Thus if a company deployed racism as part of its arsenal of labor-control mechanisms, it is hardly the fault of its owners and managers, who are, after all, products of their time. The problem, however, is then reconciling the prevailing norms-of-society idea with exceptionalism, particularly when exceptionalism is defined, nonetheless, by the firm's putative commitment to uplift, reform, development, welfare, and so on for its workers.

A fourth position, the one I have come to, is to reckon with the institution of racism honestly. This means, first and foremost, acknowledging the long, unbroken legacy of hierarchy across the world's mineral frontiers. It means developing an account of the agency of firms in its building and maintenance—one of the great, usually unheralded feats of social engineering by American multinational or, we now say, transnational oil companies. Finally, it means thinking harder about, and looking beyond the firm for, a causally adequate explanation of the changes in the regime that race built.[28]

THE ARGUMENT

In the first decade or two after the Civil War, in the period known in the South as Reconstruction, white southerners began to institutionalize a system of legal separation of the so-called races. The law was a primary tool in the assertion of white supremacy, but the Jim Crow system, as America's version of apartheid came to be known, involved a panoply of mechanisms, including economic coercion and organized extralegal violence, which defined, divided, and determined the life chances of the dominant and subordinate social castes for most of the next century. "Free" blacks in the south could not enter public spaces reserved for whites, from parks to saloons and swimming pools. They were denied access to education and health care, or were taught in inferior schools. Blacks earned less than whites for the same work. And they lived in homes and neighborhoods with inferior, often nonexistent, public services.

A great deal of intellectual work went into naturalizing the hierarchy. Races were real, the professors showed, and the reality of the differently marked and abled bodies explained why segregation and discrimination were necessary. The truth is, however, that it was the legal and extralegal institutions that worked to create and stabilize an arbitrary racial binary. This is what W. E. B. Du Bois meant when he said that ultimately a black person was someone made to ride in a Jim Crow car. We now say the same thing with less bite. Race is a social construction.

The mining industry was not prominent in the export agriculture-based economy of the South. The coal mines of West Virginia and Alabama are the exceptions. As large-scale mining enterprises emerged elsewhere in the United States in the 1870s—coal in Pennsylvania, Ohio, Kentucky, and Wyoming, copper in the Southwestern territories, and oil in Pennsylvania, Ohio, and the West—mining firms organized production in the way that the post-Reconstruction South organized society. Most basically, norms of separate and unequal rights and privileges governed life in their rigidly segregated mines, camps, and company towns. The precise mix of races differed—Mexicans, Chinese, Serbs, Greeks, Irish—across the mineral frontiers, but, as in the South, it was possible for some to become white and thus escape the subordinate status to which the inferior races were consigned.

Dividing labor by race was a strategy to inhibit the organization of unions in the mines, and unions were key for those who sought to end the racial wage system. All firms paid miners, drillers, and other skilled and unskilled labor different wages according to race. And ending the racial wage became the issue that pitted the subordinate races against not only the white owners and managers but also the privileged caste of workers in strike after strike across the nineteenth and early twentieth centuries. The full panoply of Jim Crow institutions, from segregated housing and differential access to services to the degradation and humiliation of white supremacist thought, worked to buttress the labor-control regime.

Large firms also deployed a second mechanism, paternalism, known formally in U.S. industrial relations as welfare work, in their efforts to defeat union building in the mines and the oil fields.[29] Owners would begin to offer benefits and build housing, churches, and recreation facilities for some, ideally small segment of employees as a means to secure loyalty and thus stability. Thus, even while racism's ethics governed the hierarchical distribution of these benefits, a firm's beneficence ostensibly demonstrated how so-called outsiders and third parties, including the local state—Arizona, for example—were second-best (or worse) options for securing a decent life. Needless to say, all the large firms brought the model with them when they began producing oil beyond the U.S. borders.

Franklin Roosevelt's New Deal is celebrated by some as the eclipse of firm-based welfare work paternalism and criticized by others as little more than welfare work by other means. The Saudi Arabian case offers no insight into resolving the debate. While it is true that increased regulation was one of the factors that drove labor-intensive industries, mining included, to invest in places beyond the reach of federal welfare state regulation, oil is a less labor-intensive industry than copper and coal mining. The factors driving firms to increase investment in oil exploration abroad differed in part from those driving the overseas investment strategies of copper mining firms. What was common across the different industries and mineral frontiers was reliance on the mix of racism and welfare work paternalism.

Racism drove down labor costs and divided workers among themselves. Organizing under such circumstances was as likely to deepen the racial fault lines as it was to produce class solidarity. All other things being equal, the more workers were kept divided the less there was to fear of unions or of strikes succeeding. Using racism's ethics in distributing welfare work provisions reduced the costs to the firms, obviously, while reinforcing the hierarchy that labor organizers either believed in or else found daunting to overcome. Racial science, including the body of knowledge that came to be known as "race development," showed why blacks, Mexicans, and other biologically and culturally inferior peoples required long and slow tutelage and uplift rather than the higher wages, better housing, schools, and the like that were reserved for whites.[30]

Keep in mind that the idea of uplift was contested in America, seen as dangerous even. Some experts, perhaps most, insisted that any resources expended on the unrecuperable races were wasted. At the dawn of the twentieth century in the United States it would be left to visionaries like Du Bois and organizations like the National Association for the Advancement of Colored People (the NAACP) and the Pan-African Congress to think and agitate for the unthinkable: immediate freedom and equality, expanded access to universities, and the right to run the commanding heights of the economy rather than to slave away in the cotton fields and coal mines. Nationalists in Mexico, Venezuela, Iran, Iraq, and Saudi Arabia, among many other places, would make the same arguments. Finally, and mostly late in the game, where firms sought to replace white labor, owners might use paternalism to buy the loyalty of the lesser races. They would position themselves as defenders of blacks against white unions, the day-to-day abuses of lower-level managers, and the hostility of the surrounding community.

Firms supported and used a third institution in the war against unions: violence. The history of labor organizing and strikes against the racial wage and other aspects of the separate and unequal world-mining frontier is replete with examples of companies deploying private police or, preferably, gaining the support of the local state or its equivalent to deploy against threats to

order. The crushing of the strike wave in southern Arizona in the 1910s is an example. Doheny's alliance with the caudillo Manuel Peláez during the long Mexican Revolution is the stuff of legend. And it is conventional to recognize the role of post–World War II American administrations in arming and training the Saudi king's warriors-turned-army. What is never discussed is the role of ARMACO and the U.S. embassy in arming the amir of the oil province, Ibn Jiluwi.

Generalizing about outcomes in the multi-front, decades-long war between business and labor is difficult, given that comparative study hardly exists. Certainly, in many cases union-building efforts were solidly defeated, and a firm might celebrate—were its future historians brazen enough—its ability to preserve the racial order in its camps intact for its entire life, before, as happened in one case, copper prices plummeted, and the owners shut down the mines and shifted production to Northern Rhodesia (now Zambia). In other cases, populist politicians allied with unions, forcing firms to work harder to preserve the privileged enclave and resist demands to end segregation, while conceding "peripheral advantages." The term is from Michael L. Conniff's remarkable study of the Panama Canal Zone, the American colony that Raymond Leslie Buell, who was then America's leading specialist in problems of colonialism, said was a model for the evolving relationship between Britain and Egypt in the 1920s.[31] In the Canal Zone the labor system was organized around a two-tier system of wages and benefits, which divided white Americans from the vast pool of West Indian migrants imported from Barbados, Jamaica, Martinique, and elsewhere to build the canal and ancillary works.[32] Labor was assigned to different gold (U.S. coin) and silver (Panamanian peso) rolls. The payroll became the means, according to a member of the canal commission staff, "for the Government to draw the color line—a practice it could not openly attempt under the Constitution of the United States."[33] The commissioner meant the U.S. government, of course, which built and operated the segregated enclave that resembled the one ARAMCO founded in Dhahran three decades later.

Although the U.S. oil industry remained one of the most segregated sectors of the economy through the end of World War II, the strategy of race-based labor control and discrimination began to break down over time. I have found no good, synthetic account of the process, unfortunately. Gary Gerstle's general account of the intertwined course of labor and civil rights in *American Crucible* will have to suffice. First, Gerstle argues that the New Deal state was indeed a setback for the antiunion, welfare work alternative in American industrial relations. Unions grew more powerful and legitimate as the federal state backed the right of workers to organize. Second, parts of the left moved further than the Roosevelt administration did, seeking to "break through" the limits of exclusionism and build cross-race alliances. The Congress of Industrial Organizations campaigned against discrimination. Nonetheless, supremacist currents continued to dominate politics in the South and the West, where the New Deal "did little to challenge" disfranchisement. The third and most significant force in its weakening was the mass movement from below that drove the civil rights revolution of the 1960s.

Gerstle argues, unusually for an American social historian but on good authority, that of the many factors involved in propelling the civil rights movement the most important was "the collapse of the European empires in Africa and Asia" and the mobilization of colonized peoples' movements for independence.[34] A forgotten but telling illustration is the presence of the twenty-eight-year-old Southern preacher and organizer of the Montgomery bus boycott, Martin Luther King, Jr., in Accra on the night in 1957 that Ghana, the first new state in sub-Saharan Africa, gained independence.

The significance of the point is that successful challenges to the oil firms' organization of work by race might have occurred first and advanced faster outside rather than inside the United States, in Mexico and Venezuela, say, but certainly it was not a matter of America having shown others the way. I am confident, too, about two matters. Texaco, Chevron, Exxon, and Mobil—ARAMCO's owners—accumulated decades of experience in dozens of locales: Beaumont, Bakersfield, Coalinga, Maracaibo, Oilville, and Tampico. And they laid out each field and camp everywhere the same way, decade after decade, with the labor force divided, segregated, and paid different wages according to race. Where unions successfully gained ground or where local politicians' and the firms' interests aligned in defeating unionization, the firms would eventually begin to make concessions in living conditions for the majority, agreeing finally to build the schools that were promised ten years earlier, say, or authorizing a wage increase, and so on. The same concessions had to be wrested, piece by piece, by workers in California, Oklahoma, Colombia, Venezuela, Indonesia, and Saudi Arabia. It was not a matter of learning by firms. The incontrovertible fact is that it was a purposeful strategy deployed consistently and unaltered across most of a century. What the firms learned, in other words, was that it was rational to continue to deploy the tried and true strategies for as long as possible. As late as the 1950s, even as ARAMCO's owners were forced to make concessions to its Arab workforce, a new firm, Getty, begin production in the Saudi Arabia–Kuwait neutral zone using the strategy of divide by race and rule.

In addition, equality between white workers and others remained everywhere an unfulfilled ideal. In part, nationalization ended the responsibility of American firms for organization or reform of industrial relations. In part, too, firms began disguising the supremacist origins and resonances of their labor regimes during the Cold War, consistent with the general account of the pressures facing the postwar U.S. state and society. So, ARAMCO would decree name changes for its camps, start to crack down on the petty abuses to which the white workers subjected Saudis, and re-inscribe the grounds for its continuing commitment to separate and unequal work and living spaces. It was not a question of racism but of skill levels, the firm would begin to insist in its ramped up public relations campaigns. Markets, not hierarchy, dictated that some workers received their pay in dollars, others in riyals. Needless to say, Saudi (renamed by the firm "general") labor and other less privileged ("intermediate") castes were not fooled.

The ideal of equality went unfulfilled as well because where nationalist and populist governments alone or in combination with growing working caste action compelled firms to agree to provide equivalent goods to the majority, the enormity of the costs in doing so at times drove the companies to offer less-expensive alternatives. We will see this sequence in the case of educating the children of the Saudi workers as opposed to those of the white managers and labor, as well as in the case of housing. Firms provided whites with free housing. As labor struggles in Maracaibo, Jakarta, and Dhahran won recognition of the rights of workers to equal housing benefits, companies stopped building houses for workers (save white workers) and began to offer loans to them to build their own homes, saving tens of millions of dollars at each camp site. At such moments there is always an earnest and fair-minded assessor ready to judge the step a "clever and generous solution" by the firm.[35] Generous is a euphemism. And the solution is generous only by comparison with an original decision, never discussed, to provide decent housing and services to a tiny, privileged caste while others were provided squalid quarters and not much more. Saudis continued to protest the unfairness. A firm's protection of the bottom line, the unreconstructed paternalism of its white executives, and the segregation of the campsites themselves all trumped equality, apparently.

Finally, company records show that its competitors in Iraq and Iran (joint British-U.S.-owned firms) moved faster and further on all the dimensions that Saudi workers began to mobilize to change and that the small Saudi state-building class pressed ARAMCO to honor. This is true about wages, housing, training for employees, the education of employees' children, and the advancement of Arabs and Persians into management positions. The explanation for this is simple, known to be true at the time and since forgotten. While all three countries were monarchies, only Iran and Iraq had functioning parliaments, parties, and unions. Populist politics, which emphasized inclusion and redistribution, gained ground in both places after World War II, culminating in the famous nationalization of the Anglo-Iranian Oil Company in 1951 (only partially reversed after the successful CIA coup two years later) and revolution in Iraq in 1958. Conditions for the nascent Saudi labor movement and the relative handful of officials who sought to move Saudi Arabia in a more inclusive and redistributive direction were, to understate the obstacle of absolute rule, inauspicious, and the firm there had a freer hand to deflect, ignore, and counter demands for fairness and human capital development.

While a number of sources support this analysis, the most severe criticisms of the firm's labor regime came from the consultants and advisors to the Rockefeller interests, the single biggest shareholders in Exxon, who had negotiated to purchase a 30 percent holding in the Texaco-Chevron operation in Dhahran and toured the facilities at different points in the late 1940s. We have the reports of the consultants' trips to the camps and some evidence of the faction's efforts to overthrow the unreconstructed racists who were running ARAMCO in Dhahran, fresh from stints in Colombia and Venezuela.

This intervention by the Rockefeller group, undocumented anywhere else, may represent an exception to my general statement about oil firms preferring and continuing to build hierarchy anew. Recent work on Nelson Rockefeller's personal involvement in reform of the labor policies of the Mobil subsidiary, Creole Petroleum, in Venezuela after World War II is evidence for an argument about learning. Texaco and Chevron ran their operations, well, more consistently with racist custom, earning them the distinction at one point of being called "a disgrace to American enterprise" by the State Department official reporting on labor troubles in the oil camps, as we will see. Mobil people were brought into the Dhahran operation and the ARAMCO planners visited Creole operations to study labor relations issues. ARAMCO's vaunted home ownership plan was in fact an innovation adopted from Creole. As I

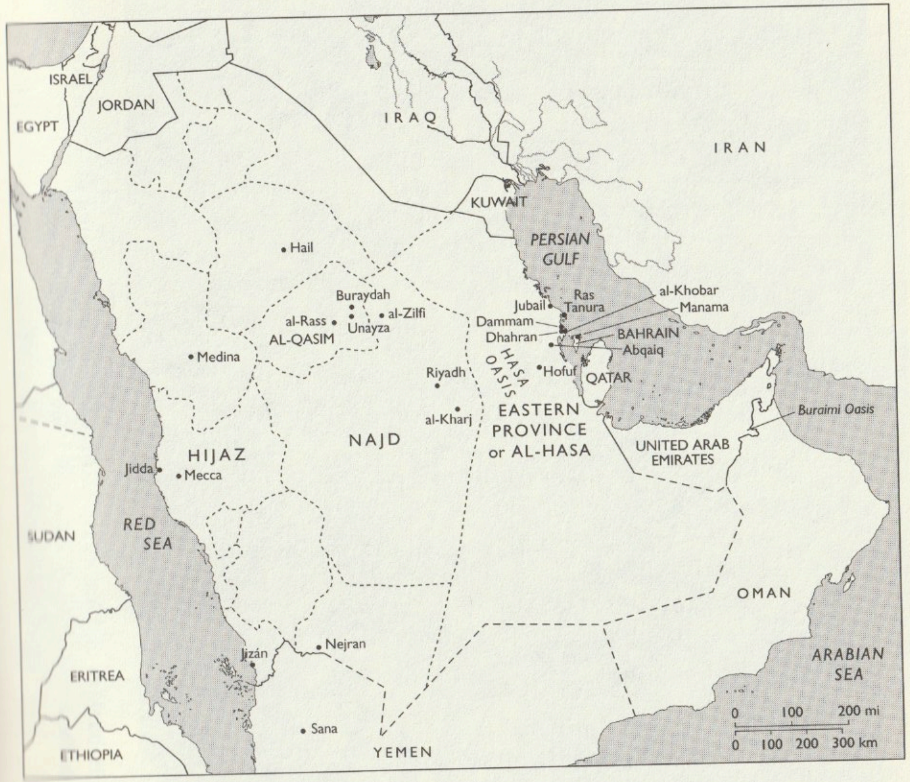
have said, this reform was itself consistent with preserving hierarchy, not least the preference for keeping ARAMCO's American Camp itself white, although this custom too would give way, over the longer term, with nationalization. Conflict among the owner factions, the relative autonomy of the managers in Dhahran, but, above all, the weakness of the worker movement and its progressive allies in the 1940s and 1950s gained the firm exemption from the concessions that populists were pressing for and winning elsewhere.

ARAMCO might have chosen differently at any point in the 1950s, as laid out in one of its planning sessions and discussed in Chapter 8. One option it had was to align with Saudi nationalist and developmentalist forces, end segregation, provide serious resources for building hospitals, schools, and roads, bring Saudis into management as was done with the local population in Iraq and Iran, and, as the strategists argued, to "get the people behind us" and prepare for the possibility of regime change, "drastic or otherwise." It did not do so. Instead it bet, correctly, on the house of Saud, securing its survival more or less intact for another decade.

The outcome of the story is rather sad, and not only because it reveals the hollowness in one or another account of ARAMCO's dedication to preparing "Saudis as quickly and as soundly as possible to operate the Saudi oil industry," as one retiree wants desperately to believe. Nor is Lippman able to explain why "by 1949, despite all the training programs," Saudis weren't available for promotion to management positions.[36] The answer is because there were no training programs in place at the time designed to prepare Saudis for advancement. It was a moment when the firm refused to hire Saudis or other Arabs who were qualified, as we will see, because of the racism that organized life in the camps. Some others may be saddened more by having to give up the myth of Good Prince Faisal as the ruler who saved Saudi Arabia, arresting the decay of nascent institutions and putting the kingdom on the path of development and reform.

The saddest part of the story, though, is the fact that so many sons of the Arabian Peninsula like Abdallah Tariki, OPEC's founder, were driven into exile. Others were tortured and, like another visionary, Abd al-Aziz Ibn Muammar, who for a brief moment led a kind of administrative revolution in the kingdom, were made to endure years in the dungeons of Riyadh. Still others gave up their lives in the course of seeking to change the terms under which ARAMCO operated in the kingdom and to check the power of the family that was and is still beholden to the United States for its survival. The significance of the story for theory building, as we might ask now, fifty years later, is a question to be entertained in its appropriately diminished context.

It should no longer be possible to leave labor out of the familiar (and not so familiar) stories of how firms and states transformed the twentieth-century world oil economy. My book complicates one such story I learned when I began to study political economy in the 1970s and 1980s, and that remains the conventional wisdom thirty years later. Firms were hardly the agents of the changes referenced by ideas about post-imperialism, the doctrine of domicile, the end of gunboat diplomacy, and the rest. Although oil companies were undeniably more capital intensive than other mining industries, which my mentor in political economy, Thomas Ferguson, argues is a key to the coalition that emerged in the United States to support the New Deal, my book suggests how in another specific sense this structural factor hardly mattered. ARAMCO, a subsidiary of four of the world's largest and richest firms, would have to be pulled into the twentieth century by its Saudi workers.



Map 1. Saudi Arabia and Surrounding Region

Figure 1. Seventy oilmen, diplomats, bankers, and Arabists at ARAMCO's banquet in honor of Crown Prince Saud at Manhattan's Waldorf Astoria, 1947. Courtesy of the Department of Special Collections, Princeton University Libraries.

Figure 2. Barastis (palm-frond huts) provided to the Saudi workers in Dhahran stand in sharp contrast to the California-style ranch houses for the white drillers and managers. Courtesy of Archives and Special Collections, Georgetown University Library.