International oil firms and the Marshall Plan

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Introduction

Announced by U.S. Secretary of State George Marshall at a graduation ceremony at Harvard University in June 1947, the Marshall Plan (more formally, the European Recovery Program, or ERP) has become the stuff of legend. Arguing that the patient was dying while the doctors were deliberating, Marshall promised a huge aid program to fund European recovery. What materialised may have been somewhat less substantial than what was initially believed on the table, but there is no question that Marshall Plan aid symbolised American generosity for the European recipients of it: the Fulbright exchange program, and the German Marshall Fund of the United States are only two organisations/programs which nominally at least still bear witness to the gratitude of Europeans for post-war American aid. There is also no question that the Marshall Plan became, for many Americans, a symbol of the perils of generosity, especially at times when American competitiveness in relation to the Europeans has been perceived as weak. In regard to the Germans, for instance, a popular argument in 1980s America ran along these lines: we bombed their industry to bits in World War II, then we paid for it to be rebuilt [through Marshall aid], and now they're beating our socks off economically.

The reality was, of course, far more complex, and scholars have long recognised this. It has been extensively analysed as a case study in political economy and international relations. The extent of its economic impact in Europe—large, small, or somewhere in between?—has been debated. Other potential impacts on Europe—for instance, in terms of promoting European integration (or not)—have also been examined. More recently, the more subtle impact of Marshall aid on putative "Americanisation" of European industry through the technical assistance programs it funded has featured as well.

Yet few scholars have considered in any depth the impact of the Marshall Plan—as well as its institutions and the conditions it put in place for the recipients—on specific industries and firms. The lion's share of direct Marshall aid went to finance acquisition of agricultural produce. The *industry* which benefited most from direct aid through the ERP, though, was the petroleum industry, and this was something that was both deliberate and fraught with implications, both in terms of direct impact and indirect impact on the industry, its firms, and its future development. This paper examines interaction among the strategies of multinational and European national oil companies and the interests of U.S. and European governments in the context of the OEEC between 1948, when Marshall Plan aid began flowing, and the 1956 Suez Crisis. The co-ordinated public-private response to the latter to ensure continued flow of oil supplies to Europe confirmed the extent to which the major oil multinationals had used the funds from Marshall aid and the institutions set up to administer the distribution of Marshall funds to consolidate their hold over European markets. But, as a “turning point which failed to turn”, the outcome of the Suez Crisis only reinforced the movement towards enhanced market presence in Europe on the part of smaller American oil producers and of European “national champions”.

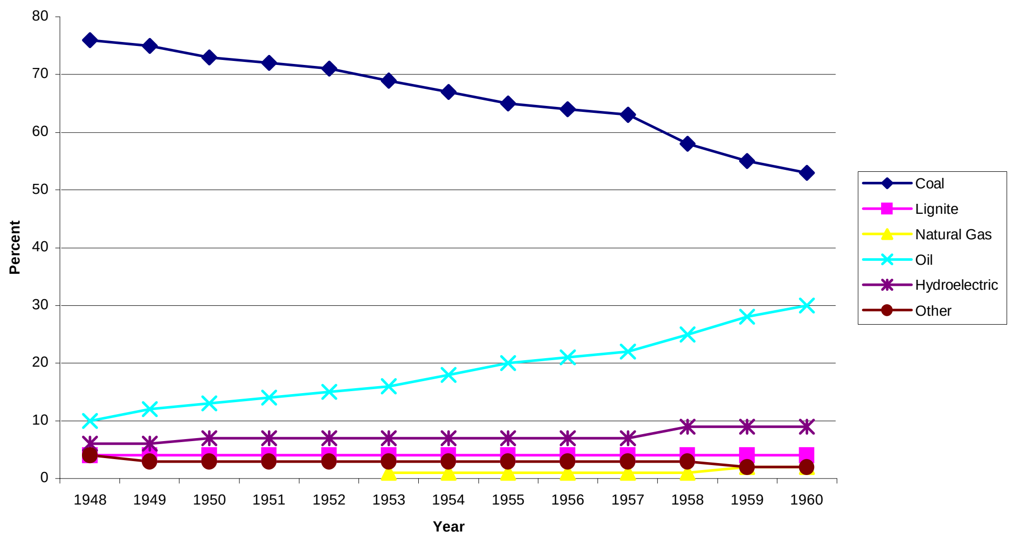
Oil and the post-war European economy

As figure 1 indicates, petroleum was of relatively minor importance to European energy consumption when Marshall Plan aid began to flow in 1948,[1] and it remained in a distant second place to coal throughout the first decade and a half after the war’s end. Together with lignite, coal contributed fully 85 percent to OEEC energy consumption in 1948, and remained just under 60 percent as late as 1960.

Still, oil’s share was growing precipitously, and it appears that virtually all of its gains were at the expense of coal. To what extent can this growth in the prominence of oil as an energy source be attributed to the Marshall Plan, and to what extent to other factors? This is an extraordinarily difficult question to answer convincingly, but let us take a look at some of the elements which might suggest a plausible answer.

[1] The “OEEC” referred to in the legend for figure 1 refers to the Organisation for European Economic Co-operation, membership in which was required by the Americans as a precondition for all countries in receipt of Marshall aid.

Figure 1: Contribution of various primary energy sources to total OEEC energy consumption, 1948-1960 (%)



Source: OEEC, *The coal industry in Europe: The situation in 1959 and 1960 and outlook on future trends: A Study by the Coal committee* (Paris: OEEC, 1962), p. 15.

It is virtually impossible today to think of a world—or at least the developed world—that does not revolve around oil and gas. But certainly, in 1948, the European world did not. The Americans were by far the largest producers and consumers of oil, and it is important to keep in mind that large deposits of oil outside of North America had only recently been identified in particular in the 1930s in the Middle East.

Oil is attractive in various ways, not least owing to its relative cleanliness and ease of handling, for fuelling electric power plants, for heating homes, and of course for supplying power to motor vehicles. But each of these uses presupposes an infrastructure in physical plant, distribution systems, and so on, which facilitates the use of this particular type of fuel. In Europe, such systems were geared towards solid rather than liquid fuels. This, combined with the apparent security of supply of coal—Europe had little petroleum at its direct disposal under European soil until much later, when new technologies (and prices) led to development of North Sea oil and gas in particular—, made the economic and (at least apparent) psychological costs of switching to oil appear problematic despite oil's apparent attractions.

Still, there was a market for oil in Europe, first for illumination, and then, ever more importantly, for motor fuels, for which solid fuel was unsuited (or in the case of synthetic fuels from coal, too expensive). But it is no wonder that this market developed slowly, and in certain European countries earlier than others. Relatively small consumption in any one country meant that refining often took place outside of Europe, or in particular European countries. Much of the trade in petroleum was in finished products. Only a few countries had large refineries. And only a few had large oil firms. True, Belgium (Petrofina), France (CFP, and later ERAP), and Italy (AGIP) had established companies in the 1920s and 1930s. But, certainly in the immediate aftermath of World War II, the only companies to rival the largest American firms in terms of production, distribution, international reach, and financial clout were Anglo-Iranian (later BP) and Royal Dutch Shell. It is no accident that both were headquartered in relatively rich countries which had oil-rich colonies and which motorised more quickly than most of the rest of Europe.

This was the context for the oil policies associated with the Marshall Plan.

European oil and the Marshall Plan

One of the main aims of the European Recovery Program (ERP) was to get the best value for money in trying to achieve its aims. This led in the case of the oil industry to a focus on expansion of western European refining capacity. As a March 1949 study by the ERP put it, "There are probably very few other industries which will yield as high a rate of return per unit of investment of dollars and of scarce resources—steel, machinery, and manpower—as the petroleum industry."[2] Many believed, after all, that it would be significantly cheaper to import crude to Europe and refine it locally rather than importing finished products from abroad, which had been prior practice.[3] The Marshall Plan thus expanded, institutionalised, and applied to the rest of western Europe the earlier plans and policies of American and British military occupiers in the western zones of Germany to resuscitate and ultimately to extend western German refining capacity.[4]

Expansion of refining capacity occurred everywhere, but it was particularly pronounced in western Germany, which by 1949 was the Federal Republic of Germany (FRG). In 1936, the area of Germany which would become the FRG imported about 1.7 million metric tons of refined products, whereas it imported only about 365,000 tons of crude for refining. About two-thirds of the total imports in each case were in the form of non-dollar oil. This pattern of supply continued in 1947, if at more modest level, especially for crude. Imports of finished products to the Bizone (the combined British and American zones of occupation) and the French zone amounted to about 1.1 million tons, whereas just 38,000 tons of crude were brought into the areas. If the pattern remained similar in the immediate aftermath of the war to that in the pre-war period, however, the origin of the supplies had changed markedly: by 1947, the lion's share was now dollar oil.

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[2] U.S. ECA, *European Recovery Program: Petroleum and Petroleum Equipment Commodity Study* (Washington: USGPO, 1949), p. 18.

[3] OMGUS Economics Division, Industry Branch Oil Section (R.G. Phelps, chief), "Memorandum. Subject: Refinery consultant expert," 20 May 1946, U.S. National Archives, College Park, Maryland, Record Group (hereafter NA RG) 260 OMGUS, Records of the Economics Division, Industry Branch. General Correspondence of the Oil Section, Box 39.

[4] For a discussion of this, see chapter seven of Rainer Karlsch and Raymond G. Stokes, *Faktor Öl. Die Mineralölwirtschaft in Deutschland 1859-1974* (Munich: C.H. Beck, 2003).

Still, it was after 1947 when Marshall Plan aid began to flow that the most dramatic change occurred. By 1949, the West German area still imported about 1.1 million tons of refined products, although the full supply was now dollar oil. In the meantime, however, imports of crude had risen to 718,000 metric tons, with about half of this non-dollar oil. The full impact of the combination of the Marshall Plan and western allied policies in western Germany became evident only in 1950, when imports of refined products were projected to drop to just 245,000 tons, all destined for what used to be the French zone and all from the dollar area. Imports of crude, on the other hand, were slated to rise to just under 1.6 million metric tons, about two-thirds of it priced in dollars.[5]

There is no question that the ERP involved a change in the structure of the European oil industry, one which led to a massive expansion of refining capacity. But this provoked concern among American companies in particular that they should benefit from this as much as possible, both in terms of supplying the crude oil and in running the refineries. Let us consider each in turn.

The Marshall Plan and supply of crude oil to Europe

Whether crude oil destined for Europe came from the dollar area or from the non-dollar (generally sterling) area, the petroleum industry posed problems for the Economic Cooperation Administration (ECA), the Washington-based organization which had the task of implementing the Marshall Plan. These were unlike any of the other industrial sectors with which the ECA dealt. As an internal memorandum put it in August 1948,

> The special situation which exists in connection with many of the sales of crude oil and finished oil products is that the purchaser, which is a corporation within one of the ERP countries, is in fact a subsidiary of the selling corporation.

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[5] U.S. ECA, *Petroleum and Petroleum Equipment Commodity Study*, tables 3 and 4, pp. 33 and 34.

> This relationship between the seller and the buyer does not of itself cast such doubt upon the price as to put such transactions in a different category with regard to the role of the ECA from that occupied by transactions where there is no such common interest, because the ERP country through which the financing is being carried out itself has a vital interest in seeing that the price paid is a fair one.
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> However, the connection between the seller and the buyer in such cases emphasizes the necessity of determining clearly the role which the ECA must play with respect to prices in all purchases financed by ECA funds.[6]

What is more, the situation with regard to the petroleum industry differed from that in other industries in terms of the concentration of power and market share within it. As Walter Levy, the German-born head of the ECA Petroleum Branch in Washington, put it in spring 1949:

> Four [American] oil companies—Jersey, Socony, Gulf and Caltex—control offshore sources of oil. ECA finances practically all the oil Europe gets to the tune of $500 million a year of which these companies get more than 90 percent. They produce, transport, refine and market oil. Their exports are, to a large extent, exports from a parent company to a subsidiary. For that reason, we must establish as objective a yardstick as possible in the interests of the government.

[6] Robert Dechert, tentative memorandum, "The Role of ECA in connection with prices of purchases financed by ECA funds," 7 August 1948, p. 2, in NA RG 469, Records of the US Foreign Assistance Agencies, 1948-1951, Executive Secretariat, Intra-ECA correspondence re petroleum 1948-1956, Box 1, File: Correspondence, Intra-ECA, July 1948.

> These facts impose on us a special obligation to act prudently and carefully, even more so than in other industries where there are a large number of sellers.[7]

It would appear clear, therefore, that the Marshall Plan was both conducive to the interests of the American petroleum industry and demonstrated the U.S. government's backing for those interests. That having been said, there were voices, both in private industry and within the Washington administration, who insisted otherwise. A U.S. State Department memorandum of January 1949 put some of these arguments forward quite forcefully. Focusing on the petroleum industry, the memo asked "will ECA encourage or discourage private American investment abroad?" Its answer was essentially that things could go either way. ERP aid was being used to develop the European—and mainly British—petroleum industry through dramatic increases in refining capacity and development of crude oil production capacity in the Middle East and Venezuela. It was clear, then, that intervention by the ECA was necessary in order to ensure that Marshall Plan aid would encourage private American investment, which the memo argued was essential for guaranteeing the long-term success of the ERP. "The control of ECA investment in the expansion of European oil production and refining," the authors contended, "should aim at three major objectives:

> (a) To confine such expansion to the level at which enough oil will be available to meet Europe's increased petroleum requirements from European and American companies alike, and to prevent any expansion intended merely to replace existing available supplies of American Middle East oil by developing additional supplies of European Middle East oil.

[7] ECA, "Discussion of Middle East Crude pricing policy," 4 March 1949, p. 4, in NA RG 469, Records of the US Foreign Assistance Agencies, 1948-1951, Executive Secretariat, Intra-ECA correspondence re petroleum 1948-1956, Box 3, File: Correspondence, Intra-ECA, March 1949.

(b) To the extent that expansion is necessary, to see that American oil companies are given an equal opportunity along with European companies to participate in the expansion, both by private American financing and by ECA financing.

(c) To obtain suitable commitments from the participating European nations that, regardless of the level of expansion attained by European oil companies with ECA assistance, the American companies will be allowed to sell their products in the European market on a competitive basis, and will be allowed to obtain dollars for products sold in the European market except as to that part of their costs of production which can be shifted to European currencies.

In each case, the authors insisted, the ECA had authority under the terms of the legislation to insist on the Europeans agreeing to these points.[8]

Another memorandum, this written in March 1949 by representatives of the Caltex group and of Socal-Texas equities in Aramco and Tapline (Trans-Arabian Pipeline Company),[9] sounded the alarm bells even more sharply. While admitting that it was a good thing for the ECA to help achieve international economic stability through reduction of the dollar shortage, the authors pointed out the deleterious effects that OEEC policies would have on American oil interests through "eliminating their [the European

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[8] Memorandum, "Will ECA encourage or discourage private American investment abroad? The example of the Petroleum Industry," 28 January 1949, pp. 5-6, in NA RG 59, State Department Records, Miscellaneous Lot files, 1944-1959, Lot 57D289, Box 31: File Petroleum—General.

[9] Note that Aramco and Tapline were joint projects between Standard Oil of California (Socal), the Texas Company, Socony-Vacuum Oil Company, and Standard Oil of New Jersey. See Anton Zischka, *Weltmacht Öl* (Essen: Scharioth'sche Buchhandlung, 1965), p. 77.

countries'] need for imports of, and dollar expenditure on, dollar source crude … or refined products." Indeed, they went on, "the impression is gained that the American-owned overseas oil industry is being considered as a probable casualty of the Marshall Plan, a sacrifice to the closing of the dollar gap." The companies could help alleviate this situation by making efforts to accept non-dollar currencies and by hiring European nationals to staff some of their Middle Eastern operations. But they could only do so if the U.S. government were to come to their support by continuing "the companies' participation in the ECA assistance program with respect to petroleum products." The government could also help by insisting on incorporation of the companies' crude oil production, refining facilities, and the Tapline project into OEEC and ECA programs, in effect allowing them access to counterpart fund investment, about which more shortly. The government could also help by pressing for concessions, primarily from the British, on access to the sterling area for sales.[10]

There were clearly concerns about how the largesse associated with the ERP would redound to the benefit of U.S. companies as well as others. On another side, that of benefits for investment in refining capacity, things were more rosy for the U.S. and other large firms, although they did not mention this explicitly. Nor did they necessarily expect the developments that occurred over the subsequent decade although they may have been delighted at the start of it.

The Marshall Plan and expansion of refinery capacity

The ERP was a complicated program. Like another American aid program—Lend-lease—, the Marshall Plan represented an astonishing example of enlightened self-

[10] "A plan for fitting the American owned oil of the Middle East into the European Recovery program," 21 March 1949, in NA RG 59, State Department Records, Miscellaneous Lot files, 1944-1959, Lot 57D289, Box 31: File Petroleum—General.

interest on the part of the Americans, if only because of the rarity with which such things are encountered historically. On the other hand, it must quickly be added that funding to European countries through the ERP did not come without strings attached. For instance, American-owned and/or -based companies were given preference when goods and services were purchased under the auspices of the program. Countries were also required to establish mechanisms for collecting what were known as "counterpart funds" to concentrate investment capital for strategic ends. These counterpart funds were the result of the ERP's complex procedure for transferring goods to the countries affected by the program without forcing them to use dollars: the (generally) American supplier of goods and services received dollar payments directly from Washington—this was the American input into the aid package. Meanwhile, though, the purchaser of the goods or services in Europe would deposit equivalent funds in local currency in a national bank established for this purpose. In West Germany, for instance, the Bank for Reconstruction (*Bank für Wiederaufbau*) gathered these counterpart funds for subsequent dispersal in the form of loans to private companies based in the country. Moreover, the countries receiving Marshall aid were required to meet under the auspices of the Organization for European Economic Cooperation (OEEC) to make decisions about how those funds were to be invested strategically in projects coordinated across Europe.[11]

One of the uses to which this funding was put was in reconstruction or establishment of industrial capacity. Again, the oil industry was a major recipient, not least because it offered a large "bang for the buck". And once again, western Germany is

[11] U.S. Economic Cooperation Administration (ECA), "Information for American Businessmen on the Marshall Plan," Washington, 1 July 1949, esp. pp. 28-29. On the Marshall Plan generally, see Michael Hogan, *The Marshall Plan* (Cambridge/NY: Cambridge University Press, 1987); and Charles Maier, *The Marshall Plan and Germany* (New York/Oxford: Berg, 1991). For an account based on the experiences of a key participant, see Charles Kindleberger, *Marshall Plan Days* (Boston: Allen & Unwin, 1987).

a good case to look at in detail, partly because it was extreme in terms of the changes taking place, but also because power relationships in the immediate post-war period allowed a degree of frankness that was not necessarily present elsewhere.

Colonel L.R. Hulls, the head of the British occupation authority's Oil Branch, which was responsible for the regions in western Germany in which virtually all oil refining and crude oil production took place, issued instructions in 1948, as Marshall Plan aid was coming on line, that only German-owned companies would be eligible for dollar funds under the ERP. Standard of New Jersey's official representative in Hamburg, Wolfgang Greeven, quickly wrote to set him right. His letter of 15 June 1948 is worth quoting at some length:

> May I confirm my verbal advice of yesterday to the effect that the Industry Division ECA Washington informed me that the requirements for Dollar funds of American companies, affiliates and subsidiaries in ECA countries should be handled in exactly the same manner as the requirements of national companies or other European companies doing business in the country concerned. In other words, the requirements for industrial rehabilitation of Standard Oil Co. (NJ)s subsidiaries in Germany should be included in the overall compilation which the associations for production, refining and marketing are now preparing for submission… As a matter of fact the people with whom I spoke in Washington emphatically stated
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> > 1) that they did not expect American companies to invest their own funds in Germany until a measure of political and economic stabilisation had

been achieved and that therefore Dollar funds should be obtained through ECA.

2) They stated that not only were American companies entitled to participate in ECA but that ECA would look out to see that American companies obtained their fair share of the ECA funds made available for industrial rehabilitation.[12]

This is an astonishingly frank statement of self-interest and sense of entitlement, much more so in fact that the evidence adduced in relation to crude oil supply. Hulls, who it was clear here and elsewhere in his correspondence did not approve of this, took care to research the matter thoroughly before finally responding on 6 July. But he had to admit that Greeven's "views…are quite correct," and that therefore "the requirements of all companies in Germany, whether U.S. owned or other, will be included and considered as a whole."[13]

Accordingly, Esso and Shell applied for funds not only to acquire dollar-priced oil, but for counterpart funds for reconstruction, expansion, and/or new construction of refineries under the Marshall Plan along with German firms such as DEA and Wintershall, thus reinforcing the dominate position in this area by the international oil majors in the German market. In the meantime, Hulls and others in his organization were sympathetic as well to applications for funding from AIOC, which was seeking to enlarge its share of the western German market in light of the impact of the war on its Olex (later Deutsche BP) subsidiary.[14] Deutsche BP was in fact able to secure a loan in 1949 on

[12] W. Greeven to L.R.Hulls, "Subj. ECA Funds," 15 June 1948, PRO 1039/421.
[13] L.R. Hulls to W. Greeven, "Subject ECA Funds," 6 July 1948, PRO 1039/421.
[14] On German BP's applications for funding, BP Germany to AIOC, att. E.L. Bunn, "ECA-Kredit," 30 April 1953, BP Archive ARC 7155.

generous terms from the Bank for Reconstruction, the bank which administered Marshall aid counterpart funds, amounting to DM 2.75 million for the rehabilitation of the Eurotank refinery (which it had purchased as a result of inside information from the British occupation authorities), and an additional DM 1.8 million for its Hamburg-Finkenwerder refinery in 1950. Application for an additional DM 7 million went forward in 1953 for expenditure in 1954 on further expansion of Eurotank capacity. Although the amounts were small relative to total expenditures, they were, in the context of foreign-exchange shortages and tight capital markets, a crucial element of funding packages for BP.[15]

The Marshall Plan may have been enlightened, but it also involved pursuit of self-interest, and played a major role in determining the emerging shape of the oil industry in Europe.

The aftermath of the Marshall Plan and the development of the European oil industry until the Suez crisis

But how did the Marshall Plan's impact play out over time? The answer is again not so obvious as might first be thought: although the Marshall Plan reinforced certain relationships, it also caused others to come into existence. This, combined with a number of other factors, meant that the structure of the European oil industry was not simply a recapitulation of what had been the case before the war. Nor was it simply dominated by the so-called "Seven Sisters". Instead, the outcome was the result of the interplay of many factors, not least the interaction between the oil majors and other oil firms, but also between the host countries and the oil majors.

[15] Olex, "Business Report 1 January-20 June 1048," 10 June 1950, p. 5, BP ARC 8179; BP GmbH to AIOC, "ECA Kredit," 30 April 1953, BP ARC 7155.

There is no question that Marshall Plan aid made oil products more available in Europe, not least by encouraging expansion of refining capacity. This in turn fed into a dynamic set of processes, many of them taking place far from Europe and with origins long before the ERP. At the risk of gross oversimplification, here are some of the elements in this dynamic:

1. Greater refining capacity led to greater demand for oil from European countries, demand which was increased still further with economic growth, motorisation, and dropping prices.
2. The oil majors supplied much of this rising demand from the Middle East, which was close to Europe and which featured massive oil reserves. These in turn more than offset declining reserves in the United States, previously the world's largest producer and consumer, and were complemented with reserves in Central and South America (which supplied a growing level of U.S. demand) and eventually in North Africa (which supplied Europe primarily).
3. The rush for new reserves internationally involved a tendency for those companies within the select group of "Seven Sisters" which had a less pronounced international presence, such as Texaco, to develop such a presence. What is more, companies other than the largest international firms such as Marathon Oil or Standard of Ohio, also generally based in the United States, decided to join in competition for international markets and reserves. Moreover, this rush for reserves and markets also provided an opportunity for the Seven Sisters and the smaller American firms to be joined by "national champions" from France (CFP and ERAP/SNPA), Italy (AGIP, later ENI), and Belgium (Petrofina),

state-owned firms which controlled large shares of their growing domestic markets and, like the larger and more established companies, sought supplies and markets overseas.

This last point is a particularly important one. International oil majors were present in all European markets after World War II, and this presence was reinforced to some degree by the Marshall Plan, as we have seen. But the existence of national champions in most European markets was an indication of the fact that most of those markets for oil were fairly heavily protected, which in turn placed some limits on the total market share that the majors could gain there.

The one exception in this regard was West Germany, which was relatively unprotected and had no national champion in the industry. West Germany was also the place where the oil majors could exercise their clout most effectively in the aftermath of the Second World War through the Allied (and especially British and American) occupation and the Marshall Plan. But here, too, there were limits to their dominance. For one thing, the West German government devised a number of incentives for development of domestic crude production and refining using former synthetic oil plants. This meant that the small German domestic industry could remain in existence, and involved supply and distribution arrangements which gave some advantages to German firms in negotiations with the oil majors. What is more, the relatively open German market also provided opportunities to non-German producers who were not the oil majors, i.e. firms such as Marathon or Sohio on the one hand, or CFP and ENI on the other. This became especially important during the latter part of the 1950s, when North African crude came on line in a large way, the United States engaged in protectionism in relation to oil, and

West Germany was the only large European market virtually completely open to the new supplies.

The result of this situation was that the market share of the oil majors in West Germany (the most important ones in Germany were Shell, Esso, BP, and Standard Oil of New York) actually declined over time, despite their extremely favourable starting position and the benefits they received through the Marshall Plan.

The Suez Crisis

The Suez Crisis, looming already in summer 1956 and full-blown by the autumn of the same year, was of course not caused by the Marshall Plan. But the way the crisis was handled from the point of view of securing European supply of petroleum was closely bound to the organisational arrangements and the changes in the market that the ERP had helped bring about.

First of all, the fact that there was a crisis at all had to do with the fact that Europe was importing oil from the Middle and Far East, much of which came through the Suez Canal and related pipelines. The Marshall Plan had, as we have seen, encouraged growth in demand for petroleum in general, and from this region in particular.

What is more, the organisation set up in conjunction with the Marshall Plan to co-ordinate European investment, the OEEC, was the focal point for preparing for and reacting to the crisis. During summer 1956, the OEEC created the Organisation's Petroleum Emergency Committee, with the eerily familiar acronym OPEC. OPEC met in earnest during the autumn of 1956 to deal with the crisis. Besides representatives of U.S. and western European governments, the main participants were representatives of the Seven Sisters and a few others, with representatives of European subsidiaries of the international firms specifically barred from attending. OPEC's membership included: Standard Oil Company (New Jersey); Gulf Oil Corporation; Socony Mobil Oil Company, Inc.; the Texas Company; Standard Oil of California; California Texas Corp.; Shell; BP; and the main French national champion, Comp. Française de Pétrole (CFP). The U.S. American companies were given permission from their government to participate directly in the work of the committee.[16] Note here, too, some of the effects of the Marshall Plan and what followed—the international engagement of *all* of the Seven Sisters; and the participation of at least one European national champion.

In the end, arrangements made under the auspices of OPEC and in other venues, mainly through the private sector, permitted orderly supply of all markets. Petroleum companies arranged for alternative sources of supply, primarily from the Caribbean and the United States, to offset what was unavailable or delayed from the Middle and Far East owing to the canal's closure. Total world exports in fact rose steadily throughout the mid-1950s, although a bit more slowly than before or after, with no downturn at all during the crisis or its immediate aftermath.[17]

Conclusion

Like any political programme, the Marshall Plan was an attempt to achieve many goals at the same time. In seeking to provide dollars, in extremely short supply, for European countries to purchase food and fuel, it aimed to foster European economic reconstruction, which obviously would have social and political consequences. But it went far beyond this in its aims, seeking to promote co-ordinated European

[16] BWM IV B, "Vermerk," 6 December 1956; press clipping, "Europäischer Oel-Notstandsausschuss zieht nach London," 9 December 1956; BWM Leiter Abt. IV to Minister and State Secretary, 7 December 1956; all in BAK B102/5446.

[17] See figures in United Nations, *Yearbook of International Trade Statistics, 1958*, pp. 34-5, for total world exports and exports for various regions during the mid-1950s.

reconstruction and industrial investment, but also to encourage purchase of goods and resources from American firms.

As we have seen, U.S. and other major oil firms used this situation to their advantage, helping to reinforce their presence in markets in which they had operated throughout the war and to re-establish their presence in markets from which they had been excluded during it. This went far beyond simply gaining contracts for supply of crude oil, but also extended to gaining credits from European banks for reconstruction and expansion of refineries and other facilities.

But the clear aim of the large American-based oil multinationals to use the Marshall Plan to safeguard and improve American interests in the international petroleum industry was only partially fulfilled. This was because the Marshall Plan, along with other factors, both short and long term, both European and non-European, created a dynamic environment within which it became possible and attractive for non-European oil firms outside the exclusive club of the Seven Sisters to internationalise their operations. The environment also encouraged further commitment on the part of many European countries to a strategy of fostering national champions in the industry. The result was dilution of the market share for the largest international firms. Although these firms continued to dominate the industry in Europe, there was in the end greater competition there than might have been expected given the Marshall Plan's intentions and the initial outcomes of it. The outcome of the Suez Crisis only reinforced this dynamic still further.