

**Discussion 5: Resource Nationalism and Market Power**

National Oil Companies

- Owned by the state
- Culture is very different from competitive firms
  - Driven more politically than economically
    - Political social agenda to improve the state
  - Effect on performance
- Two components
  - Versus the IOCs and their culture
  - Depletion and discounting
    - Without politics
    - Volume goes down, price goes up
  - Versus each other
    - Their history/legacy
    - International relationships
    - Technology/knowledge
    - Government oversight
      - Gradient
      - Algeria→Iran→Kuwait→Abu Dahbi→Saudi Arabia
      - How it got this way
        - Type of government
          - Centralization
          - Stability
            - Power to get things done
            - Time horizon
        - Origin of Power
          - Economic Development
- Ways to nationalize
  - Abrupt nationalization
    - Iran, Iraq, etc.
    - Alienation from IOCs
  - Gradual transition
    - Saudi Arabia, Kuwait, Abu Dahbi
- Types of democracies
  - Stable and non-stable
- Influence
  - Formal
  - Informal
- Strategy
  - Downsides
    - Price
    - Alienate
    - Fewer buyers
    - Pressure