IPC its former disciplinary power over labor and its right to determine managerial staff assignments* [emphasis added].

Tod’s comments indicate a degree of tension between the economic logic of running an oil company and the political logic of maintaining local, regional and global balances of power.¹⁰⁶ The Embassy was, above all, interested in promoting economic development as a means of supporting an allied regime. But as Tod made quite plain, the IPC was interested in “pumping oil” and “maximizing profit,” and expected the Western states to facilitate in that process.

Tod then explicitly rejected the Embassy’s romantic assumptions regarding the modernizing potential of the Ba‘th:

¹⁰⁶ For a fuller discussion of the potential tensions in the relationship between the “territorial logic” of state power, and the “economic logic” of capitalist accumulation, see David Harvey, *The New Imperialism* (New York: Oxford University Press, 2003): 101-115.

they cannot modernize Iraq. ... The pace of scientific and technical advance in the West is so rapid that Iraq is steadily falling further behind and has no hope for closing the gap. This can lead only to further "bolshevization" and [the] strengthening of communist-style measures even though Iraq may not fall under Soviet-control. He sees only [an] increasing sense of inferiority and frustration as intelligent Iraqis realize the hopelessness of their ambitions.

Tod's observations eviscerated one of the central myths sustaining U.S. policy in Iraq – the Ba'th as effective modernizers. Subsequent reports of oil facilities being taken over to serve as makeshift prisons and torture chambers indicated that the party was unable to deliver public order, let alone development.¹⁰⁷ The rather harried descriptions from the Embassy recall William Butler Yeats' poem quoted at the opening to this chapter.

The Egyptian Challenge and the Ba'thist Lurch to the Left

Despite indications of increasing opposition to the Ba'th and growing disorder in Iraq, the U.S. continued to support the party in power. Embassy officials believed (or perhaps hoped) that given the Ba'th's "formidable cellular structure" it would be able to retain power despite increasingly vocal opposition from pro-Nasser Army officers.¹⁰⁸ Indeed, by the fall, this rising opposition became so intense that the "regime" (that is to the extent that the disintegrating coalition of Ba'thists and other assorted nationalists could still be considered to constitute a "regime") appeared split along several different fault lines and on the verge of dissolution. At the broadest level, the regime was split between

¹⁰⁷ Baghdad to State, no. 307, 13 Sep 1963, PET 6 Companies 2/1/63, box 3621, RG59, Central Files, 1963, USNA.

¹⁰⁸ Baghdad (Lee) to Davies, 24 Sept 1963, Inter-Office Memos, box 7, RG59, NEA Lot Files, USNA.

Nasserists (led by President 'Arif) and Ba'athists (led by Deputy Prime Minister 'Ali Saleh al-Sa'di, Prime Minister Ahmad Hasan al-Bakr, and Foreign Minister Talib Shabib). But the Ba'ath itself was further divided along both social and generational lines. On one side stood a group of younger, more radical civilians led by al-Sa'di. On the other, stood older, more moderate Army officers grouped around leading figures such as Prime Minister al-Bakr.

From the Embassy's perspective, the biggest danger was that Nasserist army officers would stage a coup and bring Iraqi policy (and Iraqi oil wealth) in line with Nasser's pan-Arabist objectives. This danger was made all the more real by the fact that many of the more moderate military Ba'athists were rather unreliable as Ba'athists. If Nasserist officers mounted a coup, it was likely that many military Ba'athists would defect from the party and support their military colleagues. In this case it appeared that class allegiance would trump ideologically based party allegiance.¹⁰⁹ As Ambassador Strong saw it, factionalism within the Bath was "based on differences over (1) speed of implementing full socialization and (2) amount of power to be shared with non-Bath groups."¹¹⁰ But at a deeper level, this factionalism reflected live arguments within Iraq over

¹⁰⁹ This notion of the military as a social class in and for itself is explored in the next chapter.

¹¹⁰ State to Posts, CA-908 (Secret), 15 Nov 1963, POL 12 Political Parties 2/1/63, box 3943, RG59, Central Files, 1963, USNA.

the proper relationship between civil and military authority and the role of the military in government and society.¹¹¹

Factionalism among the Iraqi pan-Arabists was exacerbated by the breakdown of the tripartite unity negotiations with Egypt and Syria. The unity scheme initiated in April came to a grinding halt on July 18, when Syrian Nasserists staged a rebellion that was only put down with considerable force.¹¹² The secretive Military Committee within the Syrian Ba'ath then purged the Syrian government of pro-Nasser elements and executed 27 of the movement's top leaders.¹¹³ With the outbreak of violence in Syria, Egypt pulled out of any further unity negotiations and initiated a press campaign against the Ba'ath, who were now called "fascist dogs."¹¹⁴ By the early fall, it appeared that a "war of position" among Ba'athists and Nasserites was on the verge of escalating to a full-scale "war of manoeuvre."¹¹⁵

¹¹¹ Baghdad to State, no. 426, 19 Oct 1963, POL Iraq, box 3943, RG59, Central Files, 1963, USNA. For an excellent analysis of how this tension over the place of the military in the politics and society of Iraq as it played out over time, see Isam al-Khafaji, "War as a Vehicle for the Rise and Demise of State-Controlled Society," in *War, Institutions, and Social Change in the Middle East*, ed. Steven Heydemann, 258-291 (Berkeley: University of California Press, 2000).

¹¹² INR Research Memo, RNA-34, 7 Aug 1963, Arab Unity, 1961-1963, box 408, Komer Files, JFKL.

¹¹³ On the Nasserist attempt in Syria, see Mufti, 156-58.

¹¹⁴ Cairo to State, no. 524, 30 Aug 1963, POL 7 Visits and Meetings 2/1/63, box 3943, RG59, Central Files, 1963, USNA.

¹¹⁵ In a different context, the Italian theorist Antonio Gramsci distinguished a "war of position" – a cultural and intellectual exercise, from a "war of manoeuvre" – actual armed insurrection. In Gramsci's theory, a war of position must precede any war of manoeuvre. See Antonio Gramsci, *Selections from the Prison Notebooks*, ed. Quintin and Smith, Geoffrey Nowell Hoare, trans. Quintin and Smith, Geoffrey Nowell Hoare (New York: International Publishers, 1971), 238-239.

In this war of position, the *al-Ahram* editor and Nasser confidant, Muhammad Hasanayn Haykal, played a leading role. In late September, Haikal published an interview with Jordan's King Husayn that cast the BPI as little more than a neo-colonial client of the CIA.¹¹⁶ The King, who was himself, widely regarded as an American puppet, sought to absolve himself of any untoward associations with American intelligence by indicting the supposedly "radical"

Ba'th:

I know for a fact that what happened in Iraq on 8 February was supported by American intelligence... many meetings were held between the Ba'th Party and American intelligence – the most critical ones in Kuwait. Did you know that on 8 February, the day of the coup in Baghdad, there was a secret radio broadcast directed toward Iraq that relayed to those carrying out the coup the names and addresses of Communists there so that they could be seized and executed... Yet I am the one accused of being an agent of America and imperialism!¹¹⁷

King Husyan effort's to clear his name is another story. For present purposes, it suffices to say that Haykal used the King's comments as part of his effort to undermine the credibility of the Ba'th. Haykal continued this theme of the "Ba'th as collaborator" in November when he characterized the party as dependent on "certain international powers' who have been persuaded that the Baath is the only political force in the area capable of blocking Nasser's revolutionary tide."

¹¹⁶ Batatu expresses uncertainty about what "prompted" Husain to make such a comment (986), but in the context of the argument that I am making, it is clear that it was *Haykal* that prompted the King to make his statement, as part of the Egyptian's effort to discredit the Ba'th.

¹¹⁷ Interview printed in *Al-Ahram*, 27 September 1963, cited in Batatu, 985-86; and Mufti (1996), 144.

Haikal castigated the brutal tactics of those “who spent long years in ‘dirty underground work’” and predicted the “inevitable” demise of the BPI.¹¹⁸

The Egyptian challenge compelled BPI secretary al-Sa’di to a sudden and dramatic embrace of Marxism at a November party conference. The Ba’th had always had a complicated relationship to Marxism (see the introduction). From its inception, the party had drawn (rather loosely) on Marxian categories of analysis. This reflected the founders’ experiences with Communist politics in France in the 1930s, as well as the widespread demand among Arabs for a form of political analysis that could offer an explanation for the relationship between Western monopoly capitalism, colonialism, and the mass deprivation and undevelopment experienced in the Arab world.¹¹⁹ However, as Batatu notes, the party founders were never serious historical materialists. On the contrary, the party’s founder and principle theoretician Michel ‘Aflaq, tended to “rely more on feeling and ‘faith’ than on analysis and induction from facts... ‘Aflaq’s language [is] akin to that of the poets and is distinguished more by its suggestiveness than

¹¹⁸ Cairo to State, A-372, 16 Nov 1963, “Haikal Believes Baath Has Longer Life Expectancy Than Some Suppose,” POL 12 Political Parties 2/1/63, box 3943, RG59, Central Files, 1963, USNA. Haikal’s article lamented the fact that despite growing divisions with the Ba’th and its “inevitable” collapse, “the day of reckoning was not yet at hand.” However, it appears that the article helped to galvanize Nasserist opposition to the Ba’thist regime and so hastened “the inevitable.”

¹¹⁹ One embassy analysis explained: “The influence of Marxist-Leninist thought-patterns on the Party’s attitude is evident in its stress on the necessity for revolution and total upheaval rather than evolution and gradualism. That influence is also apparent in the emphasis on fighting imperialism, on building ‘popular’ movements, and on the tendency to lump the commercial and property-owning classes together as ‘feudalists, reactionaries, imperialists, and opportunists.’” See Damascus to State, A-283, 3 April 1963, “Research Paper on History of Ba’th Party,” POL 12 Political Parties 2/1/63, box 3943, RG59, Central Files, 1963, USNA. See also Batatu 725-730.

by its logical lucidity.”¹²⁰ Inferring an association with European fascism, Batutu describes Ba’thist doctrine as “reminiscent of the products of the old romantic mills of Europe.”¹²¹ Despite ‘Aflaq’s embrace of “Arab socialism” (which was never consistently defined) he was always anti-Marxist in his preference for *inqilab* (coup) over mass mobilization, and in his insistence that Communism and the Marxist emphasis on class struggle was incompatible with the Ba’thist doctrine of the organic unity of (pan-) Arab society.¹²²

As late as February 1963, al-Sa’di declared, in fidelity to ‘Aflaq’s classical Ba’thism, “We are not Marxists.” Sa’di, however, was in no way a disciplined theoretician. He was rather a skilled organizer and a master of the politics of conspiracy, and so this kind of “abrupt volte face” was well within his means.¹²³ Sa’di’s newfound Marxism was articulated in a party manifesto that caught the U.S. Embassy’s attention because of its call for the rapid socialization of the Iraqi economy and rapprochement with Eastern bloc countries. Embassy officials in Baghdad were alarmed at the Marxist tone of the document. An Embassy analysis explained that while “most simply ignored the Bath’s long winded-propaganda...

¹²⁰ Batutu, 730.

¹²¹ Ibid, 1014.

¹²² As an example of the party’s inconstant view of socialism, Article 26 of the party constitution states: “The party of the Arab Ba’th is a socialist party. It believes that the wealth of the fatherland belongs to the nation.” Article 34 holds: “Property and inheritance are two natural rights. They are protected within the limits of the national interest.” Farouk-Sluglett and Sluglett, 89.

¹²³ Batutu, 1020.

those of the business and propertied class who have studied the Manifesto seem to be generally dismayed by its tone and content.”¹²⁴

Ambassador Strong took the strident “anti-Feudalist line” of the manifesto to reflect the growing competition with Nasser and his Iraqi partisans, and as evidence that the regime in was under intense pressure “to go Nasser one better in the competition for the title of ‘leading exponent of Arab socialism.’” Strong subscribed to an interpretation of the manifesto that held that the Marxist tone was “largely [a] tactical ploy aimed at winning over to cooperation with the Baath the rather sizable Marxist-oriented elements which made up the large fellow-traveling adjunct of the Iraqi communist party during the Qasim regime.”¹²⁵ Strong viewed such a “tactical ploy” as necessary, and hoped that it would work.¹²⁶

As late as November 11, Strong was still convinced that it would work. In a cable to the State Department, he explained that “some of [the] younger pro-Nasser types [are] reportedly trying to build clandestine organization following [the] Baathi model,” but he characterized these elements as sufficiently checked

¹²⁴ Baghdad (Lakeland) to State, A-402, 16 Nov 1963, “Comments on the Baath Party Manifesto,” POL 12 Political Parties 2/1/63, box 3943, RG59, Central Files, 1963, USNA.

¹²⁵ This was the interpretation of the Yugoslav Ambassador to Iraq. The Yugoslav’s views are described in *Ibid.*

¹²⁶ Elsewhere the Ambassador added: “Relatively little popular support for Baathi regime found among upper and middle class (how much real strength Baathis have among nonpropertied classes is hard to judge, but it is clear Baathi leaders feel under pressure to produce results in terms both thorough-going social revolution and achievement of progress in development program. Regime’s current “anti-Feudalist” line appears to be demagoguery designed win immediate peasant support...” See Baghdad to State no 498, 11 Nov 1963, Central Files, 1963, Box 3943; POL 12 Political Parties 2/1/63.

and reassured policymakers that the “Iraqi Ba’thists... face no immediate threat.”¹²⁷ In order to bolster the Ba’th’s position against the Nasserists, Strong recommended elevating the profile of American support for the Ba’th. In his view, the U.S. need not be concerned about “confirming [the] charge of U.S. sponsorship of the Baath” as such charges were “already widely believed.” Moreover, it was “apparent that the Baath don’t mind a certain amount of evidence of our support and they are showing this in a variety of ways.”¹²⁸ Strong believed that a superpower patron could be an effective instrument of Iraqi power politics. According to the Ambassador’s logic, Nasserist officers would not challenge a regime that enjoyed America’s full support. Subsequent events demonstrated the inaccuracy of the Ambassador’s analysis.

The November Coup and Postmortems of the Ba’thist Regime

The Events of November 11-18

Strong’s analysis of the staying power of the Ba’th couldn’t have been further from the mark. Within a week of the Ambassador’s claim the Ba’th faced “no immediate threat,” the party was pushed out of power. The crisis actually began ten days earlier when President ‘Arif, fearing that the National Guard, which had grown to a force of 34,000 by this point, had grown too powerful and

¹²⁷ Baghdad to State no 498, 11 Nov 1963, Central Files, 1963, Box 3943; POL 12 Political Parties 2/1/63.

¹²⁸ Strong to Davies, 30 Sept 1963, Letters from the Field 7/63-12/63, box 7, RG59, NEA Lot Files, Records of the Director, 1958-1963, USNA.

begun to threaten the position the Army as Iraq's final arbiter of power. 'Arif dismissed National Guard Commander Mundhir al-Wandawi, but al-Wandawi refused to step down, thereby setting off a power struggle within the Ba'th. At a BPI meeting on November 11, moderate Ba'this led by Shabib and Jawad, and backed by al-Bakr, deposed al-Sa'di at gunpoint and put him and his top aides on a plane to Franco's Spain, apparently the only place al-Sa'di felt safe from Communist retribution.¹²⁹

However, even from Spain, al-Sa'di was able to mobilize the National Guard to attack government buildings. Pro-Sa'di demonstrators rioted in the street for nearly a week while al-Wandawi bombed and strafed 'Arif's headquarters. Edith and Ernest Penrose, who were in Baghdad conducting research and witnessed the events unfold at close quarters, described the situation in terms of the complete breakdown of law and order.¹³⁰ As Baghdad was engulfed in anarchy, 'Aflaq arrived in the city to mediate, and worked out a deal whereby al-Sa'di and his National Guard would be brought under party control.¹³¹ By November 16, it appeared to U.S. Embassy officials that al-Sa'di, with 'Aflaq's, support would retain power while Shabib and Jawad would be exiled. However, 'Aflaq was favorite target of Nasserists attacks, and his presence in Baghdad galvanized anti-Ba'thi sentiment in Baghdad leading President 'Arif,

¹²⁹ Mufti, 163; Batatu, 1025-26.

¹³⁰ Penrose and Penrose, 310-311.

¹³¹ Mufti, 162-64.

and Chief of Staff Tahir Yahya to mount a coup in the early morning hours of November 18. Army units deployed overwhelming force against National Guard headquarters in Baghdad and throughout the provinces. By noon the Ba'th was out of power and the National Guard was dissolved.¹³²

Ambassador Strong and the Romantic View of the Ba'th

For some U.S. observers, such as Shaul Bar-Haim of the Israeli Embassy in Washington, the fall of the Ba'th demonstrated the flaws in the larger U.S. strategy of reaching a limited accommodation with the forces of pan-Arab nationalism, whether of the Nasserist, or Ba'thist variety.¹³³ Against this kind of criticism, Strong defended U.S. policy:

Some people may think we are Baath-lovers. I prefer to think that we are trying to be realistic in evaluating a factor of importance in the area. ... Our policy and line of endeavor are right, and the critics, or most of them, have another motive, meaning a desire to wreck our relations with Egypt no matter the consequences.¹³⁴

¹³² These events are detailed in INR Report, "Dissension Shakes the Baath in Iraq and Syria," 13 Nov 1963, Iraq 9/63-11/63, box 117A, Countries, NSF, JFKL; CIA to [addressee and all other identifying marks classified], 18 Nov 63, Iraq 9/63-11/63, box 117A, Countries, NSF, JFKL; Baghdad (Adams) to State A-416, 26 Nov 1963, RG59, Central Files 1963, Box 3943, POL 2-1 Joint Weekas Iraq 2/1/63. See also

¹³³ Memcon (NEA) with Shaul Bar-Haim (Counselor, Israeli Embassy, Washington) "Crisis of Ba'ath Government in Iraq," 14 Nov 1963, POL Iraq, box 3943, RG59, Central Files, 1963, USNA. In the Israeli view, "The Ba'ath leadership in Iraq was 'crazy' to display its disunity," but "the party's falling out in Baghdad has shown it merely to be typically Arab."

¹³⁴ Baghdad (Strong) to Jernegan (NEA), 29 Nov 1963, Letters from the Field, July-Dec, 1963, box 7, RG59, NEA Lot Files, Records of the Director, 1958-1963.

But it was not only the Israeli Embassy that saw the U.S. marriage of convenience with the Ba'ath as a fool's errand. The British Ambassador to Iraq Sir Roger Allen fell into this category as well.

In a meeting between Strong and Allen, the British Ambassador, according to Strong, appeared "rather pleased... The Baath is dead" and adopted a kind of "I told you so" attitude.¹³⁵ In their meeting, Strong conceded that that Ba'athists' display of "personal ambition and indiscipline" demonstrated that they were "still Arabs," and he acknowledged that the "myth of a monolithic structure" was destroyed and that the party's "excesses... caused revulsion in Army generally and among large segments of [the] thinking public."¹³⁶ But he maintained that the moderate Ba'athists learned important lessons from their experience and were reaching out to other elements to build a more lasting coalition to retake power.¹³⁷ Strong warned against counting the Ba'ath out and elaborated on its prospects for a revival:

¹³⁵ Baghdad to State, A-492, 17 Dec 1963, POL 12 Political Parties 2/1/63, box 3943, RG59, Central Files 1963, USNA. See also Baghdad to State, no. 530, 14 Nov 1963 Iraq 9/63-11/63, box 117A, Countries, NSF, JFKL. In this document British officials are described as "gleeful" over the Ba'ath's problems.

¹³⁶ Baghdad to State, A-492, 17 Dec 1963, POL 12 Political Parties 2/1/63, box 3943, RG59, Central Files 1963, USNA. It's worth noting the strong dose of paternalistic anti-Arab racism that infused the developmental discourse with regard to Iraq. Emphasis in original.

¹³⁷ Strong added in parentheses: " 'moderate' and 'extremist' are convenient terms but may create too strong impression of categorical separation."

They are disorganized and need to rebuild but were not destroyed by a superior political force. They are devoutly anti-communist and work at it (which is more important in Iraq than in any other Arab state); and there is no other element in Iraq any better able to organize stability or with a social and economic program which can compare with Baathi counter appeal against communist blandishments to [the] underprivileged. This is our principle interest in Iraq.¹³⁸

Despite Strong's hope for a Ba'thist revival, the mood in Washington had begun to shift. Earlier in November, as the crisis began to unfold, Secretary Rusk expressed the growing disillusionment with the party once held out as the future of the Arab world: "Whatever the ultimate outcome of present crisis, [the] mystique of [the] Baath Party, as [an] organization of disciplined and dedicated idealists able to deal with Arab World's many problems, has suffered."¹³⁹

William Lakeland and Horror of the Ba'th

Hopes for a Ba'thist revival were further dashed in early January 1964, when William Lakeland filed a devastating postmortem on the Ba'thist regime.¹⁴⁰ Lakeland described the Ba'th as perpetrating an eight-month reign of terror that horrified Iraqis of all political persuasions. Lakeland noted that "Almost immediately after the February 8, 1963 revolution, stories were circulated in Baghdad of Baathi torture chambers, summary executions carried out by the National Guard, individual acts of arrogance and collective acts of terrorism, rape,

¹³⁸ Baghdad to State, A-444, 3 Dec 1963, "Status of the Baath Party in Iraq," POL 12 Political Parties 2/1/63, box 3943, RG59, Central Files 1963, USNA.

¹³⁹ Rusk to Posts, 15 Nov 1963, *FRUS 1961-1963*, 18, no. 361. See also Komer to Bundy, 15 Nov 1963, Iraq 9/63-11/63, box 117A, Countries, JFKL.

¹⁴⁰ Baghdad (Lakeland) to State, A-553, 7 Jan 1964, "National Guard Brutality," POL 12 Political Parties Iraq 1/1/64, RG59, Central Files 1964-1966, USNA.

pillage and murder.” But he explained that the Embassy was “inclined to treat them as largely or wholly fabricated rumors,” due to the “well-known Arab tendency to exaggerate.” However, “The situation changed after November 18. Many prisoners were released from the National Guard and began to talk more openly.” After speaking with torture survivors, Embassy officers “concluded that the popular revulsion against the Baath for this particular reason is largely justified, and therefore will have a more or less permanent effect on the political developments in the country – particularly on the prospects of a Baathi revival.”¹⁴¹ Lakeland then ran “the risk of appearing to take an undue interest in the macabre,” by cataloguing “a few of the general and specific accusations leveled against the Baath Party’s National Guard which are widely accepted here as truth and which we ourselves are no longer inclined to dismiss.” Some of the atrocities he described included:

Two Kurds (Abd al-Rahman Abd al-Karim al-Qaradaghi and Muhammad Sadiq Ali), according to a KDP representative, had bits of their bodies sawed off until they died. ...

One girl (Lena Matar), according to members of her family, was stripped and tied face to face with a naked decomposing corpse for 12 hours. She, at least temporarily, lost her mind.

One Arab nationalist (Hani Dabbas), according to his own account, who was held at Qasr Nihaiya, was beaten for several days, was given full electrode treatment and then placed in the basement filled with water where he stayed for 24 hours. According to Dabbas, the basement was flooded at times and people were placed in it as a form of prolonged death sentence. The corpses were removed only infrequently. Dabbas thought he was one of the few to escape the “basement” alive.

¹⁴¹ Ibid, emphasis in original. Handwritten notes on the first page of the document direct the reader’s attention to this underlined passage.

Conclusion: The Failure of Authoritarian Development in Iraq

The catastrophic results of the U.S. partnership with the Ba'ath were very much the unforeseen, and certainly unintended, result of conscious decisions of high-level policymakers – most significantly President Kennedy, his brother Robert Kennedy, and Assistant National Security Adviser Robert Komer. Ambassador Robert Strong was critical in implementing this policy orientation, but it originated at the very top of the American government. The Administration's choice to employ the Ba'ath as an instrument flew in the face of advice provided by State Department regional experts who voiced misgivings about getting too deeply involved with the party. Given the nature of the bureaucratic politics of the state, these concerns were somewhat muted in the interest of consensus and career advancement, but dissenting opinions existed, and could have informed policy had the political will existed among State's leadership.¹⁴²

Instead of maintaining the State Department's "traditional hands-off approach," top-level policymakers chose to intervene in Iraq's domestic affairs to promote the Ba'ath. They chose to do so because of an adherence to what Nils Gilman describes as an "authoritarian" approach to the problems of development. According to this general view, "modernization required a radical rupture [with tradition] that could only take place through the force of a centralizing and

¹⁴² Gabriel Kolko offers a useful analysis of this dynamic in a broad historical perspective in "Familiar Foreign Policy and Familiar Wars: Vietnam, Iraq... Before and After," in *Iraq and the Lessons of Vietnam: Or, How Not to Learn From the Past*, ed. Lloyd C. Gardner and Marilyn B. Young, 162-173 (New York: The New Press, 2007).

omniscient state.”¹⁴³ From this perspective, it appeared that the Ba’th, with its revolutionary chic, intense commitment to the cause of anti-Communism, and demonstrable will to deploy ferocious violence toward this end, was well suited to implement a process of political and economic change that would bring Iraq – with its strategic location and resources – into alignment with the United States.

The analysis presented here offers an answer to Nils Gilman’s question about why U.S. policymakers were so inclined to “countenance dictatorial solutions” to developmental problems. In *Mandarins of the Future*, Gilman leaves as an open question, whether or not this authoritarian tendency represented a “perversion” of “liberal principles of modernization theory,” or a “gradual unveiling of modernism’s mailed fist from the velvet glove of liberal meliorism.” A close examination of the US-Ba’thist encounter of 1963, suggests a certain will to power, on the part of the Kennedy administration, that fed a fascination with the violence that ultimately underwrote the expansion of the capitalist world economy, and the American role within it.

The Kennedy administrations’ effort to incorporate Iraq within what is euphemistically known as the “American Century,” had the ironic effect of actually undermining American influence in Iraq. Had the Kennedy

¹⁴³ Nils Gilman contrasts this “authoritarian” approach to modernization (p. 9) with a “technoc cosmopolitan” approach which held that “modernity must be built on the foundations of tradition,” and notes a general “hardening” of modernization theory as it moved from the “realm of abstract theory” to “practical application as policy.” See Nils Gilman, *Mandarins of the Future: Modernization Theory in Cold War America* (Baltimore: The Johns Hopkins University Press, 2003), p. 7-12.

administration maintained the relatively non-interventionist approach of the latter Eisenhower years, it would have limited its liability in Iraq. As it was, the U.S. became associated with a Ba'athist regime that Iraqis found almost universally repulsive. As a consequence, in subsequent years, Iraqi leaders increasingly looked to Egypt and the Soviet Union for external support. As we shall see, the Nasserist regime that took power in November 1963 set about modernizing the country according to a wholly new development model – one of Arab socialism that entailed the complete nationalization of the IPC. In chapter three, I analyze that development model, Iraq's progress toward implementing it, and American efforts to contain it.

Contested Development:***Arab Socialism, International Capitalism, and the June War, 1964-1968***

The world may wonder how the Iraqi revolutionaries can nationalize cases of Ceylonese tea and at the same time restore ten billion barrels of oil the monopolistic companies at whose hands the Iraqi people have suffered so much.

Arab Oil and Gas, October 1965¹

We have been able for some years past to look at the big picture and recognise that the paralysis in Iraq served as a useful warning to others not to pass Law 80s, but [we] also kept out of circulation a certain amount of crude oil, which could have a further depressing effect on the market. We were able to use Iraq's misbehaviour as a reason for avoiding investment.

IPC Managing Director, Chris Dalley, 1971²

[In] the eyes of the people, the whole concept of the officers' state came into disrepute. For it became obvious that by its entry into politics and its division into factions, the officer corps has not only made a mess of government or become a seedbed of political instability, but had also seriously reduced the effectiveness of the military system. Not to mention the fact that, by transforming itself into a privileged order, it had become psychologically divorced from the rest of the people. There was, however, also the growing realization that the real cause of the Arab disaster lay much deeper; that the armed forces are fashioned by the social situation in which they have their roots; that the nation could not fight a modern, militarized, highly conscious, and extremely alert enemy with a backward mentality, a backward social system, and petty and disjointed states; that profound and fundamental social and political changes cannot be realized without long and sustained efforts and sacrifices, and massive popular participation; that, in other words, progressive ideological verbiage is not enough.

Hanna Batatu³

¹ Quoted in Joe Stork, "Oil and the Penetration of Capitalism in Iraq," in *Oil and Class Struggle*, ed. Petter Nore and Terisa Turner, 172-198 (London: Zed Books, 1980), 184.

² "October Negotiations," 14 July 1971, in IPC no. 136010.

³ Hanna Batatu, *The Old Social Classes and the Revolutionary Movements of Iraq: A Study of Iraq's Old Landed and Commercial Classes, and of its Communists, Ba'athists and Free Officers* (London: Saqi Books, 1978), 1066.

Introduction

US-Iraq Policy in the LBJ Years

The collapse of the Ba'athist regime in November 1963 represented an ostensible setback for American policy. The Kennedy administration had invested a considerable hope in the modernizing potential of Ba'ath, and contributed considerable assistance to the party as it sought to consolidate state power. However, the incoming Lyndon B. Johnson administration – which took office just four days after the fall of the Ba'ath – accepted the regime's demise in stride. The U.S. Ambassador Robert Strong, perhaps the clearest exponent of the accommodationist tendency within the State Department, initially entertained notions of the Ba'ath's triumphant return, but quickly adjusted himself to the new realities in Iraq.

The Ambassador's flexibility was reflective of US-Iraq policy in general, which had, by early 1964, settled into what can be described as an “authoritarian developmentalist” consensus. Gone were the days of contentious intergovernmental debates between hardliners and accommodationists that characterized the late Eisenhower and the Kennedy years. The hardliners – first the Dulles brothers and then the Kennedy brothers and Assistant National Security Adviser Robert Komer – were largely discredited by their effort to intervene in Iraq's domestic politics. Like the Sorcerer's Apprentice conjuring with forces it could not fathom, the US, in sponsoring of Ba'ath, helped unleash social forces and dynamics that quickly spun out of control – and resulted in the ultimate demise of the Ba'athist regime. But with the Ba'ath thrown out and their

dreams of a stable Ba'athist regime in shambles, hardliners threw their hands up in despair and sought instead to try their luck in Southeast Asia. The Iraq portfolio then passed unambiguously into the hands of State Department and Embassy, with very little intervention from the White House, CIA, or Pentagon.⁴

According to this authoritarian developmentalist consensus, Iraq had not yet achieved a state of political maturity that warranted civilian political leadership.⁵ The civilian leadership of the Ba'ath had proved itself reckless and undisciplined. If Iraq were to "catch up with the West," it would need the forceful, but calibrated, leadership of the Iraqi Army. Only generals and colonels were believed to have the temperament and orientation needed to guide their societies through the wrenching process of modernization.⁶ In the words of one U.S. Embassy official shortly after the fall of the Ba'ath, "the country needed a period of

⁴ The Middle East issues faded into the background during the Johnson years. See, for example, Douglas Little, *American Orientalism: The United States and the Middle East since 1945* (Chapel Hill: University of North Carolina Press, 2004), 138-143.

⁵ The logic of this approach was distilled in 1969 study commissioned by the NEA that found that in the Arab east the "civilian middle class had lost control of politics" and it was now incumbent upon the military to maintain political order. See State Department Contribution to National Intelligence Estimate 30-2-69, "The Eastern Arab World," in RG 59, Lot 71D5, Box: 3, Folder: Memos within NEA 1968 1/3.

⁶ See Jeremy Kuzmarov, "Modernizing Repression: Police Training, Political Violence, and Nation-Building in the "American Century"," *Diplomatic History* 33, no. 2 (2009): 191-221; Bradley R. Simpson, *Economists with Guns: Authoritarian Development and US-Indonesian Relations, 1960-1968* (Stanford: Stanford University Press, 2008); Nils Gilman, *Mandarins of the Future: Modernization Theory in Cold War America* (Baltimore: The Johns Hopkins University Press, 2003); Michael Latham, *Modernization as Ideology: American Social Science and 'Nation Building' in the Kennedy Era* (Chapel Hill: University of North Carolina Press, 2000); Gabriel Kolko, *Confronting the Third World: United States Foreign Policy, 1945-1980* (New York: Pantheon, 1988): 132-137 ("The Decade of the Generals" and "The Enigma of the Officers"); Irene Gendzier, *Managing Political Change: Social Scientists and the Third World* (Boulder: Westview Press, 1985).

stability under a conservative military regime.”⁷ Given Iraq’s “weak and divided nature,” and its tendencies toward fanatical anti-imperialism, James Akins observed in mid-1965, that the best one could hope for in Baghdad, was the emergence of “a permanent benevolent dictatorship.”⁸ If “intelligent and farsighted” such a dictator could potentially “satisfy many of the aspirations of the people.” Iraq under such leadership could, in turn, establish a political order amenable to the interests of the IPC and other western corporations operating in Iraq.

The key objective of U.S. policy was, therefore, to identify a military strongman who could establish a basis for capitalist development in Iraq. Initially it appeared that General ‘Abd al-Salam ‘Arif, a leading figure in the coup that displaced the Ba’th, could play this role. Therefore, the U.S. Embassy in Baghdad sought to promote ‘Arif’s “moderate” (that is, pro-western) leadership in the face of more radical challengers espousing the doctrines of Arab socialism. Tahir Yahya, a Nasserist General who held the office of Prime Minister between November 1964 and September 1965, and again between July 1967 and July 1968, was the leading figure in this more radical Army faction. During his time in office, Yahya established a National Oil Company (INOC) and defined a national

⁷ Baghdad (Adams) to State, A-416, 26 Nov 1963, in RG59, Box: 3943, Folder: POL 2-1 Joint Weekas Iraq 2/1/63.

⁸ Baghdad (Akins) to State, A-980, 15 May 1965, “Thoughts on Past and Future Revolutions – not a policy paper,” in RG59, Box: 2339, Folder: POL 15 Government Iraq. Despite Akins’ disclaimer that his dispatch did not constitute “a policy paper,” his thoughts were reflective of US policy in general.

oil policy that guided Iraqi efforts to develop the capacity to nationalize the IPC in its entirety.

The Argument in Brief

In this chapter I argue that between 1964 and 1968, U.S. policy failed in its effort to promote 'Arif's so-called moderate leadership and thereby exposed the IPC to the increasing threat of nationalization.⁹ A coherent Nasserist oil policy emerged in the wake of the Ba'th's overthrow that, despite setbacks, guided Iraqi efforts to build up the state's capacity to nationalize the IPC.¹⁰ I trace the implementation of this policy through the twists and turns of one of the most turbulent periods in Iraqi political history. Despite U.S. and IPC efforts to contain this development, and despite the complexity of the Iraqi political situation – in which competing social groups vied to control the various ministries of a weak and fractured Iraqi state – I argue that between 1964 and 1968, Iraqi Nasserists were largely successful in developing the capital, technology and marketing

⁹ This chapter is based on the following archival sources: State Department Central (1964-1966, 1967-1969), and NEA Lot (1966-1972) Files, USNA, College Park, Md.; IPC Archive, University of Warwick, Coventry, UK; John J. McCloy Papers, Amherst College, Amherst, Ma.; *FRUS 1964-1968*, Vols. 21 ("Arabian Peninsula: Iraq") and 34 ("Energy Diplomacy and International Issues: Petroleum" and "The 1967 Arab Oil Embargo"); and document anthologies: US Senate, Subcommittee on Multinational Corporations and US Foreign Policy, *Multinational Corporations and US Foreign Policy*, Part 8, Washington DC: Government Printing Office, 1975); Nameer Ali Jawdat (ed.), *Selected Documents of the International Petroleum Industry*, (Vienna: Organization of the Petroleum Exporting Countries, 1968); A. Burdett (ed.), *OPEC: Origins And Strategy 1947-1973*, Vols. 1-6, (Slough: Cambridge Archive Editions, 2004).

¹⁰ Penrose and Penrose argue that it was only after the 1967 war that the government of Iraq succeeded in defining a clear role for the state in the Iraqi oil industry, but as I demonstrate, the war simply presented Nasserists with an opportunity to implement a policy orientation that was already clearly defined. See 421-24.

relationships needed to produce oil from fields reclaimed through Public Law 80 of 1961.¹¹

This Nasserist oil policy first began to take shape immediately following the Ba'ath's overthrow. The most critical step in this regard was when the new government established the Iraq National Oil Company (INOC) in February 1964.¹² This new state-owned company was given the authority to develop oil fields reclaimed through Law 80, and was encouraged to work with IPC's

¹¹ The relative emphasis on the coherence and continuity of government in Baghdad between 1964 and 1968 sets this chapter apart from much of the literature on Iraqi politics in the 1960s. Most works emphasize the chaos and instability of these years. This is not without reason – the period was turbulent indeed. However, there is a general tendency to overlook the paramount issue of oil altogether and so miss a certain thread of continuity (see, for example, Batatu; and Mufti). Works that focus on the history of the oil business, both in Iraq and internationally, are generally more attuned to a gradual shift in the balance of power between the producing states and the major multinationals, but fail to recognize the agency of Iraqi Nasserists in contributing to this general development. Penrose and Penrose, for example, go so far as to assert that, contrary to Iraqi claims to have acted as “trail blazers and pioneers,” this shift was “due more to the evolution of the general economic and political conditions affecting oil and the Middle East generally, which permitted the oil-exporting countries to adopt new policies. Iraq played a role in the adoption of such policies, but not a leading role.” See Edith Penrose and Ernest Penrose, *Iraq: International Relations and National Development* (Boulder: Westview Press, 1978), 415. See also Samir Saul, “Masterly Inactivity as Brinkmanship: The Iraq Petroleum Company's Road to Nationalization,” *International History Review* 29, no. 4 (2007): 746-792; Peter Sluglett, “Progress Postponed: Iraqi Oil Policy, Past, Present and Future,” in *Oil in the New World Order*, ed. Kate Gillespie and Clement M. Henry, 227-256 (Gainesville: University of Florida Press, 1995); Daniel Yergin, *The Prize: The Epic Quest for Oil, Money, and Power* (New York: Simon and Schuster, 1991); Simon Bromley, *American Hegemony and World Oil: The Industry, the State System and the World Economy* (University Park: Pennsylvania State University Press, 1991); Paul Stevens, “Iraqi Oil Policy: 1961-1976,” in *Iraq: The Contemporary State*, ed. Tim Niblock, 168-90 (London: Croom and Helm, 1982). For a notable exception see Joe Stork, *Middle East Oil and the Energy Crisis* (New York: Monthly Review Press, 1975).

¹² The law establishing the INOC (Law 11 of February 8, 1964) is generally underappreciated in studies of Iraqi history. Indeed, it is not even mentioned by Batatu or Mufti. And Mufti is actually quite explicit that there were no significant moves toward institutional development or state formation in this period. He argues that the military elite was so consumed with taking and holding power that there was nothing left to put into nation-building. Whatever measures were undertaken (and he selects agricultural reform and the nationalizations measures undertaken in July 1964 for detailed analysis, pp. 183-87) were counterproductive. However, in this chapter I demonstrate that Law 11 was an important inflection in the economic history of Iraq; the country embarked on no less than a new model of development.

international rivals to develop the capacity to operate a nationalized oil industry. After the establishment of the INOC, the achievements of this Nasserist oil policy were largely negative. Most significantly Nasserists, in 1965, succeeded in blocking the implementation of a proposed agreement between the IPC and Iraqi moderates that would have returned control of the large but undeveloped Rumaila oilfield in southern Iraq to the IPC. When the agreement – which had been negotiated in strict secrecy – was presented to the Iraqi cabinet for ratification, Nasserist ministers resigned en masse, and mobilized popular opinion against it. As leading Nasserists withdrew from the state and adopted a position of open opposition to the leadership of President ‘Arif, Iraqi oil policy fell into disarray.

President ‘Arif then tabled the contentious oil issue and concentrated instead on consolidating his own position within the state by marginalizing his rivals in the Army. But before ‘Arif could fully consolidate his hold on the government, he was killed in a helicopter accident in April 1966. He was then succeeded by his weak and un-ambitious brother, General ‘Abd al-Rahman al-‘Arif, and a power vacuum emerged in which competing elements within the state vied to control the various organs and agencies of the government. While the cabinet was in disarray, Iraqi oil politics remained in, virtually, a state of suspended animation. This state of affairs persisted until the Nasserists were swept back into power as a result of the June 1967 Arab-Israeli War. The popular reaction to the war was so strong in Iraq that President ‘Arif, despite his own

moderate tendencies, was compelled to break diplomatic relations with the U.S. and to impose an embargo on oil shipments to the West.

The impression that the U.S. supported Israel as it seized Arab lands undermined the conservative leadership of General 'Arif, and opened the door to the emergence of General Tahir Yahya as the dominant figure within the Iraqi state. Yahya's ascension then empowered radical forces in the Oil Ministry that were committed to moving ahead with an independent national oil policy. In the weeks and months following the war, the INOC was reorganized and given new leadership while the IPC was explicitly barred from reacquiring Law 80 territories. Under new leadership, INOC contracted with France and the Soviet Union to develop the capacity to nationalize the IPC in its entirety and appeared poised to deliver the *coup de grâce* by early 1968.

The Socialist Trend, November 1963 – September 1965

The New Regime: Nasserists in Power, November 1963 – July 1964

The coup that overthrew 'Ali Salih al-Sa'di and the civilian Ba'th in November 1963 was executed by a rather unstable coalition of military officers that was only nominally led by President 'Abd al-Salam 'Arif (see Table 1, below). As we saw in chapter two, the collapse of the Ba'thist regime was ultimately due to a split between Nasserist officers and the Ba'th's civilian leadership. Tensions between these two groups mounted over the course of the summer and fall of 1963 until Ba'thist officers were forced to choose sides in mid-November. When

leading Ba‘thist officers defected from the party’s civilian leadership and joined with their military colleagues in ousting al-Sa‘di and suppressing the Ba‘th’s National Guard militia, the regime collapsed.

Table 1. Iraqi Nationalist Factions, c. 1963-68

Nasserist		Ba‘thist	
<i>“Nasirite”</i>	<i>“‘Arefite”</i>	<i>Military</i>	<i>Civilian</i>
Tahir Yahya	‘Abd al-Salam ‘Arif	Ahmad Hasan al-Bakr	‘Ali Salih al-Sa‘di
‘Adib al-Jadir	‘Abd al-Rahman ‘Arif	Hardan al-Tikriti	Hazim Jawad
Khayer al-Din Hasib	al-Jumailiyyun (tribal group)	Salah Mahdi ‘Ammash	Talib al-Shabib Saddam Husayn

These “moderate” military Ba‘thists were then rewarded with high-level posts in the new regime. Generals Tahir Yahya, Hasan al-Bakr, and Hardan Ghaffar al-Tikriti – all former members of the Ba‘th’s Military Bureau – assumed the key positions of Prime Minister, Vice President, and Defense Minister, respectively. However, there was still a great deal of lingering tension between the military Ba‘th and Nasserist officers. Between November 1963 and March 1964, President ‘Arif, ostensibly committed to Nasserist pan-Arabism, worked to eliminate the Ba‘th’s capacity to organize a new coup. In December, he removed al-Tikriti from his position as Defense Minister.¹³ The following month al-Bakr’s position of Vice President was abolished, and the Ba‘th’s most senior General

¹³ Al-Tikriti was also Commander of the Air Force until December 16, 1963, when he was replaced ‘Arif ‘Abd al-Razzaq, a leading pro-Nasser office. Al-Tikriti was removed from his post as Defense Minister on March 2, 1964, though this was effective as early as January. See Batutu, 1030-31.

“retired from politics.” But Yahya, who renounced all ties to the Ba‘th and reinvented himself as a leading Nasserist, retained his position as Prime Minister.

As the Ba‘thists were forced out, the Nasserist character of the new regime came into clear focus.¹⁴ Batatu notes that that the “Nasirites” and the “‘Arefites” were distinct and competing social groups, but the differences between the two were not readily apparent in early 1964 (see Table 1, above). On the contrary the “Nasirite/ ‘Arefite” coalition appeared unified in its allegiance to Nasser and it elevated figures such as Adib al-Jadir (the new Minister of Industry), and Khayr al-Din Hasib (the new “Economic Czar”) who advocated a close patterning of the Iraqi economy on the on the model of Egypt as a preliminary step toward full political unification.

Egypt, by this point, was moving closer to the Soviet Union and had embraced a model of “Arab socialism” that, while far from a total embrace of the Soviet system, entailed the nationalization of large parts of the Egyptian economy.¹⁵ This approach to direct state intervention in the economy was

¹⁴ Prominent Nasserists in the cabinet included Muhammad Majid, (Director of Military Planning), ‘Abd al-Karim Farhan (Minister of guidance), and ‘Aref ‘Abd al-Razzaq (Commander of the Air Force). See Batatu, 1027-35. Batatu notes that these were “Nasirites, not in the sense that they were Nasir’s men in Iraq, but by adoption, as it were, and the adoption was theirs, not Nasir’s” (1028). The “‘Arefites” differed from the “Nasirites” over the pace of unification with Egypt, and in their more pronounced religiosity and social conservatism. See Batatu, 1028-29; also Mufti, 168-72.

¹⁵ Nasser’s embrace of socialism was generally popular in the Arab world. For many Arabs, the apparent failure of an essentially reformist approach to encouraging private capital to industrialize indicated that more radical, revolutionary measures were in order. See James L. Gelvin, “Developmentalism, Revolution, and Freedom in the Arab East: The Cases of Egypt, Syria, and Iraq,” in *The Idea of Freedom in Asia and Africa*, ed. Robert Taylor, 62-92 (Stanford: Stanford University Press, 2002); Patrick O’Brien, *The Revolution in Egypt’s Economic System* (New York: Oxford University Press, 1966); Batatu, 1036-37.

particularly attractive to Iraqi followers of Shaykh ‘Abdallah al-Tariki, the Saudi-born oil expert who was widely celebrated in the region as the “greatest Arab oil expert in the world.” Al-Tariki became the first Arab to earn an advanced degree in petroleum engineering, when he received a PhD from the University of Texas in the late 1940s. He went on to play a leading role in forming the Saudi Ministry of Oil in the early 1950s, and became Saudi Arabia’s first Oil Minister. In this capacity, he earned a reputation for being pro-Nasser and incurred the wrath of ARAMCO (the U.S. consortium holding the Saudi concession) for his role in demanding that the company improve its labor policies and allow a greater role for Saudis in managing the country’s oil resources. He was also a leading architect of the formation of OPEC in 1960; his radicalism eventually ran afoul of Saudi Arabia’s ruling dynasty and he was exiled in 1962. After being forced into exile, al-Tariki founded the Beirut-based journal *Arab Oil and Gas*, and spent a great deal of time traveling throughout Arab capitals advising Arab governments and advocating for Arab control over Arab oil resources.¹⁶ Al-Tariki’s ideas were particularly well received in Iraq.

¹⁶ Al-Tariki rose to prominence during something of an interregnum in Saudi history – between the death of founding patriarch King ‘Abd al-‘Aziz in 1953, and the consolidation of Crown Prince Faysal’s authority between 1960 and 1962. Al-Tariki was forced into exile in 1962 as Faysal established a political order more amenable to the interests of ARAMCO and the US government. See Robert Vitalis, *America’s Kingdom: Mythmaking on the Saudi Oil Frontier* (Stanford: Stanford University Press, 2007), chapter 7: “El Jefe Rojo,” pp. 194-227; Yergin, 513-14; Stephen Duguid, “A Biographical Approach to the Study of Social Change in the Middle East: Abdullah Tariki as a New Man,” *International Journal of Middle East Studies* 1, no. 1 (July 1970), 195-220; Muhammad ibn ‘Abd Allah Sayf, *‘Abd Allah al-Tariqi: Sukhur al-naft wa-rimal al-siyyasah [‘Abdallah Tariki: The Rocks of Oil and the Sands of Policy]* (Beirut: Riyad al-Rayyis lil-Kutub wa’l-Nashr).

The most significant Iraqi followers of al-Tariki were Khayr al-Din Hasib, and 'Adib al-Jadir, both members of the Oil Committee (introduced in chapter two). Hasib and al-Jadir were in turn, protégés of Tahir Yahya, the new Prime Minister.¹⁷ As the Ba'th was marginalized and Yahya embraced the cause of Arab socialism, the ideas of Shaykh al-Tariki were given fuller expression. Upon forming a new cabinet in December 1963, Yahya declared that his government was committed to an ambitious program of economic development that included the modernization of agriculture, new investments in communication and transportation infrastructure, inter-Arab cooperation on development issues, and most significantly from IPC's perspective, the formation of national oil company to exploit the oil fields reclaimed under Law 80.¹⁸

The Prime Minister's address was followed shortly thereafter by an article written by al-Jadir in Baghdad's *al-Jumhuriyyah* that captured the attention of IPC analysts.¹⁹ In his article, al-Jadir described the "status quo" in Iraqi oil policy as intolerable and outlined his major grievances against the IPC. He made a series of

¹⁷ On the Yahya patronage network see: Baghdad to State, A-256, "Former Prime Min Tahir Yahya Welcomed Back to Baghdad," 5 Oct 1966, in RG59, Box: 2339, Folder: Pol 15 Gov Iraq; Baghdad to State, A-473, "Possible Cabinet Change," 2 Jan 1967; and SD Memo, 11 May 1967, "Change of GOI," both in RG59, Box: 2221, Folder: POL 15 Iraq 1/1/67; Beirut to State, A-1116, "Mr. [Ernest] Penrose's Resume," 17 June 1968, in RG59, NEA Lot 71D5, Box: 2, Folder: POL 7 Visits and Meetings Iraq 1968.

¹⁸ PM's Broadcast of 24 December 1963, in IPC no. 135986. The formation of an Iraq National Oil Company was actually an unrealized initiative of General Qasim. In September 1962, he issued a "Draft Legislation" forming the new company, but was overthrown before the law went into effect. The Ba'thist regime made no effort to move ahead with the initiative during its eight months in power, but with the removal of the Ba'th, momentum began to build once more. See "Draft Law Establishing the INOC," 29 Sept 1962, in IPC no. 135983.

¹⁹ 'Adib al-Jadir, "Our Oil and the Policy of the Status Quo," *Al-Jumhuriyyah*, 22 Jan 1964, in IPC no. 135986.

demands, including the training of Iraqis for managerial positions within the company, the inclusion of Iraqis on the board of directors in London, and “Iraqi government participation” in the Company in the form of a 20% equity stake.²⁰ Al-Jadir argued that these and other measures would only be possible by working more closely with Egypt, and cited Qasim’s division with Nasser as a source of Iraqi weakness and underdevelopment.²¹ While al-Wattari, in 1963, was careful to insure that oil issues were not “submitted to a public forum,” al-Jadir, now sought to use the press to mobilize public support for a vigorous prosecution of government claims against the companies.

Al-Jadir’s article was followed, in early February 1964, by the promulgation of the most significant piece of oil legislation since Law 80. On February 8, President ‘Arif issued Law 11, which formed the Iraq National Oil Company (INOC) and invested it with the power to develop the Law 80 territories, either on its own, or in association with other international companies – so long as INOC held a 50% interest in any joint venture agreement.²² This law was only the first in a series of moves representing a Nasserist trend in Iraq after the overthrow of the Ba’th. In May 1964, ‘Arif introduced a new Provisional Constitution that established an Egyptian-Iraqi

²⁰ This was a provision of the 1920 San Remo Agreement. He also demanded dead rents, full expensing of royalties, and tanker construction that IPC would be required to use.

²¹ ‘Adib al-Jadir, “Our Oil and the Policy of the Status Quo,” *Al-Jumhuriyah*, 22 Jan 1964, in IPC no. 135986.

²² Dalley to Ekserdjian, A/531, 6 Feb 1964, in IPC no. 135986.

“Joint Presidential Council,” and outlined steps toward full political and economic unification of the two countries.²³ In July, Iraq marked the sixth anniversary of the Free Officers’ Revolution by forming a new Economic Establishment (modeled after Egypt’s 1957 Economic Organization) under the direction of Khayr al-Din Hasib, and nationalizing large sectors of the Iraqi economy.²⁴ While the oil sector was unaffected by the July legislation, Iraq began to play a more assertive role in OPEC and sought to bring the organization more in line with “Shaykh Tariki’s philosophy.”²⁵

The July nationalizations prompted the U.S. Embassy in Baghdad to conduct an analysis of the factors the government would consider in determining whether or not to extend the nationalization measures to the oil sector. Ambassador Strong concluded that the “Example of Iran” after the attempted nationalization of the Anglo-Iranian Oil Company (BP) in 1951 remained a sufficient deterrent to any similar effort in Iraq. He concluded that, “Iraq’s almost complete dependence on oil revenues, [its] inability to market large quantities of

²³ Baghdad to State, A-996, 9 June 1964, “UAR-Iraq Presidential Council” (Talib, Jadir, al-Hussain),” in RG59, Box: 2340, Folder: POL 15-1 HEAD OF STATE EXECUTIVE BRANCH, IRAQ 1/1/64. See also “‘Al-Ahram’ Article on Oil, Voice of the Arabs,” 19 June 1964, in *OPEC: Origins and Strategy 1947-1973*, ed. A. Burdett (Slough: Cambridge Archive Editions, 2004), Vol. 3, pp. 365-67.

²⁴ Batatu. 1031; Penrose and Penrose, 461-70. A key objective of these measures was to garner support from the CPI, which retained a formidable social base despite the Ba’th’s dismantling of its leadership and organization in 1963. On the CPI’s (pro-Nasser/ pro-nationalization) “August Line” see Baghdad to State, A-133, 11 Aug 1964; Baghdad to State, A-273, 22 Sept 1964; Baghdad to State, A-432, 10 Nov 1964, “Iraqi Communist Party’s Latest Statement,” all in RG59, Box: 2338, Folder: Pol 12 Political Parties Iraq 1/1/64.

²⁵ Memcon, 29 Jan 1964, in *FRUS 1964-1968*, 34: 176. See also “Grossly Unjust: Wattari on Iraq’s Rejection of Oil Companies’ Offer [on Royalties Expensing],” 30 Dec 1964, in *OPEC: Origins and Strategy 1947-1973*, ed. A. Burdett (Slough: Cambridge Archive Editions, 2004), Vol. 3, pp. 523-30.

oil itself, and [the Iraq government's] fear of Western intervention seem likely to outweigh the factors favoring nationalization for some time to come."²⁶ Though Iraq was in principle committed to a path of socialist economic development, the Ambassador concluded that there were clear and definite limits to its capacity to pursue this course.²⁷

The Challenge of the Independent Internationals, February 1964-January 1965

Though the U.S. Embassy recognized the limits to Iraqi economic autonomy and adopted a generally patient attitude toward the Iraq government's experiments with socialism, the IPC was more alarmed by the growing socialist trend in Iraq. The Company regarded the formation of a national oil company endowed with the right to develop territories reclaimed by Law 80 as "a violation of their concessionary rights."²⁸ The IPC was most concerned that the new law would allow independent oil producers to make bids for the Rumaila oil field.²⁹ To defend against this possibility, the IPC demanded that the dispute over Laws 80 and 11 be adjudicated in a court of international arbitration, and threatened to

²⁶ Baghdad to State, A-71, 28 July 1964, "Estimate of Factors Iraqi Government would Consider in Determining Whether or Not to Nationalize IPC," in RG59, Box: 1391, Folder: PET 6 COMPANIES IRAQ, 1/1/64.

²⁷ On the State Department's general patience in regard to Iraq's Nasserist trend see: Baghdad to State, 24 Mar 1964; Memcon with Nasr al-Hani, 20 Apr 1964, Rusk to al-Hamid (Iraqi FM), 7 May 1964, State to Baghdad, 5 June 1964; State to Tehran 3 Sep 1964, all in *FRUS, 1964-68*, 21 nos. 162-66.

²⁸ Stewart to IPC, 12 Feb 1964. See also Dalley to Ekserdjian, A/531, 6 Feb 1964; Stewart to Dalley, A/532, 10 Feb 1964, all in IPC no. 135986.

²⁹ CM Dalley, "Some Points on IPC's Position Regarding Negotiations," 27 Feb 1964, in IPC no. 135987.

bring legal suit against any company doing business with the INOC in the absence of a general settlement of all outstanding Iraq-IPC issues.³⁰

The IPC's fear of independent competition was well grounded. The late 1940s and 1950s were an era of "bonanza" profits for the major international companies operating in the Middle East.³¹ Given this profitability, by the early 1960s, there were a number of large domestic American producers interested in expanding beyond the national U.S. market and gaining a share of Middle Eastern oil production. Though there were also European and Japanese independents interested in getting a foothold the Middle East, the IPC, and the State Department along with it, was most concerned about the threat posed by the American independents.³² In the words of former Ambassador John Jerengan, "it is the American companies, not the foreign, which have the money, [and can] therefore, create an element of concern to the IPC."³³ Of particular concern were Union Oil, Continental Oil, and Sinclair Oil, all of which showed a great deal of

³⁰ Stewart to IPC, 12 Feb 1964, in IPC no. 135986.

³¹ See Joe Stork *Middle East Oil and the Energy Crisis* (New York: Monthly Review Press, 1975), chapter 3, "The Bonanza Years: 1948-1960," pp. 56-73.

³² Ekserdjian, 20 March 1964, "Wattari in Washington," in IPC no. 135987; Memcon, Jernegan with Willis (Gen. Ex. Co.), 18 March 1964, "General Exploration Co. of Ca. Interest in Iraq," in RG59, Box: 1391, Folder: PET 6 COMPANIES IRAQ, 1/1/64.

³³ Memcon, Jernegan with Slack (Phillips), 19 May 1964, "Interest of Phillips Petroleum Company in Iraq," in RG59, Box: 1391, Folder: PET 6 COMPANIES IRAQ, 1/1/64.

interest in working with the INOC and sent representatives to Iraq in the spring of 1964.³⁴

As the former Ambassador's comment suggests, high-level officials in the State Department shared the IPC's concern.³⁵ They were particularly sensitive to concerns that Laws 80 and 11 could set a dangerous precedent in the region and beyond. As a State Department telegram to the Baghdad Embassy explained in April 1964, if Iraq was allowed to profit by its action, "Other producing governments could draw [the] same conclusions and [the] concept of unilateral change of agreements which already has its adherents, e.g., ['Abdallah] Tariki, would be markedly strengthened."³⁶ To prevent this outcome, the State Department instructed its Embassy in Baghdad to warn interested concession seekers to avoid contracting with the INOC in the absence of a general settlement with the IPC.

However, the competitive pressures of international capitalism, and especially the desires of some U.S. oil companies, were not easily contained by State Department warnings. When Embassy officials tried to dissuade Sinclair

³⁴ See Memcon, Jernegan with Littin (Continental), 18 May 1964, "Continental's Interest in Oil Concession in Iraq," in RG59, Box: 1391, Folder: Memcon, Jernegan with Slack (Phillips), 19 May 1964, "Interest of Phillips Petroleum Company in Iraq," both in RG59, Box: 1391, Folders: PET 10 Resources, Oil Fields Iraq, 1/1/64 and PET 6 COMPANIES IRAQ, 1/1/64.

³⁵ While the following total global sales figures are for a later period (1976), they give some indication of size differential between the majors and independents (all figures in billions of U.S. dollars): Exxon: 49; Shell: 36; Mobil: 26; BP: 20; Continental: 8; Union: 5.4. See Holy Sklar, *The Trilateral Commission and Elite Planning for World Management* (Boston: South End Press, 1980), p. 10.

³⁶ State to Baghdad, 13 April 1964, in *FRUS, 1964-1968*, 34, no. 179.

representatives from meeting with INOC officials in April, Sinclair's representative in Baghdad simply "affirmed his company's desire to get a contract with GOI [the Government of Iraq] regardless of whether or not the GOI and IPC came to terms." When Embassy officials protested that other interested parties had agreed to hold off on making any concrete offers until the Law 80 issue was settled, Sinclair's representative responded that, in unequivocally stating his company's interest, he was only "being honest with [the] embassy" whereas others "were not."³⁷

After receiving the Embassy's report of Sinclair's defiant attitude, the State Department called Sinclair's Chairman, E.L. Steiniger, to Washington to discuss the matter.³⁸ W. Averell Harriman, the State Department Wise Man (Undersecretary of State for Political Affairs) and scion of the Eastern Establishment (Brown Brothers Harriman), led the meeting and tried to impress upon Steiniger the larger regional and global issues at stake in Iraq.³⁹ "We would not" he explained, "wish governments, such as Iraq, to get the impression that

³⁷ Baghdad to State, no. 831, 4 April 1964, in RG59, Box: 1391, Folder: PET 10 Resources, Oil Fields Iraq, 1/1/64.

³⁸ Memcon, Harriman, Jernegan Lowenfeld with E.L. Steiniger (Sinclair), 6 May 1964, "Sinclair Interest in Iraqi Oil Concession," in RG59, Box: 1391, Folder: PET 10 Resources, Oil Fields Iraq, 1/1/64.

³⁹ Harriman, a leading member of the Eastern Establishment, led the ill-fated "Harriman Mission" to Tehran in July 1951 to negotiate a compromise settlement to the dispute arising from Iran's nationalization of BP (then know as the Anglo-Iranian Oil Company). Harriman's technical adviser on the mission was Walter Levy, who plays an important role in developments later in this dissertation. On the Harriman mission see Stephen Kinzer, *All the Shah's Men: An American Coup and the Roots of Middle East Terror* (Hoboken: John Wiley and Sons, 2003), 99-111.

American oil companies can be pushed around.”⁴⁰ Steiniger “admitted the validity of this reasoning,” and explained that he understood the delicacy of the situation, but he insisted that his company was “crude short,” and could not afford to sit on the sidelines while its competitors moved in to claim a share of the market. Moreover, he could not “tell a sovereign government that it must settle with [the IPC] before [Sinclair could] do business with it.”⁴¹

To this Harriman issued a lightly veiled threat:

The USG follows the problems of the oil companies very closely. Sometimes we can be of help and sometimes not. The relationship between the U.S. Government and the oil companies is a two-way street. We prefer to talk about a problem as we are now doing rather than have Sinclair come around later to the U.S. Government and take a stand in some other area demanding USG support.

In essence, Harriman was reminding Sinclair that the security of its international operations were ultimately underwritten by the American state, and that if Sinclair expected the support of the State Department in any future conflict with a foreign government, it needed to heed State Department warnings regarding Iraq.

However, Harriman failed to deter Sinclair or other interested U.S. oil companies. This was a source of concern to attorneys with Sullivan and Cromwell, the high-powered Wall Street law firm that represented the IPC partners. In July, Arthur Dean, a senior partner in the firm, called upon the State Department to express his frustration with the behavior of the American

⁴⁰ Memcon, Harriman, Jernegan Lowenfeld with E.L. Steiniger (Sinclair), 6 May 1964, “Sinclair Interest in Iraqi Oil Concession,” in RG59, Box: 1391, Folder: PET 10 Resources, Oil Fields Iraq, 1/1/64.

⁴¹ Ibid.

independents.⁴² Dean requested that the Department redouble its efforts to “deter American companies from making offers to the Iraq Government.” When Harriman outlined the Department’s efforts thus far, Dean insisted that, “additional efforts... would be most appreciated,” as “American companies, merely by talking to the Iraqis, are giving the GOI encouragement.”

To this, Harriman pointed out that the State Department did not actually “have legal authority to prohibit American companies from entering Iraq,” and asked what more it could do. Dean urged that Ambassador Strong “speak with the GOI in support of the companies expressing the hope that appropriate compensation would be paid to IPC.” Virtually all in attendance, including Mobil Vice President Henry Moses, concluded that “given Iraqi sensitivity,” this would be a very bad idea as it would further associate the IPC, in the mind of the Iraqis, with Western state power.⁴³

Not only did IPC and State Department officials believe that Ambassador Strong’s intervention would be counter-productive, but the Ambassador himself was not all that inclined to take up the IPC’s case with the government of Iraq. While IPC partners and top-level officials with the State Department were committed to the “principle of preventing producing countries from making success out of nationalization or unilateral action,” Ambassador Strong believed

⁴² Memcon, Harriman, Lowenfeld, Ensor with Dean, 2 July 1964, “IPC Negotiations,” in RG59, Box: 1391, Folder: PET 10 Resources Oil Fields Iraq, 1/1/64. Arthur Doyle of IPC’s Government Relations office in London concurred – this suggests that Dean was *not* representing IPC solely or even principally, but rather Wall Street more generally.

⁴³ Ibid.

the companies' fears of precedent setting were overblown.⁴⁴ In September 1964, Ambassador Strong traveled to Washington to discuss the situation with State Department officials. In their meeting, Strong argued that it was not clear that there would "be serious adverse effects on oil company operations outside Iraq in the event the Iraqis got away with their Law 80 action." The company was, in his view, being completely unreasonable. He believed that it, along with the British and the Iranians, was actively trying to sabotage the new government for essentially political reasons:

While he had no proof, the Ambassador felt almost certain that the British and the Iranians were not just hoping for but working towards a change of government in Iraq. Certainly, he said, it was British policy to keep Iraq weak and relatively poor so as to avoid pressure from Iraq on Britain's oil and political position in the Persian Gulf.⁴⁵

The Ambassador's reservations notwithstanding, State Department officials in Washington remained rather sympathetic to the British/ IPC position.⁴⁶ But the competition between the IPC and its independent challengers put the State Department in an increasingly difficult position. As Undersecretary of State George Ball explained to Exxon and Mobil executives in October, any efforts to block independents exposed the State Department to charges that it was giving the IPC shareholders "an unreasonable degree of preference" with

⁴⁴ Memcon, Ball, Jernegan, Strong, Ensor, Bensusan, Wolle, "Iraqi Oil Situation," 23 Sept 1964, in *FRUS 1964-68*, 34, no. 182.

⁴⁵ *Ibid.*

⁴⁶ The British Ambassador Sir Roger Allen adopted a particularly hard-line view. See Memcon, Talbot, Ensor, Oliver, Blackiston with Moses (Mobil), Owen (ARAMCO), 29 June 1964, "IPC-GOI Negotiations," in RG59, Box: 1391, Folder: PET 10 Resources Oil Fields Iraq, 1/1/64.

“respect of future oil operations in Iraq.”⁴⁷ Moreover, there were increasing indications that such efforts would not work anyway.⁴⁸ As Ball put it, there was a growing danger that, “the American companies which heeded the Department’s advice to stay out of Iraq might eventually find themselves undercut by other American companies which chiseled. Also there were the Japanese, Italians, and other foreign operators to worry about.”⁴⁹ Ball warned the companies that the State Department “could not hold the line forever,” and that the IPC was going to have to come to terms with the Iraq government before it was too late.⁵⁰ By late 1964, it was becoming clear, Mobil’s Vice-President said, that the “State Department’s dam” was giving way, and there would soon “be a flood of American companies in Baghdad” making offers.⁵¹

⁴⁷ Jernegan to Ball, 23 Oct 1964; see also Baghdad to State, A-479, 27 Nov 1964, “Sinclair Attorney Attacks State Department Oil policy in Iraq,” both in RG59, Box: 1391, Folder: PET 6 COMPANIES IRAQ, 1/1/64.

⁴⁸ On increasing indications of independent interest in Iraq see: Memcon with Gross (Mobil), 11 Aug 1964, “Reported Renewed Sinclair Activity in Iraq,” in RG59, Box: 1391, Folder: PET 10 Resources Oil Fields Iraq, 1/1/64; Memcon, Ball, Jernegan, Strong, Ensor, Benschky Wolle, “Iraqi Oil Situation,” 23 Sept 1964, in *FRUS 1964-68*, 34, no. 182; Moses to Grove, 17 Aug 1964; and *The Sunday Times*, 23 Aug 1964, “Last Stand of the Fading ‘Red Line,’” in IPC Dailey Digest, both in IPC no. 135897; Memcon with S. Ball (Pure), 22 Oct 1964, “Possible Interest of Pure Oil Co in Iraq,” in RG59, Box: 1391, Folder: PET 10 Resources Oil Fields Iraq, 1/1/64.

⁴⁹ Memcon, Ball, Jernegan, Strong, Ensor, Benschky, Wolle, “Iraqi Oil Situation,” 23 Sept 1964, in *FRUS 1964-68*, 34, no. 182.

⁵⁰ *Ibid.*

⁵¹ Moses (Mobil) quoted in Saul, pp. 770. While BP and Esso were unrelenting, CFP and Mobil had been favoring a negotiated settlement since the emergence of the new regime. See CM Boyer (NEDC) to IPC managers, 19 May 1964, in IPC no. 135987; Memcon, Talbot, Ensor, Oliver, Blackiston with Moses (Mobil), Owen (ARAMCO), “IPC-GOI Negotiations,” 29 June 1964, in RG59, Box: 1391, PET 10 Resources Oil Fields Iraq, 1/1/64; Moses to Grove, 17 Aug 1964, in IPC no. 135897. BP, for its part, resented government (US and UK) pressure to move closer to the CFP-Mobil position. See Morris to Dalley, 27 July 1964, in IPC no. 135987.

The Rise and Demise of the Wattari Agreement, October 1964-Sept 1965

The inability to contain independent interest in Iraq compelled the State Department to examine the strength of the IPC's legal claims.⁵² In early October, it sought the analysis of Walter Levy, a world-renowned expert in petroleum law who had served as an analyst with the OSS during WWII.⁵³ Levy was in the unique position of having acted variously as a consultant to the U.S. government, to several oil producing governments, and to all of the major oil firms operating in the Middle East. That background gave him rather broad perspective on the situation.

In his meeting with the State Department,

Mr. Levy set forth the thesis that an objective historical analysis of the IPC concession would show that Iraq had not been treated fairly. A good case could be made to support Iraq's contention that vast relinquishments of territory by IPC should have taken place long ago.

Levy explained that the IPC had a long history of suppressing Iraqi production out of deference to Exxon and BP interests in keeping Iraqi oil off the world

⁵² In his July meeting with the State Department, Arthur Dean claimed that the IPC could "not accept either Law 80 or Law 11 [as both] were contrary to the Iraq Constitution which provides that property can not be taken without compensation." See above note on 2 July meeting.

⁵³ Levy earned a degree in Law from Kiel University in 1933, and then fled to the United Kingdom to avoid Nazi persecution. During WWII, he went to work for the British Ministry of Economic Warfare, and then the Office of Strategic Services where he used his knowledge of German railroad law to determine the precise locations of German oil facilities. In July 1951, he served as the technical adviser to the Harriman Mission to Tehran (see above). See "As an Oil Consultant, He's without Like or Equal," *New York Times*, 27 July 1969.

market. Given this history, Levy suggested that, “the Department would be well advised to keep IPC-Iraq Government oil issues from going to arbitration.”⁵⁴

When asked what he “thought would happen in other oil producing countries if Iraq made a success of Law 80,” Levy explained that

the major companies would then have to relinquish territory elsewhere much faster than they now planned but added that he did not think the Department should shed any tears over this because the companies held fantastic oil reserves far beyond their needs.

In Levy’s analysis, there was no credible concern about the security of supply for American companies because, he estimated, the ARAMCO partners held some 200-300 billion barrels of proven reserves in Saudi Arabia alone.

Later that month, Levy’s analysis was supported by the opinion of Andreas Lowenfeld, a legal adviser to the State Department. Lowenfeld prefaced his analysis by stating that, “the principal issues involved [in the Iraq-IPC dispute] are at that frontier between international law and politics where no firm answer can be given by a lawyer alone.”⁵⁵ He nonetheless went on to present a legal analysis that made it clear that there was very little basis for IPC’s claim that Laws 80 or 11 violated of any US, international, or Iraqi laws, or that the company was owed any compensation. He rather cited a series of recent legal decisions affirming a state’s sovereign right to nationalize foreign held properties so long

⁵⁴ Memcon, Ball with Levy, 5 Oct 1964, “Iraqi Oil Situation,” in RG59, Box: 1391, Folder: PET 10 Resources Oil Fields Iraq, 1/1/64. The document is marked with this note: “EXDIS; Info here is too hot (commercially speaking) for wide distribution.”

⁵⁵ Andreas Lowenfeld, “Memorandum for the Under Secretary,” 24 Oct 1964, in Senate Subcommittee on Multinational Corporations and US Foreign Policy, *Multinational Corporations and US Foreign Policy*, part 8 (Washington DC: Government Printing Office, 1975), pp. 537.

as “prompt, adequate, and effective compensation” was provided.⁵⁶ Moreover, in the case of Law 80, “*IPC’s property as such* has not been taken, and in fact IPC’s operations have continued substantially unimpeded.”⁵⁷ IPC’s claim was, therefore, “at most a claim for breach of contract,” and it could not reasonably expect *any* compensation.⁵⁸

Just as the weakness in the IPC’s legal arguments became increasingly clear, the IPC confronted a new challenge – this time emanating from within the consortium itself, from the French *Compagnie française des pétroles* (CFP). Due to the peculiarities of French history, France had developed a relatively *dirigiste* oil policy.⁵⁹ The French government held a 35% ownership interest in the CFP, and French President Charles de Gaulle (r. 1958-1970) sought to use the firm as an instrument in the “reinvention” of French policy in the Arab world in the early

⁵⁶ The most important of which was the March 1964 US Supreme Court ruling in the case of *Banco Nacional de Cuba vs. Sabbatino*. See *Ibid.*, 539.

⁵⁷ Emphasis added.

⁵⁸ Lowenfeld recounted IPC’s history of “excluding or swallowing up all competitors” and suggested that there appeared to be “no effective legal remedy against the Government of Iraq. ... While the legal issues in the IPC-Iraq dispute are numerous and complicated, law does not appear to provide solutions.” *Ibid.*, 538-39.

⁵⁹ David Styan, *France and Iraq: Oil, Arms and French Policy Making in the Middle East* (London: I.B. Tauris, 2006), 12. Accordingly, the CFP was established under the direction of the French state in 1924 to assume control of oil interests won from Germany as a result of WWI (21). Though the company was initially wholly comprised of private capital, by 1931, the French Government held a 35% ownership share in the company (21-24). However, it should be noted that political scientist Gregory Nowell analyzes the case of France and the CFP to demonstrate the *limits* to mercantilism as a policy approach within the context of the capitalist world economy of the early 20th century. He argues that even a relatively strong state such as France (*vis-à-vis* its domestic private capital), is relatively weak in relations to large multinationals such as Standard Oil. See Gregory Nowell, *Mercantile States and the World Oil Cartel, 1900-1939* (Ithaca: Cornell University Press, 1994).

1960s.⁶⁰ In this context, it is important to remember that between 1954 and 1962, France engaged in a bloody counterinsurgency struggle in an effort to retain control of its oil-rich colony of Algeria.⁶¹ But as it became clear that formal colonial ties would no longer be able to secure Algerian oil resources for the French economy, de Gaulle made a concerted effort to end the war and improve relations with Arab states.⁶² Iraq, which provided more than one third of CFP's crude oil, and supplied about 20% of the French market, was key in this regard.⁶³

The basic disjuncture between the CFP and its IPC partners exacerbated a growing rift between de Gaulle's France and the "Anglo-Saxon" governments of the U.S. and Britain. This tension was evident in January 1965, when Jacques Morizet of the French Embassy in Washington called upon the State Department to express his government's frustration with the behavior of the Anglo-American

⁶⁰ This reinvention was, in turn, part of a "coherent, long-term Gaullist regional policy in the Middle East," according to which "France presented itself as beholden to neither superpower and selectively supported non-aligned states – particularly those in which France had good export prospects." Iraq was key in this respect. David Styan, *France and Iraq: Oil, Arms and French Policy Making in the Middle East* (London: I.B. Tauris, 2006), pp. 1, 49. On France in the cold war see also Jeremi Suri, *Power and Protest: Global Revolution and the Rise of Detente* (Cambridge: Harvard university Press, 2003): 44-61, 71-87; See Matthew Connelly, *A Diplomatic Revolution: Algeria's Fight for Independence and the Origins of the Post Cold War* (New York: Oxford University Press, 2003), 277.

⁶¹ See Matthew Connelly, *A Diplomatic Revolution: Algeria's Fight for Independence and the Origins of the Post Cold War* (New York: Oxford University Press, 2003).

⁶² David Styan, *France and Iraq: Oil, Arms and French Policy Making in the Middle East* (London: I.B. Tauris, 2006). See also Maurice Vaisse, "Post-Suez France"; and Adam Watson, "The Aftermath of Suez: Consequences for French Decolonization," in *Suez 1956: The Crisis and its Consequences*, ed. Wm. Roger Louis and Roger Owen (New York: Oxford University Press, 1989).

⁶³ Styan, 75; Saul, 774.

partners in the IPC.⁶⁴ Morizet denounced IPC obstinacy and requested that the State Department instruct the American partners in the IPC to be more forthcoming with Iraqi negotiators. To this, Andrew Ensor, who would soon leave the State Department for a top executive position with Mobil, explained that while the Department maintained a “close liaison with the American shareholders,” Jersey and Mobil were, unlike CFP, private companies, and that the State Department could not order them to do anything.⁶⁵ Morizet ended the meeting by assuring his American counterparts that they “could expect to hear more from him soon.”

There was more at stake in the dispute between the U.S. and France over Iraq than mere commercial concerns. What was at stake was no less than how the international petroleum industry would be organized, and for whose benefit. In their meeting with Morizet, State Department officials tried to assure him that U.S. and British interests in Iraq were “identical” to those of France in that the “overall policy [objective] of the U.S.” was to assure “the maintenance of a consistent and reliable oil supply for the free world.”⁶⁶ But in truth, Anglo-American interests in Iraq were far from identical with those of France. As one

⁶⁴ Memcon, Ensor and Bensusky with Morizet, 22 Jan 1965, “French Representation re IPC-GOI Negotiations,” in RG59, Box: 1391, Folder: PET 10 Resources, Oil Fields Iraq, 1/1/64.

⁶⁵ Ensor’s colleague George Bensusky added that French fears of nationalization were overblown. In his view, the government in Baghdad was “fully aware” of the “consequences which resulted for Iran from their attempted expropriation in the early 1950s.” Ibid.

⁶⁶ Ibid. This same theme was emphasized a few days later when French officials met with their British counterparts. See BFO to Washington, 1 Feb 1965, in *OPEC: Origins and Strategy 1947-1973*, ed. A. Burdett (Slough: Cambridge Archive Editions, 2004), Vol. 3, pp. 592-93. See also Saul, 770.

British official put it, “only with *seven or eight* major companies all with an interest in preserving the stability of the market rather than selling vastly increased quantities of crude, [could the] gradual development of reserves [proceed] in an orderly manner [.]”⁶⁷

But from the French perspective, Anglo-American interests in maintaining “the stability of the market,” and promoting the “gradual development of reserves,” were far from universal values. These were simply the preferences of the Anglo-American majors, who feared market competition. In this sense, the division between France and the Anglo-Americans reflected differing ideas about how the international petroleum industry should be organized. The Anglo-Americans sought to maintain the Seven Sisters oligopoly, a key pillar of what I describe as the concessionary regime, while the French – and increasingly others – resented their dependence on a production and marketing structure that they believed favored Anglo-American interests. Instead, the French preferred direct state-to-state agreements that reflected prevailing political considerations. Thus in this broader sense, the conflict *within* the IPC reflected the larger geo-political rivalry *between* France and the United States that culminated in France’s 1966 decision to withdraw its forces from the NATO command.⁶⁸

⁶⁷ W.R. Tomkys (BFO) to Willcocks (BP), 12 Feb 1965, in *OPEC: Origins and Strategy 1947-1973*, Vol. 3, pp. 605-06.

⁶⁸ David Styan, *France and Iraq: Oil, Arms and French Policy Making in the Middle East* (London: I.B. Tauris, 2006), 50-52. On general U.S.-French tensions in this period, see also: Jeremi Suri, *Power and Protest: Global Revolution and the Rise of Detente* (Cambridge: Harvard University Press, 2003), 55-61, 78; Thomas J. McCormick, *America's Half-Century: United States Foreign*

Given unrelenting independent interest, the weakness of the IPC's legal arguments, and the softness in the CFP position, it was increasingly clear, by January 1965, that the IPC would have to accommodate itself to Law 80. The companies, therefore, shifted their strategy from demanding arbitration to pursuing a negotiated settlement. As one Mobil official put it as early as May 1964, it was "Ongoing discussions [that] have the best chance of keeping the INOC from concluding deals with third parties."⁶⁹ Despite lingering reticence on the part of BP and Exxon, in January 1965, CFP sent its chief negotiator, Jean Duroc-Danner, to Baghdad to begin negotiating a comprehensive settlement of all outstanding Iraq-IPC issues.⁷⁰

By June 1965, these negotiations produced the "Wattari Agreement," which entailed the formation of the Baghdad Oil Company, a new INOC-IPC joint venture to develop the Rumaila field. IPC partners (with the exception of Exxon which sold its interest to Mobil), retained two-thirds of the ownership shares in the new company, but implicitly recognized Laws 80 and 11, agreed to use its "best endeavours" to increase the total volume of Iraqi oil production, and agreed to pay Iraq £20 million to settle all outstanding differences.⁷¹ The agreement was

Policy in the Cold War and After, 2nd Edition (Baltimore: The Johns Hopkins University Press, 1995), 130-32.

⁶⁹ CM Boyer (NEDC) to IPC managers, 19 May 1964, in IPC no. 135987.

⁷⁰ On growing CFP-IPC tensions see: *The Times* (London), 10 June 1965, in IPC Daily News Digest, in IPC no. 135991; Powell to HMG, "Middle East Oil," 20 June 1964, in *OPEC: Origins and Strategy 1947-1973*, Vol. 3, pp. 369-71. See also Saul, 767-72.

⁷¹ "1965 Unsigned Agreements," 25 Sept 1967, in IPC no. 161758. For analyses of the Wattari agreement see: Stork (1980): 185-186; Penrose and Penrose, 387-389; Saul, 770-72; Styan, 79.

negotiated in strict secrecy and the exact terms were never made public, but when Wattari presented the final terms to the Iraqi cabinet for ratification in July, it created an immediate uproar of opposition.⁷² Adib al-Jadir and five other Nasserist cabinet members resigned their posts in protest and mounted a vigorous press campaign against its ratification.⁷³

The most forceful opposition was articulated by none other than Shaykh ‘Abdallah al-Tariki, who had been spending a great deal of time in Baghdad at the invitation of al-Jadir.⁷⁴ In Baghdad’s *al-Thawrah al-‘Arabiyyah*, al-Tariki critiqued the agreement as conforming to the pattern of earlier concessionary arrangements in that it was “concluded by unequal parties” and served to reinforce the power of the IPC as a “government within a government.” He cited a recent study by the Arthur D. Little management and consulting firm to argue that IPC was using accounting tricks and complex pricing formulas to cheat Iraq out millions of pounds annually. Worse yet, IPC was employing its ill-gotten gains for “subversive and coup d’état purposes.” He described the IPC as “the prime mover in the country,” and claimed that its machinations “created [the very] atmosphere of instability” that it cited as an excuse to avoid capital investment.

⁷² Though the negotiations were kept secret, word of them leaked to the public. See the Communist pamphlet: *Sarkat al-Kadehin [Cry of the Workers]*, “What is happening behind the scenes? More oil flows into Enemies’ bellies,” Dec 1964, translated in IPC no. 135989.

⁷³ Letter to the Editor, *Arab Petroleum Review* (Baghdad), 7 June 1965, translated in IPC no. 135991. See also reports and commentary in IPC no. 135992, including: IPC Digest, 7-8 July 1965; Cordai to Bird, 18 July 1965; IPC Press Extracts, 9 Aug 1965.

⁷⁴ [‘Abdallah al-Tariki] “Iraq and the Oil Companies,” *al-Thawraa al-‘Arabiyyah*, 8 Aug 1965, translated in IPC no. 195992.

For al-Tariki, the sovereignty of the Iraqi state was at stake. The “Governments of civilized countries do not,” he argued, “resort to negotiations but [rather] to legislation” in pursuit of social and economic objectives.⁷⁵

Al-Tariki’s critique was explosive within the political context of Iraq, but was, nonetheless, relatively restrained when compared to that of the right-wing Tahrir (*Liberation*) Party. According to a Tahrir pamphlet, the agreement was in “total contradiction to Islam,” which “prohibits the Moslems from allowing infidels to rule over [them].”⁷⁶ “Besides,” the pamphlet added, “religious rule prohibits the ownership of oil by any company on the grounds that oil is public property and should, therefore, remain a property for all Moslems on whose behalf the State undertakes its exploitation, investment and processing.”⁷⁷ Across the political spectrum in Iraq there was agreement on moving forward with an independent national oil policy and keeping Rumaila out of the hands of the IPC.

⁷⁵ As an example of “civilized governments” using the power of legislation, he cited the example of the US government “imposing” income taxes on companies such as General Motors and US Steel. Tariki may have known that the rates of taxation imposed on major American corporations were a product of something closer to a “negotiation” than an “imposition” – but his point was clear enough.

⁷⁶ “Statement by the Tahreer Party Exposing the Danger of the recent Oil Agreement” [n.d., circa Oct 1, 1965], translated in IPC no. 135992.

⁷⁷ We should not conclude, on the basis of the Tahrir pamphlet, any automatic relationship between Islam and resource nationalization. For example, in 1966, Saudi Oil Minister Zaki Yamani addressed a Dallas Symposium on International Law in the following way: “Saudi Arabia is a fertile paradise for foreign capital... In Saudi Arabia, the system of a free-enterprise economy does not represent merely a convenient economic system. It represents in the first place a religious conviction. The general principles laid down in the Koran and those stated by the Prophet Muhammed are considered, officially, as the constitution of Saudi Arabia, which cannot be changed and from which all other laws must be derived. ... Within this legal framework Saudi Arabia does not in any manner permit severe measures such as nationalization or any other arbitrary [actions] against foreign investors.” See Yamani, “The Foreign Investment Atmosphere in Saudi Arabia,” McCloy Papers, Box: 2, Folder: 5.

In the ensuing controversy, the Wattari Agreement was shelved, and al-Wattari was removed from his post.⁷⁸

Oil Policy Adrift: The 'Arif Brothers in Power, September 1965-May 1967

The Crisis of the Officers' State and the Demise of Nasserism, September 1965 – August 1966

The successful opposition to the June 1965 Wattari Agreement represented a high-water mark for Nasserism in Iraq. As al-Jadir and the other prominent Nasserists stepped down in protest, President 'Arif consolidated power in his own hands and moved to curtail the socialist trend. Though 'Arif had made a career of Nasserist rhetoric, and was still publically associated with the movement, personal and political animosity between 'Arif and Nasser had been increasing for quite some time.⁷⁹ Once he was firmly ensconced in power, 'Arif distanced Iraq from Egypt, and arrested any further developments in the direction of Arab socialism. In September 1965, he replaced the Nasserist Prime Minister Tahir Yahya with 'Abd al-Rahman al-Bazzaz, who assumed the position of Oil Minister as well.⁸⁰ Al-Bazzaz was a former Professor and Dean of Law at

⁷⁸ Penrose and Penrose, 330.

⁷⁹ On tensions between 'Arif and Nasser, see State to Tehran, 3 Sep 1964, in *FRUS 1964-1966*, 21, 166; Baghdad to State, A-495, 1 Dec 1964, in RG59, Box: 2340, Folder: POL 15-1 HEAD OF STATE EXECUTIVE BRANCH, IRAQ 1/1/64. See also Batatu, 1032.

⁸⁰ 'Arif sought to phase out Yahya and the Nasserists by first replacing Yahya with the Nasserist Air Force Commander 'Aref 'Abd al-Razzaq on Sept 6. But al-Razzaq, sensing that his appointment was a ploy, attempted a coup on Sept. 12. The coup was easily suppressed. Al-Razzaq was exiled to Cairo, and al-Bazzaz was appointed both Prime Minister and Oil Minister, while the remaining Nasserists were stripped of their cabinet portfolios. See Baghdad to State, A-270, 11 Sept 1965,

Baghdad University and a prominent advocate of civilian rule and of the private enterprise system.⁸¹ With his elevation, all progress toward the establishment of an independent Iraqi oil policy came to a grinding halt. He tabled the contentious oil issue and chose instead to focus his efforts on negotiating a settlement to the Kurdish War, which had been rejoined in April 1965, after a quiet year in 1964.⁸²

Al-Bazzaz's elevation marked the end of the Nasserist trend in Iraq – or at least its temporary abeyance – but his emergence also reflected a larger crisis within the Iraqi political system. In the broadest social sense, this was a consequence of a great deal of disillusionment with the military's intervention in politics. Just before the eruption of the controversy surrounding the Wattari Agreement, James Akins of the U.S. Embassy in Baghdad filed a long report reflecting on this sentiment.⁸³ In his dispatch, he described an Iraqi military establishment that had, since taking power in 1958, transformed itself from a

"New Iraqi Cabinet – Sept 6, 1965," in RG59, Box: 2339, Folder: POL 15 Gov Iraq. See also Penrose and Penrose, 328-30; Batatu, 1034.

⁸¹ Though al-Bazzaz had his supporters (particularly Ernest and Edith Penrose. pp. 329-46), Batatu described his "conservatism" as contradicting "the basic instincts of the bulk of the politically conscious Iraqis" (1063). Nasserists and Communists regarded him as a "reactionary" and an "imperialist" intent on "rehabilitating the old social classes," while the Ba'th and other right-wing nationalists regarded him as too accommodating towards the Kurds (Batatu 1064-65). The US Embassy was generally sympathetic toward al-Bazzaz's premiership but doubted his staying power within the Iraqi political system. See State to Baghdad, 26 Oct 1965; and Tehran to State, 20 Jan 1966, in *FRUS, 1964-68: 21*, no. 176 and 179; State (Ball) to Baghdad, CA-2030, 15 April 1966, in RG59, Box: 2339, Folder: POL 15 GOV IRAQ.

⁸² On the Kurdish war, see Sa'ad Jawad, *Iraq and the Kurdish Question, 1958-1970* (London: Ithaca Press, 1981), 146-47, 177-80; Edgar O'Ballance, *The Kurdish Struggle 1920-94* (New York: St. Martin's Press, 1996), 65-76; David McDowall, *A Modern History of the Kurds*, 3rd Revised Edition (New York: I.B. Tauris, 2004), 315-20.

⁸³ Baghdad (Akins) to State, A-980, 15 May 1965, "Thoughts on Past and Future Revolutions – not a policy paper," in RG59, Box: 2339, Folder: POL 15 Government Iraq.

celebrated status group in Iraqi society into a social class in and for itself.⁸⁴

Whereas Iraqis had once “looked to their military officers... to deliver them from the corrupt civilian politicians and from civilian bickering and inefficiency,” by mid 1965, the officer corps had discredited itself through its experience in power. While the officers once appeared “honorable and ambitious only for the welfare of the country,” they now appeared “to be at least as corrupt” as their civilian predecessors. Rather than being modern and efficient reformers, the officer corps had come to be seen as a kind of social parasite draining resources away from efforts toward social and economic development. As a consequence, the Army’s social prestige declined and the legitimacy of the Officers’ State was increasingly challenged.⁸⁵

Much of this disillusionment stemmed from Iraq’s general economic situation, which was greatly exacerbated by the conflict with the IPC and the cost of prosecuting the war with the Kurds in the north. Not only had Iraqi oil production, and hence government revenues (Tables 2 and 3), stagnated since Law 80, but the economy was experiencing serious dislocations as a result of the

⁸⁴ The relationship between class and status is a central theme running throughout Batatu’s text (see pages, xxi, 5-8). The interpenetration of class and status similarly occupied Akins’ attention: “Although officers will at times stick together against all civilians – particularly if they believe their prerogatives are threatened (as they were by the Baath’s National Guard) – they are sensitive to the will of the people as expressed by their own brothers, cousins and friends.”

⁸⁵ Not only were the officers “inefficient and arrogant,” but the “unkindest cut of all was that they were immensely expensive. The military establishment now devours a substantial proportion of the budget of the country. And its officers, often failures in school and usually drawn from the middle and lower middle classes, are paid high salaries which arouse the jealousy and disfavor of most civilians” (3). As a consequence, their prestige in society had declined. Though the “officer class as such” could “have had no grievances under any of the recent Iraqi regimes,” “surprisingly few” officers chose to “enroll their own sons in the military academies.” Choosing instead to educate them for “civilian positions as engineers, doctors, or lawyers.”

July 1964 nationalization measures. These measures produced a great deal of “capital flight” as Iraqi entrepreneurs either forwent new investments or left the country – with their capital – all together. These problems were compounded by a lack of competent public administrators to manage a partially socialized economy. As a result, food prices and unemployment rose, while black markets emerged and overall rates of economic growth declined. Amidst these dislocations, Yahya and Hasib, who remained head of the Economic Establishment and the Iraq National Bank, became targets for frequent charges of corruption and economic mismanagement.⁸⁶

Table 2. Crude Oil Production (MBD) in Selected Countries, 1960-70

Country	1960	1962	1964	1966	1968	1970
Iraq	.97	1.01	1.26	1.4	1.5	1.55
Kuwait	1.7	1.96	2.30	2.48	2.61	2.99
Libya	-	.18	.86	1.5	2.6	3.32
Saudi Arabia	1.31	1.64	1.9	2.6	3.04	3.80
Iran	1.07	1.33	1.71	2.13	2.84	3.83

Source: U.S. Department of Energy, Energy Information Administration⁸⁷

⁸⁶ For economic reports and statistics see Baghdad to State, A-1048, 2 June 1965, “Prime Minister, Central Bank Governor Seeks to Refute Charges of Iraqi Recession”; Baghdad to State, A-17, 3 July 1965; Baghdad to State, A-119, 3 August 1965, “Dr. Haseeb Summarizes Year One of Socialism in Iraq,” in RG59, Box; 725, Folders: E2 Gen Reports and Stats Iraq 1/1/64; E1 Gen Policy, Plans, Programs Iraq 1/1/64; E2 Gen Reports and Stats Iraq 1/1/64. For secondary analyses see Batatu, 1032-33; Penrose 341-42, 460-68; Mufti, 183-87; Stork (1980): 184-85.

⁸⁷ <http://www.eia.doe.gov/aer/txt/ptb1105.html>

Table 3. Iraqi Oil Revenue in Millions of Iraqi Dinars, 1960-1970

Year	Oil Revenue
1960	222.6
1962	223.7
1964	281.8
1966	307.0
1968	344.1
1970	368.1

Source: Michael E. Brown, 113⁸⁸

When ‘Arif chose to replace Yahya with al-Bazzaz, his decision reflected widespread disillusionment with military rule in Iraq, but it was also a tactical maneuver as well. Not only was this a feint in the direction of civilian rule, it also served to check the Army’s power to overthrow him. As a veteran officer of all three successful coups since 1958, ‘Arif understood well the security threat posed by the Army. As he moved toward the commanding heights of the Iraqi state, he took steps to curtail the Army’s capacity for independent action. The provisional constitution unveiled in May 1964 abolished the National Council of the Revolutionary Command (NCRC), and replaced it with the National Defense Council (NDC) – a new entity composed of both officers and civilians. He then transformed the 20th Infantry Regiment, which he had commanded as it played the decisive role in all three revolutions, into the Presidential Guard – an elite unit led and staffed by members of ‘Arif’s own al-Jumailah tribal group.

⁸⁸ Michael E. Brown, "The Nationalization of the Iraq Petroleum Company," *International Journal of Middle East Studies* 10, no. 1 (1979): 107-24.

Appointing al-Bazzaz, the first civilian Prime Minister since 1958 and an outspoken critic of military rule, was a part of this general strategy.⁸⁹

'Arif's efforts to consolidate power were cut short in April 1966 when he was killed in a helicopter accident. With the death of 'Arif, a power vacuum developed in which there was increasing conflict for control of the government between al-Bazzaz and 'Abd al-'Aziz al-'Uqayli, the hard-line Minister of Defense who commanded the war in the north and put himself forward as a possible successor to 'Arif.⁹⁰ Al-Bazzaz was able to prevail upon the cabinet and sovereignty council (the NDC) to replace 'Arif with his more moderate, less ambitious older brother 'Abd al-Rahman in an ad hoc NDC election at the end of April.⁹¹ However, al-Bazzaz's victory proved short-lived. 'Arif the elder lacked his brother's charisma and leadership skill, and quickly succumbed to military pressure to replace al-Bazzaz with Major General Naji Talib – a consensus candidate of the Army.⁹²

⁸⁹ Sa'ad Jawad, *Iraq and the Kurdish Question, 1958-1970* (London: Ithaca Press, 1981), 190-214; Batatu 1027-28; 1034.

⁹⁰ Jawad, 193-94.

⁹¹ For analysis of the struggle between al-Bazzaz and al-'Uqayli see Jawad 177-80; Penrose 337-46; Batatu 1063. The State Department would have looked favorably upon the triumph of al-'Uqayli. See State (Ball) to Baghdad, CA-2030, 15 April 1966, in RG59, Box: 2339, Folder: POL 15 GOV IRAQ.

⁹² Al-Bazzaz's devoted the bulk of his efforts toward negotiating an autonomy agreement with the Kurds, which was signed on June 29, 1966. However, the agreement met a violent reaction from Army hardliners who joined al-Razzaq in trying to overthrow al-Bazzaz the following day. The attempt was easily suppressed, but it indicated the extent of opposition to al-Bazzaz within the Army. This opposition continued to mount until al-Bazzaz was replaced on August 6. See Memo, 11 May 1967, "Change of GOI"; Baghdad to State, A-70, 18 May 1967, both in RG59, Box 2221, Folder: POL 15 Iraq 1/1/67. See also Jawad 197-200; O'Ballance 83.

Naji Talib and the IPC-Syria Crisis, August 1966 – May 1967

Whereas al-Bazzaz tabled the oil agenda, Talib sought to consolidate his tenuous position by rapidly concluding a comprehensive agreement with the IPC.⁹³ In November 1966, he approached the companies with a proposal for a 50-50 joint venture to develop Rumaila.⁹⁴ If the IPC refused to accept his offer by January 1, 1967, Talib threatened to unilaterally transfer control of the field to the INOC. However, the IPC was unwilling to move from the terms of the Wattari Agreement. According to an internal company memo, the companies feared the implications of any such deal for their *other* concessions in the area:

We have been put on notice by the Governments of Iran and Saudi Arabia that they will expect terms similar to those agreed between IPC and Iraq. Therefore, to agree voluntarily to give INOC a 50% interest in North Rumaila would result in immediate repercussions in neighboring countries. But if Iraq seizes North Rumaila by unilateral action, it is, in our opinion, less likely that other countries will follow.⁹⁵

Given this analysis, the Company offered to “send out a team of experts to help the Iraq Government convince the public that it is in Iraq's best interest to sign the 1965 Draft Agreement,” but would go no farther.⁹⁶ Iraqi negotiators insisted that all the public relations in the world could not convince the Iraqi public to accept less than 50% ownership of Rumaila.

⁹³ Baghdad to State, A-737, 22 Feb 1966, “Status of Draft IPC Agreement,” in RG59, Box: 2339, Folder: POL 15 GOV IRAQ.

⁹⁴ Talib’s offer was modeled on an agreement between the French state-owned ERAP (see below) and the National Iranian Oil Company that was signed in late August 1966. See Saul 773.

⁹⁵ NEDC Memo, “Iraq Negotiations,” 16 January 1967, in McCloy Papers, Box: 1, Folder: 37.

⁹⁶ Ibid.

Talib's ultimatum may have influenced the IPC's approach to a developing situation with the radical Ba'athist regime in neighboring Syria.⁹⁷ The conflict arose over Syrian claims that the IPC owed some £30-40 million in unpaid transit fees for oil shipped through the 300 miles of IPC pipeline that crossed Syrian territory to Mediterranean shipping terminals at Banias, Syria and Tripoli, Lebanon (See Iraq Oil Map in front matter). When negotiations on the issue broke down in December 1966, Syria seized IPC facilities and shut down the pipeline that carried roughly 1mbd of Iraqi crude – 65% of Iraq's total production.⁹⁸ Moreover, the Syrian regime challenged Iraq to nationalize the IPC and offered to restore the flow of oil if it did so. The shutdown deprived the already cash-strapped Iraqi government of some \$600,000-\$800,000 in oil revenue for every day that the crisis persisted.⁹⁹ While the origins of the IPC-Syria conflict were complex, Prime Minister Talib accused the IPC of deliberately provoking and prolonging the dispute in order to place financial pressure on Iraq to concede to IPC demands.¹⁰⁰ As the crisis persisted, Talib threatened to nationalize the IPC altogether if the flow was not restored quickly.

⁹⁷ Saul, 774.

⁹⁸ See NEDC Memo, "Syria and Iraq: The Transit Dispute With Iraq Petroleum Co., LTD," 24 Jan 1967, 1967 in McCloy Papers, Box: 1, Folder: 37; "The Dispute Between the Syrian Government and the IPC," *Selected Documents of the International Petroleum Industry*, ed. Nameer Ali Jawdat (Organization of the Petroleum Exporting Countries, 1968): 385-86. See also Saul, 773.

⁹⁹ "The Dispute Between the Syrian Government and the IPC," *Selected Documents of the International Petroleum Industry*, ed. Nameer Ali Jawdat (Organization of the Petroleum Exporting Countries, 1968): 385-86.

¹⁰⁰ NEDC Memo, "Syria and Iraq: The Transit Dispute With Iraq Petroleum Co., LTD," 24 Jan 1967, 1967 in McCloy Papers, Box: 1, Folder: 37.

The State Department's Strategic Assessment and the End of IPC-Syria Crisis

The IPC-Syria crisis and its financial effect on Iraq was a source of concern for the U.S. Embassy in Baghdad. Despite 'Arif the elder's relatively weak grasp on power, U.S. officials were generally pleased with the orientation of his government – if not the premiership of Naji Talib.¹⁰¹ According to the State Department's analysis, there had “been a gradual but continuing swing of the pendulum back toward moderation” in Iraqi policy, and particularly so after the emergence of 'Arif the elder.¹⁰² The Department was encouraged by indications that 'Arif was determined to “avoid overdependence on the USSR or an overly close tie with the UAR.”¹⁰³

Just before the outbreak of the crisis, the State Department issued a position paper that advised the U.S. government to “pursue policies designed to strengthen [moderate] tendencies and those elements in the power structure [that] support them.” Lest anyone in Washington begin thinking about ways to accelerate these tendencies, the paper warned that “the problem of limiting the Communist presence in Iraq,” was “long range,” and there were “no gimmicks”

¹⁰¹ On US attitudes toward 'Aref the elder see: Baghdad to State, 17 May 1966, “Call on President Aref”; Atherton to Hare, “Communist Presence in Iraq, Jordan and Lebanon,” 1 Nov 1966; LBJ to Aref, [28 April 1968,] “Draft Message From President Johnson to President Aref”; Baghdad to State, 30 Nov 1966, “Call on President Aref”; Rostow to LBJ, Jan 21, 1967, “President to meet a delegation of 5 Iraqi general led by Hasan Sabri,” all in *FRUS 1964-1968, 21*, nos. 180, 185-88.

¹⁰² Atherton to Hare, “Communist Presence in Iraq, Jordan and Lebanon,” 1 Nov 1966, *FRUS, 1964-1968, 21*, no. 185.

¹⁰³ *Ibid.*

that could provide a quick fix – there was no shortcut to the long, slow, patient work of influence cultivation. The Department rather advised that U.S. increase military, economic and police aid, and place greater emphasis on educational and cultural exchange.¹⁰⁴

In the State Department's analysis, the Syrian demand for increase transit dues was merely a cover for its true objective, which was to undermine 'Arif's leadership and disrupt the "moderate trend in Iraq."¹⁰⁵ U.S. Embassy officials feared that the crisis, particularly the loss of Iraqi oil revenue, was producing increasing conflict between the moderate 'Arif and the more radical Talib, and that 'Arif was being pulled closer to Talib by the economic hardships imposed on the government.¹⁰⁶ The U.S. Embassy in Baghdad warned that as economic pressure within Iraq mounted:

radicals will be able to obscure [the] real issues and arouse [the] emotions of [the] people on basis of [an] anti-Western, anti-IPC appeal to point of serious "street" action in form of mass student strikes and mob demonstrations which moderate authorities [are] unable deal with short of serious bloodletting. Extremists then would be able to take over by default. This might then lead to takeover of IPC or even control of Iraqi oil production by Communist countries; complete socialization of Iraqi economy; reversal of [the] present policy of improving relations with Turkey, Iran and Kuwait; a renewed threat to [the] security of Kuwait; serious prosecution of "Arab causes"; hostility to foreigners in Iraq;

¹⁰⁴ Ibid.

¹⁰⁵ See NEA (Handley) to State, 10 Jan 1967, "Effect of IPC Pipeline Crisis on Economy of Iraq"; Atherton to Davies, 13 Jan 1967; NEA Memo, 16 Jan 1967, "IPC Crisis"; Kingsolving to Davies, 25 Jan 1967; NEA Memo, 8 March 1967, "IPC-Syrian Pipeline Agreement," all in RG59, NEA Lot 72D490, Box: 7, Folders: PET 6 IPC; and PET 6 IPC-SYRIA; Cairo to State, 16 Dec 1966, "IPC Dispute," in *FRUS, 1964-1968*, 34, no. 196.

¹⁰⁶ See Damascus to State, 25 Jan 1967, *FRUS, 1964-1968*, 34, no. 201; Kingsolving to Davies, 25 Jan 1967; NEA Memo, 16 JAN 1967, "IPC Crisis," both in RG59, NEA Lot 72D490, Box: 7, Folder: PET 6 IPC-SYRIA.

and [a] drastic increase in the strength of [the] Commies with a concomitant rise in role of [the] Soviets in Iraq.¹⁰⁷

While the Embassy sounded the alarm, the State Department was more sanguine – *or at least appeared to be so*. The State Department was, by early 1967, under increasing pressure to abandon the accommodationist and developmentalist approach to the Arab world that it had been following in one form or another since the NSC 5820 statement of policy in November 1958 (see chapter one). For more hard-line elements in Washington, the crisis served to illustrate the danger of relying on Arab states for the production of a commodity critical to the smooth functioning of the world economy (more on this rising sentiment in the chapter ahead).¹⁰⁸ Against this pressure to lessen American dependence on Arab oil, the State Department issued a policy paper in February 1967 – that is at the height of the IPC-Syria crisis – which defended the State Department’s historically close relations with the oil producing states of the Middle East.¹⁰⁹

¹⁰⁷ Baghdad to State, 17 Dec 1966, “Oil Crisis--consequences for Iraq of prolonged closedown of IPC,” in *FRUS, 1964-1968*, 34, no. 197.

¹⁰⁸ This sentiment was expressed in the form of a July 1967 interagency study (the so-called “Holmes Study”). The Holmes Study, and the controversy that surrounded it, are discussed in chapter 4.

¹⁰⁹ NEA Study, 8 Feb 1967, “Near East Oil: How Important is it?” in *FRUS, 1964-1968*, 21, no. 19. The study noted that the area contained 2/3 of Free World’s oil reserves, and provided over a 1/3 of its current production. Area production had increased from 1.3 million barrels per day in 1948 to over 9.5 million b/d at present, supplied more than half of Western Europe’s oil, and more than 85% of Japan’s oil.

The paper acknowledged that the U.S., along with the world economy in general, was growing more dependent on Middle East production, but contended that this should not be a source of concern for American policymakers:

Middle East producing countries are exhibiting signs of becoming more responsible and even more conservative in their relations with petroleum operators so as not to interrupt the flow of royalties and taxes from their oil production. The blow of the Mossadegh Madness to the Iranian treasury in 1951-54 was not lost on the other producing states, nor is Iraq's current loss of \$630,000 per day because of Syria's closing of IPC pipelines unnoticed by other area oil suppliers.

The paper emphasized that the U.S. relationship with the Middle East was both vital and highly beneficial to the “national interest.” It reminded readers that U.S. oil companies had invested nearly \$3 billion in the region and that those investments yielded some “\$750 million in profit flows back to the U.S. annually.” Moreover, the region supplied more than 60% of America’s fuel requirements for the Vietnam War.¹¹⁰ Given these benefits, the paper argued against yielding to pressure to embark on a “crash program to obtain fuel energy from other petroleum areas and from other sources of energy (atomic power, coal, oil shale, tar sands).” It argued that the U.S. should, instead, “strengthen our political ties with Iran and the Arab Middle East countries, play down our relations with Israel, and protect our fortunate access to the prolific oil resources of the area.”

Protecting “our fortunate access to the to the prolific oil resources of the area,” and strengthening “political ties” with producing countries entailed efforts to promote conservative tendencies in the region by accommodating “moderate”

¹¹⁰ Beyond this investment in production, US companies had “enormous investments in downstream operations--tankers, terminals, refineries, bulk plants--that would have to be re-programmed, modified, or abandoned if access to Gulf oil were denied.” Ibid.

leaders such as 'Arif against their more radical challengers. The State Department therefore put increased pressure on the IPC to provide Iraq some "tide over money" and to bring the crisis to an end.¹¹¹ In March, IPC agreed to pay Syria higher shipping rates and the pipeline was reopened within days.¹¹² In early May, IPC advanced Iraq £14 million as compensation for its lost revenue.¹¹³

With the resolution of the crisis, U.S. officials hoped that 'Arif would be able to consolidate his position and set Iraq on the road of non-Communist development.¹¹⁴ They saw a hopeful sign in mid-May when 'Arif sacked Talib and assumed the position of Prime minister for himself.¹¹⁵ However, the moderate trend in Iraq came to a grinding halt in the summer of 1967.

¹¹¹ NEA (Handley) to State, 10 Jan 1967, "Effect of IPC Pipeline Crisis on Economy of Iraq," in RG59, NEA Lot 72D490, Box: 7, Folder: PET 6 IPC.

¹¹² NEA Memo, 8 March 1967, "IPC-Syrian Pipeline Agreement"; NEA (Handley) to State, 10 Jan 1967, "Effect of IPC Pipeline Crisis on Economy of Iraq," in RG59, NEA Lot 72D490, Box: 7, Folders: PET 6 IPC-SYRIA; and PET 6 IPC.

¹¹³ "The Dispute Between the Syrian Government and the IPC," *Selected Documents of the International Petroleum Industry*, ed. Nameer Ali Jawdat (Organization of the Petroleum Exporting Countries, 1968), pp. 385-86; NEA Memo, 8 March 1967, "IPC-Syrian Pipeline Agreement," in RG59, NEA Lot 72D490, Box: 7, Folder: PET 6 IPC-SYRIA; NEDC Memo, "Iraq Negotiations," (c. Jan 1967), in McCloy Papers, Box: 1, Folder: 37. See also Saul, 774.

¹¹⁴ The Embassy was particularly encouraged by reports of 'Aref's adopting a political line that was increasingly independent of Nasser and the cause of Arab socialism. After being goaded by pro-Nasser demonstrators in April 1967, 'Aref declared that Iraq had had enough of slogans and contrasted the course of economic development in the UAR with those in Turkey and Iran, and described the Shah as his "brother." See Baghdad to State, A-643, 5 Apr 1967, "Alleged Anti-Extremist Aref Speech," in RG59, Box: 2221, Folder: POL 15 Iraq 1/1/67.

¹¹⁵ See Baghdad to State, no. 1913, "New Aref Cabinet," 11 May 1967; SD Memo, 11 May 1967, "Change of GOI"; Baghdad to State, A-70, 18 May 1967, all in RG59. Box: 2221, Folder: POL 15 Iraq 1/1/67.

The June War and the Radicalization of Iraqi Oil Policy

The June War and the Arab Oil Embargo, June 1967-February 1968

American hopes for the emergence of a stable anti-Communist regime under the leadership of 'Arif were dashed by the events of June 1967. That month escalating tensions between Israel on the one hand, and Syria and Egypt on the other, resulted in the second Arab-Israeli war in 11 years. The war began on June 5, when Israel initiated air strikes that destroyed (a still grounded) Egyptian air force, and ended six days later with Israel occupying large portions of Egypt, Jordan and Syria.

Though the U.S. was not directly involved in the Israeli attack, many in the Arab world immediately suspected American complicity.¹¹⁶ On June 6, Egypt's *Sawt al-'Arab* radio claimed (falsely) that U.S. warplanes participated in the air strikes that destroyed the Egyptian air force.¹¹⁷ Public outrage over the alleged

¹¹⁶ Historian, and former Middle East expert on the NSC (1972-74, and 1977-79) William Quandt, argues that in the days prior to the air strike, US policymakers gave Israeli officials a "yellow light" to initiate an attack, which Israeli officials interpreted as "tantamount to a green one." See William B. Quandt, *Peace Process: American Diplomacy and the Arab-Israeli Conflict* (Berkeley: University of California Press, 2001), 36-41. Joe Stork argues that Quandt's "yellow light" thesis is nonsense, as it was clear to all in Washington that anything other than a strong red light meant that Israel would go to war. The State Department was in favor of this strong red light but lost the internal argument within the Johnson administration. See Stork's review in *Middle East Journal* 48, no. 3 (1994); 553-56. For a defense of the State Department's position see (former State Department Arabist) Richard Parker, *The Politics of Miscalculation in the Middle East* (Bloomington: Indiana University Press, 1993), 3-122, 245-46.

For the official Israeli version of events, see Abba Eban (Israeli Ambassador to the US and UN), "The Six Days of War," (speech to the UN) in Laqueur and Rubin eds., *The Arab-Israeli Reader*, 5th ed. (Penguin: 1995), 165-85. For a systematic critique of the Eban's presentation of events, see Norman G. Finkelstein, *Image and Reality of the Israel-Palestine Conflict* (London: Verso): 123-49. For American diplomatic records of the conflict see "Arab-Israeli Crisis and War, 1967," in *FRUS, 1964-1968*, 19: 149-205; and "The 1967 Oil Embargo," in *FRUS, 1964-1968*, 34: 228-268.

¹¹⁷ Editorial Note," *FRUS, 1964-1968*, 34, no. 233.

American collaboration in the “Zionist aggression” was so strong that that the government in Baghdad was compelled to immediately break diplomatic relations with Washington.¹¹⁸ At the same time, Adib al-Jadir convened an Arab Oil Ministers Conference in Baghdad, in which the attendees agreed that:

Arab oil shall be denied to and shall not be allowed reach directly or indirectly countries committing aggression or participating in aggression on [the] sovereignty of any Arab state or its territories [and that the] involvement any country, directly or indirectly in armed aggression against Arab states will make assets of its companies and nationals inside territories of Arab countries subject to laws [of] war. This includes assets of oil companies.¹¹⁹

In short, Iraq, and al-Jadir in particular, called on Arab producing states to initiate an embargo against oil shipments to the West, and threatened to nationalize the IPC if Western states failed to restrain Israel.¹²⁰

Libya, hoping to head off spontaneous protests among its oil workers, followed Iraq in carrying through an embargo on exports, but Kuwait and Saudi Arabia were less forthcoming.¹²¹ Both pledged rhetorical support to the Arab cause, but as Saudi Oil Minister Ahmad Zaki Yamani (*quietly*) made clear to foreign diplomats in Jidda, “Of course, Saudi Arabia would permit oil shipments

¹¹⁸ Baghdad to State, 6 June 1967; Baghdad to State, 8 June 1967, “Iraqi Situation,” in *FRUS, 1964-1966*, 21: nos. 194-195.

¹¹⁹ Baghdad to State, 6 June 1967, “Oil Ministers Conference in Baghdad June 4-5 (UAR, Syria, Kuwait, KSA, Algeria, Bahrain, Abu Dhabi, and Qatar),” in *FRUS, 1964-1968*, 34, no. 232.

¹²⁰ Smallcom 3 Aug 1967; and “The Political Situation in Baghdad,” 6 Sept 1967, both in IPC no. 161758.

¹²¹ In general, politically weak regimes like those in Iraq and Libya were under more pressure to accommodate public opinion than relatively strong states (*vis-à-vis* their domestic societies) such as Kuwait and Saudi Arabia.

to go to the West, despite the announced embargo.”¹²² In Yamani’s view, the Arab-Israeli struggle was really only a “cover for [a] regional conflict between ‘socialist’ and conservative Arab states,” and “Only the Iraqis are naive enough to believe what the Egyptians tell them and to do what Nasser says.”¹²³

Given the lack of solidarity on the part of Arab oil-producing regimes, and the loss of government revenue, the embargo collapsed within weeks. Kuwait and Saudi Arabia never participated in any meaningful way, and on June 30, Iraq resumed limited shipments to France and Turkey.¹²⁴ The following week, Libya resumed limited shipments as well.¹²⁵ At the end of August, an Arab Heads of State Conference was held in Khartoum, at which the embargo was formally ended, and normal shipments were resumed by early September.¹²⁶

Cracks in the Concessionary Regime: France and the June War

¹²² Yamani quoted in WH Memcon (Robert Cox) with Dr. Alirio A. Parra (Venezuelan Director of Petroleum Economy), 18 July 1967, in *FRUS, 1964-1968, 34*, no. 258.

¹²³ These are not direct quotes, but rather Yamani’s views as represented by American officials in two separate documents. The first part of the quote is from Editorial Note, in *FRUS, 1964-1968, 34*, 260; the second part is from WH Memcon (Robert Cox) with Dr. Alirio A. Parra (Venezuelan Director of Petroleum Economy), 18 July 1967, in *FRUS, 1964-1968, 34*: 258.

¹²⁴ Tripoli to State, 30 June 1967, in *FRUS, 1964-1968, 34*, no. 253, Note 5.

¹²⁵ Tripoli to State, July 6, 1967, in *FRUS, 1964-1968, 34*, no. 255.

¹²⁶ Editorial Note, in *FRUS, 1964-1968, 34*, no. 263. The Khartoum summit marked “an unambiguous manifestation of a geopolitical realignment in the Arab world,” reflecting Saudi Arabia’s rise and UAR’s demise (Stork, 1980, 185). In this sense, the summit marked the end of the “Arab Cold War” – Egypt had lost and Saudi Arabia had won, producing what Fouad Ajami describes as the “Arab predicament.” See Malcolm H. Kerr, *The Arab Cold War: Gamal ‘Abd al-Nasir and His Rivals, 1958-1970*, 3d Edition (London: Oxford University Press, 1971), 137-140; Fouad Ajami, *The Arab Predicament: Arab Political Thought and Practice since 1967* (Cambridge: Cambridge University Press, 1982).

Oil historians often present the 1967 Arab embargo as an unmitigated debacle for the participating states.¹²⁷ Not only was the shortfall of Arab oil easily made up through rapid production increases in non-Arab countries (such as Iran and Venezuela) eager to gain market share, but Arab producers found it difficult to regain access to Western markets once the embargo was lifted. It is certainly true that the Shah of Iran, in particular, was able to exploit the Arab oil strike to expand Iran's market share, and Iraq and Libya suffered severe revenue losses, but these relatively short-run consequences tend to mask much more serious long-term implications. Not only did the embargo lay the groundwork for the much more immediately consequential embargo of 1973, but it also exposed deep fissures within the postwar petroleum order.¹²⁸

The deepest fault line, as we have seen, lay between the French and Anglo-American partners in the IPC. In contrast to American officials who made no effort to block Israel from initiating the attack, French President Charles de Gaulle explicitly warned Israel on May 24, against initiating a new war.¹²⁹ On June 3, as tensions continued to escalate, France – which was to that point, Israel's leading supplier of weapons – stopped its supply of arms to Israel.¹³⁰ After the war, de Gaulle condemned Israel's actions and pressed for a strongly worded UN

¹²⁷ See, for example, Yergin, 454-458; Penrose and Penrose, 499-500.

¹²⁸ M.S. and Dajani, M.S. Daoudi, "The 1967 Oil Embargo Revisited," *Journal of Palestine Studies* 13, no. 2 (Winter 1984).

¹²⁹ See Styan, 59-67.

¹³⁰ *Ibid*, 59.

resolution (UN 242, ultimately approved by the General Assembly in November 1967) demanding that Israel evacuate its forces from “*des territories*” (*the territories*) occupied in the course of the war.¹³¹ American intervention succeeded in producing an English version of the document that omitted the definite article “the” from the text (thereby sowing some uncertainty about which territories were to be evacuated), but France received credit for its efforts in Iraq and the Arab world.¹³²

De Gaulle’s stance on the war, and CFP’s tendencies toward accommodation with the Iraqi regime raised concerns within the IPC and the U.S. government that the CFP might break with its partners in the consortium to pursue a separate peace in Iraq. The U.S. Embassy in Paris speculated (or perhaps hoped) that France would not go so far as to “undermine the legal framework that underwrote” the international petroleum industry, but feared that the French would likely “use [the] Mideast crisis, and especially problems of U.S. and UK internationals, in arguing that aspects of highly regulated French national petroleum policy be adopted by EEC [European Economic Community] as part of its common energy policy.”¹³³ A “highly regulated” EEC oil policy could, in the view of the majors, result in their losing access to European markets. This was particularly alarming because of growing indications that other European

¹³¹ Ibid, 59-67.

¹³² Styan, 59; Quandt, 46-48.

¹³³ Paris to State, 27 June 1967, in *FRUS, 1964-1968*, 34, no. 250.

countries were beginning to move toward the French position of establishing a common ECC energy policy that would work directly with producing states without the mediation of the majors.¹³⁴

John McCone, a former Director of the CIA with deep roots in the corporate world (he was a former executive with the Texas-based Consolidated Steel Corporation) most clearly expressed the international business community's unease with the direction of developments in the Middle East. In late June 1967, McCone, who had recently resigned from the CIA over his opposition to the Johnson Administration's tacit support for the Israeli nuclear weapons program, warned top government officials that the failure to restrain Israeli territorial expansion could have drastic implications for American interests in the region. When one analyzed the situation "from the point of view

¹³⁴ By this point there were a number of (at least partially) state-owned independent European firms interested in bypassing the majors and establishing direct relations with Arab oil exporters. As the war broke out representatives with the Italian state-owned firm Eni were in Baghdad pursuing a contract with the INOC. When Italy failed to condemn Israel, Eni representative were asked to leave Iraq and Eni lost its opportunity. See Newton (NEDC) to Kinsolving (NEA), 26 April 1967; Memcon with Moses (Mobil) and Piercy (Esso), 12 May 1967, both in RG59, NEA Lot 72D490, Box: 7, Folder: PET 6 IPC 1967.

On growing tensions between the US and France, and speculation that CFP might break ranks with its IPC partners, see Houghton to Davies, 14 June 1967; Bass to Davies, 15 Sept 67, both in RG59, NEA Lot 72D490, Box: 7, Folder: PET 6 IPC, 4/1/67; Paris to State, no. 20911, 28 June 1967, RG59, Box: 2221, Folder: POL 15 Iraq 1/1/67; IPC Smallcom 3 Aug 1967; IPC Digest Reports, 10 Aug 1967, in IPC nos. 161758; and 136001.

Italy and France were not alone in seeking to bypass the majors. At the height of the June embargo, West Germany expressed a great deal of frustration with the US oil companies that had "through rough competitive methods taken over the German energy market," and were now in danger of losing their ability to guarantee security of supply. Rather than continuing to depend on companies compromised by their association with the US and its support for Israel the German Economics Minister threatened to follow France in "going ahead with a national oil policy" that entailed direct state-to-state agreements with producing states. See West German Economics Minister (Schiller) quoted in State to Berlin, 19 June 1967, in *FRUS, 1964-1968*, 34, no. 246.

of the international oil companies,” he cautioned, it was clear that “we must guard against the Europeans taking advantage of our plight...” And it was not simply a matter of losing access to European markets.¹³⁵ As McCone explained, “The Europeans are definitely making carefully guarded overtures to all of the oil-producing Arab countries, pointing out that should the latter be forced to take over American oil properties, they can depend on the Europeans for assistance.”

McCone described the situation as “very different” from the Mussadiq era when the Europeans lacked the “capability to enter the oil business.” As a consequence “Arab oil-producing states” no longer had to fear the “tragedy [that befell] Iran after Mossadeq expropriated the oil and production was shut off completely because of a lack of capability.”¹³⁶ As McCone made clear, the nascent alliance between European independents and Arab nationalists had the potential to disrupt the entire petroleum order in the Middle East and put all American capital investments in the region in danger.

Iraq after the June War: The al-Jadir Oil Group and the IPC's Last Stand on Rumaila

Indeed, the June crisis had important implications for American capital investments in Iraq. On June 6, in one of the last cables from the American Embassy before it was closed, Ambassador Strong reported that “The Iraqi

¹³⁵ On McCone’s resignation from the CIA in 1965, see Seymour Hersh, *The Samson Option: Israel's Nuclear Arsenal and American Foreign Policy*, (New York: Random House, 1991), 151.

¹³⁶ Memorandum of a Briefing by [former] Director of Central Intelligence McCone, 29 June 1967, in *FRUS, 1964-1968*, 34, no. 252.

regime entered the present crisis reluctantly.” Moderates were “in the saddle,” but were “carried deeper and deeper by events.”¹³⁷ As events unfolded, Tahir Yahya, who had been brought back into the government as a Deputy Prime Minister in May, gradually assumed greater control, and was formally appointed Prime Minister on July 10.¹³⁸ As he re-assumed the premiership, Yahya promised to deploy Iraqi “oil as a weapon in the battle against Israel” and its Western supporters, and to revive the INOC “so that it can play its role in the battle of production.”¹³⁹

Despite Talib’s brief and ill-fated attempt to jump-start Iraq’s independent oil policy, the INOC and the Ministry of Oil had been largely dormant since the failure of the 1965 Wattari Agreement. Al-Bazzaz intentionally put negotiations with the IPC on hold. Talib was so preoccupied with the IPC-Syria crisis and with turmoil within the cabinet that there was very little movement in Iraq’s oil policy prior to the June War. But as Yahya re-took power, he appointed ‘Abd al-Sattar

¹³⁷ Baghdad to State, 8 June 1967, “Iraqi Situation,” in *FRUS, 1964-1968, 21*, no. 195.

¹³⁸ The US Embassy was initially relieved by Talib’s resignation and the re-emergence of Yahya, who it described as a “rank opportunist.” The Embassy believed that the with his promotion, the “chances of accommodation with IPC considerably enhanced. ... If he thinks Iraq (and Tahir Yahya) will profit by a settlement with the oil company he will favor it – and there will be no nonsense about ideology or adverse public opinion.” See Memo, 11 May 1967, “Change of GOI”; see also Baghdad to State, A-473, 2 Jan 1967, “Possible Cabinet Change,” both in RG59, Box: 2221, Folder: POL 15 Iraq 1/1/67; Baghdad to State, A-256, 5 Oct 1966, “Former Prime Min Tahir Yahya Welcomed Back to Baghdad,” in RG59, Box: 2339, Folder: Pol 15 Gov Iraq.

¹³⁹ Yahya is quoted in Pawson to Mangers, 3 Aug 1967, in IPC no. 136000.

'Ali al-Husayn, whom Mobil officials regarded as "rabid Nasserite," as the new Minister of Oil and momentum began to build once more.¹⁴⁰

The first step in the direction of a more assertive oil policy was Law 97, which was issued on August 11, 1967. The new Iraqi law granted INOC exclusive rights to the North Rumaila oil field, and thereby ruled out any new Wattari-type agreement.¹⁴¹ In September, Iraq issued Law 123, which reorganized the INOC. Al-Jadir and Hasib assumed control of the newly reconstituted company, and purged it of moderate influences.¹⁴² In the weeks and months following the war, al-Jadir and Hasib effectively transformed the INOC in to a viable political and commercial entity able to compete with IPC for control of Iraq's oil industry.

IPC officials in London were greatly distressed by the emergence of what they called the "Al-Jadir Oil Group" and the resultant hardening in Iraq's oil policy. As one report by the IPC's Chief Representative in Baghdad concluded in September,

¹⁴⁰ Memcon with Moses (Mobil) and Piercy (Esso), "ENI Attempts to Get Concessions in Iraq," 12 May 1967, in RG59, NEA Lot 72D490, Box: 7, Folder: PET 6 IPC 1967.

Al-Husayn had been Yahya's Minister of Justice before stepping down in July 1965. He replaced 'Abdullah Isma'il, who served as Oil Minister since al-Bazzaz's resignation in August 1966. For more on al-Husayn's background, see Baghdad to State, A-996, 9 June 1964, "UAR-Iraq Presidential Council (Talib, al-Jadir, al-Husayn)," in RG59, Box: 2340, Folder: POL 15-1 HEAD OF STATE EXECUTIVE BRANCH, IRAQ 1/1/64.

¹⁴¹ Jacobs to Solomon, "New Iraqi Oil Legislation Finally Deprives IPC of Most of its Concession Area," 11 Aug 1967, *FRUS, 1964-1968*, 34, no. 207; Editorial Note, in *FRUS, 1964-1968*, 34, no. 208; Patman to Bass, 25 Sept 1967, "Law 97 in Iraq," in RG59, Lot 72D490, Box: 7, Folder: PET 6 IPC, 4/1/67.

¹⁴² Law No. 123 of 1967 (published in the *Iraqi Gazette* on 21 Sept 1967), in IPC no. 161758. For IPC reaction to Law 123, see Road to Bird, 24 Sept 1967, IPC no. 136000; Memcon with C. Dalley and IPC Officials, 25 Sept 1967, "IPC," in RG59, Lot 72D490, Box: 7, Folder: PET 6 IPC, 4/1/67.

it is clear that the real objective of the Adib al-Jadir Group has been to use the war situation and the artificially generated hatred of the West for the sole purpose of getting their oil policy applied in a manner which would hamstring any successor Government.¹⁴³

According to IPC's London offices, it was clear that al-Jadir, in particular, was trying to "keep anti-Western feeling on the boil."¹⁴⁴ But interestingly, the IPC Chief Representative in Baghdad, Rudi Jackli, actually saw the emergence of al-Jadir as fortuitous for the settlement of outstanding issues. In Jackli's view, the burden of official responsibilities would moderate the behavior of "extremists like Jadir." And given that there was relatively little chance of a more pro-IPC government coming to power any time soon, Jackli recommended that the companies come to terms with the al-Jadir group: "if we can't do business with the type of Cabinet we have now we might as well retrench (or even pack) for it is the deals with them which will stand a chance to last."¹⁴⁵

Jackli's analysis was rooted in a particular interpretation of the global history of oil business that was at considerable odds with the interpretation of the dominant parties within the IPC – BP and Exxon. According to BP and Exxon officials, accepting Law 80 in Iraq would automatically lead other producing states to demand the relinquishment of concessionary areas.¹⁴⁶ But to Jackli, this sounded like an oil industry version of the infamous domino theory. In his view,

¹⁴³ "The Political Situation in Baghdad," 6 Sept 1967, in IPC no. 161758.

¹⁴⁴ Ibid.

¹⁴⁵ Jackli to Dalley, 1 Aug 1967, in IPC no. 136000.

¹⁴⁶ See NEDC Memo, "Iraq Negotiations," (c. Jan 1967), in McCloy Papers, Box: 1, Folder: 37 (discussed above).

there was no reason to believe that the terms of any agreement with Iraq would spread, as if by contagion, to neighboring states. Jackli cited a long history of nationalizations and expropriations and argued that granting favorable conditions in one national context did not automatically translate into another.¹⁴⁷ As he explained, “An analysis of such events will show that *it was not the ‘examples’ or ‘precedents’ which tempted lawmakers or dictators to break contracts or nationalise enterprises, but the play of political forces of that time and place.*”¹⁴⁸ Jackli sought to drive home his point by asking rhetorically, “What happened in the Middle East when Iran nationalized AIOC?” To this, Jackli’s reader – IPC Managing Director Chris Dalley, scrawled in the margin, “*It proved it [nationalization] didn’t work,*” indicating the lack of consensus on the issue.¹⁴⁹

The difference in analysis can be attributed the fact that Jackli had already accepted Law 80 as a *fait accompli*, and was most concerned with preserving future IPC access to Iraqi oil. In Jackli’s view, the hard-line had for some time succeeded in discouraging other producers from nationalizing and had kept independents out, but it was no longer serving the best interests of the Company. He reminded IPC Managing Director Dalley that, even without Rumaila, there were still some 20 billion barrels of oil available to IPC under the terms of Laws 80 and 97. In the interest in retaining long-term access to that oil, and denying it

¹⁴⁷ Jackli to Dalley, 19 Aug 1967, in IPC no. 136000.

¹⁴⁸ Ibid. Emphasis added.

¹⁴⁹ (Presumably) Dalley’s hand written marginalia in Ibid.

to IPC competitors, Jackli recommended setting aside the hard-line and entering “serious negotiations” with the government of Iraq on all “principal issues.”¹⁵⁰

However, as Dalley’s retort concerning Iran’s attempt to nationalize the BP in 1951-53 (“it proved it didn’t work”) indicates, BP’s top management in London was unconvinced by Jackli’s reading of oil history and politics, and remained unwilling to recognize INOC claims to Rumaila. In addition to the implications for concessions elsewhere in the region, the field was an important source of reserves that had a critical function in maintaining the system of resource scarcity that underwrote the profits of the oil majors.¹⁵¹ In a meeting with State Department officials, Dalley explained that, the “main issue” with Rumaila “was to deny this particular source of crude to the competitors of IPC’s member companies, who might dump it on the world market and undercut IPC’s principals.” If ENI got it, Dalley worried, IPC could “lose about 9 million tons a year worth of Italian petroleum business.”¹⁵² Not only was IPC’s market position

¹⁵⁰ Ibid.

¹⁵¹ On the great lengths that oil companies went to secure a state of perpetual scarcity in world oil markets, see Timothy Mitchell: “Two features are said to define the political economy of oil... First, as a strategic commodity with a low elasticity of demand (consumers depend on petroleum products and cannot easily switch to alternative sources of energy), it offers the possibility of enormous rents—it can be sold at one hundred times the cost of production. Second, contrary to popular belief, there is too much of it. Oil is the world’s second most abundant fluid, so any producer is always at risk of being undercut by another. If all one wanted was a market in oil to supply those who need it, this would pose no problem. But the oil industry is about profits, not markets, and large profits are impossible to sustain under such competitive conditions. The potential rents—or “premiums on scarcity,” as they are called—could be realized only if mechanisms were put in place to create the scarcity.” See McJihad: Islam in the US Global Order, *Social Text* 20, no. 4 (2002): 5; see also Timothy Mitchell, “Carbon Democracy,” *Economy and Society* 38, no. 3 (2009): 399-432.

¹⁵² C. Sanders Memcon with C. Dalley and IPC Officials, 25 Sept 1967, 25 Sept 1967, in Folder: PET 6 IPC, 4/1/67, Box: 7, Lot Files, 1966-1972, Lot 72D490, USNA.

threatened by competition from European independents, but the entire price and profit structure of the postwar petroleum order would be in danger if some 1 million barrels per day of Rumaila production was to suddenly flood the world market. Such a development could only have a further depressing effect on prices and profits, which had been falling since the late 1950s.¹⁵³

The disjuncture between the analysis of the Chief Representative and the strategic calculations of IPC leading shareholders was a consistent feature throughout the IPC-Iraq negotiations. For IPC's dominant interests (Exxon, BP, and Shell), the IPC was simply one chess piece on a very large chessboard. But for Jackli (as well as his predecessors and successors in Baghdad) the operational difficulties of IPC represented a crack in the dam holding back a tide of nationalism. By refusing to reach any accommodation with Iraqi nationalists, the Company risked further alienating social forces that it could not simply wish away.

¹⁵³ For an analysis of the falling rate of profit within the oil industry over the course of the 1960s, see Stork (1975), 121-137.

Jadir's Diplomatic Offensive

[France] is in the process of winning hearts, just as the English sun is setting and the tyranny of the Americans is coming to a close.

President 'Abd al-Rahman 'Arif in Paris, February 8, 1968¹⁵⁴

While the IPC was unwilling to accommodate Iraq and the INOC, CFP proved more flexible. In October 1967, CFP sent a delegation to Baghdad to negotiate a CFP-INOC agreement to develop Rumaila without the other IPC partners.¹⁵⁵ The CFP bid compelled the IPC to make its own final offer, but by this point al-Jadir was unwilling to accept either.¹⁵⁶ Iraq would rather draw on direct state-to-state support from France and the Soviet Union to develop an independent oil sector.

In November, al-Jadir negotiated an agreement with CFP's national competitor ERAP (*Entreprise de Recherche et d'Activités Pétrolières*), to develop a large tract of former IPC areas in southern Iraq – though notably *not* including Rumaila.¹⁵⁷ ERAP was a wholly state-owned French firm established in January

¹⁵⁴ Quoted in Styan, 49.

¹⁵⁵ Bass to Davies, 15 Sept 1967; Bass to Davies, 22 Sept 1967; Hughton to Battle, 12 Dec 1967, "Iraq Oil Negotiations and Reported French Plans to Sell Arms," all in RG59, NEA Lot 72D490, Box: 7, Folder: PET 6 IPC, 4/1/67. See also Saul, 775-76.

¹⁵⁶ IPC's decision to send a negotiating team to Baghdad was also influenced by indications that Mobil and Shell were drifting toward the CFP position, and by a change in British government attitudes after the 1967 war. See Memcon with Barnes (Mobil), 1 Dec 1967, "Iraq Oil," in RG59, NEA Lot 72D490, Box: 7, Folder: PET 6 IPC, 4/1/67; Bass to Files, 18 January 1968, "Resumption of Relations between Iraq and the UK," in RG59, NEA Lot 71D22, Box 7, Folder: Memos w/in NEA 1968 2/3, Box. See also Saul, 775-77.

¹⁵⁷ In February 1968, President 'Aref traveled to Paris to sign the agreement. See Styan, 85-89. For a detailed analysis of the ERAP deal (tech, financial, marketing assistance) as a case study of a politicized (and therefore "inefficient") policy, see Paul Stevens, "Iraqi Oil Policy: 1961-1976," in *Iraq: The Contemporary State*, ed. Tim Niblock, 168-90 (London: Croom and Helm, 1982), 183-87. Iraqi allies of the IPC criticized the deal as a politically motivated give away. They took to the

1966 for the express purpose of competing more effectively with the majors and decreasing French dependence on the Seven Sisters structure.¹⁵⁸ Rather than seeking a traditional concession, or joint-venture agreement, ERAP offered a new type of arrangement known as a “service contract” – a short term agreement whereby the foreign company would supply capital and technology to the INOC in exchange for supply guarantees at discount prices.¹⁵⁹ Al-Jadir and al-Tariki praised the agreement as offering a new model for state-company relations in the Middle East, one in which producing state interests would dominate, and which would allow the state to develop the markets and experience to operate a wholly nationalized oil sector within a relatively short period of time.¹⁶⁰

In December, al-Jadir negotiated a far-reaching agreement with the Soviet Union for open-ended capital, technical and marketing assistance for the “direct

press to argue that the IPC was better equipped and positioned to assist the INOC in developing Rumaila. As it was, ERAP began drilling in southern Iraq in late 1968 and hit the Buzurgan field quickly. The well began producing in 1976, but by that point ERAP was no longer needed and INOC developed the field independently. This outcome would seem to vindicate the analysis of Tariki and al-Jadir. For further analysis of the ERAP deal, see also Saul, 777; “Iraq Raises the Ante,” Nov 1967, in IPC no. 136001.

¹⁵⁸ Saul, 772-73; Styan, 82.

¹⁵⁹ Talib’s offer was modeled on an agreement between the French state-owned ERAP and the National Iranian Oil Company that was signed in late August 1966. See Saul 773.

¹⁶⁰ “Sayid Jadir’s Lecture on the Recent Oil Agreement,” 7 Dec 1967 (Press Extract 1666 from INA); “The Greatest Expert in Oil Affairs in the Arab Homeland Says: Iraqi Oil is Near Nationalization after the ERAP Agreement,” 18 June 1968, in *Al-Thawra al-Arabiyyah*; “The Importance of Iraq’s Oil Policy,” *Al-Jumhuriyah*, 18 June 1968; Road to Jackli, 19 June 1968, all in IPC nos. 136001 and 136002.

development of the Iraqi national oil industry.”¹⁶¹ The agreement with the Soviet Union was soon followed by an INOC announcement that it would no longer be considering joint ventures bids for Rumaila.¹⁶² It would rather build up the technical, economic, and marketing capacity through agreements such as those concluded with ERAP and the USSR to develop the capacity to exploit the field itself. In May 1968, the INOC took “physical occupation” of the Rumaila oil field by replacing IPC signs and locks with its own signs and locks, while al-Jadir, Hasib, and al-Tariki issued increasing threats that the government would soon undertake the complete nationalization of IPC.¹⁶³

Conclusion: 1968 and the Crisis of the Concessionary Regime

By early 1968, the concessionary regime – that is, the system of relatively stable and co-operative relations among the producing states, the major multinationals, and the American state – was in crisis. Iraq appeared poised to attempt the first nationalization of foreign oil companies since Iranian nationalization of the AIOC in 1951. This crisis can be attributed to what some

¹⁶¹ S.A. Skachkov to Jadir, 24 Dec 1967, in *Selected Documents of the International Petroleum Industry*, ed. Nameer Ali Jawdat (Organization of the Petroleum Exporting Countries, 1968), 269-70.

¹⁶² Penrose and Penrose, 396.

¹⁶³ Jackli to Dalley, 14 May 1968, in IPC no. 136003; File Note CR/1-30, 4 July 1968, in IPC no. 136003; In one meeting, Hasib warned Bird that Iraq would nationalize IPC without compensation, though Bird produced a study arguing that Iraq still lacked the capacity to actually carryout this threat, see Bird, “The Prospects for Success of the Nationalisation of Iraq Oil,” 16 May 1968, in IPC no. 136002.

analysts describe as “global 1968,” or the “world revolution of 1968.”¹⁶⁴ As historian Arif Dirlik notes, 1968 “was not the temporal location for some universal spirit or tendency that manifested itself differently in different places.”¹⁶⁵ He argues that, “From a global perspective, 1968 derives its significance from the conjuncture in that year of many movements that had been burgeoning for some time, whose coincidence in time constituted the year as a historical marker.”¹⁶⁶ Dirlik goes on to demonstrate how a confluence of radical movements led by students and workers challenged prevailing structures of power and privilege throughout the Third World in the mid to late 1960s, and how these movements were analogous, and indeed, in many ways intimately related to the more well-known movements in places like Paris, Prague and Berkeley.

This was, indeed, the case with Iraq. Contrary to analyses that emphasize the catalyzing effect of the 1967 War on the breakdown of the postwar petroleum order, in this chapter I have demonstrated that while the war was a significant development, popular pressure for a confrontation with the IPC had been building for some time. The IPC was on to something when it argued that al-Jadir

¹⁶⁴ Immanuel Wallerstein, *The Decline of American Power: The US in a Chaotic World* (New York: The New Press, 2004), 18, 49-50; Suri, *Power and Protest; 1968: The World Transformed*, ed. Carole Fink, Philipp Gassert, Detlef Junker and Daniel S. Mattern, (Cambridge: Cambridge University Press, 1998); Paul Chamberlain, "A World Restored: Religion, Counterrevolution, and the Search for Order in the Middle East," *Diplomatic History* 32, no. 3 (June 2003), 441-469.

¹⁶⁵ Arif Dirlik, "The Third World," in *1968: The World Transformed*, ed. Carole Fink, Philipp Gassert, Detlef Junker and Daniel S. Mattern, 295-317 (Cambridge: Cambridge University Press, 1998), 296.

¹⁶⁶ *Ibid.*

was using the outrage engendered by the war to implement a pre-existing agenda.¹⁶⁷ Indeed, as early as December 1966, half a year prior to the war, the U.S. Embassy in Baghdad reported, “serious ‘street’ action in form of mass student strikes and mob demonstrations” had the potential to undermine the entire structure of American power in the region.¹⁶⁸

For a time it appeared that the State Department’s authoritarian developmentalism could contain these popular pressures, and preserve American interests in the Middle East. Enlightened despots, where they could be discovered or invented, seemed, in the middle-1960s the perfect fix for the contradiction between the aspirations of formerly colonial peoples, such as those of Iraq, and “vital” American interests, such as the continued hegemony of the major Anglo-American companies in the world oil industry. This was a comforting thought for American policymakers. They could support popular aspirations for development without sacrificing any cherished assets, or being forced to rank-order commitments. The U.S. could, in theory, have it all – “guns” and “butter.” In theory, developmentalism could insure that the West would retain control of Middle Eastern oil reserves, while still winning “hearts and minds” in the region.

¹⁶⁷ “The Political Situation in Baghdad,” 6 Sept 1967, in IPC no. 161758.

¹⁶⁸ Baghdad to State, 17 Dec 1966, “Oil Crisis--consequences for Iraq of prolonged closedown of IPC,” in *FRUS, 1964-1968*, 34: 197.

Today we recognize that much of the “grand strategic” thinking of the 1960s was disengaged from rapidly changing global realities.¹⁶⁹ The Vietnam War, and the web of deceptions and delusions in which it was entangled, was only the most visible indication of this.¹⁷⁰ But no less was true in the Middle East. It was unrealistic to believe that a Wattari-type compromise could reconcile competing claims to Rumaila and other such oil fields in Iraq. Though Iraq was a deeply divided society in the 1960s, there was one issue upon which there was a broad national consensus: that of Iraq’s right to control its natural resources.

¹⁶⁹ For example, Henry Kissinger, the foreign policy “genius” of the early 1970s, made a name for himself as a Harvard scholar in the 1960s, not by analyzing asymmetric warfare or how American interests were to be secured in an age of decolonization – a topic which might have had applicability to the central foreign policy problems of the decade, but rather by analyzing how the US might fight and win a nuclear war with the Soviet Union. On Kissinger as “genius,” but still blind to central foreign policy concerns of the 1960s, see Jeremi Suri, *Henry Kissinger and the American Century* (Cambridge: Harvard University Press, 2007), chapter 4, “A Strategy of Limits,” 138-96, esp. 143-44, 187-96. Suri’s comments here warrant quotation at length: “This was Kissinger’s supreme genius: his ability to connect diverse phenomena and formulate practical political options. His grand strategy proved remarkably useful for policymakers, including himself, in a Cold War landscape shrouded by the balance of nuclear terror. It also deepened the blind spots in American interactions with a rapidly changing world. Kissinger’s ideas contributed to both the bright successes and the dark failures of the United States in the Cold War. As a strategist and policymaker, this man of such great intellectual promise became a tragic figure of his times” (143-44). Later in the chapter: “For all of his insights, Kissinger had little to say about the escalating war in Vietnam that consumed more American blood and treasure than any other conflict at the time. His prolific writings from the 1950s and 1960s largely avoided the topic” (188). See also Bruce Kuklick, *Blind Oracles: Intellectuals and War from Kennan to Kissinger* (Princeton: Princeton University Press, 2007).

¹⁷⁰ For a devastating catalog of these deceptions and delusions, see Campbell Craig and Fredrik Logevall, *America’s Cold War: The Politics of Insecurity* (Cambridge: Harvard University Press, 2009), chapter 6, “Gulliver’s Travels,” 216-251. The authors document the ways in which the American government engaged in the systematic and willful deception throughout the cold war. As they note, after reading the Pentagon Papers, Defense Secretary McNamara even went so far as to remark to a friend, “You know, they could hang people for what’s in there” (244). Craig and Logevall find that throughout the cold war, the Soviet threat to American national security was systematically overstated for domestic political and economic reasons, though they acknowledge that some patently false claims could be attributed to sincerely delusional thinking.

As we will see in the chapter ahead, NSC Hardliners such as Robert Komer, who were marginalized by the spectacular collapse of the Ba'ath in 1963, and distracted by the developing war in Vietnam, were quicker to recognize and engage the incommensurability of Iraqi and American objectives. Though they were kept at a fairly safe distance from Iraq policy in the middle 1960s, NSC hardliners understood that betting America's stake in the Middle East on so-called "Arab moderates" was essentially an exercise in evasion. Who were these "moderates"? – they demanded. And what chance did they stand in an age of increasing radicalism? Hardliners recognized that there was a fundamental conflict between the interests and aspirations of the Arab world, and the requirements of maintaining America's global position. According to this view, the conflict could not be reconciled through accommodation. In this view, it was only clearly defined hierarchies of power defended by force of arms – or at least the credible threat thereof – that could secure American interests in the region. General 'Arif would not fight and die to defend the IPC, regardless of what the State Department might promise him in return.

According to historian William Stivers, this current of hard-line thinking originated with U.S. Naval strategists in early 1960s.¹⁷¹ For thinkers associated with this policy current, decolonization was the single greatest security threat facing the United States, and relying on land bases subject to the uncertain

¹⁷¹ William Stivers, *America's Confrontation with Revolutionary Change in the Middle East, 1948-83* (New York: St. Martin's Press, 1986), chapter 2, "The Strategic Formulation," 28-37.

fortunes of Third World governments was a losing strategy in an age of a retreating Europe. As new states were made and remade out of former European colonies, mandates, and protectorates across the Afro-Asian land mass, the chances of the U.S. retaining basing rights in strategic lanes such as the Persian Gulf seemed recklessly unrealistic (see Map 3, “The Indian Ocean Strategic Concept” in the front matter).¹⁷²

Baghdad had, after all, at one time been the namesake of the regional anti-Communist security alliance. Even the utterly dependent and relatively compliant Saudi regime ordered the closing of the American airbase at Dhahran in 1961. Rather than relying on land bases, naval strategists held that a permanent American military presence in the Indian Ocean (to include the Persian Gulf and Red Sea) was the key to regional security. This became increasingly clear after the British Labor government, citing domestic economic problems, announced in 1965 that it would soon be withdrawing all of its military forces from East of Suez.¹⁷³ To the Johnson administration’s great consternation, the British made clear that they would no longer be footing the much of the bill for regional security.

Throughout much of the 1960s, this navalist thinking was confined to the margins of Middle East policymaking. It remained barely a whisper, and not yet a

¹⁷² Ibid, 29.

¹⁷³ Ibid, 44-47; Tore Petersen, *Richard Nixon, Great Britain and the Anglo: American Alignment in the Persian Gulf and Arabian Peninsula: Making Allies out of Clients* (Brighton: Sussex Academic Press, 2009), 15-28; Little. 141-43.

coherent voice that could shape intergovernmental discussions. But this strategic orientation grew increasingly influential in the aftermath of the Arab-Israeli War of June 1967. Though it would not become wholly apparent until the Richard M. Nixon administration took office in January 1969, the June War effectively discredited the so-called “Arabists” in the State Department. According to this insurgent hard-line, ten years of the State Department tolerating, if not coddling, Nasser’s neutralism in Egypt, had failed to avert another crisis. In the years to come, regional specialists in the State Department would complain that just as the “Old China Hands” were swept aside and blamed for “losing China” after 1949, they too were unjustifiably marginalized and maligned for “losing the Arabs” after 1967.¹⁷⁴ They would argue that Iraq’s (and other Arab states’) shift toward France and the Soviet Union after 1967 was a product of the U.S. government’s failure to accommodate Arab moderates, and its unwillingness to restrain Israeli territorial conquests.¹⁷⁵

In the next chapter, we explore how and why hard-line thinking displaced the State Department’s accommodationism and became hegemonic within American government. We look closely at how it informed U.S. policy toward Iraq and the region, and its implications for the political and economic development of Iraq, and the larger international political economy of oil.

¹⁷⁴ Robert Kaplan, *The Arabists: The Romance of an American Elite* (New York: The Free Press, 1993), 113, 156-59, 167.

¹⁷⁵ See Ibid, and Richard Parker, *The Politics of Miscalculation in the Middle East* (Bloomington: Indiana University Press, 1993), 3-122, 245-46.

The End of the Concessionary Regime: Nationalizing the IPC, 1968-1972

[BP is] sometimes too inclined to play high politics, in the sense of not being adverse to bringing about changes in governments in Damascus or Baghdad which might conceivably assist BP's long-term interests in the area.

Unnamed, CFP Executive, March 1967¹

You are rich and we are rich and we can be rich together with all this oil to do good things for this country and for the West. This is our policy, we want to work with you and not against you but you must help us.

Iraqi Defense Minister, Hardan al-Ghaffar al-Tikriti to IPC negotiators, August 1969²

It is quite unrealistic to hope that a nice gentlemanly, rightwing collection of Sandhurst trained Colonels with a strong belief in the Capitalist system will take over and be ready to deal with us. There are none left.

IPC Managing Director, Geoffrey Stockwell, September, 1971³

Introduction

The years between 1968 and 1972 were pivotal for developments within the political economy of Middle East oil. These were, in the words of historian Daniel Yergin, the “hinge years” – the years in which the balance of power among

¹ Quoted in Samir Saul, "Masterly Inactivity as Brinkmanship: The Iraq Petroleum Company's Road to Nationalization," *International History Review* 29, no. 4 (2007): 746-792, p. 775.

² Record of some Conversations in Iraq 18 to 30 July, Hahn, 8 Aug 1969, in IPC no. 136004.

³ Stockwell to IPC, 22 Sept 1971, in IPC no. 136011.

oil producing states and the major oil producing companies shifted decisively in favor of the states.⁴ But this development was also part of a much larger process of world-historical change. This period witnessed what economic historian Robert Brenner describes as an “epochal shift” in the history of global capitalism.⁵ A development that was not unrelated to the reorganization of the political economy of Middle East oil.⁶ This chapter seeks to elucidate a conjuncture of some of the important factors that overdetermined this outcome. I look closely at how the emergence of a Ba‘thist regime in Baghdad affected Iraq’s relations with the companies and contributed to this general development.

⁴ While recognizing this general shift, Yergin does not attribute any special role to Iraq in bringing about this change. He rather emphasizes the shock of the 1969 Libyan revolution (574-80). To be sure, events in Libya were significant, but as I have argued throughout this dissertation, the breakdown of the concessionary order was more of a gradual process than a sudden and dramatic event. Bromley offers a similar emphasis, though from a different theoretical perspective (138-45). Stork offers the most detailed general account of Iraq’s role in the breakdown of the regional oil order. Iraq is central to the analysis throughout his work. Many of Stork’s more tentative and speculative claims are supported by the archival evidence presented in this chapter. Samir Saul provides excellent analysis of the Iraq-IPC negotiations that led to the nationalization, but he does not look at the implications of the IPC nationalization on the larger regional oil order. Moreover, his emphasis on the “Masterly inactivity” (i.e., successful stalling) underplays the extent to which the Company lost control of the situation (791-92). The analysis presented here suggests that bureaucratic paralysis and inertia were more significant factors determining the manner in which the the Company was nationalized than the companies negotiating strategy. See Daniel Yergin, *The Prize: The Epic Quest for Oil, Money, and Power* (New York: Simon and Schuster, 1991); Simon Bromley, *American Hegemony and World Oil: The Industry, the State System and the World Economy* (University Park: Pennsylvania State University Press, 1991); Joe Stork, *Middle East Oil and the Energy Crisis* (New York: Monthly Review Press, 1975). Samir Saul, “Masterly Inactivity as Brinkmanship: The Iraq Petroleum Company’s Road to Nationalization,” *International History Review* 29, no. 4 (2007), 746-792.

⁵ Robert Brenner, *The Boom and the Bubble: The US in the World Economy* (London: Verso, 2002), 26-27. For a similar analysis of this shift see, David Harvey, *The Condition of Postmodernity: An Enquiry into the Origins of Cultural Change* (Oxford: Blackwell Publishing, 1989), 121-172. For an analysis how this shift affected the Middle East in general, see Joel Beinin, *Workers and Peasants in the Modern Middle East* (Cambridge: Cambridge University Press, 2001), 142-69.

⁶ Brenner, 27-29, 33-35; see also Peter Gowan, *The Global Gamble: Washington’s Faustian Bid for Global Dominance* (London: Verso, 1999), 19-25; Thomas J. McCormick, *America’s Half-Century: United States Foreign Policy in the Cold War and After*, 2nd Edition (Baltimore: The Johns Hopkins University Press, 1995), 161-65; Harvey (1989), 145.

I argue that the U.S. government and the IPC inadvertently contributed to this shift by failing to engage with and accommodate the Iraqi government when the opportunity arose in 1969.⁷ The Ba‘th, which came to power in July 1968, succeeded in consolidating a formidable political regime by the end of 1969. As the Ba‘th consolidated its hold on power, it sought support from the IPC and the American government.⁸ When the U.S. and the IPC failed to respond to repeated appeals from the Ba‘th, the party’s leadership resolved to move forward with an oil policy committed to the nationalization of the IPC, which it accomplished in June 1972.

The reasons for the Ba‘th’s success where so many others had failed are manifold. First, the Ba‘th that seized power in 1968 was not the same Ba‘th who carried out the 1963 coup. The demise of ‘Ali Salih al-Sa‘di, and the civilian wing of the party that he led, created an opening for the so-called “moderate” or “right-

⁷ This chapter is based on the following archival sources: General Records of the US State Department (RG59, Central Files, 1967-69, 1970-73, and NEA Lot Files, 1966-72, 1973-75); IPC Archive, University of Warwick, Coventry, UK; *FRUS 1964-1968, Vols. 21* (“Middle East Region: Iraq”), and 34 (“International Issues: Petroleum”); *FRUS, 1969-1974, Vol. E4* (“Iraq”); CIA Research Tool (CREST), US National Archives, College Park, Md; Richard M. Nixon NSC Files (microfilm); Walter J. Levy Papers, American Heritage Center, University of Wyoming, Laramie, Wyo.; John J. McCloy Papers (Series 20: International Oil), Amherst College, Amherst Ma.; Hamid Bayati, *Saddam Husayn wa al-Mu‘amar al-Kubra: ‘Asrar Inqilab 17 Tammuz 1968 fi al-‘Iraq fi al-Watha‘iq al-Sirriyah al-Amrikiyah [Saddam Hussein and the Great Conspiracy: Secrets of the 17 July 1968 Coup in Iraq in American Secret Documents]* (London: Mu‘assasat al-Rafid, 2000); A. Burdett (ed.), *OPEC: Origins and Strategy 1947-1973* (Slough: Cambridge Archive Editions, 2004).

⁸ This period of attempted rapprochement with the West, dubbed the “Tikriti Overture” by the State Department, has yet to receive scholarly attention (c.f., Batatu, Mufti; Penrose and Penrose; Farouk-Sluglett and Sluglett). The Ba‘th itself downplayed this period in its history, describing only a period of internal consolidation before embarking on a confrontation with the IPC in mid-1970. But the party did not mention that during this period of consolidation, Hardan al-Tikriti, the Iraqi Defense Minister was in frequent contact with the IPC and the British Embassy. As it was, al-Tikriti was dismissed in October 1970 and then assassinated, and his story has since been largely forgotten. The Tikriti Overture is discussed at length below.

wing” military Ba’thists led by General Ahmad Hasan al-Bakr, and his “Deputy,” Saddam Husayn al-Tikriti (Saddam Hussein). In contrast to the ideological rigidity and fanatical disposition of the al-Sa’di Ba’th, the “Bakr Ba’thists” were nothing if not ideologically flexible and pragmatic in their approach to power politics. Whereas in 1963 the party concentrated the bulk of its attention on destroying the political apparatus of its Communist rivals, and relied on an alliance with ‘Abd al-Salam ‘Arif in so doing, the party that came to power in 1968, after an initial period of internal regime consolidation, built an alliance with the CPI based on its commitment to nationalizing the IPC. As the party prepared for the nationalization in early 1972, it brought three Communist ministers into the government, and in 1973 formally established a government of “national unity.”⁹

Also critical to the success of the party was its perceived independence from the United States. Whereas in 1963, the party was widely identified with the CIA, after 1968, al-Bakr went out of its way to declare his independence from the West, and castigated “American imperialism” at every turn. As historians Marion Farouk-Sluglett and Peter Sluglett observe, “In the trials and in its propaganda pronouncements generally, the regime made every effort to demonstrate its opposition to Britain, the United States, the Shah, Israel, and ‘imperialism, Zionism, and reaction’ in general.”¹⁰ However, there were elements of the Ba’thist

¹⁰ Farouk-Sluglett and Sluglett, 123.

regime that were more than happy to work *quietly* with the United States and/or the IPC, but when both the U.S. and the IPC failed to accommodate this tendency, it was marginalized within the Iraqi political system and an Iraqi hard-line crystallized. The Ba'th then co-opted the oil agenda of its Nasserist predecessors, built an alliance with the CPI based on its commitment to nationalizing the companies, and carried the measure through a successful conclusion.

The failure of the American government to embrace the party it once viewed as the great hope of the Arab world requires some explanation. In contrast to works that would attribute the emergence of the second Ba'thist regime to the machinations of the CIA, I demonstrate that in the early phases of the regime (1968-1969), American policy with regard to the Middle East was suffering from a virtual paralysis that effectively precluded a clear and decisive response to overtures from the Ba'th.¹¹ A full explanation for the source of this paralysis is beyond the scope of this dissertation, as it relates to a secular transformation of the domestic structure of American power. But in short, this period witnessed the eclipse of the "Eastern Establishment" by what Anne Markusen among others describes as the "Gun Belt" of the American political

¹¹ For Said Aburish, "The question is not whether the CIA was involved," in the 1968 coup, but rather, "how involved it was and with whom." Similarly, Hamid Bayati concludes that there were "extra-Iraqi forces at work" in the emergence of Saddam Husayn and the Ba'th, and that "these were most likely the United States and Israel, although the involvement of the United Kingdom cannot be ruled out." See Said Aburish, *Saddam Hussein: The Politics of Revenge* (London: Bloomsbury Publishing, 2000), 74; Hamid Bayati, *Saddam Husayn wa al-Mu'amar al-Kubra: 'Asrar Inqilab 17 Tammuz 1968 fi al-'Iraq fi al-Watha'iq al-Sirriyah al-Amrikiyah [Saddam Hussein and the Great Conspiracy: Secrets of the 17 July 1968 Coup in Iraq in American Secret Documents]* (London: Mu'assasat al-Rafid, 2000), 7-8.

economy.¹² This is to say that in the late 1960s, the “historic bloc” of interests that underwrote the liberal internationalist foreign policy of the post-World War II period, began to give way to a more nationalist policy current that was socially rooted in the military-industrial complex.¹³ This transformation took time, and was in no way complete by the time Iraq nationalized the IPC, but the breakdown of the liberal internationalist consensus produced a kind of analytical and ideological vacuum, which the incoming Nixon administration sought to fill with “grand strategic concepts” such as its much-vaunted “international structure of peace,” and its Nixon Doctrine corollary.¹⁴

However, as recent scholarship demonstrates, U.S. foreign policy in these years was driven “more by spontaneous reaction to unfolding events than by an

¹² For a recent general analysis of the growing impact of the military-industrial complex on foreign policymaking process over the course of the 1960s, see Campbell Craig and Fredrik Logevall, *America's Cold War: The Politics of Insecurity* (Cambridge: Harvard University Press, 2009), esp. 7-12, 362-67. On the secular (meaning, long-term) shift in the domestic base of American power, see Peter Trubowitz, *Defining the National Interest: Conflict and Change in American Foreign Policy* (Chicago: University of Chicago Press, 1998). See also Fred Halliday, *The Making of the Second Cold War*, 2nd Edition (London: Verso, 1986); Ann Markusen, Peter Hall, Scott Campbell and Sabina Deitrick, *The Rise of the Gunbelt: The Military Remapping of Industrial America* (New York: Oxford University Press, 1991). For a fascinating, if somewhat anecdotal, analysis of the “Eastern Establishment,” see Kai Bird, *The Chairman: John J. McCloy: The Making of the American Establishment* (New York: Simon and Schuster, 1991).

¹³ Petersen speaks to this sense when he quotes economic historian Alan Matusow: “In 1971, the climactic year of his economic management, Nixon abandoned the postwar liberal ideal of a harmonious trade world in favor of a nationalist conception of US interests. Western Europe and Japan were now considered not so much trading partners but rivals to be subdued” (see Allen J. Matusow, *Nixon's Economy: Booms, Busts, Dollars & Votes* (Lawrence: University Press of Kansas, 1998), 11.

¹⁴ Jussi M. Hanhimaki, “An Elusive Grand Design,” in *Nixon in the World: American Foreign Relations, 1969-1977*, ed. Fredrik Logevall and Andrew Preston, 25-44 (New York: Oxford University Press, 2008); See also Craig and Logevall, 254.

overall, consistent pursuit of a particular strategic vision.”¹⁵ Moreover, the administration exhibited a determination to “fit, however awkwardly or inappropriately, regional crises into a framework of great power (usually Soviet-American) relations.”¹⁶ This Cold War focus was particularly ill-equipped to deal with emerging crises of the 1970s, such as growing disorder in international monetary relations, the emergence of advanced industrial competitors in Europe and Asia, or the crisis of development in the Third World.¹⁷ As a consequence of this general strategic confusion and drift, the U.S. government was unable to devise a clear or consistent approach to the Arab-Israeli conflict – an issue with direct bearing on the political situation in Iraq.

The companies that made up the IPC, and the international business community more generally, regarded the Arab-Israeli conflict as a major liability to their operations in the region. As temperatures on the proverbial “Arab street” reached a boiling point after the 1967 Arab-Israeli War, the major international oil companies worried that their properties would be expropriated in retaliation

¹⁵ Logevall and Preston, 15.

¹⁶ Logevall and Preston, 17. Historian William Quandt describes a corresponding split within the Nixon administration between “regionalist” and “globalist” factions. As Quandt’s labels indicate, regionalists (my “NEA”) saw the principle challenges to American interests as arising from local and regional factors, whereas globalists (my “administration”) saw the principle threat in terms of “Soviet expansionism.” See William B. Quandt, *Peace Process: American Diplomacy and the Arab-Israeli Conflict since 1967* (Berkeley: University of California Press, 2001), 55-104, esp., 61-62.

¹⁷ See Daniel Sargent, “Oil, Interdependence, and Hegemony: The U.S. in the Middle East, 1969-1974,” in “From Internationalism to Globalism: The United States and the Transformation of International Politics in the 1970s” (Chapter 5, PhD Dissertation, Harvard University, 2009), 350.

for what was perceived as Western support for Israeli territorial expansion. As one international businessman complained in July 1968:

The feeling among many Arabs that the U.S. Government supports Israel... has harmed U.S. commercial interests badly, not only in Iraq but also in Kuwait and Saudi Arabia. It is in the interests of the American economy for the U.S. Government to adopt a more sympathetic posture toward the Arab world, but it apparently is difficult to drum up U.S. domestic support for American interests in the Arab world.¹⁸

In order to protect their investments, the oil companies lobbied the American government to compel Israel to withdraw from the territories it occupied in 1967, and they put their support behind State Department efforts to broker a comprehensive settlement to the conflict that so threatened regional stability.¹⁹

However, the Nixon administration opposed the efforts of its own State Department and blocked the implementation of its proposals.²⁰ The reasons for the administration's unwillingness to put force behind the State Department's approach – which could have conceivably helped shore up American oil interests in the region – are a matter of debate. Most analyses of American foreign policy in the Nixon years focus on the influence of Henry Kissinger and his Cold War mindset and/or his sentimental attachment to Israel.²¹ While there is no doubt

¹⁸ Memcon with Mr. Ahlgren (VP, Booz-Allen Hamilton International), "Iraq," 16 July 1968, in RG59, NEA Lot 71D5, Box 2: Folder: Memcons Misc 1968, 2/4.

¹⁹ Oil industry pressure on the State Department is discussed in greater detail below.

²⁰ This is the central argument in Jake Horowitz, "The Rogers Plan of 1969: The Making and Shaping of U.S. Foreign Policy in the Arab-Israeli Conflict," (Undergraduate Honors Thesis, Stanford University, 2008).

²¹ For the best analysis of the Nixon administration's approach to dealing with the Arab-Israeli conflict, see Salim Yaqub, "The Weight of Conquest: Henry Kissinger and the Arab-Israeli Conflict," in Logevall and Preston (2008), 227-248. See also Jeremi Suri, *Henry Kissinger and the American Century* (Cambridge: Harvard University Press, 2007); Robert Dallek, *Nixon and Kissinger: Partners in Power* (New York: Harper Collins Publishers, 2007); William B. Quandt, *Peace Process:*

much truth in these arguments, there may be a danger in overstating the core principles of Henry Kissinger, or his influence on the policy making process. For example, historian Jeremi Suri sees Kissinger as, not only the driving force behind American policy, but as the visionary architect of the late-twentieth century global order.²² Moreover, Suri insists that Kissinger “entered politics for moral reasons,” and that our contemporary world reflects his moral vision.²³ The structural approach outlined here represents an alternative to overstating the agency of Kissinger, or his morals.

As noted above, and argued at greater length elsewhere, by the late 1960s the liberal internationalist foreign policy consensus was breaking down. Not only had it led the nation into the Vietnam War and failed to produce stability and development in the Third World, but the north-eastern “industrial belt” that formed the core of its constituency was fast becoming a “rust belt” in the face of growing competition from the insurgent manufacturing economies of Europe and

American Diplomacy and the Arab-Israeli Conflict since 1967, Revised (Berkeley: University of California Press, 2001); Horowitz.

²² See especially Suri’s concluding thoughts (“Troubled Legacy”), 269-274.

²³ On Kissinger’s core principles, it is common to assume that, as a Jew, he had “natural sympathies” for Israel. And indeed, when it served his purpose, Kissinger did ask questions such as, “How can I, as a Jew who lost thirteen relatives in the Holocaust, do anything that would betray Israel?” (Quoted in Dallek, 171). However, as Jeremi Suri notes, Kissinger came from an Orthodox Jewish household that was indifferent, if not hostile, to Zionism (Suri, 39-40). Moreover, Kissinger’s college roommate recalls that he “objected strongly to the state of Israel, saying it would antagonize the Arabs and jeopardize America’s Middle East interests” (Dallek, 40). In researching his book, Suri asked Kissinger, “What are your core moral principles – the principles you would not violate?” To this, Kissinger responded that he was “not prepared to share that yet.” Nonetheless, Suri remains convinced that Kissinger “entered politics for moral reasons,” and he devotes the rest of his book to explicating those moral principles (Suri, 15).

Asia.²⁴ Indeed, between 1955 and 1965, the American share of the world auto market, for example, fell from nearly 70% to 40%, while Europe's share increased from 24% to 39%. Japanese auto manufacturers were not far behind their European counterparts. By the end of end of the 1970s, Japan controlled 25% of the world market, while the U.S. and European shares had fallen to 32% and 35% respectively.²⁵

In the face of declining primacy in the international economic system, America's political leadership lost its nerve and fell into an abysmal crisis of confidence.²⁶ The Nixon administration stepped into the breach, not so much with a fully formed strategic concept – the Nixon and Kissinger's tendency to speak in broad geopolitical terms notwithstanding – but rather with a general disposition to punish all those who had produced this horrendous situation –

²⁴ See Thomas J. McCormick, *America's Half-Century: United States Foreign Policy in the Cold War and After*, 2nd Edition (Baltimore: The Johns Hopkins University Press, 1995); Thomas J. McCormick, "World Systems Theory," in *Explaining the History of American Foreign Relations*, ed. Michael J. Hogan and Thomas G. Paterson, 149-161 (Cambridge: Cambridge University Press, 2007).

²⁵ On the "great auto shakeout" and its impact on American foreign policy, see Peter Trubowitz, *Defining the National Interest: Conflict and Change in American Foreign Policy* (Chicago: University of Chicago Press, 1998), 203.

²⁶ This is a figurative description of a rather broad phenomenon that was expressed in a myriad of more specific ways such as President Johnson's famous quip in March 1968 that "The establishment bastards have bailed out" (with regard to their support for the war in Vietnam), followed by his announcement four days later that he would neither "seek nor accept his party's nomination" for another term as president. This crisis of confidence was expressed with particular regard to US policy in the Middle East with a wide-ranging policy review that took place between 1967 and 1969. This period of review is discussed below. On the "establishment bastards," see Craig and Logevall, 250; and "President Lyndon B. Johnson's Address to the Nation Announcing Steps To Limit the War in Vietnam and Reporting His Decision Not To Seek Reelection March 31, 1968," (<http://www.lbjlib.utexas.edu/johnson/archives.hom/speeches.hom/680331.asp>).

Democrats, the State Department, the CIA, neutralist Arabs and their sympathizers in the international business community, and so on.²⁷ The Nixon administration's list of political enemies only grew with time.

The disarray within the American policymaking process contributed to both the incentive and opportunity for the Ba'ath to move forward with a national oil policy. However, changes within the global oil economy provided a critical necessary condition for the nationalization of the IPC. At the international level, by 1970s the rebuilt economies of Europe and Asia had attained a level of industrial maturity that demanded ever growing oil inputs, at the same time that Western hemisphere oil reserves were at or fast approaching "peak production." As a consequence the global economy was growing increasingly dependent on Middle East production and the perpetual glut of the 1960s was starting to soften. After more than a decade of gradually falling prices, oil prices started to increase beginning in 1970.²⁸

This shift in the balance of supply and demand in world oil markets, in turn, conferred a new power on oil producing states – and particularly on the

²⁷ Admittedly, there is a tension between the interpretive emphasis on the president's essentially reactive nature to events beyond his control, and the emphasis on strategic concepts such as the structure of peace and the Nixon Doctrine. David Greenberg offers the most satisfying explanation for this very real tension by dividing the presidential persona by three: "If Tricky Dick was something like Nixon's id, and the populist paragon of Middle American values was something like his ego, then his superego – the ideal he wished to be – took the form of a world-historic visionary. Believing that men attained greatness not through domestic governance but through leadership in global affairs, Nixon fancied himself a solitary prophet, tapped for leadership, endowed with uncommon skills to engineer world peace." See David Greenberg, "Nixon as Statesman: The Failed Campaign," in Logevall and Preston (2008), 45-66, 47-48.

²⁸ Yergin, 582.

Organization of Petroleum Exporting Countries (OPEC). Given the glut in world oil markets, the organization was initially dismissed. Shortly after it formed in 1960, one Standard Oil executive famously declared, “OPEC does not exist.”²⁹ But by the mid 1960s, it was becoming increasingly clear – to some at least – that “OPEC *did* exist,” and that it might be necessary or even useful to engage the organization.³⁰ As early as 1966, Howard Cottam, the U.S. Ambassador to Kuwait, recommended that it would be advisable to establish a “working relationship with OPEC.”³¹ In the Ambassador’s view, the “American oil companies, in spite of their economic power and technical prowess, are politically and psychologically on the defensive in their dealings with the producing countries.” He cited a rising tide of “Arab nationalism,” and suggested that given the dominance of Iran, Kuwait, and Saudi Arabia within OPEC, the organization could serve as an important “force for reason and moderation” in the region. He even went so far as to conclude that the organization’s basic objectives were structurally compatible

²⁹ For the quote, see Yergin, 523.

³⁰ Kuwait (Cottam) to State, 14 Mar 1966, *FRUS 1964-1968*, 34, no. 189. This much was clear to Sam Falle in the British Embassy in Baghdad who recognized immediately (in 1960) that the organization could serve as “a useful forum for producing countries to discuss their problems on an economic basis, devoid of politics and polemics...” See [British Embassy,] Baghdad to [British] Eastern Dept, 20 Sept 1960, in *OPEC Origins and Strategy, 1947-1973*, Vol 2: 1960-1963, 92-94. On the evolution of US attitudes toward OPEC, see Memcon, “US-UK talks,” 29 Jan 1964; Kuwait to State, A-229, 14 Mar 1966; Brewer to Battle, 1 Aug 1968, all in *FRUS, 1964-68*, 34, no. 176, 189, 222; Confidential Memo, “Middle East Petroleum,” 19 Nov 1968, in RG59, NEA Lot 71D5, Box: 1, Folder: Briefing Papers 1968.

³¹ Kuwait (Cottam) to State, 14 Mar 1966, *FRUS 1964-1968*, 34, no. 189.

with those of the companies, and that, “if there were no OPEC, perhaps the companies would have to create one.”³²

However, as the late-1960s progressed, the stock value of expert opinion from the region declined markedly. By the time the Nixon administration came into office, this kind of “appeasement” was regarded as a source of America’s international weakness, and there was no effort to engage the organization. One can never know what might have happened had the U.S. taken the Ambassador’s advice, but as it was, the leadership of Iran and Saudi Arabia within the organization continued to deteriorate markedly over the course of the late-1960s. Indeed, after the organization’s failure to prevent the embargo of June 1967, “OAPEC [the Organization of Arab Petroleum Exporting Countries] was formed chiefly to give the conservative, oil-rich states a pan-Arab ‘umbrella’ under which pressures from the radical Arab states might more easily be resisted.”³³ But this did not work either, as Iraq soon muscled its way into organization and carried it in a more radical direction, as well.³⁴

While the biggest threat to the conservative character of OPEC throughout the 1960s was Iraq, the organization was further rocked in September of 1969 by a political revolution in the oil rich state of Libya. A new regime led by Colonel Mu’ammar al-Qaddafi, and advised by Shaykh ‘Abdallah Tariki (see chapter 3),

³² Ibid.

³³ Brewer (Director of the Office of Saudi Arabia, Kuwait, and Yemeni Affairs) to Battle (NEA), 1 Aug 1968, in *FRUS 1964-68*, 34, no. 222.

³⁴ See Penrose and Penrose, chapter 19, “Iraq in OPEC and OAPEC,” 497-530, esp. 498-502.

initiated a piece-by-piece nationalization of the Libyan oil industry, and joined Iraq in pushing OPEC towards a more confrontational stance vis-à-vis the companies.³⁵ Beginning in 1971, a newly invigorated OPEC began negotiating on behalf of all member states for higher oil prices and a larger share of industry profits. By the time that Iraq nationalized the IPC in June 1972, the organization not only lacked the will to resist the initiative, but also took active measures to insure that it would be successful.

In what follows, I first examine the events that brought the Ba'ath to power in 1968. I then look at the Nixon administration's approach to dealing with Iraq and the region more generally, before finally analyzing the actual nationalization of the IPC in June 1972.

The Ba'ath Takes Power, July-November 1968

The Political Situation in Iraq before the Coup

The coup that gave rise to the second Ba'athist regime in 1968 unfolded in stages and against a backdrop of escalating tensions between Iraq and the IPC. As we saw in chapter 3, in early 1968, Iraqi officials announced that the INOC would develop the North Rumaila oil field without the IPC, took physical control of the site, and issued increasing threats to undertake the complete nationalization of the companies.

³⁵ Yergin, 577-80; Bromley, 142; Stork, 153-72.

Given the prevailing trends in Iraq, IPC analysts “took stock” of the Company’s “current position” in March 1968, and found the situation dire. IPC analysts were particularly interested in analyzing “the strength of the present Jadir group and their prospects for retaining power.”³⁶ Their study described the Jadir group – INOC Chair Adib al-Jadir, “Economic Czar” Khayr al-Din Hasib, Oil Minister ‘Ali Sattar al-Husayn, and Prime Minister Tahir Yahya – as dogmatic socialists who were only “held in check” by socially conservative army officers.³⁷ The IPC reasoned that while it was “possible to imagine a change of government within a year,” it “would take much longer to dislodge the Jadir group from Oil.”³⁸ Moreover, Rudi Jackli, IPC’s Chief Representative in Baghdad, feared that even if the Prime Minister were removed “the hard core, (Jadir and Haseeb [i.e. Hasib] in Oil) would stay and, if anything, increase their power and position.”³⁹ Given Jackli’s pessimism, he advised that the companies accept Law 80, and secure a long-term purchasing agreement with the INOC before it lost access to Iraqi oil altogether.

³⁶ Note on Position of IPC/BPC in Iraq, 22 March 1968, in IPC no. 136002.

³⁷ Ibid.

³⁸ Jackli to Dalley, 3 April 1968, in IPC no. 136002.

³⁹ Ibid. The State Department supported the IPC taking a hard line with the GOI. See Davies to Houghton and Oliver, 21 May 1968, in RG59, NEA Lot 71D22, Box: 4, Folder: Memos w/in NEA 1968 2/3.

Likewise, the British Foreign Office had concluded that the Rumaila field was “irretrievably lost,” and pressured BP to take Jackli’s advice.⁴⁰ However, Esso, in many ways the consortium’s dominant shareholder, was still unwilling to risk the security of its concessions elsewhere in the Gulf by capitulating in Iraq. Exxon rather chose to dig in its heels, believing it would be possible simply to wait out the Yahya regime.⁴¹ Sensing that IPC partners might be awaiting, if not actively working toward, a change of regime in Baghdad, Husayn Ghulam (a relatively moderate interlocutor with the INOC), warned in May 1968 that Iraq’s demands “were not demands of individuals” but were rather “national demands[,] which would be inherited by any Cabinet that might come in.”⁴² He tried to persuade IPC representatives that while Prime Minister Yahya was in a strong enough position to deliver a lasting agreement, the IPC would have to “suffer anew” in the event of a coup, as “a new Prime Minister would have to prove all over again that he was brave and successful on the Oil front...”⁴³

There were indeed growing indications that a movement was afoot to overthrow Yahya. On the eve of the coup, Lloyd Ahlgren, the Vice President of Booz-Allen Hamilton, an international management consulting firm interested in doing business in Iraq, predicted that Yahya would soon be “stepping down,” and

⁴⁰ Houghton to Davies, “Call on you by Messrs Moses and Barnes of Mobile [sic],” 16 July 1968, in *Ibid.*

⁴¹ *Ibid.*

⁴² Ghulam quoted in Jackli to Dalley, 7 May 1968, in IPC no. 136002.

⁴³ *Ibid.*

suggested that “the ascendance of the ‘extremist’ faction may have crested.”⁴⁴ Moreover, the U.S. Embassy in Beirut – the principal source of political information on Iraq after diplomatic relations were severed in June 1967 – had been reporting for months on various military factions plotting a coup.⁴⁵ The most significant event in this regard was an “officers’ convention” held at the residence the General Hasan al-Bakr at the end of March, ostensibly to coordinate calls for the promulgation of a permanent constitution, but more significantly to begin planning Yahya’s overthrow.⁴⁶

The Coup and Regime of July 17, 1968

Alhgren was ultimately proven prescient. At approximately 2 in the morning on July 17, 1968, a coalition of officers commanding a regiment of tanks rolled into Baghdad and seized control of key government institutions. President ‘Arif was put on a plane for England, while Yahya, al-Jadir, and Hasib were all

⁴⁴ Memcon with Mr. Ahlgren, “Iraq,” 16 July 1968, in RG59, NEA Lot 71D5, Box 2: Folder: Memcons Misc 1968, 2/4.

⁴⁵ See, c.f., Memcon (Embassy, Beirut) with Mobil reps, “Petroleum: Iraq, Tapline, Medreco Refinery, Iranian/Saudi Relations,” 8 Feb 1968; Memcon with Dr. Nasser al-Hani (GOI Ambassador to Lebanon), “Current State of US/Iraqi Relations” 10 May 1968, both in RG59, Lot 71D5, Box: 2, Folder: Memcons Misc 1968, 2/4; Memcon (Embassy, Beirut) with Kurdish Officials, “Kurdish Issues,” 14 Feb 1968, Lot 71D5, Box: 2, Folder: Memcons NEA/ARN 1968; McAndrew (Beirut) to Bass (NEA), Confidential/ Informal, 27 Feb 1968, in Box: 2, Folder: POL 2-2 Political Summaries and Reports; Beirut to State, A-915, “Iraq - Another move to change the Government,” 10 April 1968; Beirut to State, A-982, “Comments on Current Regime by Former Iraqi Military Officer,” 6 May 1968; Beirut to State, A-1112, “Iraq – Maj. General Uqaili Escapes Car Bombing,” 14 June 1968, all in RG59, Box: 2221, Folder: POL 15-1 Iraq 1/1/67.

⁴⁶ See Jakli to Dalley, April 4, 1968, in IPC no. 161758; Beirut to State, A-915, “Iraq - Another move to change the Government,” 10 April 1968; DIR, IR No. 342, “Iraqi Government Extends Period of Transitional Rule,” 10 May 1968, both in RG59, Box: 2221, Folder: POL 15-1 Iraq 1/1/67.

arrested and jailed. The group that carried out the coup was composed of two major elements. The first was led by Lt. Col. 'Abd al-Razzaq al-Nayef, President 'Arif's chief of military intelligence, and Lt. Col. 'Abd al-Rahman al-Da'ud, the commander of the Republican Guard, which was the president's personal security detail. The second element was led by Hasan al-Bakr, and two of his Ba'thist associates, Hardan 'Abd al-Ghaffar al-Tikriti and Salih Mahdi 'Ammash. The exact nature of the relationship between the two groups in the days leading up to the coup remains obscure, but it is likely the timing was triggered by fear on the part of al-Nayef and al-Da'ud that Yahya was preparing a power play that would institutionalize his dominance over the government, and that the Ba'thists were brought in to broaden the base of a new regime.⁴⁷

Despite the heterogeneous nature of the group that carried out the coup (see Table 4, below), the State Department's intelligence service immediately interpreted it as the work of the Ba'th.⁴⁸ This was not particularly good news from the perspective of the National Security Council and the Johnson White House. After the spectacular failure of the Ba'th to establish a stable modernizing

⁴⁷ Batatu 1073-75; Farouk-Sluglett and Sluglett, 111-17. Wherever the inspiration came from, the coup was very much directed against Yahya. Shortly afterwards, Robert Anderson, a businessman in contact with individuals involved (see below), reported that the "new group was fond of President 'Arif," and before seizing power they tried to persuade him to change the Prime Minister, "but he was too weak to do anything. ... The new group debated about whether to shoot the old Prime Minister [Yahya] but decided it would be better to not to do so. They didn't want world opinion to say that theirs was just another Iraqi blood bath." See Anderson quoted in Wiley (NEA/ARN) to Battle (NEA), "Proposed Memo to Mr. Rostow regarding Relations with Iraq," Action Memorandum, 1 Aug 1968, RG59, NEA Lot 71D22, Box: 4, Folder: Memos within NEA 1968, 2/3.

⁴⁸ DIR No. 541, "Iraqi Ba'this Take Over Government; Get Feet Wet Again," 17 July 1968, in RG59, CF, Box: 2221, Folder: POL 15 Iraq 1/1/67.

regime in 1963, many in Washington had turned sour on the party, particularly after a group of radical Ba‘thists seized power in Syria in 1966 and aligned their regime with the Soviet Union.⁴⁹ As the new group took power in Iraq, the NSC acknowledged that it was, as yet, unclear “how radical” they would be, but worried that as Ba‘thists “their tendencies will be towards moving Iraq even closer to [the Palestinian] Fatah, the Syrians and the Soviets.”⁵⁰

Table 4. The July 1968 Coup

The Old Regime	The July 18-30 Regime	
Tahir Yahya	‘Arif Defectors	“Bakr Ba‘thists”
‘Adib al-Jadir	‘Abd al-Razzaq al-Nayef	Hasan al-Bakr
Khayr al-Din Hasib	‘Abd al-Rahman al-Da‘ud	Hardan ‘Abd al-Ghaffar al-Tikriti
		Salih Mahdi ‘Ammash.
		Saddam Husayn

However, the U.S. Embassy in Beirut took a more nuanced view of the new government in Baghdad. On July 22, it reported that the new regime was *not* in league with Syria. On the contrary the Syrian regime was reportedly describing al-Nayef and al-Da‘ud as “lackies of Kuwait and the IPC.”⁵¹ In the Embassy’s

⁴⁹ On the split within the Ba‘th, see CIA, Directorate of Intelligence, Office of Political Research, “Iraq Under Baath Rule, 1968-1976,” November 1976, in CREST; Beirut to State, no. 11235, “Iraq,” 22 July 1968, in RG59, CF, Box: 2221, Folder: POL 15 Iraq 1/1/67.

⁵⁰ John W. Foster (NSC) to Rostow, 17 July 1968, “The Iraqi Coup,” in *FRUS, 1964-1968*, 21, no. 199. For draft materials, see Draft Memo (Houghton), “Iraqi Coup,” in RG59, NEA Lot 71D5, Box: 3, Folder: POL 23 Iraqi Coups 1968.

⁵¹ Beirut to State, no. 11235, “Iraq,” 22 July 1968, in RG59, CF, Box: 2221, Folder: POL 15 Iraq 1/1/67, Box: 2221.

analysis, it was al-Nayef, with the support of al-Da'ud who had furnished the leading element of the coup, and the Ba'th had simply been brought in as a "façade" at the last minute.⁵² The NSC then informed the White House that "The Baathists are from the right-wing of the party," and that "The Syrians had nothing to do with the coup."⁵³ It maintained that "The new government could still be a little harder for us to deal with than the old – if we ever have a chance to deal with it – but if we had to have a Baathist government there, this is probably the best we could expect."⁵⁴

This upbeat assessment in the early days of the new regime was in large part a reflection of the enthusiasm of conservative media outlets in Beirut, which began predicting that the government of al-Nayef would soon cancel the ERAP agreement (see chapter 3) and might even dissolve the INOC.⁵⁵ These hopes were dashed on July 24, when al-Nayef held a press conference in which he declared that the ERAP agreement would be respected and the INOC would be strengthened.⁵⁶ But nonetheless, the IPC still saw cause for hope. Yahya, Hasib, and al-Jadir had all been arrested, while the regime reached out to a group of

⁵² Beirut to State, A-1199, "The New Iraqi Regime," 22 July 1968, in RG59, CF, Box: 2221, Folder: POL 15 Iraq 1/1/67, Box: 2221.

⁵³ Foster to Rostow, 22 July 1968, "A Clearer Picture of the Iraqi Coup," *FRUS, 1964-1968, 21*, no. 200.

⁵⁴ *Ibid.*

⁵⁵ Beirut to State, A-1209, "Iraq - No Immediate Change in Oil Policy Foreseen as a Result of July 17 Coup," 24 July 1968; and DIR, Intel Note 618, "Right-wing Ba'thi Takeover in Iraq: Near Term Outlook," 6 Aug 1968, both in RG59, CF, Box: 2221, Folder: POL 15 Iraq 1/1/67.

⁵⁶ Beirut to State, A-1209, "Iraq - No Immediate Change in Oil Policy Foreseen as a Result of July 17 Coup," 24 July 1968, in RG59, CF, Box: 2221, Folder: POL 15 Iraq 1/1/67.

“moderate technocrats” led by Ghanim al-‘Uqayli to devise a new oil policy.⁵⁷ Al-‘Uqayli had been a leading force behind the proposed Wattari Agreement of 1965, and was trusted by the IPC. At a recent oil conference he had stated that in his view, “the aim of [the INOC], at least for the immediate and foreseeable future, should be to supplement and not supplant the major companies in the international market,” marking a decisive break with the philosophy of al-Jadir and the Nasserists.⁵⁸ From Beirut it appeared that in the future, there would be “less politics and more efficiency” in Iraqi oil policy.⁵⁹

This impression was further reinforced on July 28, when Iraqi authorities informed the IPC representative in Baghdad that the Government wanted an IPC team to return to Iraq to negotiate directly with Prime Minister al-Nayef.⁶⁰ At the

⁵⁷ Ibid. Jadir and Hasib were later released and sought exile in Lebanon where they established the Center for Arab Unity Studies in Beirut. Yahya on the other hand remained in prison for the remainder of his life and was subjected to particularly harsh treatment. On the arrest of Yahya, Jadir, and Hasib, see Wiley (NEA/ARN) to Battle (NEA), “Proposed Memo to Mr. Rostow regarding Relations with Iraq,” Action Memorandum, 1 Aug 1968, in RG59, NEA Lot 71D22, Box: 4, Folder: Memos within NEA 1968, 2/3. Details of Yahya’s treatment in prison are reported in Mark Bowden, “Tales of the Tyrant,” *The Atlantic Monthly*, May 2002, available online: <http://www.theatlantic.com/doc/200205/bowden/8>

⁵⁸ Beirut to State, A-1209, “Iraq - No Immediate Change in Oil Policy Foreseen as a Result of July 17 Coup,” 24 July 1968, in RG59, CF, Box: 2221, Folder: POL 15 Iraq 1/1/67. On the Ba’th’s invitation to al-‘Uqayli and his colleagues, see also Memcon with Iskandar (Lebanese economist), “Petroleum: Iraq – Dilemma of Iraqi Oil Technocrats,” 6 Aug 1968, in USNA, RG59, NEA Lot Files, 1966-1972, Lot 71D5, Folder: Memcons Misc 1968 2/4, Box 1.

⁵⁹ Beirut to State, A-1209, “Iraq - No Immediate Change in Oil Policy Foreseen as a Result of July 17 Coup,” 24 July 1968, in RG59, CF, Box: 2221, Folder: POL 15 Iraq 1/1/67. Despite these favorable developments Jackli warned: “I personally, cannot see how the people who are in power could give us North Rumaila back under terms comparable to those envisaged in 1965 or in November 1967, and I still believe that our best choice is to seek a settlement which includes fair compensation.” See Jackli to Dalley, 23 July 1968.

⁶⁰ Memcon, Bass (NEA) with Barnes (Mobil), “Iraqi Desires to Negotiate With IPC,” 30 July 30, 1968, in RG59, NEA Lot 71D5, Box: 1, Folder: Memcons NEA/ARN 1968. See also Bird to Aylett, 19

same time, former U.S. Treasury Secretary Robert Anderson, a private businessman interested in concluding an Iraqi sulfur concession, called upon the Johnson administration to express his support for the new regime.⁶¹ Anderson explained that the new government included a number of his close associates who were placed in key economic and financial ministries.⁶² Moreover, the new Prime Minister was “like a father” to Lufti al-‘Ubaydi, his business partner in the pending sulfur deal. He requested that President Lyndon Johnson restore diplomatic relations with Iraq and make development loans available to the new regime.

The July 30 Regime

However, before the Johnson administration could respond to Anderson’s appeal, Hasan al-Bakr and the Ba’th struck against al-Nayef. Al-Bakr and his leading associates, Tikriti and ‘Ammash, were in no way willing to accept the

July 1968; Notes on Small Committee Meeting, 23 July 1968, in IPC no. 136003; Jackli to Dalley, 23 July 1968, in IPC no. 136003; and Road, untitled report, 24 July 1968, in IPC no. 161758.

⁶¹ Said Aburish, among others, claims that Robert Anderson was a CIA agent posing as a representative of the Pan American Sulfur Company and the Gulf Sulfur Company. See Said Aburish, *Saddam Husayn: The Politics of Revenge* (New York: Bloomsberry Press, 2000): 73-74; Hamid Bayati, *Saddam Husayn wa al-mu‘amar al-kubra: ‘asrar inqilab 17 Tammuz 1968 fi al-‘Iraq fi al-watha‘iq al-sirriyah al-Amrikiyah [The Secret Coup of 17 July 1968: Saddam Hussein and the Great Conspiracy in Iraq in American Secret Documents]* (London: Mu‘assasat al-Rafid, 2000): 24. For background on Anderson’s sulfur interests in Iraq, see Memcon (Embassy, Beirut) with Mobil Reps, “Petroleum: Iraq, Tapline, Medreco Refinery, Iranian/Saudi Relations,” 8 Feb 1968, in RG59, Lot 71D5, Box: 2, Folder: Memcons Misc 1968, 2/4; Brussels to State (Davies), 27 Sept 68, RG59, NEA Lot 71D5, Box: 1, Folder: Correspondence with misc. posts 1968.

⁶² Wiley (NEA/ARN) to Battle (NEA), “Proposed Memo to Mr. Rostow regarding Relations with Iraq,” Action Memorandum, 1 Aug 1968, RG59, NEA Lot 71D22, Box: 4, Folder: Memos within NEA 1968, 2/3.

subordinate roles they had been assigned in the new regime. Al-Bakr, who had been given the largely ceremonial position of President, was intent on gaining control of the armed forces and immediately began building a coalition within the military to seize power from al-Nayef.⁶³ It took only twelve days to marshal the necessary force. On July 30, units loyal to the Ba'th entered Baghdad, seized key government buildings, exiled al-Nayef and al-Da'ud, dismissed their cabinet, and took to the airwaves to declare a bloodless revolution.⁶⁴ The next day al-Bakr was proclaimed commander-in-chief of the armed forces, and given the power to form a new cabinet.⁶⁵

Al-Bakr claimed this move was necessary to prevent “reactionary elements” from canceling the ERAP agreement and dissolving the INOC.⁶⁶ However, this was simply rhetorical posturing as Yahya, al-Jadir, and Hasib all remained in jail while the regime soon reassured al-'Uqayli and his colleagues that al-Nayef's offer still stood – and this despite hesitancy on the part of some Iraqi leaders to so visibly reverse “the oil policy Iraq has followed since mid-

⁶³ Batatu, 1076-78.

⁶⁴ Wiley to Battle, “Recent Political Developments in Iraq,” 31 July 1968, in RG59, NEA Lot 71D5, Box: 2, Folder: POL 2-2 Political Summaries and Reports; Wiley to Battle, “New Iraq Cabinet,” 1 Aug 1968, in RG59, NEA Lot 71D22, Box: Folder: Memos w/in NEA 1968 2/3; DIR, Intel Note 618, “Right-wing Ba'thi Takeover in Iraq: Near Term Outlook,” 6 Aug 1968, in RG59, CF, Box: 2221, Folder: POL 15 Iraq 1/1/67.

⁶⁵ Batatu, 1076-77.

⁶⁶ RCC communiqué no. 27, 31 July 1968, quoted in Batatu, 1076-77, n. 13. See also Jackli to CMD, 31 July 1968, in IPC no. 136003.

1967.”⁶⁷ But this apparent willingness to “reverse Iraqi oil policy” was a source of comfort for the American Embassy in Beirut.⁶⁸ According to an American intelligence estimate in early August:

the Right-wing Ba’th will probably not press further nationalization... [and] may also be more businesslike and less politically hamstrung in their dealings with foreign companies than was the Arif government. The Western-owned Iraq Petroleum Company thus may stand a slightly better chance of settling its long-standing dispute with Iraqi authorities, although the price will no doubt be higher than it would have been under the abortive 1965 agreement.⁶⁹

The State Department found more cause for hope in mid-August when the Ba’th appointed Rashid al-Rifa’i, a moderate former IPC employee known to be on good terms with the companies, as the new Oil Minister.⁷⁰ However, the situation in Baghdad remained very fluid, and it would be some time before a consistent policy line would emerge.

The Tikriti Overture

While the State Department’s intelligence service was generally satisfied with the Ba’th’s initial moderation on oil issues, it expressed concern that the party’s “Power base is still very narrow,” and that it lacked sufficient military

⁶⁷ Memcon with Iskandar (Lebanese economist), “Petroleum: Iraq – Dilemma of Iraqi Oil Technocrats,” 6 Aug 1968, in RG59, NEA Lot 71D5, Box: 1, Folder: Memcons Misc 1968 2/4.

⁶⁸ Wiley to Battle, “Recent Political Developments in Iraq,” 31 July 1968, in RG59, NEA Lot 71D5, Box: 2, Folder: POL 2-2 Political Summaries and Reports; Wiley to Battle, “New Iraq Cabinet,” 1 Aug 1968, in RG59, NEA Lot 71D22, Box: Folder: Memos w/in NEA 1968 2/3; DIR, Intel Note 618, “Right-wing Ba’thi Takeover in Iraq: Near Term Outlook,” 6 Aug 1968, in RG59, Box: 2221, Folder: POL 15 Iraq 1/1/67.

⁶⁹ “Right-wing Ba’thi Takeover in Iraq: Near Term Outlook,” 6 Aug 1968, in above.

⁷⁰ Bass to Files, 15 Aug 1968, “Dr. Rashid al-Rifai, Iraq Oil Minister,” in RG59, NEA Lot 71D22, Box: 4, Folder: Memos w/in NEA 1968 2/3.

support to secure its hold on the government.⁷¹ Likewise, the IPC worried that by striking at al-Nayef, the Ba'th had alienated conservative Army elements, and would be "forced to turn to the left – in particular to the Communists," to establish a stable regime.⁷² Indeed, Ghanim al-'Uqayli refused the Ba'th's invitation to take over the INOC, stating that he would rather pursue opportunities as a private consultant until a more stable, right-wing government emerged.⁷³

Given the inability to establish a base of support among conservatives, al-Bakr reached out to "all progressive elements," including the Communist Party – offering cabinet positions to three of its members. But despite these moves, the Ba'thist overture to the left made very little headway.⁷⁴ The Ba'th almost destroyed the Communist Party after coming to power in 1963, and with this experience fresh in their memories, Communist leaders refused to join the government. Moreover, a small group of "Guevara-style guerrillas" broke away from the main Communist Party and began staging attacks against police stations

⁷¹ "Right-wing Ba'thi Takeover in Iraq: Near Term Outlook," 6 Aug 1968, in above. See also Memcon with Wolgast (Esso), "Developments in Iraq," 27 Aug 1968, in NEA Lot 71D5, Box: 1, Folder: Memcons NEA/ARN 1968; Briefing Paper for US-UK Talks, "Iraqi Internal Situation," 6 Sept 68, in RG59, NEA Lot 71D5, Box: 1, Folder: Briefing papers 1968; Memcon with Moses (Mobil), "Petroleum: Iraq – Review of Current Developments," 4 Oct 1968, Lot 71D4, Box: 1, Folder: Memcons Misc 1968 1/4.

⁷² Dalley to IPC Groups, 26 Aug 1968, in IPC no. 161758.

⁷³ Memcon with Iskandar (Lebanese economist), "Petroleum: Iraq – Dilemma of Iraqi Oil Technocrats," 6 Aug 1968, in above.

⁷⁴ Beirut to State, A-1469, "Bakr's First Hundred Days," 21 Nov 1968; Brussels to State, A-1090, "Bakr's anti-American speech at a dinner in honor of visiting Polish delegation," 21 Nov 1968, both in in RG59, CF, Box: 2221, Folder: POL 15 Iraq 1/1/67; Dalley to IPC, 28 Nov 1968, in IPC no. 136003.

and official vehicles in the country's southern Shi'i regions in the hope of fomenting a larger "peasant revolution."⁷⁵ At the same time, Nasserist officers, refusing any compromise with the regime, attempted a coup to restore Yahya, al-Jadir, and Hasib.⁷⁶ The coup plot was discovered and broken up before it got off the ground, but it indicated the Ba'th's difficulties in establishing a base on the left. By November, a branch of the Nasserist Movement of Arab Nationalists known as Kifah al 'Ummal (the Workers Struggle) staged demonstrations that were only put down through the use of considerable force on the part of Ba'thist security agents.⁷⁷

At the same time that the regime struggled to broaden the base of its support, a power struggle emerged between the party's leading personalities – al-Bakr, al-Tikriti, and 'Ammash.⁷⁸ While al-Bakr and 'Ammash each sought to consolidate their position with radical anti-imperialist rhetoric that was strongly critical of the United States and the IPC, al-Tikriti took the opposite approach. He attempted to "strengthen his hand with his colleagues" by reaching out to the IPC

⁷⁵ CIA Intelligence Bulletin, 24 Oct 1968, in CREST.

⁷⁶ See Memcon with Majdani (Leb journalist), 14 Oct 68 in RG59, NEA Lot 71D5, Box 1: Folder: Memcons Misc 1968, 1/4.

⁷⁷ Macpherson to Pawson, 26 Nov 1968, in IPC no. 136003; *Al-Jumhuriyyah* (Beirut), 26 Nov 1968, translated in RG59, NEA Lot 71D22, Box: 4, Folder: PPB 1 Summary of Lebanese Press 1968 folder 1 of 2.

⁷⁸ Beirut to State, A-1469, "Bakr's First Hundred Days," 21 Nov 1968, in RG59, CF, Box: 2221, Folder: POL 15 Iraq 1/1/67; CIA, Directorate of Intelligence, Office of Political Research, "Iraq Under Baath Rule, 1968-1976," November 1976, in CREST; Beirut to State, "Dismissal of Hardan Tikriti," 16 Oct 1970, in *FRUS, 1969-1972, E-4*, no. 278.

for support.⁷⁹ The “Tikriti overture,” as the State Department described it, began with a meeting with Mobil and BP officials in early November 1968.⁸⁰

In the meeting, al-Tikriti explained that he could give the IPC “an agreement that would be pleasing to them. However, he might be dead the next day. On the other hand he could completely stop the flow of oil and he would be a hero within Iraq.”⁸¹ If al-Tikriti were to withstand this kind of pressure, he would need the IPC’s support in the form of tangible concessions that he could present to his colleagues and the public alike. He was particularly interested in persuading Mobil officers to lobby the U.S. government to restore diplomatic relations with Iraq.⁸² Mobil did indeed relay the message to the State Department, but officials in the Office of Near Eastern Affairs (NEA) had “little confidence in the longevity of either Tikriti or his government, so any rapport we might establish [with] him would be repudiated by his successor.”⁸³ Given this assessment, the State Department chose not to respond to al-Tikriti’s overture.

⁷⁹ Bird to IPC, 25 Sept, and 8 Oct 1968, IPC no. 136003.

⁸⁰ Seeyle to Davies, 15 Nov 1968, “[Hardan al-] Tikriti Overture”; Bass to Seeyle, 12 Nov 1968; Memcon, State with McDonald (Mobil), 1 Nov 1968, “Iraqi Government Feeler to US,” all in RG59, NEA Lot 71D5, Box: 3, Folder: Memos within NEA 1968.

⁸¹ Ibid.

⁸² Seeyle to Davies, 15 Nov 1968, “[Hardan al-] Tikriti Overture”; Bass to Seeyle, 12 Nov 1968; Memcon, State with McDonald (Mobil), 1 Nov 1968, “Iraqi Government Feeler to US,” all in RG59, NEA Lot 71D5; Box 3, Folder: Memos within NEA 1968.

⁸³ All quotes in: Memcon with McDonald (Mobil), “Iraqi Government Feeler to US,” 1 Nov 1968, RG59, NEA Lot 71D5; Box 3, Folder: Memos within NEA 1968.

However, the State Department's refusal to reciprocate al-Tikriti's offer was also a function of the growing disarray within the American policymaking process.

A Tale of Two Regimes: The Nixon Administration, and the Ba'ath, 1969-70

The Holmes Study Controversy and the Crisis of State Department "Arabism"

The al-Tikriti overture was poorly timed in terms of the domestic American political situation. Al-Tikriti sought rapprochement with Washington at a time when the State Department, suffering from the larger crisis of confidence discussed above, was undergoing a major reappraisal of U.S. policy in the Middle East and was unable to make a clear and decisive response to the Iraqi initiative.

Since the demise of the Eisenhower Doctrine in the fall of 1958, the U.S. had pursued a degree of accommodation, in one form or another, with the forces of Arab nationalism. This produced a policy approach that was relatively sympathetic to Nasser and the Ba'ath, while at the same time seeking to play the two off one another.⁸⁴ But this general approach started to come in for criticism in the late 1960s, particularly after the Arab-Israeli War of 1967. In the aftermath of the war, national security hardliners initiated a wide-ranging critique of the State Department's faith in economic development as a panacea to Soviet

⁸⁴ A policy review in July 1968, found that in the 1950s the US sought a "Northern Tier defense" against Soviet "expansion" in the Middle East. But by the late 1958, it was clear the USSR had "leapfrogged" the Northern Tier and emphasis shifted to the "general theme of economic development." Policymakers believed that "economic development, whether the recipients were our military allies or not, provided the best means of stabilizing the area and the best defense... against the Soviet threat." IRG/NEA 68-29, "U.S. Policy in the Middle East, Final Draft," (Secret), 19 July 1968, in *FRUS 1964-1968*, 21, no. 30.

influence. As this critique grew louder, State Department officials began to doubt their own “ability to control local forces in the area or to attain our objectives through some broad and consistent policy applied to the area as a whole.”⁸⁵ By July 1968, the State Department had to concede that “Neither containment nor development provides the key,” and a fundamental “redefinition of policy” was in order.⁸⁶

At a broad societal level the critique of developmentalism was most forcefully articulated by political scientist Samuel P. Huntington in his 1968 book, *Political Order in Changing Societies*.⁸⁷ But within government, this emerging sensibility was clearly expressed by an interagency study group led by Julius C. Holmes, a retired general officer and a former U.S. Ambassador to Iran (1955, and 1961-65).⁸⁸ Members of the so-called “Holmes Group” argued that despite – or perhaps because of – American efforts to accommodate Nasser and other Arab

⁸⁵ Ibid.

⁸⁶ Ibid.

⁸⁷ See Samuel P. Huntington, *Political Order in Changing Societies* (New Haven: Yale University Press, 1968). For analysis of the significance of Huntington’s arguments for the discourse on developmentalism and American political culture more generally, see Nils Gilman, *Mandarins of the Future: Modernization Theory in Cold War America* (Baltimore: The Johns Hopkins University Press, 2003), 228-35; Nils Gilman, “Modernization Theory, The Highest Stage of American Intellectual History,” in *Staging Growth: Modernization, Development, and the Global Cold War*, ed. David C. Engerman, Nils Gilman, Mark H. Haefele and Michael E. Latham, 47-80 (Amherst: University of Massachusetts Press, 2003).

⁸⁸ The so-called “Holmes Group” was composed largely of members of the military and intelligence community. Holmes himself had a background in military intelligence, and of the group’s 15 members, 8 were officers and 2 were from the CIA. The remaining 5 were from the Departments of State (4) and Interior (1). See “Report Prepared by the Special State-Defense Study Group” (Holmes Study), in *FRUS 1964-1968*, 21, no. 22. On Holmes’ background see also, Biographical Notes, Arlington National Cemetery (<http://www.arlingtoncemetery.net/jcholmes.htm>).

nationalists, the Soviets had made major inroads into the Middle East by using “Arab hatred of Israel to advance their interests.”⁸⁹ Rather than trying to woo Arab nationalists with promises of economic aid, the Holmes Group, drawing on the navalist thinking discussed in chapter 3, advocated a massive military buildup in the Indian Ocean and Persian Gulf.

Over the course of 1967 and 1968, State Department officials defended their traditional emphasis on accommodation and development, and claimed that their critics overstated Soviet capabilities and understated “indigenous sources of resistance to Soviet domination,” but they were clearly on the defensive as critics continued to launch assaults on their approach.⁹⁰ With the election of Richard Nixon in November 1968, critics of the State Department achieved a major victory.⁹¹

President Nixon came into office in January 1969 with what can only be described as contempt for the State Department, CIA, and foreign policy

⁸⁹ Ibid. Embracing a hard-line in the politics of the Cold War, the group argued, “It is abundantly clear that the USSR has a firm policy to achieve dominant influence in the eastern and southern Mediterranean basin. It is equally clear that the Arabs are as emotionally committed to destruction of Israel as were their ancestors to elimination of the Christian Kingdom of Jerusalem. The Soviets use Arab hatred of Israel to advance their interests and the Arabs use the Soviet presence and assistance to further their objective. The result is a situation which is damaging and dangerous for United States interests.”

⁹⁰ On SD defense of its approach, see CIA Memo, “Discussion of Holmes Study,” 16 Aug 1967, in *FRUS 1964-1968*, 21, no. 24.

⁹¹ On the debate over the Holmes study as it unfolded between 1967 and 1969, see (in addition to the above), “SIG Meeting,” 14 Sep 1967; SD, “Western Interests in Arab Oil,” 27 Dec 1967; CIA Memo, 8 Jan 1968; Battle (NEA and SIG) to Katzenbach (SIG), IRG/NEA 68-29, “Paper on ‘US policy in the Middle East,’” 19 July 1968; SD, “US Policy in the Middle East,” 19 July 1968; Earle and Orwat to Nitze and Wheeler, “NEA Paper on United States Policy in the Middle East,” 22 Nov 1968, all in *FRUS 1964-1968*, 21, nos. 25, 26, 27, 29, 30, and 31.

bureaucracies in general.⁹² Rather than relying on “Ivy League intellectuals,” his administration reorganized the policymaking process to concentrate decision-making in the White House and National Security Council (NSC). To circumscribe the power of the State Department, Nixon chose William P. Rogers, a relatively obscure New York attorney, to serve as Secretary of State, “mainly because he had so little background in foreign affairs,” according to historian Robert Dallek.⁹³ As Henry Kissinger later observed, the president “considered Rogers’s unfamiliarity with the subject an asset because it guaranteed that policy direction would remain in the White House.”⁹⁴

A weak Secretary of State, in turn, enabled a fundamental transformation within the State Department’s Office of Near Eastern Affairs (NEA). As we have seen throughout this dissertation, the NEA had been a stronghold of accommodationism and developmentalism. During the 1960s, NEA was generally led by career Foreign Service Officers with broad and deep experience in the Arab world.⁹⁵ But in February 1969, the long-time NEA veteran Roger Davies was

⁹² Fredrik Logevall and Andrew Preston, “The Adventurous Journey of Nixon in the World,” in *Nixon in the World: American Foreign Relations, 1969-1977*, ed. Fredrik Logevall and Andrew Preston, 3-24 (New York: Oxford University Press, 2008); Campbell Craig and Fredrik Logevall, *America’s Cold War: The Politics of Insecurity* (Cambridge: Harvard University Press, 2009), 252-57; Robert Dallek, *Nixon and Kissinger: Partners in Power* (New York: Harper Collins Publishers, 2007), 83-86.

⁹³ Dallek, 83.

⁹⁴ Henry Kissinger quoted in Dallek, 83.

⁹⁵ Robert Kaplan, *The Arabists: The Romance of an American Elite* (New York: The Free Press, 1993), 148-56. See also Kraft, Joseph. “Those Arabists in the State Department.” *New York Times Magazine*, 7 Nov 1971.

passed over for the position of department head in favor of Joseph Sisco, a State Department official without any regional or linguistic specialization.⁹⁶ Under Sisco's leadership, officials sympathetic to the cause of development in the Arab world were marginalized while officials considered loyal to Nixon and his National Security Adviser Henry Kissinger were promoted.⁹⁷ Rogers did not turn out to be as weak as expected, and the Department he led put up considerable resistance to the administration's approach, but in early 1969, the momentum was clearly with the critics of developmentalism and accommodation.

American Government Divided: The Nixon Doctrine versus the Rogers Plan

The turmoil and subsequent demise of the accommodationist trend within the State Department was one important factor that contributed to the American non-response to the Tikriti overture, but this development was only the first expression of a new foreign policy approach that began with the Nixon administration. The clearest expression of this approach was the "Nixon Doctrine" – a strategy that had its roots in the effort to transfer responsibility for the Vietnam War to the South Vietnamese Army, but found its fullest expression in U.S. policy toward the Persian Gulf.⁹⁸

⁹⁶ On Sisco's background see Horowitz, 30, 46-47; Kaplan, 150-56.

⁹⁷ As a consequence, many "aggrieved Arabists" began to identify with the "old China hands" that were marginalized after the "loss" of China in 1949. See Kaplan, 113, 167, 156-59.

⁹⁸ Tore Petersen, *Richard Nixon, Great Britain and the Anglo: American Alignment in the Persian Gulf and Arabian Peninsula: Making Allies out of Clients* (Brighton: Sussex Academic Press, 2009); Douglas Little, *American Orientalism: The United States and the Middle East since 1945* (Chapel

The Nixon Doctrine envisioned a larger role for the Shah of Iran in guaranteeing regional security. The British Labor government had, by this point, made it clear that it could no longer afford to maintain a naval presence in the Persian Gulf and would be withdrawing all of its military forces in the region by 1971.⁹⁹ The Nixon administration hoped that Iran would be able to take over the British role, and began to supply the Shah with the weaponry that would allow him to play this role.¹⁰⁰

Hill: University of North Carolina Press, 2004), 137-46; Gary Sick, "The United States in the Persian Gulf: From Twin Pillars to Dual Containment," in *The Middle East and the United States: A Historical and Political Reassessment*, ed. David W. Lesch, 291-307 (Boulder: Westview Press, 2003), 291-93; William Stivers, *America's Confrontation with Revolutionary Change in the Middle East, 1948-83* (New York: St. Martin's Press, 1986), 60-76; Michael T. Klare, *American Arms Supermarket* (Austin: University of Texas Press, 1984), 108-26; Horowitz, 53-56.

⁹⁹ On January 16, 1968, British Prime Minister Harold Wilson made the formal announcement that British forces would evacuate the Gulf by the end 1971, but this announcement came after several years of signaling this intent. See Petersen, 15-28; Little, 141-43.

¹⁰⁰ This policy orientation was codified in July 1969 with National Security Decision Memorandum No. 92 (NSDM-92). For analysis of this document, see Klare, 112-15. On the implementation of this strategy, see Shah to Nixon, 29 Jan 1969; and Tehran to State, 14 Jan 1970, both in RMN, NSC, Reel: 9. The increasingly close alliance between the US and Iran was in large part motivated a common sense that the "greatest danger in Middle East comes from Iraq because of steadily increasing Soviet influence and activity there," in the words of the Shah, who requested "a little extra military kill' as [the] best deterrent." Ibid.

Saudi Arabia and Iran are often described as the "Twin Pillars" of the Nixon Doctrine (see, cf, Sick; Little, Petersen). However, the Nixon administration never took Saudi Arabia's capacity to provide regional security seriously and US arms sales to the Kingdom were negligible before the oil price spike of the 1973-74 (only \$36 million compared to Iran's \$364 million for 1971, for example). The massive influx in arms sales to Saudi Arabia after 1973 was not motivated by regional security concerns, but rather by an interest in recycling petrodollars through the sale of weapons systems that were, for all intents and purposes, militarily useless. In general, the US sold Saudi Arabia weapons that were either designed to maintain internal security (not to wage foreign wars), or that the Saudi military establishment was incapable of operating on its own. See Fred Halliday, "A Curious and Close Liaison: Saudi Arabia's Relations with the United States," in *State, Society, and Economy in Saudi Arabia*, ed. Tim Niblock, 125-47 (London: Croom and Helm, 1982); Joel Beinin, "Arms Transfers: The New Structure of US Hegemony, and Prospects for Democratic Development in the Gulf," in *War and its Consequences: Lessons from the Persian Gulf Conflict*, ed. John O'Loughlin, Thomas Meyer and Edward S. Grennberg, 84-104 (New York: Harper Collins, 1994); Michael T. Klare, *American Arms Supermarket* (Austin: University of Texas Press, 1984), 148-155; Robert Vitalis, "The Closing of the Arabian Oil Frontier and the Future of Saudi-

However, this new Iran-centric approach was not popular with the State Department, or with the major oil companies. As historian William Stivers argues, this strategy was predicated on the belief that the Persian Gulf was a “separate theatre, part of the Indian Ocean, but distinct from the rest of the Middle East” (See Map 2).¹⁰¹ For the administration, the anticipated advantage of this approach was that it allowed policymakers to disengage from the Arab-Israeli conflict – thereby allowing the status quo to hold – without fear of repercussions elsewhere in the Gulf.

However, the State Department, along with the oil companies, were unconvinced that the region could be so neatly subdivided and compartmentalized. It was not realistic, in their view, to believe that the Shah would be able to guarantee stability on the Arabian side of the Gulf, or that Arab political developments – particularly with regard to the Arab-Israeli conflict, would have no bearing on America’s larger regional interests. Moreover, the companies worried that the administration’s planned “military build up” in Iran would require the concentration of regional production in Iran, where BP still held the dominant position.¹⁰² Not only would concentrating production in Iran

American Relations,” *Middle East Report* no. 204 (Fall 1997), 15-21. On military sales figures to Iran and Saudi Arabia see Klare, 109; and Halliday, 139.

¹⁰¹ This view grew out of the “Navalist” thinking of the 1960s. See Stivers, 28-37, 62-63.

¹⁰² Parkhurst (SOCAL) to Ballou (SOCAL), “Iran: Growth through Debt,” 7 July 1969; Moses (Mobil) to McCloy, 22 July 1969; Nixon to Shah (proposed letter), n.d., all in McCloy Papers, Box: 1, Folder: 44; Flannigan to Kissinger, 10 Jan 1970; Saunders to Kissinger, 10 April 1970; Packard to Richardson, 11 April 1970; Timmons to Kissinger, 15 April 1970; SD, “Iran and the Persian Gulf,” n.d. [c. summer 1970]; Hoskinson (CIA) to Saunders (NSC), all in RMN, NSC, Reel: 9.

result in “a substantial portion [of] profits” going to “non-American companies,” but it would further alienate the government of Saudi Arabia which was already growing increasingly frustrated with U.S. policy toward the Arab-Israeli conflict.¹⁰³

Rather than relying on the shah to protect American interests in the region, representatives of the major oil companies stepped up pressure on the U.S. government to take a more active role in mediating the Arab-Israeli conflict. The companies had been warning since before the outbreak of the 1967 war, but particularly after the war, that the growing perception among Arabs that the U.S. government supported Israeli territorial expansion was so enflaming Arab public opinion that the companies were in danger of being thrown out of the region all together.¹⁰⁴ This policy orientation was expressed in December 1969, when Secretary Rogers sought to outmaneuver the administration by putting forward his own proposal for a comprehensive settlement to the Arab-Israeli conflict. The so-called “Rogers Plan” envisioned a basic “land for peace” compromise based on

¹⁰³ Flannigan to Kissinger, 10 Jan 1970; SD, “Iran and the Persian Gulf,” n.d. [c. summer 1970], in RMN, NSC, Reel: 9.

¹⁰⁴ On industry appeals to the State Department, see SD Memo, 24 May 1967; McCloy to Rusk, 5 June 1967; Bundy to LBJ, 10 Jul 1967; State to Certain Posts, 25 Aug 1967; State to Jidda, 15 Oct 1968; Jidda to State, 29 Oct 1968, all in *FRUS 1964-1968*, 34, no. 229, 231, 256, 257, 264, 224, 225; Memcon with Mr. Ahlgren, 16 July 1968, in RG59, NEA Lot 71D5, Box 2: Folder: Memcons Misc 1968, 2/4. On industry support for the Rogers Plan, see Cecil J. Olmstead (CEO Texaco) to McCloy, 19 June 1970; Moses to McCloy, 7 July 1970; Moses to McCloy, 21 Oct 1970, all in McCloy Papers, Box: 2, Folder: 2; “Expropriation: Recent Trends,” 2 June 1970, in McCloy Papers, Box: 3, Folder: 1; SD, Memcon with oilmen, “Oil Executives Discuss Phantom Sale with Mr. Sisco,” 13 March 1970, in RG59, Box: 1485, Folder: PET10 1/1/70; Baghdad (Lowry, USINT) to Korn (NEA), April 30, 1973, in RG59, Box: 2382, Folder: POL IRAQ-Nigeria 7/8/72; Rush to Various Posts, May 17, 1973, in RG59; CF, 1970-73, Box: 1485, Folder: PET6 1/1/70. On the international business community’s support for the Rogers Plan, see Horowitz, 105-07.

UN Resolution 242.¹⁰⁵ But while the oil companies supported the Rogers Plan, the administration regarded it as a nuisance, and refused to support it. The President even went so far as to direct Leonard Garment, his chief liaison with pro-Israel lobbying groups, “to organize some Jewish Community protests against the State Department’s attitude on the Middle East.”¹⁰⁶

The Tikriti Ba’thist Consolidation and the IPC Response

While the U.S. government remained divided about how to proceed in the Middle East, Hasan al-Bakr and the Ba’th consolidated their hold on state power in Iraq. Contrary to U.S. and IPC predictions that the Ba’th would have little staying power, over the course of late 1968 and early 1969, the party succeeded in establishing a formidable political regime. This was in large part due to the efforts of the *maktabat al-amn al-qawmi* (National Security Bureau) and its *jihaz al-hunayn* (Instrument of Yearning – a special body responsible for arrests and interrogations), which were under the direction of President al-Bakr’s Tikriti kinsman, Saddam Husayn – or *al-sayyid al-na’ib* (Mr. Deputy) as he dubbed himself.¹⁰⁷ As this internal security apparatus worked to render the state “coup proof,” many prominent opposition figures were arrested, while others simply

¹⁰⁵ See Yaqub; Horowitz.

¹⁰⁶ Nixon quoted in Dallek, 178. See also Horowitz, 118-28.

¹⁰⁷ See CIA, Directorate of Intelligence, Office of Political Research, “Iraq Under Baath Rule, 1968-1976, November 1976, in CREST.

“disappeared.”¹⁰⁸ In early 1969, for instance, the Ba‘th fabricated charges against, and then publically hanged, 14 prominent Iraqi Jews as members of a “Zionist espionage ring.”¹⁰⁹ Likewise in April, the Ba‘th captured ‘Aziz al-Hajj, the leader of the Maoist breakaway faction of the Communist Party that was engaged in guerilla attacks in southern Iraq, and tortured him into recanting his former opposition and endorsing the regime.¹¹⁰ Such incidents created an international sensation, but they also succeeded in intimidating oppositional elements.¹¹¹ This turn of events led IPC Managing Director Chris Dalley to observe, after visiting the country in February 1969, “The present government has imposed a rule of force on a people now frightened and dispirited.”¹¹²

¹⁰⁸ “Coup-proof” is term intelligence professionals use to describe a Third World state that has achieved regime security. See James T. Quinlivan, “Coup-Proofing: Its Practice and Consequences in the Middle East,” *International Security*, 24, no. 2, (1999), 131-165.

¹⁰⁹ Research Memorandum RNA-6, Hughes (DBIR) to Rogers, “Iraq: Internal Stresses and the Search for the Bogeyman,” 14 Feb 1969, *FRUS, 1969-72, E-4*, no. 251. For reflections on the social implications of this period for Iraq’s indigenous Jewish population, see Nessim Rejwan, *The Last Jews of Baghdad: Remembering a Lost Homeland* (Austin: University of Texas Press, 2004), see esp. Joel Bein’in’s forward: “Jews as Native Iraqis: An Introduction,” xi-xii, esp. xix. See also Sami Zubaida, “Naji: An Iraqi Country Doctor,” in *Struggle and Survival in the Modern Middle East*, ed. Edmund Burke III and David Yaghoubian, 187-204 (Berkeley: University of California Press, 2006).

¹¹⁰ The al-Hajj affair was particularly humiliating as al-Hajj was previously the foremost Marxist theoretician in Iraq. See Baghdad to State, 30 April 1969, in NEA Lot 72D4, Folder: POL 2 General Reports and Stats, Misc 1969. On al-Hajj’s intellectual contributions to the field of Arab Marxism, see “Aziz al-Haji,” in Anouar Abdel-Malek, *Contemporary Arab Political Thought*, trans. Michael Pallis (London: Zed Books, 1983), 166-68.

¹¹¹ The hangings were among some 150 public executions held in Baghdad’s *Sahat al-Tahrir* (Liberation Square) for “crimes against the state” in 1969 and 1970. See Farouk-Sluglett and Sluglett, 121; CIA, Directorate of Intelligence, Office of Political Research, “Iraq Under Baath Rule, 1968-1976, November 1976, p. 8, in CREST.

¹¹² Dalley, “General Summary of Political Situation and Company/Government Relations,” 20 Feb 1969, in NEA Lot 72D4, Box: 5, Folder: PET 2 General Reports and Statistics 1969.

While the Ba'ath's campaign of terror may have succeeded in imposing a "rule of force" on the people of Iraq, it also succeeded in improving the operating environment for the IPC. In June 1969, a Company report expressed satisfaction with the "quiet arrest of a number of Nasserites and Communists" and described IPC's situation as better "than at any time since 1958."¹¹³ The Company's optimism was based on meetings with al-Tikriti who was still seeking its support. In meetings with IPC negotiators he went to great lengths to assure IPC that "the door to North Rumaila is not shut" and that "a new proposal would be welcome."¹¹⁴ In one meeting, he appealed to a kind of international class solidarity when he reportedly exclaimed, "You are rich and we are rich and we can be rich together with all this oil to do good things for this country and for the West. This is our policy we want to work with you and not against you but you must help us."¹¹⁵ In a subsequent meeting, al-Tikriti was more explicit regarding the kind of help he needed. According to records of the conversation, al-Tikriti claimed that even a modest financial gesture would "enable the Iraqi leaders to carry public opinion." He was quite clear that "There could be no going back on Law 80," but he assured the Company that he could "guarantee preferential treatment for the IPC" in Rumaila. "As far as he and 'those who mattered' were

¹¹³ Untitled report, 8 June 1969, in IPC no. 136004.

¹¹⁴ Ibid. The Company was at a loss to explain the "sudden transmogrification" of its senior Iraqi staff "from 'stooges of imperialism' to good nationals serving their country by working for us." Untitled Report, 8 Aug 1969, in IPC no. 136004.

¹¹⁵ Record of some Conversations in Iraq 18 to 30 July, Hahn, 8 Aug 1969, in IPC no. 136004.

concerned, the IPC would always be [the] 'No. 1 company' – they had no desire to see the Russians getting in definitively on the act."¹¹⁶

Even the British Foreign Office, which was historically quite skeptical of the Ba'ath, was encouraged by the presence of an "influential and confident Group (led by Tikriti and with important party backing from President Bakr) strongly in favor of a settlement with IPC."¹¹⁷ A particularly encouraging development from the British standpoint was the emergence of Saddam Husayn as the new "strong man" in the party.¹¹⁸ After meeting with Saddam in late 1969, the British Embassy in Baghdad reported that he "bore no grudge against the IPC" and was "by no means opposed to reaching agreement with the IPC, provided its terms... could be dressed up in such a way that the regime could defend itself against any charges of going back on its word or of yielding to imperialist monopoly

¹¹⁶ Al-Tikriti is quoted Dalley to IPC, 16 Oct 1969, in IPC no. 136004.

¹¹⁷ Dalley to IPC, 28 Oct 1969, in IPC no. 136004.

¹¹⁸ There is a common perception that Saddam was a CIA asset during this period. Former NSC staffer Roger Morris, for example, claims that CIA agent Archie Roosevelt told him that Saddam and the Ba'ath were "our boys bought and paid for, but you always gotta remember that these people can't be trusted." However, the documents analyzed in this chapter suggest that while Western (both US and British) officials were very interested in meeting with Saddam, it appears that "al-sayyid al-na'ib" kept them at arm's length. See Roger Morris "The CIA and the Politics of Counterrevolution: Robert Gates, The Specialist (Part 2)," (http://www.tomdispatch.com/post/174813/roger_morris_the_world_that_made_bob). See also, Aburish, 73-74; Bayati, 7, 24.

pressures.”¹¹⁹ In London, the British Foreign Office sensed that the Company had an historic opportunity and recommended “IPC should not miss the bus.”¹²⁰

The emergence of Saddam was no less encouraging for Cocky Hahn, the IPC’s new Chief Representative in Baghdad. In November 1969, Hahn reported on the reorganization of the RCC, and the consolidation of the “Tikriti Ba’thists” within it.¹²¹ Hahn was particularly encouraged by the makeup of the new RCC, which was now dominated by individuals who “have, [or] have had, relations working for or associated with us.”¹²² Hahn explained that “In view of Saddam’s elevation,” and the general “strengthening of the right wing of the party which embraces all those who support us,” the time was finally right for a settlement. He recommended that IPC “send a very senior representative,” but warned:

we must, for God’s sake not send some swollen headed spokesman who thinks IPC is a state within a state, who will make ‘parliamentary’ speeches for the record, but when it comes time to crunch will have to trot back to London for instructions or authority. They will be dealing with [the] very top here and must deal accordingly – openly and frankly in a positive spirit – man to man, eye to eye. Everything is ready here for an agreement now – time is short and long negotiations would be certain to fail. If Group representatives fail to reach quick agreement with the men who will deal with them – who, including new V.P. Saddam Tikriti want swift action – then fault will be theirs and Iraq will survive without them.¹²³

¹¹⁹ British Embassy Baghdad to Foreign and Commonwealth Office, “Saddam Hussein,” 20 Dec 1969, Public Record Office, London, FCO 17/871. Available online: <http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB107/index.htm>.

¹²⁰ Dalley to IPC, 28 Oct 1969; see also Dalley to IPC, 16 Oct 1969, both in IPC no. 136004.

¹²¹ However, as the CIA noted in a 1976 report, “too much emphasis can be placed on the accident of geography. It is the kinship factor, the dependence on family and clan loyalty, and party affiliation which influence political relationships.” CIA, Directorate of Intelligence, Office of Political Research, “Iraq Under Baath Rule, 1968-1976, November 1976, p. 11, in CREST.

¹²² Hahn to Dalley (forwarded to IPC), 21 Nov 1969, in IPC no. 136005.

¹²³ I have edited the grammar and tense in this quotation to enhance its readability. See Hahn to Dalley, 19 Nov 1969, in IPC no. 136005.

After more than a year of trying, it appeared that the Tikriti overture was on the verge of bearing fruit.

The IPC did indeed send a high-level delegation to Iraq in the first week of December 1969. But despite Hahn's advice that the team should adopt a position of maximum flexibility, IPC negotiators were unwilling to move from the terms of the 1965 proposed Wattari Agreement. Rather than offering the Iraqis a deal they could defend publically, IPC negotiators "explained quite carefully and slowly" their "precedent-making" concerns. They were particularly explicit in making clear that the IPC "would not contemplate its [North Rumaila's] relinquishment to INOC."¹²⁴ Upon hearing this, 'Abd al-Karim al-Sheikhly, the Iraqi negotiator, expressed his regret that the "companies' attitude had not changed." He then informed the IPC negotiators that "The companies were now too late. ... Arrangements had now been made with friendly countries which would enable INOC to develop North Rumaila, without relations to the companies except perhaps as commercial buyers." Having reached this impasse, negotiations stalled and IPC negotiators walked away feeling "rather depressed."¹²⁵

Shortly after this meeting, IPC officials expressed frustration with the "unpredictability" of the regime, and agreed with the Polish Ambassador to Iraq when he complained that the regime, "unlike a proper dictatorship," seemed to "have no consistent policy but swings from left to right as one group or another

¹²⁴ Discussions in Baghdad 2-6 Dec 1969, in IPC no. 136005.

¹²⁵ Ibid.

gains the momentary ascendancy in debates in their committees and the RCC.”¹²⁶ But this analysis was not wholly accurate, there was in fact at least one constant within Iraqi politics: no regime could be seen giving up control of North Rumaila. It was a symbol of Iraqi sovereignty.

Nationalizing the IPC, 1970-1973

Rumaila Oil and the World Market

In June and July 1969 the regime signed technical assistance agreements valued at \$142 million with the Soviet Union to begin developing INOC infrastructure.¹²⁷ But with the exception of these agreements, the regime took a low profile with regard to its relations with the IPC during its first two years in power. All this changed with the failure of the December 1969 negotiations.¹²⁸

In January 1970, the Ba’th replaced the moderate Oil Minister Rashid al-Rifa’i with the more radical Sa’dun Hammadi, a University of Wisconsin trained agricultural engineer sympathetic to the nationalist oil policy devised by al-Jadir

¹²⁶ Chief Representative meeting with Adnan Kassab, 23 Feb 1970, in IPC no. 136005.

¹²⁷ Oles M. Smolansky and Bettie M. Smolansky, *The USSR and Iraq: The Soviet Quest for Influence* (Durham: Duke University Press, 1991), 47; Michael E. Brown, "The Nationalization of the Iraq Petroleum Company," *International Journal of Middle Eastern Studies* 10, no. 1 (1979): 107-124.; Penrose and Penrose, 427-28.

¹²⁸The Ba’th itself adopted this date as the essential turning point. See "Revolutionary Iraq, 1968-1973" (Political Report Adopted by the Eighth Regional Congress of the Arab Ba’th Socialist Party-Iraq. Chp. 4, Sec. 2: "Economic Independence"), pp. 89-100, in IPC no. 136019.

and Hasib.¹²⁹ In March, Hammadi was placed in charge of a special committee to review Iraqi oil policy and supervise commercial contracts and foreign agreements.¹³⁰ In July 1970, the regime took the opportunity provided by the second anniversary of the 1968 coup to hold a ceremony inaugurating INOC drilling at the North Rumaila field. As drilling began, the regime's attention shifted to consolidating its internal position and securing markets for nationalized Rumaila oil.¹³¹ In October, Saddam brought the "Tikriti overture" to an unceremonious end by orchestrating al-Tikriti's ouster and assassination, and taking the lead in forging a special relationship with the Soviet Union.¹³²

While the Iraqi regime achieved an unprecedented level of internal coherence, Iraq-IPC issues became enmeshed in the broader politics of OPEC. Indeed, direct negotiations between the two were put on hold while OPEC and the companies began renegotiating the terms of the regional oil order. Given the dominance of Iran and Saudi Arabia – two key U.S. client states in the region – OPEC was largely dormant since its creation in 1960. However, this began to

¹²⁹ On the hardening of Iraqi oil policy under Hammadi's direction, see Small Committee, 9 Jan 1970; CR meeting with Adnan Kassab (DG Basrah Port), 23 Feb 1970; Hahn to Bird, 7 April 1970, all in IPC no. 136005; and Iraq-August, 1970, 10 Aug 1970; and Hahn to Macpherson to IPC, 17 Sept 1970; Hahn to Stockwell to IPC, 21 Sept 1970, all in IPC no. 136006; Biographical Note: Saadoun Hammadi, 7 Feb 1973, in IPC no. 1616430. See also Sa'dun Hammadi, *Mudhakirat wa 'Ara'a fi Sha'aun al-Naft [Memories and Opinions Concerning Oil]* (Beirut: Dar al-Talia lil-Tiba'a wal-Nashr: 1980); See also Penrose and Penrose, 398-99.

¹³⁰ Penrose and Penrose, 430.

¹³¹ *Ibid*, 399.

¹³² With the elimination of al-Tikriti, the question for the US Embassy in Beirut was whether "Bakr can retain nominal leadership of the party and government or whether Saddam will replace him." The Embassy felt confident that "Saddam's penchant for anonymity will keep him from overtly assuming power in Baghdad." See Beirut to State, "Dismissal of Hardan Tikriti," 16 Oct 1970, in *FRUS, 1969-1972, E-4*, no. 278.

change in the late 1960s. In June 1968, just before being swept from power, al-Jadir prevailed upon the organization to adopt a new “Declaratory Statement of Petroleum Policy in Member Countries,” which committed OPEC to work towards state ownership of oil producing operations in all member countries.¹³³ At the time the resolution was regarded as little more than a broad statement of long-range intent. But the balance of forces within OPEC was beginning to shift rapidly.

The first significant development in this regard was the September 1969 revolution in Libya. Through that revolution, a military junta led by Colonel Mu‘ammar Qaddafi replaced the pliant regime of King Idris. Qaddafi, who sought to synthesize the revolutionary anti-imperialism of Nasser with an increasingly Islamic-sensibility, immediately brought in radical technical advisers such as ‘Abdallah Tariki, and initiated a process of piece-by-piece nationalization of the Libyan oil industry.¹³⁴ In September 1970, Libya marked the anniversary of its revolution by announcing a substantial a price increase for its crude oil and raising the government’s share of company profits from 50% to 55%.¹³⁵ In February 1971, Algeria followed suit by announcing a major nationalization of its own.¹³⁶

¹³³ Ibid, 400.

¹³⁴ Stork, 153-172.

¹³⁵ Stork, 160-61; Penrose, 402-05.

¹³⁶ Stork, 185-86.

The companies were powerless to resist these actions due to rapidly changing conditions in the world oil market. Demand for North African crude was particularly strong because of its high quality and because it could be shipped directly to European consumers without passing through the volatile Suez Canal – which had been closed since the June 1967 war.¹³⁷ At the same time, unexpectedly high European demand due to a cold winter in 1970-71, combined with a depletion of U.S. domestic reserves, rendered the world economy increasingly dependent on Middle Eastern and North African sources.¹³⁸ Moreover, the companies were no longer able to play producing countries off one another as they once had. Rather than increasing production in Iran, Saudi Arabia, and Kuwait to offset production cuts in North Africa, OPEC offered full support to Libya and Algeria.¹³⁹ Indeed by the end of 1970, Libya and Algeria along with Iraq constituted a “radical block” within the organization that pushed it in an increasingly confrontational direction.¹⁴⁰

¹³⁷ Penrose and Penrose, 401.

¹³⁸ Yergin notes that US domestic oil production hit its “peak” in 1970 at a rate of 11.3 million barrels per day (mbpd) in 1970, and has been in decline ever since. As a result, US net imports rose from 2.2 mbpd in 1967 to 6 mbpd by 1973, while the imports as a share of total consumption rose from 19 to 36 percent. See Yergin 567-68. See also Penrose and Penrose, 400-02.

¹³⁹ Penrose and Penrose, 400.

¹⁴⁰ On Iraqi pressure on OPEC, see London to State, no. 2615, “Libyan Oil,” 24 Mar 1971; London to State, no. 2623, “Iraq Oil,” 24 Mar 1971; London to State, no. 2851, “Iraq Oil,” 31 Mar 1971; London to State, no. 3487, “Middle East Oil Negotiations,” 19 April 1971; State to Various Posts, “Middle East Oil Negotiations,” 26 April 1971, all in RG59, CF, Box: 1485, Folder: PET6 1/1/70. Penrose, 501.

As 1971 began, OPEC was unified to an unprecedented degree, as radical and moderate producers alike banded together to secure greater concessions from the international companies. Between February and April, OPEC succeeded in raising the posted price of oil from less than \$2 to more than \$3 per barrel, and extending Libya's 55% share of company profits to all member states.¹⁴¹ When these price increases were effectively neutralized by the unilateral devaluation of the American dollar in August 1971, OPEC demanded a new price adjustment to account for U.S. inflation.¹⁴² In January 1972, OPEC succeeded in securing this price adjustment, and turned its attention to demanding ownership "participation" in the producing companies – a cause that Iraqis had long advocated.¹⁴³

The Road to Nationalization

As 1972 began, developments in the regional political economy of oil were moving rapidly. Within Iraq, the 1969 technical assistance agreements were beginning to pay dividends. The INOC drilling operations that began in July 1970 were now producing oil, and the Ba'athist regime was faced with the critical question of whether it would be able to market Rumaila crude. In February 1972,

¹⁴¹ Penrose and Penrose, 402-05.

¹⁴² "Office of General Counsel meeting Re: Parity of Money," 26 Aug 1971; "Memo on share production," 27 Aug 1971, both in McCloy Papers, Box: 2, Folder: 4; "Meeting of London Administrative Group," 9 Sep 1971, in McCloy Papers, Box: 2, Folder: 10; "Report of Meeting Held in Geneva at Intercontinental Hotel," 21 Jan 1972, in McCloy Papers, Box: 2, Folder: 5.

¹⁴³ BIR, Intelligence Note, "Oil: New Confrontation Over 'Participation'?" 11 Aug 1971, in RG59, CF, Box: 1484, Folder: PET 3 OPEC 8/1/71; Stockwell to Groups, 5 Oct 1971, in IPC no. 136011.

Saddam Husayn visited Moscow, to secure Soviet assistance not only in disposing of Rumaila oil, but in nationalizing the IPC altogether. Despite initial Soviet caution about its ability to market Iraq's oil, it appears that Husayn succeeded in securing a broad commitment of Soviet support.¹⁴⁴ The Soviet Premier Alexi Kosygin then traveled to Iraq to preside over the first export of Rumaila crude, which set sail for the Soviet Union on April 7.¹⁴⁵ Two days later Iraq and the Soviet Union signed a fifteen-year "Treaty of Friendship and Cooperation" which assured the Iraqi regime of wide ranging support for its independent oil policy.¹⁴⁶

As Iraq moved forward with North Rumaila production, the IPC dealt a major financial blow to the regime by cutting production from Iraq's northern Kirkuk field to just 60% of its total capacity.¹⁴⁷ The IPC claimed that the production cut was a result of a drop in tanker rates that made oil piped across Syria uncompetitive, but the move was widely interpreted as being politically motivated.¹⁴⁸ In the face of IPC's production cut, Oil Minister Hammadi issued a final ultimatum on May 18. Hammadi gave the IPC two weeks to restore Kirkuk production to full capacity, or the Company would face immediate

¹⁴⁴ Smolansky and Smolansky, 53.

¹⁴⁵ Smolansky and Smolansky describe this as another case of "a client-state influencing the behavior of the patron" (61-62); see also Penrose, 433-34.

¹⁴⁶ Elliot to Kissinger, "Preliminary analysis of Iraqi-USSR Treaty," 13 April 1972, in *FRUS, 1969-1972, E-4*, no. 305.

¹⁴⁷ *Ibid.*

¹⁴⁸ Vienna to State, no. 3757, "OPEC Support Iraq vis-à-vis IPC Oil Production Drop, 31 May 1972, in RG59, Box: 1484: Folder: PET 3 OPEC 5/1/72.

nationalization.¹⁴⁹ When the Company failed to comply, the Government of Iraq issued Law 69 of 1972, which unilaterally transferred ownership of the IPC (though not the BPC) to the INOC.

The BPC (roughly one third of the consortium) was left as a bargaining chip to compel IPC cooperation in negotiating final settlement terms, but with this legislative act, Iraq executed the single largest oil expropriation since the Iranian government nationalized the Anglo-Iranian Oil Company in 1951. The question was now whether or not the Iraqi regime would be able to defend the boldness of its action.

International Reactions to the IPC Nationalization

With the experience of the Mussadiq nationalization a fading, but still salient, memory in the minds of American officials, policymakers were rather confident in their ability to counter Iraq's action. According to a CIA intelligence estimate issued shortly after the nationalization:

The Iraqi government has nationalized the major part of its oil industry at a time when its negotiating position is extremely weak. ... Conditions in the world oil market are currently such that the oil companies could deprive Iraq of a market for its oil by increasing output in other oil-producing countries. To prevent this from happening, the cooperation of most of the members of OPEC would be necessary. It is unlikely that such cooperation will be forthcoming, particularly in the form of a restriction on output.¹⁵⁰

¹⁴⁹ See Hammadi to IPC, MPC, BPC, 18 May 1972; Macpherson to IPC, 23 May 1972; Milne to Stockwell, 24 May 1972, all in IPC no. 136014.

¹⁵⁰ CIA, IM 72-92, "Some Implications of Iraq's Oil Nationalization," June 1972, in *FRUS, 1969-1972, E-4*, no. 311. See also Seelye to Sisco, "Essential Elements of IPC Nationalization Action," 13 June 1972, in RG59, NEA Lot 75D442, Box: 13, Folder: PET 2 Petroleum General Reports and Stats IRAQ 1972.

The estimate concluded that while Iraq would be able to produce and transport oil, the companies would be able to “prevent the nationalized oil from reaching Western markets. Markets in the Communist countries, on the other hand, can absorb only a small fraction of the approximately 1 million bpd of Iraqi oil normally exported from IPC fields.”¹⁵¹

The estimate’s confidence was based, in large part, on faith that a consumers’ boycott could be organized with the support of Iran and Saudi Arabia.¹⁵² The IPC was similarly confident. But in contrast to the American government, the IPC opposed any effort to impose any formal embargo on Iraqi oil, fearing that this could push Saudi Arabia and Kuwait into alignment with Iraq, and possibly lead to nationalizations elsewhere. But they nonetheless believed that it would be possible to “Let the Iraqis fail on their own,” as there was “no way” that Iraq would be able to “market anything near full volume[s] even if companies take no overt action.”¹⁵³

However, in this, the IPC, along with the American government, drastically underestimated the changes that had occurred in the regional politics of oil over the previous eighteen months. Contrary to American expectations that Iran and

¹⁵¹ CIA, IM 72-92, “Some Implications of Iraq’s Oil Nationalization,” June 1972, in *FRUS, 1969-1972, E-4*, no. 311.

¹⁵² Katz to Armstrong, 5 June 1972, in *FRUS, 1969-1972, E-4*, no. 312; State to London, Paris, Amsterdam, 9 June 1972, in *FRUS, 1969-1972, E-4*, no. 314; Seelye to Sisco, “Essential Elements of IPC Nationalization Action,” 13 June 1972, in RG59, NEA Lot 75D442, Box: 13, Folder: PET 2 Petroleum General Reports and Stats IRAQ 1972.

¹⁵³ See Jungers (ARAMCO) to Ensor (Mobil), Circulated by Ensor at SmallCom 6 June 1972, in IPC no. 136014.

Saudi Arabia would be able to prevent OPEC from supporting the Iraqi action, OPEC convened a special meeting in Beirut on June 9, in which it not only affirmed Iraq's sovereign right to nationalize the IPC, but offered financial assistance, and issued a ruling forbidding any member state from increasing production in an attempt to undermine the IPC nationalization.¹⁵⁴ Moreover, Kuwait, driven by the impulses of its "unruly National Assembly," went so far as to propose Kuwaiti cutbacks in support of "the Arab cause," while Saudi Arabia expressed its unwillingness to "betray the cause of Arabism."¹⁵⁵ Even Iran, America's closest ally in OPEC, and the centerpiece of the Nixon administration's regional strategy, was unwilling to oppose the Iraqi action. Iranian Finance Minister Jamshid Amouzegar told U.S. Embassy officials in Tehran that the IPC's approach to dealing with the government of Iraq "illustrated their stupidity and lack of understanding of how to deal with oil producing countries by acting as if negotiations were a grand poker party in which bluffing was an acceptable

¹⁵⁴ Tehran to State, no. 3378, "Iran's reaction to IPC Nationalization," 6 June 1972; Tehran to State, A-125, "Iran and the Iraqi Nationalization," 24 July 1972; Vienna to State, A-482, "OPEC: Iran, Iraq, and Participation Problems," 8 July 1972, both in R959, Box: 1484, Folder: PET 3 OPEC 5/1/72.

¹⁵⁵ On the "unruly National Assembly," see Metelski to Jungers to Macpherson, 8 June 1972, in IPC no. 136014; on Saudi Arabia commitment to the "Arab cause," see Vienna to State, A-482, "OPEC: Iran, Iraq, and Participation Problems," 8 July 1972, in R959, Box: 1484, Folder: PET 3 OPEC 5/1/72.

tactic.”¹⁵⁶ Rather than increasing production, Iran affirmed Iraq’s right to nationalize.¹⁵⁷

Even more alarming for American officials was the fact that anticipated consumer solidarity failed to materialize. France, for one, sent the government of Iraq a telegram expressing its support on June 7. “According to French judicial doctrine,” the telegram read, “the nationalization of the IPC cannot be contested. It is an inherent right of sovereignty for any state to engage in nationalization.”¹⁵⁸ The following week, Saddam Husayn flew to Paris to negotiate a major purchase agreement that guaranteed the CFP a 23.75% share of Iraq’s nationalized oil.¹⁵⁹

While the French defection was somewhat predictable, but other European states such as Italy, Spain, and Greece soon followed in negotiating direct state-to-state purchase agreements.¹⁶⁰ Even the British refused to support

¹⁵⁶ Amouzegar quoted in Tehran to State, no. 3320, “Iranian Attitude toward Iraq-IPC Dispute,” 2 June 1972, in RG59, Box: 1484: Folder: PET 3 OPEC 5/1/72.

¹⁵⁷ Tehran to State, no. 3378, “Iran’s Reaction to IPC Nationalization,” 7 June 1972, 1484: PET 3 OPEC 5/1/72; Cairo to State, no. 1669, “IPC Nationalization,” 7 June 1972, in RG59, Box: 2382, Folder: POL IRAQ-Yemen 7/26/71.

¹⁵⁸ Moscow to State, no. 5409, “Iraqi Foreign Minister Received by Kosygin,” 7 June 1972, in RG59, Box: 2382, Folder: POL IRAQ-Yemen 7/26/71.

¹⁵⁹ De Lilliac –Saddam Meeting, 19 June 1972, in IPC no. 136015. This agreement was followed up with a ten-year agreement (which infuriated Exxon officials) in February. See “Iraq oil shipments agreed with France,” *Financial Times*, 6 Feb 1973; Meeting Exxon Board Room, NY (CFP and Partex do not attend), 12 Feb 1973, both in IPC no. 136016; CFP to Editor, *Sunday Telegraph*, 3 April 1973, IPC no. 136017.

¹⁶⁰ Brussels to Baghdad (USINT), no. 32/B-92, “Oil Contract with Brazilian Company,” 8 Aug 1972; Brown (FSE) to Atherton, “Iraqi Oil: Latest Developments,” 29 June 1972, in NEA Lot 75D442, Box: 13, Folder: PET 2 Petroleum General Reports and Stats IRAQ 1972, both in RG59, NEA Lot 75D442, Box: 13, Folder: PET 2 Petroleum General Reports and Stats IRAQ 1972; Aide Memoire, 26 Feb 1973, in IPC no. 136017; CIA, Directorate of Intelligence, Office of Political Research, “Iraq Under Baath Rule, 1968-1976,” November 1976, in CREST.

the American hard-line on Iraq and opposed any attempt to embargo Iraqi oil.¹⁶¹ As Iraq succeeded in marketing its nationalized oil over the course of the summer and fall of 1972, it became increasingly clear that the IPC would have very little leverage in imposing a settlement to its liking on Iraq. By February 1973, IPC negotiators were ready to “swallow our pride” and conclude an agreement with Iraqi officials over all outstanding issues.¹⁶²

On March 1, 1973, Iraq and the IPC reached a comprehensive settlement. According to the terms of the agreement, Iraq would provide the IPC partners with roughly \$340 million worth of oil (15 million tons) as compensation for expropriated IPC facilities, while the IPC agreed to pay the government £141 (or \$360 million) to settle long-standing accounting disputes.¹⁶³ According to the State Department’s analysis of the deal, the IPC essentially handed over “title to its property [sic] in Iraq in exchange for [a] write-off of its bad taxes.” While Exxon, in particular, was rather unhappy with this outcome. In its view, the European partners were so desperate for “access to Iraqi oil” that they were prepared to accept “agreement on almost any terms,” according to American oil

¹⁶¹ The British Labor government, under pressure from a public that had grown disillusioned with Empire, was moving closer to the French position on Iraq-IPC issues. See London to State, no. 5326, “Iraq Oil: FCO View of IPC Nationalization,” 8 June 1972; see also London to State, no. 5671, 22 June 1972, both in RG59, CF, Box: 1485, Folder: PET6 1/1/70; and See Memcon with British officials, “British Concern about possible Break-down in OPEC-Oil Company Negotiations,” 9 March 1972, in RG59, CF, Box: 1484, Folder: PET 3 OPEC 2/18/72.

¹⁶² Danner and Jan Joost De Liefde to Stockwell, March 3, 1973, in IPC no. 136017.

¹⁶³ Korn to Sisco, “Summary of Terms of the IPC/Iraqi Package Settlement,” 5 April 1973, in RG59, NEA Lot 76D453, Box: 1, Folder: PET-6 IPC, Iraq 1973.

officials.¹⁶⁴ While the American companies absorbed the shock of the new agreement, Iraqis celebrated with fireworks in Baghdad.¹⁶⁵ Roughly a third of the Company remained intact (the BPC), but the balance of power between the IPC and Iraq had swung decisively in favor of Iraq, and the climactic events of October 1973 would present the regime with the opportunity to deliver the coup de grace to the companies.

Conclusion: The IPC Nationalization in World-Historical Perspective

As 1968 began, the government of Iraq appeared poised to undertake the nationalization of the IPC. The Company was granted a slight reprieve by the overthrow of Prime Minister Yahya and the al-Jadir Oil Group, and the chaos that followed, but the companies were up against world-historical forces that could not be suppressed indefinitely. In this chapter I have analyzed three of those forces: the drive among post-colonial states to assert sovereignty over their natural resources; the strategic confusion that attended the decline of American hegemony on a global scale; and the reorganization of the international petroleum industry in the face of a dramatic transformation in the geopolitical order of the late-Twentieth Century.

However, as we shall see in the chapter ahead, the nationalization of the IPC, and the breakdown of the concessionary regime more generally, was not

¹⁶⁴ Ibid.

¹⁶⁵ IPC Press Release, 1 March 1973; and al-Bakr's BBC Radio Address, 28 Feb 1973, both in IPC no. 136017.

merely a product of OPEC overpowering the companies. The companies *were* on the defensive in their dealings with OPEC states, but also significant was the Nixon administration's unwillingness to come to their aid. On the contrary, as we shall see in next chapter and in the conclusion, when forced to choose between supporting the oil companies and forging ahead with new special relationships with Iran, and increasingly Israel, the administration chose to side with its Nixon Doctrine "clients." In the pages ahead, I examine American efforts to contain Iraq's emergence as a regional power through an increasingly close alliance with Iran. I demonstrate that this entailed giving the shah what amounted to a green light to introduce a dramatic new structure for world oil prices. I analyze how the administration *conspired* with the shah to bring about higher oil prices as a means of implementing the Nixon Doctrine and delivering a competitive blow to America's economic rivals in Europe and Asia. The concessionary regime was in many ways, a casualty of this larger objective.

**The Limits of Power:
The U.S. and Iraq after the IPC**

I know what would have happened in the nineteenth century. But we can't do it. The idea that a Bedouin kingdom could hold up Western Europe and the United States would have been absolutely inconceivable. They would have landed, they would have divided up the oil fields, and they would have solved the problem... This would have been done. And I am not so sure that this is so insane. But that obviously we cannot do.

Henry Kissinger, December 1973¹

"I would like to sit down with you and explain our strategy to break up that coalition that now exists of the Europeans, the Arabs, and the oil companies."

Henry Kissinger to Senator Henry "Scoop" Jackson, Dec 1973²

Introduction

The IPC nationalization in the summer of 1972 marked a fundamental turning point in the history of US-Iraq relations. Up to that point, U.S. policy was guided by the State Department's developmentalist approach, which envisioned working with Iraqi "moderates" to isolate and contain Iraq's more radical tendencies. As discussed in chapters 3 and 4, this approach came under increased criticism in the late 1960s, particularly after the June 1967 Arab-Israeli War, but whatever lingering accommodationist sentiments existed among U.S. policymakers disappeared as Iraq moved into a special relationship with the Soviet Union in preparation for the IPC's nationalization. State Department

¹ NSC Staff Meeting, 26 Oct 1973, DNSA, p. 26.

² SDERR, Kissinger Transcripts, TELCON with Henry Jackson, 26 Dec 1973, Doc. No. 3828 (<http://foia.state.gov/SearchColls/CollsSearch.asp>)

Arabists were thoroughly marginalized as Iraq moved from potential “friend” to unambiguous “foe” in the Cold War.

In this chapter, I examine the Nixon Administration’s response to the emergence of a stable, pro-Soviet regime committed to the IPC’s nationalization in Iraq. This policy of Iraqi containment entailed at least two components. The first was a dramatic increase in American arms deliveries to Iran – Iraq’s traditional geopolitical rival. The second, closely related to the first, entailed providing covert assistance to Kurdish insurgents in Iraq. A possible third component remains more shrouded in mystery than the first two. It concerns the extent to which the Nixon administration actively or passively encouraged the Shah to raise oil prices in the early 1970s.

Though oil prices remained stable throughout the 1960s in the early 1970s, they embarked on a rapid and precipitous increase. The Tehran and Tripoli agreements of early 1971 (discussed in chapter 4) raised the (nominal) price of OPEC oil from less than \$2 per barrel to \$3 per barrel. But this increase would foreshadowed a much more dramatic increase in subsequent years. In October 1973, against the backdrop of a new Arab-Israeli War, OPEC leaders met in Vienna and agreed to raise the posted price to \$5.12. When Arab producers supported the war effort by imposing a production cut and shipping embargo against Western consumers, the Shah of Iran capitalized on the crisis atmosphere

and raised prices to \$11.65. By January 1974, oil prices had increased some 600% over their 1970 level.³

Many analysts have long suspected that the Nixon administration perceived a strategic advantage in this new oil price structure, and that it had a hand in bringing it about.⁴ The motives behind this drive to increase prices are often explained in terms of an American interest in 1) reducing dependence on Middle East supplies by encouraging non-OPEC exploration and development, 2) dealing a competitive blow to the rapidly growing manufacturing economies of Europe and Asia, which were more dependent on Middle East oil than was the US, and 3) providing the Shah with the resources needed to play his assigned role within the Nixon Doctrine.⁵

³ US Department of Energy, Energy Information Administration, (<http://www.eia.doe.gov/aer/txt/ptb1105.html>).

⁴ The subject of oil prices was highly polarized and controversial in the early 1970s. Hawkish observers demanded that the US "do something" to bring down prices, though there was no consensus as to what the US should do. Some wanted the US to induce a price war by actually encouraging the producers to nationalize the companies, while others wanted the US to intervene militarily to insure the "sanctity of contracts" and "private property rights." For contemporary critiques of the State Department see: State Department, see Morris A. Adelman, "Is the Oil Shortage Real? Oil Companies as OPEC Tax-Collectors," *Foreign Policy*, 9, 1972-73; Morris A. Adelman, "Politics, Economics, and World Oil," *American Economic Review*, 64, 2, 1974; V.H. Oppenheim, "Why Oil Prices Go Up? The Past: We Pushed Them," *Foreign Policy* 25 (Winter 1976-77): 24-57; Walter J. Levy, "Oil Power," *Foreign Affairs*, (July 1971); Walter J. Levy, "The Years that the Locust Hath Eaten: Oil Policy and OPEC Development Prospects," *Foreign Affairs*, (Winter 1978-79).

SD officials would deny that they were responsible for the price increase, and claim that they were simply stating the economic facts of life when they predicted sharply rising prices. The increase was due, they insisted, to fundamentals of supply and demand in world oil markets. For the clearest public defense of the State Department's approach, see James Akins, "The Oil Crisis: This Time the Wolf is Here," *Foreign Affairs*, April 1973.

⁵ See Gregory Gause, "British and American Policies in the Persian Gulf, 1968-1973," *Review of International Studies* 11, no. 4 (1985): 247-73, 265; Franz Schurmann, *The Foreign Politics of Richard Nixon: The Grand Design* (Berkeley: University of California Press, 1987), 273-76; Richard

Until very recently these accounts have rested on purely functionalist arguments, as the records that might help historians either challenge or substantiate these claims have remained classified.⁶ However, with the release of records from the Nixon White House in recent years, historians have begun to examine the matter more deeply.⁷ Tore Petersen has looked most closely at the question of an intentional oil spike on the basis of Nixon Administration records. In *Making Allies out of Clients* (2009), he finds a great deal of archival evidence to support claims that the Nixon Administration did indeed encourage a general oil price increase as a means of providing Iran, and to a lesser extent Saudi Arabia, with the revenue that would allow them to purchase the military equipment needed to play their part within the Nixon Doctrine.⁸

Thorton, *The Nixon-Kissinger Years: Reshaping America's Foreign Policy* (New York: Paragon House, 1989), 78-84; William Engdahl, *A Century of War: Anglo-American Oil Politics and the New World Order*, 2nd Edition (London: Pluto Press, 2004): 127-49; Peter Gowan, *The Global Gowan: Washington's Faustian Bid for World Dominance* (London: Verso, 1999): 19-25.

⁶ Given the dearth of available documentary sources, the most substantial claims were based on the views of James Akins as represented in Oppenheim's article, and the acknowledgement of Henry Kissinger in his memoirs that in early 1971 the administration knew that, "The rise in the price of energy would affect primarily Europe and Japan and probably improve America's competitive position." (Kissinger, *Years of Upheaval*, 863, cited in Thorton, 77-78). For the most detailed works of oil diplomacy in these years see Joe Stork, *Middle East Oil and the Energy Crisis* (New York: Monthly Review Press, 1975); Kai Bird, *The Chairman: John J. McCloy: The Making of the American Establishment* (New York: Simon and Schuster, 1991); Daniel Yergin, *The Prize: The Epic Quest for Oil, Money, and Power* (New York: Simon and Schuster, 1991). Stork relies on a close reading of the industry press, while Bird and Yergin supplement press sources with an analysis of archival materials from prominent oil industry officials.

⁷ This chapter is based on the following archival sources: *FRUS, 1969-1976, Vol. E-4*, "Volume E-4, Documents on Iran and Iraq, 1969-1972"; The Richard M. Nixon National Security Files (Microfilm); "The October War and U.S. Policy," William Burr, ed., 7 October 2003, National Security Archive, George Washington University (<http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB98/index.htm>).

⁸ Tore Petersen, *Richard Nixon, Great Britain and the Anglo-American Alignment in the Persian Gulf and Arabian Peninsula: Making Allies out of Clients* (Brighton: Sussex Academic Press, 2009). See

In this chapter, I build on Petersen's research, but focus on role of the "strategic threat" posed by Iraq in the American policymaking process. I examine the question of an intentional oil spike within the context of the Nixon administration's other initiatives to contain the Iraqi threat to the regional order – arming Iran and aiding the Kurds. I analyze the evolution of the administration's thinking with regard to oil prices and consider the opposition the administration faced from the State Department – that is, until September 1973 when Henry Kissinger replaced his rival, William Rogers, as Secretary of State. I find that while neither the State Department nor the White House were inclined to restrain price increase demands, attributing the price increase solely or primarily to the strategic calculus of the Nixon administration overstates the coherence of the American strategic vision and exaggerates the power and agency of the United States.

page 3 for the most direct statement of the argument. The documentary evidence that Petersen produces is impressive, and some of it is reproduced here, however, he may tend towards an overly unified and coherent view of the Nixon Administration in describing the dramatic price increases of 1970-74 as the product of a preconceived plan adroitly implemented. As I demonstrate, in this and other chapters, the Nixon Administration was deeply divided between the White House and the State Department. Rather than being guided by a coherent preconceived plan, US oil policy was riddled with bureaucratic confusion and intergovernmental tension. Petersen does not a certain amount of "bureaucratic confusion" in the making of US energy policy, but this is not where his interpretive emphasis lies. See p. 30.

The Tehran Arms Deal

Saddam and the Soviets

As we saw in chapter 4, the Nixon administration came into office with an interest in putting US-Iranian relations on a new strategic footing consistent with its Nixon Doctrine concept. This approach was infused with a new sense of urgency as Iraq's Ba'athist regime drew increasingly close to the Soviet Union in preparation for its IPC nationalization. Though the first Ba'athist regime in 1963 went to great lengths to distance Iraq from the USSR, thereby reversing the policy of its predecessor, the second Ba'athist regime reestablished relations with the Soviets after its 1969 "Tikriti overture" to the West was rebuffed.

An important turning point in Iraq-Soviet relations occurred in August 1970, when Iraqi Vice President Saddam Husayn al-Tikriti led a delegation to Moscow to elicit economic assistance.⁹ The Soviets agreed to provide Iraq with \$140 million in aid, and the two countries formed a new Iraqi-Soviet Economic and Technical Committee to oversee the implementation of this assistance. As Saddam achieved diplomatic success in Iraq's relations with the Soviet Union, his position in the Iraqi power structure strengthened and American officials became increasingly alarmed.¹⁰

⁹ See Paris to State, 8 Aug 1970; Moscow to State, 13 Aug 1970; CIA Cable 24 Aug 1970; Beirut to State, 2 Feb 1972, all in *FRUS, 1969-76, E-4, "Documents on Iran and Iraq, 1969-1972,"* document nos. 272, 274, 275, 297 (hereafter, *FRUS, 272*).

¹⁰ See London to State, 16 Oct 1970; Beirut to State, 16 Mar 1971, in *FRUS, 278, and 281.*

While the State Department was aware of tensions in the new Iraqi-Soviet relationship and downplayed Soviet influence in Iraq and the Gulf more generally, hardliners saw Ba‘thist Iraq as providing the Soviets with an opportunity to fill a security vacuum created by the departure of British forces from the region.¹¹ Particularly worrying was the construction of a Soviet naval base in the Iraqi port city of Um Qasar, and the sight of Soviet naval vessels making regular patrols in the Gulf.¹² Moreover, as oil prices edged up, and Iraq’s domestic political situation stabilized, concerns about an Iraqi-Soviet “axis” exerting pressure on American-allied regimes in the region only increased.¹³ When Saddam traveled to Moscow in February 1972 to negotiate a new 15-year “Treaty of Friendship and Cooperation,” followed shortly thereafter by the announcement that the government would soon nationalize the IPC, the chorus of support for taking action to counter Iraq grew ever louder.¹⁴

¹¹ For State Department views see (all in *FRUS*): INR Intel Note RNAN-20, 16 July 1970 (271); State to Paris, 8 Aug 1970 (272); Moscow to State, 13 Aug 1970 (274); State to Tehran, London, Moscow, 22 Jan 1972 (295). See also CIA cable, 24 Aug (275); State to Amman; Beirut; Belgium; Jidda; Kuwait; London; Tehran; Cairo, 21 April 1971 (286). For hard-line views see below (esp. docs: 279, 298, 300-305).

¹² Tehran to State, 6 Jan 1971, in *FRUS*, 279.

¹³ See (all in *FRUS*): State to London and Beirut, 4 May 1970 (287); Beirut to State, 16 Oct 1970 (278); Tehran to State, 6 Jan 1971 (279); Tehran to State, 24 Nov 1971 (294).

¹⁴ See (all in *FRUS*): Beirut to State, 2 Feb 1972 (297); Moscow to State, 18 Feb 1972 (298); Waller (CIA) to Sisco (NEA), 9 Mar 1972 (299); CIA Cable, 10 Mar 1972 (300); Saunders to Haig, 27 Mar 1972 (301); Helms to Kissinger, Rogers, Laird 29 and 31 Mar 1972 (302-03); Killgore to Sisco, 3 Apr 1972 (304); State (Elliot) to Kissinger, 13 April 1972 (305); State to Paris, 20 April 1972 (306); Intelligence Memo No. 0865/72, 12 May 1972 (307); Tehran (Heck) to Milkos (Dir of Iranian Affairs), 1 Mar 1972 (170); Tehran to State, 2 Mar 1972 (171); Nutter to Laird, 11 Mar 1972 (175); Tehran to State, 23 Mar 1972 (176).

The Tehran Arms Deal, May 30-31, 1972

The Shah of Iran was himself particularly concerned about the emerging Iraqi-Soviet relationship. He responded by requesting major upgrades for Iran's military forces, and for its Air Force in particular.¹⁵ While the State Department was hesitant to meet all of the Shah's requests, the administration responded enthusiastically to the Shah's interest in assuming responsibility for security in the Gulf, and began laying the groundwork for a major new arms agreement with the Shah.¹⁶ In May 1972, Nixon and Kissinger stopped in Tehran on their return from a summit in Moscow to work out the details of this new strategic relationship. As the parties prepared for the meeting, the Shah expanded his requests to include access to the most advanced non-nuclear weapons in the American arsenal – the F-15 fighter-jet, and laser-guided missiles, along with American military advisers to train Iranian personnel in the use of the new equipment.¹⁷

¹⁵ See (all in *FRUS*): US Delegation Shiraz to State, 15 Oct 1971 (149); Tehran to State, 22 Dec 1971 (154); State Department Intelligence and Research (INR) Study, "Iran: Arms and the Shah," 28 Jan 1972 (164); Tehran to State, 25 Feb 1972 (167).

¹⁶ See (all in *FRUS*): Briefing Paper Prepared for President Nixon, 18 May, 1972 (308); CIA, Intel Memo, May 1972 (181); Tehran to State, 4 May 1972 (181); Tehran to State, 6 May 1972 (187); Tehran to State, 6 May 1972 (188); Helms to Kissinger, 4 May 1972 (185); Helms to Kissinger, 8 May 1972 (190); Saunders and Hoskinson to Kissinger, 17 May 1972 (194); Kissinger to Nixon, 18 May 1972 (196).

¹⁷ Tehran to State, 17 May 1972, in *FRUS*, 193.

When the Nixon and Kissinger met with the Shah in Tehran on May 30-31, the president agreed to meet all of the Shah's requests.¹⁸ According to records from the meetings, the President discussed an array of domestic and international challenges before pleading with the Shah: "Protect me."¹⁹ While the Shah was eager to play a greater role in the Gulf, he did voice some concern about criticisms of his regime within the US. To this, the President, assured his host that "the American intellectual community didn't reflect U. S. policy. Who is bad, who is good, among intellectuals?" the president asked rhetorically. "It was hard to tell," he continued, "the majority were failures."²⁰ With this, the Shah could not disagree. When discussing the Shah's approach to domestic dissent a day earlier, the Shah explained, "As for the universities, we just put subversives into jail."²¹

Mastering the Foreign Policy Bureaucracy

There was clearly a meeting of the minds in Tehran, but the face-to-face meeting did not settle the matter entirely, as there was still the issue of getting the American foreign policy bureaucracy to comply with the President's initiative. The Shah's requests faced opposition from key elements within the U.S. government linked to the oil majors. The State Department worried that Iran's

¹⁸ See (all in *FRUS*): Memcon, Shah, Nixon, Kissinger, 30 and 31 May 1972 (200-01); Tehran to State (joint communiqué), 31 May 1972 (202). The terms of the agreement summarized in Saunders to Kissinger, 12 June 1972 (204); Kissinger to Laird, 15 June 1972 (205).

¹⁹ Memcon, Shah, Nixon, Kissinger, 31 May 1972, in *FRUS*, 201.

²⁰ *Ibid.*

²¹ Memcon, Shah, Nixon, Kissinger, 30 May 1972, in *FRUS*, 200.

growing appetite for weapons would put increased pressure on the oil companies to provide his regime with increased revenue. As we saw in chapter 4, the companies worried that increasing production in Iran would result in “a substantial portion [of] profits” going to “non-American companies,” and further alienate the government of Saudi Arabia, which was already growing increasingly frustrated with U.S. policy toward the Arab-Israeli conflict.²²

At the same time, the Defense Department worried that arms deliveries to Iran would divert resources from the war effort in Vietnam, and reminded the administration that the American congress was in no mood to approve the provision of overseas military advisers.²³ Moreover, there was also concern about the regime’s long-term stability. While the regime was stable under the Shah, it was unclear what would happen after he passed from the scene.²⁴ As one Defense analysts warned:

[We] cannot foresee the world situation in the latter half of this decade sufficient to permit a positive delivery date and number commitment of these sophisticated and unique aircraft. Conditions in the region by the time of aircraft availability might make a sale counterproductive to USG interests.²⁵

²² The quote appears in Flannigan to Kissinger, 10 Jan 1970; SD, “Iran and the Persian Gulf,” n.d. [c. summer 1970], in RMN, NSC, Reel: 9, but see also: Parkhurst (SOCAL) to Ballou (SOCAL), “Iran: Growth through Debt,” 7 July 1969; Moses (Mobil) to McCloy, 22 July 1969; Nixon to Shah (proposed letter), n.d., all in McCloy Papers, Box: 1, Folder: 44; Flannigan to Kissinger, 10 Jan 1970; Saunders to Kissinger, 10 April 1970; Packard to Richardson, 11 April 1970; Timmons to Kissinger, 15 April 1970; SD, “Iran and the Persian Gulf,” n.d. [c. summer 1970]; Hoskinson (CIA) to Saunders (NSC), all in RMNMF, Reel: 9. On the budgetary problems posed by the Iranian buildup see also, Peteresen, 82-83, 92-93.

²³ On Congressional opposition to US military aid to Iran, see Abshire to Fulbright, 3 Mar 1972, in *FRUS*, 172.

²⁴ INR Research Study, “Iran: Arms and the Shah,” 28 Jan 1972, in *FRUS*, 164.

²⁵ Dep Sec Def (Rush) to Kissinger, 18 May 1972, in *FRUS*, 195.

However, more hawkish elements of the government believed American defense manufacturers would be able to expand production to meet increased Iranian demand and that rising oil prices left Iran increasingly able to afford these imports. Any long-term concerns about the stability of the Iranian regime were overlooked in favor of the immediate benefits that increased weapons sales to Iran would have on the American balance of payments.²⁶

The U.S. Ambassador in Tehran, Joseph Farland, was annoyed at hearing reports of bureaucratic resistance to the arms sales in Washington. In a back-channel communication to the White House in July 1972, the Ambassador warned that while “England, France, and Italy are putting [the] hard sell on [the] Iranian Armed Forces and are encountering increasing receptivity,” the American Military Assistance and Advisory Group in Iran, “hesitated to push U.S. armament sales since there is definitely a point of view in certain echelons [of the] USG to [the] effect that we should do that which is possible to prevent Iran, in our studied wisdom, from overbuying.”²⁷ However, Ambassador Farland (in his studied wisdom) made it clear that his “view was that as long as Iran can financially afford both guns and butter there is no reason for us to lose the market, *particularly when viewed over the red ink on our balance of payments ledger.*”²⁸ Henry Kissinger then composed a memo informing the Secretaries of

²⁶ CIA Intel Memo, ER IM 72-73, “Iran’s Balance of Payments Prospects Look Up,” Feb 1972. See also Nutter (Ass Sec Def for International Security Affairs) to Laird, 22 Feb 1972, in *FRUS*, 165-66.

²⁷ Saunders to Kissinger (back channel), 14 July 1972, in *FRUS*, 212.

²⁸ *Ibid.* Emphasis added.

State and Defense that in his meeting with the Shah in Tehran, the President had “reiterated that, in general, decisions on the acquisition of military equipment should be left primarily to the government of Iran.”²⁹

The Tehran Arms deal of May 1972 was a truly world-historical event. As the former Tehran Embassy official (and current research scholar at Columbia University) Gary Sick observes, “There was no precedent in U.S. history for an order directly from the president to the national security bureaucracy instructing it to rely on the judgment of a foreign leader in making decisions on arms transfers.”³⁰ With Kissinger’s memo, the flow of weapons to Iran expanded rapidly. By January 1973, the Shah’s orders for American weapons totaled \$2.9 billion. By 1977, that figure reached \$16.2 billion.³¹ The Nixon Doctrine became a bonanza for American defense contractors.³²

²⁹ Kissinger to Rogers and Laird, “Follow-up on the President’s Talk with the Shah of Iran,” 25 Jul 1972, in *FRUS*, 214. Kissinger’s was a softened version of the drafting materials: “we should leave decisions on what to buy to the Government of Iran and confine ourselves to assuring that the Iranian Government has good technical advice from our military people on the capabilities of the equipment involved.” See Saunders to Kissinger, 14 July 1972, in *FRUS*, 212.

³⁰ Gary Sick quoted in Petersen, 80.

³¹ Petersen, 92, 96.

³² See Michael T. Klare, *American Arms Supermarket* (Austin: University of Texas Press, 1984), chapter 6: “Arms and the Shah: The Rise and Fall of the ‘Surrogate Strategy’,” 108-26.

Covert Action in Northern Iraq

The March 11, Manifesto

The second component of the administration's anti-Iraq strategy, closely related to the first, entailed providing covert assistance to Kurdish rebels in northern Iraq. As we saw in chapters 1 and 2, American policymakers were generally unsympathetic to Kurdish aspirations for national self-determination. In the early 1960s, Kurdish pleas for money and weapons to support an insurgency against the central government were routinely rebuffed. When Kurdish tribesmen led by Mullah Mustafa Barzani did take up arms against the government in September 1961, the U.S. government refused to support their movement. When the Kurds rose up against the Ba'athist regime in June 1963, the U.S. provided the government of Iraq with police and counterinsurgency aid, including the provision of napalm, designed to quell the rebellion. U.S. military support did not ultimately succeed in putting down the Kurdish insurgency, but the Nasserist regime that took power from the Ba'ath in November 1963 did manage to forge a negotiated settlement to the war, and an uneasy peace punctuated by sporadic outbursts of violence prevailed throughout the rest of the decade.

As the Ba'ath consolidated power between 1968 and 1970, it built on the progress of its predecessors and sought friendly relations with Kurdish leaders – particularly the urban and more leftist element led by Ibrahim Ahmad and Jalal

al-Talabani.³³ On March 11, 1970, the Ba'athist government promulgated a new Declaration on Kurdish Rights (the so-called "March 11 Manifesto"). The manifesto, the most far reaching to date, recognized Iraq as a "bi-national state," outlined a Kurdish autonomy plan, and pledged to undertake a major program of social and economic development in the Kurdish areas of northern Iraq.³⁴ It further invited the KDP to join a National Front government composed of the Ba'ath, the CPI, and the KDP. However, Barzani was suspicious of the Ba'ath's motives and refused to join the coalition. At the same time, Iran – concerned about the emergence of a stable regime in Baghdad, severed relations with Iraq and began encouraging Barzani to initiate a new insurgency.

The NEA vs. the CIA

American officials, particularly the surviving NEA Arabists, were reluctant to have the U.S. get involved. They noted that the Kurds were getting ample support from Iran, Israel, and Jordan, and that any additional support from the U.S. could only serve to open a "Pandora's Box" of regional instability.³⁵ Moreover, a

³³ See Sa'ad Jawad, *Iraq and the Kurdish Question, 1958-1970* (London: Ithaca Press, 1981); David McDowell, *A Modern History of the Kurds*, 3rd Revised Edition (New York: I.B. Tauris, 2004), 326-330; Marion Farouk-Sluglett and Peter Sluglett, *Iraq Since 1958: From Revolution to Dictatorship*, 3d Edition (London: I.B. Tauris, 2003); Hanna Batatu, *The Old Social Classes and the Revolutionary Movements of Iraq: A Study of Iraq's Old Landed and Commercial Classes, and of its Communists, Ba'athists and Free Officers* (London: Saqi Books, 1978).

³⁴ McDowell, 327-29

³⁵ Waller (CIA) to Sisco (NEA), 9 Mar 1972; CIA Cable TDCS DB-315/02084-72, 10 Mar 1972; Saunders (NSC) to Haig (NSC), 27 Mar 1972. See also Killgore (NEA) to Sisco (NEA), 3 April 1972, all *FRUS*, 299-301, 304.

research study prepared by the State Department at the end of May 1972 argued that Barzani's claim to Kurdish leadership was not uncontested. Barzani was rather, facing an increasing challenge from "A younger, reformist and leftist faction."³⁶ According to NEA's analysis, Barzani was seeking to use the politics of war to fend off this internal challenge, noting that Talabani "gives his loyalty to Barzani in time of conflict but opposes his program when at peace."³⁷

The NEA further found that while Barzani had strong personal motives to fight, his "war-weary followers" were "reluctant to take up arms again so soon after the long, wearing struggle of the 1960's."³⁸ In its analysis, the Kurdish people,

who have had a little over five years of relative peace... cannot be eager to take up arms again. A correspondent for *Le Monde* who explored Kurdish views early in April 1972 found younger, urban Kurds saying that they have already won better conditions than any of the neighboring Kurdish groups, even if not all they wished, and that to go to war now would risk missing out on Soviet-aided development plans which are already beginning to accelerate the economy in the rest of Iraq.

Moreover, even if the "added strain of another Kurdish war" did bring down the Ba'athist government, the Kurds would not be "able to determine the composition of the next regime. Nor would any likely Iraqi successors be more stable, stronger, or very much less dependent on the USSR than the present government."³⁹

³⁶ INR Research Study RNAS-10, 31 May 1972. See also: Killgore (NEA) to Sisco (NEA), 3 April 1972, in *FRUS*, 310, 304.

³⁷ INR Research Study RNAS-10, 31 May 1972, in *FRUS*, 310.

³⁸ *Ibid.*

³⁹ *ibid.*

However, the research arm of the State Department was not particularly influential in the policymaking process in Washington at this point, and pressure to intervene continued to mount.⁴⁰ Particularly hawkish were Richard Helms, the head of the CIA, and Alexander Haig, the Deputy National Security Adviser, who at the end of July 1972, proposed a detailed plan for covert assistance to the Kurds.⁴¹ Kissinger concurred with the advice of Helms and Haig and authorized the CIA to begin supplying supply Barzani with \$5 million in covert assistance.⁴² As this money began to flow into Iraqi Kurdistan, Richard Helms was moved from his position as Director of the CIA to Tehran where he assumed the Ambassadorship and oversaw the implementation of this policy.⁴³

The War and its Outcome, 1974-75

As Barzani prepared his forces for war, the Ba'ath continued to move forward with its March Manifesto. On March 11, 1974, the Ba'ath marked the four-year anniversary of the manifesto with a new Kurdish Autonomy Law. The law

⁴⁰ Saunders to Kissinger, 7 June 1972; Waller (CIA) to Helms (CIA), 12 June 1972; Saunders to Haig, 23 June 1972; CIA Memcon, Washington Meetings with Kurdish Representatives (Helms, Col. R. Kennedy with Barzani rep), 5 July 1972; Beirut to State, 13 July 1972, all in *FRUS*, 313, 315, 318-20.

⁴¹ Helms to Kissinger, Rogers, Laird, 29 and 31 March 1972, in *FRUS*, 302-03; Haig to Kissinger, 28 July 1972, in *FRUS*, 321. For Haig the only concern was whether the US should go through the formal process for approving covert assistance, or "circumvent the 40 Committee." Haig recommended following the formal process as he doubted "very much that the operation can be conducted without its surfacing in official channels at some point."

⁴² Memorandum from the President's Assistant for National Security Affairs (Kissinger), in *FRUS*, 322.

⁴³ On Helms to Iran, see Tehran to State, 27 Dec 1972, in *FRUS*, 241.

codified the terms of the 1970 manifesto, but by this time Barzani, flush with American support, was unwilling to accept anything less than “self-rule” in the form of an independent Kurdish state and sent his forces into battle.⁴⁴ As the war began, the Iraqi government, understanding that Barzani’s forces were entirely dependent on international patrons, offered Iran territorial concessions in the disputed Shatt al-Arab waterway if Iran would close the Iran-Iraq border and end its support for Kurdish rebels.⁴⁵ When the Shah refused that offer, Iraq sent a force of 90,000 troops into Iraqi Kurdistan to suppress the insurgency. Iraqi government forces quickly overwhelmed Kurdish insurgents and on March 6, 1975, the Shah accepted Iraq’s 1974 offer (the so-called Algiers Accord) and abruptly cut off all aid to Kurdish insurgents. The Americans followed suit, and on March 23, the KDP surrendered.⁴⁶

With Barzani forces vanquished, the Ba’th no longer felt compelled to negotiate with Kurdish leaders and subjected Kurdish areas to a program of draconian social controls, and a campaign of ethnic cleansing that would prove a precursor to the genocidal “al-Anfal” campaign of the 1980s.⁴⁷ When Henry Kissinger was later asked about the human cost associated with the American

⁴⁴ McDowell, 332.

⁴⁵ McDowell, 336-38.

⁴⁶ Ibid, 338.

⁴⁷ See Joost R. Hiltermann, *A Poisonous Affair: America, Iraq, and the Gassing of Halabja* (Cambridge: Cambridge University Press, 2007).

policy of encouraging and then abandoning Kurdish separatists, he observed, “Covert action should not be confused for missionary work.”⁴⁸

The Green Light to the Shah’s Price Demands

In what follows, I analyze American thinking about the question of oil prices as it passed through three stages. In the first stage, between 1969 and 1970, the administration worried about that an emerging budgetary shortfall in Iran would undermine its ability to act as a regional surrogate for American power. During this period, the American officials worried that the British withdrawal from the Persian Gulf would produce a security vacuum, and considered increasing purchases of Iranian oil as a means of providing the Shah’s regime with increased revenue.

By early 1971, a second phase began. By this point it was clear, for reasons that I detail below, that increasing American purchases of Iranian oil was not possible, and attention shifted to a general increase in the price of oil. During this period, both the White House and the State Department came to see that – though for different reasons – that higher energy prices were in American strategic interests. After more than two years of indicating that the U.S. was either unwilling to unable to restrain demands for a prices increase, a third phase began. In this phase, which began with the October 1973 Arab-Israeli War, the

⁴⁸ Kissinger in testimony to the Pike Committee in 1975, cited in William E. Daugherty, *Executive Secrets: Covert Action and the Presidency* (Lexington: University Press of Kentucky, 2006), 176.

Shah took advantage of the crisis atmosphere to introduce a new oil price structure. Though Tore, among others, sees the Nixon Administration as offering the Shah active encouragement to implement these higher prices, I argue that the American response to the Shah's demands was one of passive non-resistance. In this sense, the third phase in the evolution of the Administration's thinking was a continuation of the second, except that in this period the Shah took a more active role in pressing for higher prices.

The Shah's Oil Imports Quota Proposal, 1969-70

The Nixon administration began signaling that it would not oppose a dramatic new increase in the price of oil as early as 1969, when the oil companies indicated that Iran would face a massive budgetary shortfall as it embarked on its Nixon Doctrine military buildup.⁴⁹ As a solution to this problem the Shah first proposed a new import quota system whereby the U.S. government would provide Iran with preferential access to the U.S. oil market through guaranteed oil purchase agreements.⁵⁰

This proposal met opposition from a weakened but still important State Department. Backed by the majors and domestic producers alike, the State Department opposed the scheme to provide Iran with privileged access to the American market. As we saw in chapter 4, the majors opposed any measure that

⁴⁹ See the discussion in chapter 4.

⁵⁰ Peteresen, 82-83, 92-93.

would shift regional production and profits away from the wholly American-owned ARAMCO concession and toward the primarily British-owned Iranian consortium. Domestic producers, fearing competition from “cheap foreign imports” were even less inclined to accede to special advantages for Iranian producers.

However, these arguments were lost on the National Security hawks within the administration. Harold Saunders, an important behind-the-scenes mover within the National Security Council, and General Earle Wheeler, the Chair of the Joint Chiefs of Staff, both offered their support for the Shah’s proposals in early 1970 on the grounds that the added revenue to the Shah would present a good business opportunity for the American defense sector.⁵¹ As far as General Wheeler was concerned, the Shah’s proposal made perfect sense: “We buy more oil from him which helps him with his security purchase and he in turn undertakes to guarantee that every penny of the proceeds will be spent in the United States which helps our balance of payments.”⁵² However, this proposal could not overcome the force of bureaucratic resistance in Washington.

The State Department and Oil Prices, 1971-72

While the State Department was unwilling to entertain the Shah’s import quota proposal, it proved more amenable to the idea of a general price increase

⁵¹ Petersen, 81-83.

⁵² Department of Defense memo, dated April 1970, cited in Petersen, 83.

for all OPEC producers. As Undersecretary of State John Irwin observed on the eve of the 1971 OPEC price negotiations (chapter 4), higher Middle East oil prices could actually work to the benefit of the United States. While European manufacturers could purchase North African oil for as little as \$2.25 a barrel, American manufacturers were paying domestic producers \$3.45 per barrel.⁵³ Not only would higher Middle East prices render domestic producers more competitive, but they would also put the U.S. economy in a better position globally. The Undersecretary cited the increased dependence of Europe and Japan on cheap Middle East oil and suggested that “higher energy costs to Europe, and Japan as well, could reduce whatever competitive advantage those areas enjoy over the U.S. because of access to lower cost oil.”⁵⁴

Likewise the State Department was aware that an influx of capital to producing states would most likely be invested in Western financial institutions – thereby offsetting the impact of higher prices on the American balance of trade and investment. Moreover, higher prices would encourage domestic and other non-OPEC production, conservation, and alternative energy exploration. But first and foremost in the mind of State Department energy experts in the early 1970s, was the importance of maintaining existing energy relationships. This could be best achieved by changing U.S. policy with regard to the Arab-Israeli conflict, but short of this, by avoiding confrontation over the issue of oil prices. In the State

⁵³ See Irwin Circular Telegram, 16 Oct 1970, PET 6 Libya (cited in Petersen, 38, n. 29). For similar concern see Tripoli (Palmer) to State, Dec 5, 1970 (cited in Petersen, 39, n. 31).

⁵⁴ Ibid.

Department's view, the U.S. could buy some "security of supply" and perhaps some years of life on existing concession agreements by "allowing the value of oil to float along with that of other international commodities" – that is, by acceding to higher prices. Indeed, this is what happened in the course of the Tehran and Tripoli negotiations of 1971 discussed in Chapter 4.⁵⁵

The State Department's attitude toward prices was most clearly articulated by James Akins, by now the Department's point man on energy, when he addressed the Eighth Arab Oil Congress in Algiers, Algeria on June 2, 1972.⁵⁶ Akins spoke to the conference in the hopes of cooling enthusiasm for Iraq's IPC nationalization, announced just one-day prior. In his speech, Akins tried to persuade his audience that company profits were wildly exaggerated, that there was considerable cost involved in oil production, and that the companies performed an important function of managing world-wide investment and production decisions. He pointed to the fantastic capital reserves accumulating in producer state coffers and cautioned that they would be wise to avoid strangling the "goose" that "lays the golden egg." In what was widely interpreted as a green light to higher prices, Akins stated that in his view it was inevitable that oil prices would continue to "go up, and go up sharply," given the lack of short-term

⁵⁵ In addition to the literature on the State Department and oil prices cited in the introduction to this chapter (Adelman; Akins; Oppenheim; Levy), this summary of State Department views is based on Bird, 628; Stork, 164; Yergin, 583, 785. See also "History of the McCloy Group (LPG)," 1 July 1977, McCloy Papers, Box 3, Folder 22; and James Akins, "Address to Eighth Arab Oil Congress, Algiers, 2 June 1972, McCloy Papers, Box: 2, Folder: 5.

⁵⁶ James Akins, "Address to Eighth Arab Oil Congress, Algiers, 2 June 1972, McCloy Papers, Box: 2, Folder: 5.

alternatives to Arab oil.⁵⁷ He then expressed his hope that a spirit of compromise would prevail among all parties so as to avoid “a world oil picture descending into chaos, with consumers, companies and producers treating the others as enemies.”

The 1973 Price Explosion

Akins’ critics accused him, and the feckless diplomacy of the State Department in general, of failing to restrain OPEC price demands. However, Akins may have been closer to the truth when he told his Algiers audience that given a “period when the State Department is declining, it is vaguely flattering to think we could have so much influence in OPEC – but it is scarcely true.”⁵⁸ In point of fact, it was not OPEC as a unified body that was behind the most spectacular price increase of the era – the doubling of prices in December 1973. It was rather the US-allied Shah of Iran.

The impact of the October War on the political economy of oil in the Gulf is beyond the scope of this dissertation, but suffice to say here that the Shah seized on the crisis atmosphere to implement a new price structure for world oil – and that the United States remained passive in the face of this development. Indeed, in early December 1973, as Arab producers imposed a shipping embargo against Western consumers, the Shah introduced a new formula for calculating the value

⁵⁷ Ibid.

⁵⁸ Ibid.

of oil based on the cost of alternative fuels. The “real” value of oil was, he insisted, not the \$5.12 established by OPEC in October, but rather somewhere between \$8-14 per barrel.⁵⁹ On December 12, he backed up his rhetoric by holding an oil auction in Tehran in which prices peaked at \$17 per barrel. He then announced that a unilateral increase of the price to \$11.65 would go into effect on January 1, 1974. Other OPEC producers, fearing the implications of such drastic move, only reluctantly went along with the increase.⁶⁰

Rather than voicing opposition to the Shah’s drive for higher prices, U.S. Ambassador in Tehran Richard Helms, proved rather sympathetic to the Shah’s arguments. In his cables to Washington, Helms defended the Shah’s point of view, and the Nixon Administration offered only a pro forma protest to the increase.⁶¹ Indeed, when *Washington Post* reporter Jack Anderson later cornered Henry Kissinger with accusations that the Nixon Administration had given a green light to the Shah’s price demands for were what were “essentially geopolitical reasons,” the former Secretary could offer no argument.⁶²

⁵⁹ Tehran (Helms) to State (Kissinger), 21 Dec 1973, in Richard M. Nixon National Security Microfilm Files (RMNMF), Reel: 11.

⁶⁰ Stork (1980), 225-27; Yergin, 606-09.

⁶¹ For Helm’s response to the Shah’s arguments see: Helms to Kissinger, 26 Dec 1973 (347-48); Helms to Kissinger, 22 Jan 1974, in RMNMF, Reel: 11, Frames: 519-23. For official American response to the new prices see: State (Kissinger) to Tehran (Helms), 29 Dec 1973, in RMNMF, Reel: 11, Frames: 376-78.

⁶² Kissinger telcon with Jack Anderson, 5 Jun 1975, “The Kissinger State Department Telcons National Security Archive, Electronic Briefing Book No. 135,” eds. Tom Blanton, William Burr and Peter Kornbluh, National Security Archive, George Washington University, doc. no. 10.

The Nixon Doctrine in World Historical Perspective

In this chapter we have examined the broad outlines of how the Nixon administration sought to accommodate U.S. policy to a new geopolitical-economic situation in the Gulf. By 1972, the administration decided that Iraq was an enemy. However, given the U.S. overextension in Vietnam, the administration's means were severely limited. Consistent with the Nixon Doctrine, the key was to draw on regional surrogates to insure order or generate disorder – as was the case in northern Iraq.

This surrogate strategy entailed providing Iraq's traditional rivals – the Shah and Barzani Kurds – with money and weapons. However, relying on surrogates to uphold American interests – as defined by the Nixon administration – carried its own dangers. Nixon Doctrine skeptics were proven prescient when they warned that conditions in the Gulf at the end of the 1970s might render U.S. military sales to Iran counterproductive. The collapse of the Shah's regime in 1978-79 demonstrated how quickly a geopolitical friend could become an enemy.

Similarly, Mullah Mustafa Barzani proved an equally unreliable surrogate for American interests. Rather than weakening the Ba'ath, U.S. support for the Kurds actually served to strengthen the Iraqi regime. U.S. arms helped draw Barzani into a war that he could not win. As a consequence, Iraq scored a clear and decisive victory that removed, for the remainder of the decade, a source of instability that had riddled Iraq since its inception as a modern state. As Kissinger made clear, improving the lives of Iraqi Kurds was never a part of the American

strategic calculation, but it should be noted that by facilitating a war, the U.S. contributed to deepening Arab-Kurdish fissures within Iraqi society, and helped to set the stage for the al-Anfal campaign of the 1980s – one of the most horrific humanitarian tragedies of the late 20th century.

It is in light of these other initiatives that the question of American support for a general oil prices increase should be evaluated. As we saw in this chapter, neither the State Department nor the White House felt particularly compelled to confront producer states over the question of an oil price increase. But this was not because they had conducted an exhaustive analysis of the costs and benefits of higher prices, concluded that the U.S. stood to gain from an increase, and so instructed their “clients” in the Gulf to raise prices accordingly. This would be to overstate the power and agency of the United States. The American government was not the “unmoved mover” behind the oil spike, as many functionalist accounts suggest.⁶³ In 1972-73, the U.S. was rather operating from a fundamental position of weakness. The U.S. was dependent to an unprecedented degree on the Shah’s regime, and was no position to dictate the terms of the US-Iranian relationship unilaterally. As Nixon pleaded to the Shah in 1972: “Protect me.” The Shah chose to raise oil prices for his own reasons, and the Americans deferred to his authority.

⁶³ On the fundamental paradox between America’s simultaneous strength and weakness as a world power, see Marilyn B. Young, “The Age of Global Power,” in *Rethinking American History in a Global Age*, ed. Thomas Bender (Berkeley: University of California Press, 2002), 274-94.

Conclusion:**Iraq and the Breakdown of the “Corporatist Bargain” in U.S. Foreign Oil Policy**

The lessons of World War II, the growing economic significance of oil, and the magnitude of Middle Eastern resources all served, in the context of the developing Cold War with the Soviet Union, to define the preservation of access to that oil as a prime element in American and British – and Western European – security. Oil provided the point at which foreign policy, international economic considerations, national security, and corporate interest would all converge. ... Soviet expansionism – as it was, and as it might be – brought the Middle East to center stage. To the United States, the oil resources of the region constituted an interest no less vital, in its own way, than the independence of Western Europe; and the Middle Eastern oil fields had to be preserved and protected on the Western side of the Iron Curtain to assure the economic survival of the entire Western world. ... The special relationship that was emerging represented an interweaving of public and private interests, of the commercial and the strategic. It was effected both at the governmental level and through Aramco, which became a mechanism not just for oil development, but for the overall development of Saudi Arabia...

Daniel Yergin, *The Prize: The Epic Quest for Oil, Money and Power*¹

[T]he enforcement of the Antitrust laws of the United States against the Western oil companies operating in the Near East may be deemed secondary to the national security interest.

Daniel Yergin, “quoting” a National Security Council directive to the U.S. Attorney General, January 1953²

¹ Pages, 410, 427, and 428.

² Cited in *Ibid*, 475. Yergin is in fact, making the argument more explicitly than did the NSC. In January 1953, the Truman administration did indeed instruct the Justice Department to terminate a criminal investigation of price-fixing among the American majors, but it was careful to avoid such a bald formulation of the issue. For the actual documents see the Minutes from the National Security Meeting, 9 Jan 1953; and Truman to the Attorney General, 12 Jan 1953, in *FRUS, 1952-1954*, volume 9, 655-56.

Introduction

As noted in the introduction to this dissertation, the concessionary regime was comprised of three basic relationships: one between the producing states and the major multinationals, a second between the U.S. and the producing states, and a third between the major multinationals and the American government. In this dissertation, I examined the co-evolution of these relationships and argued that while generally cooperative relations among these various parties prevailed through the late 1950s, developments flowing from Iraq's 1958 Revolution played an important role in undermining the stability of this order. In this conclusion, I summarize and review the evidence presented in the preceding chapters to demonstrate how developments in Iraq undermined what I describe as the "corporatist bargain" in U.S. foreign oil policy. In the pages ahead, I first outline the terms of this "bargain." I then examine how it worked in practice to 1967, and why it failed to contain the threat of economic nationalism in Iraq. And, finally, I explain how Iraqi radicalism contributed the breakdown – or at least the reconfiguration of this particular arrangement.

The Corporatist Bargain in Theory

In referring to a "corporatist bargain" I mean to denote a policy approach that envisioned a partnership between the American state and the major multinationals to secure shared objectives.³ The terms of this bargain can be

summarized in this way: the U.S. government would provide the major international companies with anti-trust exemptions and tax incentives to encourage private (Anglo-American) industry control over Middle Eastern oil fields, and would insure an “open door” for the foreign direct investment of American capital by providing protection from the threat of economic nationalism. In turn, the companies would provide a stable supply of cheap energy to fuel the reconstruction of a capitalist world economy and the military forces tasked with its defense. As a corollary, it was assumed that oil company operations would deliver the good will of the producing regimes by providing government revenue and promoting economic development. In theory, the anti-Communist stability produced through what Linda Wills Qaimmaqami describes as “private sector developmentalism” would obviate any need for expensive foreign aid programs to oil rich developing states.⁴

Close examination would reveal that this “bargain” was more of a ruse based on a fallacy – that of oil as a “strategic commodity,” access to which could only be assured through the preservation of Anglo-American control over production – but the principal focus of this conclusion is not to contrast

³ On “corporatism” as an approach to explaining the history of American foreign policymaking see Michael J. Hogan, “Corporatism,” in *Explaining the History of American Foreign Relations*, ed. Michael J. Hogan and Thomas G. Patterson, 137-48 (Cambridge: Cambridge University Press, 2004).

⁴ The formulation here is my own. On “private sector developmentalism,” see Linda Wills Qaimmaqami, “The Catalyst of Nationalization: Max Thornburg and the Failure of Private Sector Developmentalism in Iran, 1947-1951,” *Diplomatic History* 19, no. 1 (1995): 1-31.

policymakers' image of reality, with reality itself.⁵ I have the rather less ambitious task of examining how these assumptions informed American policymaking, and how they failed in their own terms. That is, how this corporatist arrangement failed to contain economic nationalism in Iraq, and how this failure affected the relationship between the oil majors and the American government.

However, before proceeding any farther, it is important to dispense with one of the central myths that obscures our understanding of how U.S. foreign oil policymaking worked – that is, the myth of an autonomous American state employing the major companies as “informal instruments” of American public policy.⁶ The evidence presented in this dissertation demonstrates that the relationship between the companies and the government was more fluid and dynamic than many historians of corporatism suggest. Rather than simply examining how “the oil companies were an institutional mechanism used by

⁵ As Timothy Mitchell notes, “Oil is the world’s second most abundant fluid, so any producer is always at risk of being undercut by another. If all one wanted was a market in oil to supply those who need it, this would pose no problem. But the oil industry is about profits, not markets, and large profits are impossible to sustain under such competitive conditions. The potential rents—or “premiums on scarcity,” as they are called—could be realized only if mechanisms were put in place to create the scarcity.” See Mitchell, “McJihad: Islam in the US Global Order,” *Social Text* 20, no. 4 (2002): 5. On the “oil weapon” as a ruse, see: Maurice Adelman, “The Real Oil Problem,” *Regulation*, Spring 2004, pp. 16-24; and Robert Mabro, “The Oil Weapon,” *The Oil Weapon*, *The Harvard International Review*, 31 Dec. 2007, (<http://hir.harvard.edu/print/economics-of-national-security/the-oil-weapon>).

⁶ The Daniel Yergin epigraph cited above represents a clear example of this perspective, but even more thoughtful and methodical historians generally accept the basic premise of an autonomous state employing the firms as informal policy instruments. See for example, David Painter, *Oil and the American Century: The Political Economy of US Foreign Oil Policy, 1941-1954* (Baltimore: Johns Hopkins University Press, 1986), 2; and Douglas Little, “Gideon’s Band: America and the Middle East since 1945,” in *America and the World: The Historiography of American Foreign Relations since 1941*, ed. Michael Hogan (Cambridge: Cambridge University Press, 1995), 616.

central decision makers to achieve certain foreign policy goals," it is important, as Timothy Mitchell reminds us, to look at how "the firms themselves also used the U.S. government to further corporate goals."⁷ In the section ahead, we see how this worked in practice.

The Corporatist Bargain in Practice to 1967: Intervention and Modernization

A fundamental characteristic of the corporatist bargain in practice to 1967 was a close coordination between the public and private dimensions of American power, and a tendency toward intervention and modernization. In the early 1960s, we saw that when Qasim's regime unilaterally revised the terms of the IPC's concession – stripping the companies of their exclusive right to develop the North Rumaila oil field – the American government intervened in Iraq's domestic politics on behalf of Qasim's domestic rivals. To be sure, as we saw, there was disagreement amongst "hawks" and "doves" regarding the appropriate form and extent of this intervention, and details regarding American involvement in the coup that overthrew Qasim's government in 1963 may remain forever shrouded in mystery.

But as I demonstrated in chapters 1 and 2, once the dominant element of the American state – the "national security" faction led by the Dulles brothers, the Kennedy brothers, Dean Rusk, and perhaps above all, Robert Komer – committed

⁷ Timothy Mitchell, "The Limits of the State: Beyond Statist Approaches and Their Critics," *The American Political Science Review* 85, no. 1 (1991): 77-96, 89-90.

to regime change as a policy objective, developmentalists in the State Department and Baghdad Embassy – Robert Strong, William Lakeland, and James Akins – accommodated themselves to this policy orientation and positioned themselves to work with Iraqi actors to promote a modernization agenda that would preserve IPC control over Iraqi oil fields.

Of course Iraqi nationalists were not the only (or even principal) threat to the IPC position in Iraq in the early to mid-1960s. In chapter 3, we saw W. Averell Harriman and the State Department working to fend off the IPC's independent competitors. We also saw the companies coming around to indulge the State Department's "modernization" schemes – schemes they never put a lot of stock in – by proposing the 1965 Wattari compromise to the Law 80 dispute, and extending the 'Arif regime "tide over money" to weather the 1966 IPC-Syria crisis that shutdown more than two-thirds of the Iraqi oil industry for several months. However, these initiatives would prove to be the dying embers of an era that was rapidly closing.

Oil and Iraqi Political Dynamics

As we saw in chapters 2 and 3, American intervention failed to generate a stable social order in Iraq that would preserve IPC control of Iraqi oil fields. The Ba'ath party, initially the chosen instrument of American interventionists, was not up to the task envisioned for it by American policymakers taken with the emerging "science" of modernization theory. The Ba'ath, as a civilian political party led by lawyers and schoolteachers, had relatively little control over the

state's main repressive institutions. Indeed, rather than commanding the Army as an instrument of Iraqi state power, the Ba'th sought to bypass the Army with its own National Guard paramilitary force composed of young, otherwise unemployed, party activists. This approach elicited a violent reaction from an officer corps that had, in the view of Embassy political officer James Akins, come to see itself as a social class in and for itself. The existence parallel repressive institutions set the stage for a kind of Iraqi civil war, in which the Ba'th and its National Guard was the loser.

Ample American counterinsurgency and internal security assistance could not help the Ba'th in this struggle against its internal foes. On the contrary, the Ba'th was in no way helped by its association in the public mind with the American CIA. Moreover, the Ba'th's tendency – enabled and facilitated by American assistance – to overcompensate for a shallow social base with increasingly extreme and cruel displays of exemplary violence only undermined its claim to political legitimacy within the country.

As we saw in chapters 2 and 3, Iraqis overwhelmingly rejected the Ba'th, creating an opening for Nasserist Army officers to overthrow their civilian rivals. While most observers see the period between 1963 and 1968 as a period of fractiousness and discontinuity in Iraqi domestic politics, chapter 3 demonstrated that there was indeed a line of continuity – faint, as it may have been – in the institutional development of Iraq during these years. Tahir Yayha was an important and often over-looked figure in Iraqi politics who acted as a patron to Iraqi followers of 'Abdallah Tariki – individuals such as al-Jadir and

Hasib, both of whom were among the first generation of Arabs to received advanced degrees in the West. Under Yahya's premierships, the Jadir Group established the Iraq National Oil Company and defended its right to develop the Rumaila oil field reclaimed through Qasim's Law 80.

Not only did the Jadir Group block IPC efforts to recapture control of Rumaila through the proposed Wattari agreement, they seized on the crisis atmosphere engendered by the June 1967 Arab-Israeli war to implement a rather remarkable series of laws that essentially institutionalized a dominant role for the state in the Iraqi oil industry. Rather than simply supplementing the role of the IPC, or adding a veneer of national control, the Jadir Group demanded effective control over production decisions and the rents that flowed there from, by asserting physical control of the Rumaila field and establishing international marketing relationships that would ultimately facilitate the complete nationalization of the companies.

As we saw in chapter 4, the Jadir Group did not ultimately survive in the crucible of Iraqi domestic politics in the 1960s, but its vision, and its commitment to working with French, Soviet and other international powers to achieve national control over Iraqi oil production, did. If nothing else, the Jadir Group pulled the Ba'th party to the left. The reconstituted Ba'th that seized power in July 1968 initially sought to avoid a direct confrontation with the IPC and the West more generally, but Iraq had passed a point of no return. The Jadir Group asserted Iraqi sovereignty over the Rumaila field, and there could be no going back on this point – especially given the “Bakr Ba'thists” drive to build a more

flexible and inclusive regime which could achieve greater political legitimacy within Iraq. The commitment to uphold Iraqi sovereignty with regard to Iraqi oil fields combined with the emergence of a hard-line anti-Arab policy orientation within the American government in the late 1960s made the Iraq-IPC clash that the State Department and Embassy so sought to avoid, inevitable. As we saw in chapter 4, changes within the regional and global political economy of oil in the late 1960s put the Ba'ath in position to triumph in that clash.

Walter Levy and the Breakdown of the Corporatist Bargain

Whereas in the early to mid 1960s, close coordination characterized the relationship between the majors and the American government, by the end of the decade, something fundamental had changed in American public-private relations with regard to Middle East oil. The June 1967 Arab-Israeli war represents an important turning point in the breakdown of that relationship – a fundamental rupture, not just in US-Arab relations, but in the history of American oil business-government relations as well. As the companies faced the increasingly likely threat of at least phased nationalization in the post-1967 Middle East, they lobbied the American government to adopt an even-handed approach to the Arab-Israeli conflict and they put their support behind the 1969 Rogers Plan to negotiate a settlement on the basis of UN Resolution 242. Despite their previous influence, the calls from heads of the major oil companies were ignored in favor of a policy approach that entailed support for Israel as an ally in the Cold War.

Walter Levy, the international petroleum expert who advised the State Department on the Law 80 dispute in 1964, was an important figure in articulating this new perspective.⁸ He was one of very few individuals knowledgeable about international oil affairs that the Nixon/Kissinger inner circle could trust. While the Nixon administration generally regarded the oil companies operating in the Arab Middle East as beholden to the interests of their Arab clients and therefore hostile to Israel, Kissinger in particular, trusted that Levy could provide insight and analysis that would clearly distinguish between American “national interests” and the more provincial “corporate interests” of the majors. Moreover, Levy adhered to the navalist idea that the eastern Mediterranean and the Persian Gulf/ Indian Ocean could be maintained as separate and distinct strategic theatres – perhaps the core of the Nixon administration’s strategic vision.

In March 1971, Levy gave a major address to the New York Council on Foreign Relations (CFR) in which he outlined the thinking that would increasingly characterize the Nixon administration’s approach to foreign oil policy.⁹ In his address, Levy argued that the emerging “oil crisis” was “primarily an Oil Confrontation [and] not directly an Arab/Israeli related issue.” To support

⁸ On Levy and his relationship to the Nixon administration, see "As an Oil Consultant, He's without Like or Equal," *The New York Times*, 27 July 1969, in Levy Papers, Box: 7, Folder: 4; see also "Troubleshooter Assays the Politics of Oil," *Business Week*, 25 October 1969, in Levy Papers, Box: 7, Folder: 5.

⁹ Walter J. Levy, "Western Oil Policies: The Challenge of Today's Stark Realities." Speech at the Council on Foreign Relations, 9 March 1971, Levy Papers, Box: 7, Folder: 7; see also Walter J. Levy, "Oil Power," *Foreign Affairs*, (July 1971).

his case, he argued that France and other European powers had not gained by their policy of “neutrality or even hostility towards Israel,” nor had the “US policy of support – including recent arms delivery to Israel – [hurt] us in this particular crisis.” While the evidence presented in this dissertation suggests that French policy with regard to the Arab-Israeli conflict *did* serve French commercial interests in the region, and U.S. support for Israel *did* undermine American commercial interests in the region, Levy’s thinking was consistent with that of the administration, and his influence on American foreign oil policymaking would only increase in subsequent years.

After dispensing with the Arab-Israeli issue, Levy went on to launch into a concerted critique of the major companies – one that effectively broke with the underlying assumptions that governed U.S. foreign oil policy since the late 1940s. Whereas the corporatist bargain assumed that the major companies could reconcile “private” and “national” interests – and even promote economic development in producing countries, Levy warned that such tenets no longer held. In his analysis, the international political economy of oil had undergone a fundamental transformation, and major policy changes were needed to confront the “new stark realities.” The balance of power between the producing states and the producing companies had shifted so dramatically in favor of the former, that the bargaining position of the companies was now “so weak that they can no longer act on behalf of consumers.” Nor could the firms actually promote development in their host countries, because any “socially conscious company would be put at a competitive disadvantage to its commercial minded

competitors.” The firms were therefore inclined to accommodate producer state demands by acceding to higher prices, knowing that higher costs could be passed on to consumers. As a result, the firms had been effectively converted from instruments of American public policy, to agents of foreign governments that were, in effect, imposing “taxation without representation” on American citizens. While the companies may have once served as an important “bridge and buffer” between producing and consuming countries, in Levy’s analysis, this was no longer the case. The U.S. government would have to abandon its traditional “laissez faire” dependence on the Seven Sisters oligopoly as a regulatory structure and policy instrument, and organize a “consumers’ cartel” to negotiate directly with the “producers’ cartel.”

As one can imagine, representatives of the major oil companies did not appreciate being characterized as foreign agents imposing “taxation without representation” on American consumers. Otto Miller of Standard Oil of California, for example, responded to a similar address by writing Levy to express his “dismay at your apparent willingness to overlook the contributions – past, present, and future – of the international oil companies.” Miller found it “hard to believe” that Levy would so blatantly “promote the erosion of our country’s vital interests.”¹⁰ But Levy’s critique of the firms struck a chord with a rising nationalist sentiment within the Nixon administration. After presenting his CFR speech, Zygmunt Nagorski of the CFR, wrote Levy to congratulate him on his

¹⁰ Otto N. Miller (SOCAL) to Levy, 6 March 1973, Levy Papers, Box: 7, Folder: 14.

“bold presentation” regarding “what is wrong with the average oil company” before “some of the highest ranking oil men in the country.”¹¹ Nagorski’s sentiments were consistent with those of the administration, which enthusiastically embraced Levy’s arguments.

Levy’s analysis was reflected rather clearly in a February 1973 confidential memorandum to the White House from NSC Middle East expert, Harold Saunders.¹² In the memorandum, Saunders offered his perspective on an Iranian effort to secure new concessions from the companies.¹³ Saunders expressed frustration with those in the State Department and oil industry who sought to restrain Iranian demands (see chapter 4). In his view, these interests had a poor understanding of the “fundamental issues” at stake in the region. Rather than reflexively offering support to the companies, Saunders wondered:

What interest does the US, as a nation, have in the maintenance of the oil companies in their present form in the producing countries? A cruder way of putting this is: How would it affect the national interest – in contrast to the companies’ interest – if they were reduced to distributing oil after buying it from the producers on a contract basis?

In answer to his own question, he cited those “who would argue that the takeover of the companies is only a matter of time and that there is no point in investing a lot of the President’s prestige in fighting that problem.”

¹¹ See Zygmunt Nagorski, Jr. (Director of The Thomas J. Watson Meetings, CFR) to Levy, 10 March 1971, Levy Papers, Box: 7, Folder 8.

¹² Saunders to Scowcroft, NSC Action no. 576, 5 Feb 1973, in the Richard M. Nixon, National Security Files, Microfilm Reel: 10. Emphasis in original.

¹³ Iran was demanding new concessions that would keep pace with gains in Iraq and other Arab states.

While there is no reason to accept Saunders' notion of "the national interest" – an essentially contested concept – as the final word on the subject, his comments indicate the extent to which the major oil companies had grown estranged from the key levers of American power.¹⁴ Whereas it was once axiomatic that what was good for Exxon was good for the United States and vice versa, this maxim no longer seemed to hold. By examining the contradictions and antimonies within the corporatist bargain as it related to Iraq and the IPC, this dissertation has sought to demonstrate exactly when and how this particular formulation lost coherence. I leave it to others to pick through emerging records from the period and offer arguments regarding how the producing states, the major multinationals, and the American government adapted their relations and practices to the realities of the new post-concessionary environment of the Middle East.

¹⁴ Indeed, as political scientist Gregory Nowell notes, what is often taken for an "objective national interest" is the product of private industry groups capturing the institutional and discursive processes by which state objectives are defined. In this sense, Saunders may not have been speaking as an objective witness to a transcendent and universally transparent "national interest," but rather reflecting a process that Nowell describes "transnational structuring" – that is, a struggle among international business groups for market control waged by employing "national security" arguments to manipulate the policies of particular states. See Gregory Nowell, *Mercantile States and the World Oil Cartel, 1900-1939* (Ithaca: Cornell University Press, 1994), 4.

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