

To take or not to take: The politics of natural
resource nationalization

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Abstract of the Book

Why do governments nationalize extractive resources? Operational nationalization—whereby states take *de facto* control over the physical production of resources—increases government collection of natural resource revenues that would otherwise flow to outside firms. Despite these rewards, nationalization entails immediate political costs and future operational inefficiencies. This book offers a novel theory of how the probability of leader survival is endogenous to the decision to nationalize operations. Leaders who foresee a long and lasting rule will eschew nationalization in order to reap the long-term benefits of maintaining private operations. Leaders who instead perceive their days in power are numbered will bear the risks of nationalization to capture its short-term fiscal gains in order to consolidate rule and increase their duration in power. Drawing from an original dataset of oil nationalizations across the world since 1900, this book tests the implications of the argument with a combination of cross-national statistical analyses and within-country over-time case studies in Iran, Iraq, and Saudi Arabia. These findings call for reevaluating the conventional wisdom about nationalization and political survival.

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