

Sir Henri Deterding and Royal Dutch–Shell: Changing Control of World Oil, 1900–1940. By *Paul Hendrix*. Bristol, U.K.: Bristol Academic Press, 2002. xviii + 275. Notes, index. Cloth, £45.00. ISBN 0-951-37628-4.

Reviewed by Hugh S. Gorman

*Sir Henri Deterding and Royal Dutch–Shell* is the English-language version of a book that Paul Hendrix originally published in Dutch. Hendrix, who died in 1999, developed an interest in Deterding and the early oil industry after a career spent in business. His portrayal of Deterding, who dominated the world of oil in the first three decades of the twentieth century, is interesting but uneven.

The book starts with a straightforward question. Is it possible to control the price of world oil? The answer, we are told, is “yes” if a swing producer emerges that is capable of holding back oil supplies when demand is soft and increasing production when demand rises. The question also provides an effective analytical focus for the book. Deterding, who entered the oil business in 1896, devoted most of his professional life—much of it as the chief executive of Royal Dutch–Shell—to stabilizing the price of oil. To achieve this goal, Deterding continuously negotiated agreements that discouraged cutthroat competition and promoted various levels of cooperation among the major oil companies. This book, for the most part, is a detailed account of Deterding’s strategies in establishing and enforcing these agreements.

Hendrix begins with Deterding’s entry into the oil industry as a manager of the territory east of Singapore for the floundering Royal Dutch Petroleum Company. He then tracks Deterding’s rapid rise to the top of the firm formed by a merger of Royal Dutch with the Shell Transport and Trading Company, a position that Deterding held until he stepped down in 1936. For over thirty years, Deterding could be found at the center of almost every major decision affecting the global oil industry and the nation-states that produced, refined, or depended on that oil, making him one of the more powerful business leaders of the time. Hendrix employs a terse style of writing and a narrow focus on business strategy to provide a blow-by-blow account of Deterding’s insider role in these key decisions. Examples include his efforts to prevent wartime Germany from

taking control of the company's resources, to secure oil concessions in the Middle East, and to address the problem of overproduction as new fields were discovered in the United States and elsewhere.

Hendrix is generally uncritical of Deterding. If anything, he wrote the book to defend Deterding against claims that he was a volatile, dictatorial business leader who unscrupulously propped up the price of oil and ultimately became a Nazi sympathizer. The book's introduction explicitly challenges a 1952 U.S. Federal Trade Commission report that places Deterding at the center of an international plot to control the price of oil. In contrast, Hendrix presents Deterding as the ultimate professional, always defending the interests of stockholders and never distracted by self-interest or self-doubt in his efforts to stabilize an industry that would otherwise have been subject to wildly fluctuating prices. Further, he portrays Deterding as a staunch defender of the rule of law, especially in protecting the interests of capital against communist aggression. However, Hendrix is highly critical of figures with whom Deterding clashed, often portraying them as self-serving bureaucrats, idlers, and politicians. Men whom Deterding worked well with, and even admired, such as Baron Edmund Rothschild and Walter Teagle (of Jersey Standard), tend to appear as competent and visionary leaders, able to make tough decisions. Marcus Samuel (founder of Shell), John Cadman (of the British Petroleum company), and Winston Churchill fare less well. Indeed, one gets the sense that Hendrix is simply embracing Deterding's own views, unfiltered and unquestioned. However, checking the types of sources Hendrix used in forming his judgments is difficult, because most references to his personal research in this English-language volume direct the reader to the original Dutch-language book.

The result is ironic. Most readers will come to this book as I did, knowing little about Deterding other than his role as an influential player in the history of the oil industry. However, they will finish it persuaded—despite Hendrix's effort to show otherwise—that Deterding sometimes did use his significant economic power inappropriately and that he generally dismissed the notion that political choices should, and could, shape the rules of the marketplace. The book may also pique readers' interest in what other authors, such as Daniel Yergin in *The Prize* (which Hendrix generally liked) and Anthony Sampson in *The Seven Sisters* (which Hendrix did not like), have to

say about Deterding. Readers who pursue the subject further will find another dimension to Deterding's personality that is missing in Hendrix's treatment, which focuses largely on strategy. They are also likely to come away believing that Deterding probably was sympathetic to Nazi rhetoric in the 1930s, though not as someone with strong ideological roots or intense anti-Semitic feelings, but rather as an aging international businessman looking for stability in a changing world.

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