

Alison Fleig Frank. "The Petroleum War of 1910: Standard Oil, Austria, and the Limits of Multinational Corporation." *American Historical Review* 114:1 (February 2009): 16-41.

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Review by **Nicole M. Phelps, University of Vermont**

In "The Petroleum War of 1910," Professor Alison Frank of Harvard University presents a case study of a complex trade dispute between Standard Oil and the Austro-Hungarian government. Based on impressive multilingual research conducted in Austria, Ukraine, France, and the United States, the article has a great deal to offer readers interested in a broad range of topics, including the operation of the international economy and the role of multinational corporations, the relationship between international and transnational history, and Austro-Hungarian and U.S. political history. Because the article touches on so many fields and raises important methodological questions, it would make an excellent and thought-provoking addition to seminar reading lists, especially for courses that seek to understand the developing field of transnational history.

The bulk of the article is dedicated to laying out the developments of the 1910-1912 "Petroleum War" between Standard Oil and the Austro-Hungarian government. Summarizing the complex series of events presents a challenge, but the basics are as follows: The Standard Oil Trust had a controlling interest in Vacuum Oil Company, which was based in Rochester, New York. In 1899, that Rochester company opened the Vacuum Oil Company AG in Vienna, Austria; this company was legally incorporated in Austria-Hungary, (arguably) making it Austrian, not American. Vacuum opened an oil refinery in Austrian Silesia in 1904. In the 1890s, new oil fields had been discovered in the Austrian province of Galicia, prompting serious problems based on overproduction. Several Austrian oil refiners attempted to organize to distribute market shares among participating companies; Vacuum was dissatisfied with its small share and opted not to participate in the organization. In 1910, as refiners continued to face economic challenges, the Austrian refiners' organization turned to the Austro-Hungarian government for help. The government opted to change the regulations regarding the use of the railroad and other state-owned oil-related infrastructure in ways that effectively

discriminated against Vacuum. Vacuum looked to Standard's headquarters in New York for help, and William Herbert Libby—whom Frank dubs the company's "chief diplomat" (17)—approached the U.S. State Department for help in dealing with the Austro-Hungarian government. The Austro-Hungarian Ministry of Foreign Affairs insisted that it was a domestic matter—Vacuum was incorporated in Austria, after all—so the U.S. government was not entitled to involvement in the matter. Many in the State Department agreed, but opted to support Standard anyway, making essentially empty threats of potential retaliation against Austro-Hungarian products in the United States. The Austro-Hungarian government said it would change the regulations, but it delayed in doing so, and ultimately, in late 1912, Vacuum gave up its complaint and accepted a fixed share of the Austrian market.

While Frank presents a number of important arguments that speak to specific groups of scholars, her main point, as I understand it, is to argue against the thesis that "globalization challenges the importance of the nation-state and alters the balance of power between states and markets in favor of the latter," and that the major beneficiaries of this phenomenon are multinational corporations" (16).¹ Her case study illustrates that multinational companies can be beholden to states, that they do have "some meaningful sense" of national identity (41), that they can exacerbate nationalist sentiments with their transnational actions, and that they have often needed to invoke the idea of "national interest" to achieve their goals. To understand the operation of the international economy and the relationship between states and capitalism more accurately, she uses a transnational methodology, which in this case means looking to other actors besides the unitary sovereign (nation-)state and challenging the idea that a single "national interest" exists. That assumption—that the unitary sovereign (nation-)state is the actor in international affairs—is a basic component of many commonly employed theories of International Relations, and Frank's article clearly shows that the assumption needs revision.²

Transnational history comes up for criticism by international or diplomatic historians because it allegedly ignores the state.³ Much transnational history doesn't do that, however; in fact, the state is crucial, since each state creates its own distinct legal space. What transnational history does do—and Frank's article provides an excellent example—is first to separate the state from the nation and then to assert that other identity categories—race, class, gender, religion, or corporation, for example—are quite often

¹ Frank is quoting Jürgen Osterhammel and Niels Petersson, *Globalization: A Short History*, trans. Dona Geyer (Princeton: Princeton University Press, 2005), 6.

² Realist, neorealist, and constructivist International Relations theories use this assumption; key works in these approaches are, respectively, Hans J. Morgenthau, *Politics Among Nations: The Struggle for Power and Peace* (New York: Knopf, 1948); Kenneth N. Waltz, *Theory of International Politics* (Reading: Addison-Wesley, 1979); and Alexander Wendt, *Social Theory of International Politics* (New York: Cambridge University Press, 1999).

³ For a recent example of such criticism, see Thomas W. Zeiler, "The Diplomatic History Bandwagon: A State of the Field," *Journal of American History* 95, no. 4 (2009): 1053-73.

more salient in uniting groups of individuals and motivating them to take collective action than is national identity. If we assume that the state is perfectly congruent with the nation and that all members of the nation are homogeneous and thus capable of articulating a single national interest, then existing state-centered theories of International Relations are perfectly acceptable. Frank uses a specific historical example to show us how problematic these assumptions are and adds her voice to those of other scholars who are encouraging historians and political scientists to consider which other categories or agents more accurately reflect the action we are attempting to describe. In the case of the Petroleum War, Frank demonstrates the need to pay attention to “a dizzying array of actors,” including multiple government ministries in Austria-Hungary, various oil producers, refiners, and consumers, and different offices within the State Department and other U.S. government agencies (18).

One of the challenges of a transnational methodology is determining when it is legitimate to group individuals or small collectives into larger ones and when it is not, and this is one area where Frank’s article could perhaps be improved. Through her excellent European archival research, she demonstrates that, in this case, it is clearly legitimate to talk about “the Austro-Hungarian government” as a single actor, since representatives from multiple ministries acted in concert to determine and enforce a single policy. Her treatment of the U.S. side is more problematic, however. She does acknowledge that the Department of Justice was prosecuting Standard Oil at the same time that the Department of State was assisting it in Austria-Hungary, but on the whole the article gives the impression that the Department of State and the U.S. government—at times even the whole United States—are congruent, and that was certainly not the case. On the U.S. side, the kind of coordination that the Austro-Hungarians achieved would have needed to occur at the White House and likely with the president himself. While a coordinated policy emanating from the White House may have been possible on certain issues, a consistent policy on the specific issue of Standard Oil would have been hard to achieve. President William Howard Taft was in office due to a Republican electoral coalition whose two main components were big business and social reformers. By not treating the U.S. government as monolithic, Taft could serve both constituencies—big business via the Department of State and the reformers via the Department of Justice. Pursuing this line of argument would add to the richness of Frank’s account and support her argument about the lack of a single “national interest,” as well as the importance of looking beyond the nation-state. That the article is not wholly perfect adds to its utility, however—it is definitely an article that a wide variety of people will find thought-provoking and worthy of serious intellectual engagement.

Nicole M. Phelps is Assistant Professor of History at the University of Vermont. She received her B.A. in International Affairs from The George Washington University in 2000 and her Ph.D. in History from the University of Minnesota in 2008. Her dissertation, “Sovereignty, Citizenship, and the New Liberal Order: US-Habsburg Relations and the Transformation of International Politics, 1880-1924,” won the University of Minnesota’s Best Dissertation Prize in the Arts and

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Humanities and received an honorable mention for SHAFR's Unterberger Dissertation Prize.

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