



**Amy Staples, “Seeing Diplomacy through Bankers’ Eyes: The World Bank, the Anglo-Iranian Oil Crisis, and the Aswan High Dam,” *Diplomatic History*, Volume 26, Issue 3 (Summer 2002): 397-418.**

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*Published by H-Diplo on 4 August 2002*

Following the call of Akira Iriye and others, diplomatic historians have focused much more attention on nongovernmental and intergovernmental organizations in recent years. These influential institutions proliferated during the 20th century, particularly after the Second World War, yet state-centered explanations of international politics, it is argued, often ignore or understate their importance. Challenging questions face any scholar exploring these groups, including: what is the role of NGOs and IGOs on the world stage, and how do they differ from traditional state actors? How do they construct their identities and what motivates their behavior? And how much power do they really have to influence world politics?

Amy Staples makes a great start on these questions in her well-written essay, “Seeing Diplomacy through Bankers’ Eyes: The World Bank, the Anglo-Iranian Oil Crisis, and the Aswan High Dam.” Relying on archival sources from the World Bank Group, the Raymond A. Wheeler Papers at the Hoover Institution on War, Revolution and Peace, and the Eugene R. Black, Jr. Papers at the University of Georgia, Staples reveals how the World Bank tried, and ultimately failed, to mediate two great political crises in the Middle East during the 1950s through intensive economic diplomacy.

The World Bank was created at the Bretton Woods conference of 1944, along with its sibling the International Monetary Fund. Both were originally designed to prevent the kind of economic volatility and devastation that many believed had fueled autarky, dictatorships, and ultimately world war. But the Bretton Woods institutions soon found themselves overshadowed by the Cold War. In particular, the Marshall Plan and other American aid programs quickly surpassed the World Bank in its original mission of promoting growth in postwar Europe and Japan.

In the 1950s, under the leadership of Eugene Black, the World Bank sought a new mission as economic mediator. Surprisingly, Staples challenges the widely held belief that the World Bank was simply the international arm of the U.S. Department of Treasury, pushing Washington’s neoliberal agenda worldwide. Staples demonstrates that on a day to day basis, the World Bank operated autonomously, and strove to project an image of political neutrality. According to Staples, the World Bank behaved more like an NGO than an IGO. World Bank economists saw themselves as social scientists, driven by the goal of economic efficiency and relatively unconcerned by the messy politics of the Cold War and decolonization. It was this self-generated identity that led World Bankers to believe they could solve two highly complex and explosive post-imperial conflicts with large cold war stakes, the Anglo-Iranian Oil Crisis and the dispute over the Aswan High Dam in Egypt.

The Anglo-Iranian oil crisis centered on Great Britain's reaction to the Iranian Majlis' decision to nationalize the Anglo-Iranian Oil Company's (AIOC) assets in Iran. Not only had the AIOC been very heavy-handed in its operations in Iran, it also had foolishly avoided negotiating a more cooperative revenue sharing agreement with the Iranian government, like the 50-50 split in profits that the American oil companies had arranged with Saudi Arabia. AIOC's insufferable behavior fomented a bitter resentment in Iran that fueled the popularity of nationalist leader Dr. Muhammad Mossadegh. Even more alarming than the AIOC's intransigence was the reaction of its largest shareholder, the government of Great Britain. Without the foreign exchange earned through AIOC's enormous refinery at Abadan, the weak position of sterling might become untenable. Furthermore, Great Britain did not want to allow the precedent of what it saw as an arbitrary and uncompensated expropriation of its overseas assets.

What followed is well known. The British were prevented from taking military action by the government of the United States, which worried that a British invasion would provoke the Soviets to intervene in Iran. As the crisis lingered unresolved throughout 1951 and 1952, the United States feared that Iran's loss of oil revenues would incite an internal revolt that could lead to a takeover by the communist Tudeh party. Numerous attempts to resolve the dispute proved unsuccessful, and first the Truman and then the Eisenhower administration decided to act unilaterally to end the crisis by overthrowing Mossadegh in the hopes that a settlement could be found. An oil agreement was not reached until the following year (1954), after bitter negotiations.

Less well known is the World Bank's effort to act as a neutral arbiter during the crisis. According to Staples, the Bank was motivated by the belief that if it could "resolve the economic aspects of the dilemma and get Iranian oil flowing again," then the political aspects of the crisis would solve themselves. The World Bank worked very hard to come up with creative proposals that they believed were economically efficient and fair to both sides. World Bankers strove to appear impartial, particularly to the Iranians, and were deeply stung by Mossadegh's allegations that the Bank was doing the bidding of the Western powers. Despite a sincere effort to mediate, the Bank failed largely because of its rather naïve belief that economic issues could be separated from the complicated and ultimately more important political questions that drove the conflict. For example, the Bank never fully understood why the Iranians refused to allow experienced British nationals to staff a re-opened Abadan. While it may have been more economically efficient to bring back AIOC employees, the suggestion revealed the Bank's lack of political and cultural sensitivity to Iran's desire to free itself from every remaining vestige of British imperialism.

The same myopic belief that technical and financial know-how could overcome messy national and international politics burdened the World Bank during its negotiations with Egyptian leader, Gamal Abdul al-Nasser, to finance a massive dam project on the Nile River. Again, the general outlines of this story are very familiar, but Staples highlights the Bank's attempts to position itself between the West and Egypt through what it saw as politically neutral economic diplomacy. Still smarting from Iran's accusations that it was a toady of Western imperialism, Staples shows how the Bank made great efforts to meet Nasser's economic and political concerns, softening its loan requirements and ignoring Egypt's 1955 arms purchases from Czechoslovakia. But this time, the World Bank was double-crossed by the British and

Americans, who reneged on a promise to provide the supplementary financing upon which the whole deal rested. British Prime Minister Anthony Eden and U.S. Secretary of State John Foster Dulles decided that Nasser no longer served the West's cold war and imperial interests, and undermined the World Bank's financing plan. Nasser turned to the Soviet Union for financing, and what the Bank saw as a simple question of finance and technology exploded into an international crisis and war.

"Seeing Diplomacy through Bankers' Eyes" sheds new light on these well-known crises by detailing the World Bank's attempts to mediate by offering "neutral" financial and technical solutions to complicated political questions. More importantly, Staples shows how NGOs and IGOs try to craft an identity for themselves and act on the world stage. Ironically, Staples demonstrates the relative weakness of non-state actors in international politics. When confronted with purely technical questions, such as clearing the Suez Canal of sunken vessels, the Bank (and presumably other NGOs and IGOs) proved very effective indeed. But The World Bank, presumably one of the world's stronger NGO/IGOs, utterly failed to resolve either political crisis with its brand of economic diplomacy. In the World Bank's case, its impotence stemmed in large measure from its own self-definition as an apolitical entity. It failed to recognize that economic questions can rarely be extricated from their larger political contexts. In the end, NGOs and IGOs can influence important political questions at the margins. But in world politics, as both the AIOC and Aswan Dam crises demonstrate, it is still the state that matters most.

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