

graphic: Peter Veres

Energy Corporations in US History

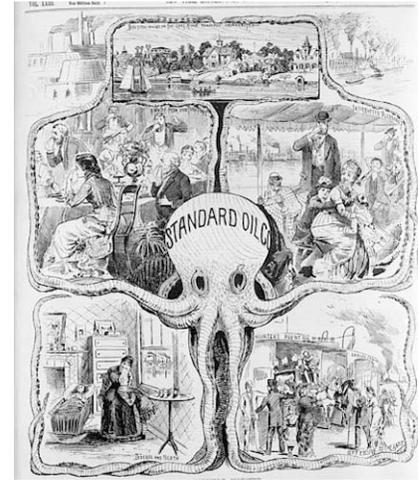
For the human species, energy originally meant food and warmth. The invention of clothing allowed body heat generated from food to be conserved in cold climates. Fire and shelter did the same. Tools allowed more efficient use of human energy. The domestication of animals multiplied the energy available for human use. Early civilizations learned to use wind power for sailing and water power for milling grain.

The use of coal and petroleum to motivate machines ushered in a new era of plentiful energy and human population growth. For a detailed view of this era of unlocking the fossil carbon see Thom Hartmann's *The Last Hours of Ancient Sunlight*.

Coal businesses, starting in England and then spreading to other industrializing nations, grew increasingly powerful starting in the 18th century. In the 19th century most large coal businesses became corporations. This business model was already in place when petroleum began to be substituted for whale and vegetable oils starting in the 1860s. By 1900 the United States alone produced 63 million barrels of oil valued at \$75.7 million.

John D. Rockefeller's Standard Oil Company quickly consolidated most of the oil production in the United States, using violence as well as a variety of economic and legal tactics. In 1882 the Standard Oil Trust was created to control a set of oil corporations. In 1890 the Sherman Antitrust Act became federal law. The State of New Jersey changed its laws to allow corporations to own other corporations in any state, (in effect allowing a corporation to be a Trust) so the entity was reborn as the Standard Oil Company of New Jersey. Finally, in 1911 the Supreme Court ruled that Standard Oil did violate the Antitrust Act, forcing the company to break up into its components. Yet the same stockholders remained in control of the parts.

Coal has a different story. Coal required a far larger workforce to extract. Because of the importance of coal to the industrial revolution, coal miners played a critical role in pushing the United States (and other industrial nations) towards a semblance of economic democracy. Mining corporations initially used violence to prevent



labor organizing. In the Lattimer Massacre of 1897, 19 miners were murdered; the Ludlow Massacre of 1914 saw 20 people murdered; and 6 workers were killed in the Columbine Mine massacre of 1927. Much larger numbers of miners died in accidents, some due to unwillingness of coal corporations to spend money on safe engineering. Eventually, labor unions became legal on a national basis under the Norris-La Guardia Act of 1932, written by Republican Senator George Norris and signed into law by President Herbert Hoover.

The rise of labor unions served to offset the economic wealth of energy corporations in the legislative arena starting in the 1930s, but then gradually diminished after about 1970. While large American energy corporations still tend to have unionized work forces, the trend towards non-union jobs in the rest of the economy has greatly diminished the role unions play in politics.

When the nuclear power industry came into existence in the 1950s, it was expected to follow the same path laid out by other energy corporations. However, in the 1960s, opposition to the building of nuclear plants grew, and was organized and able to influence plant building decisions through the legislative and regulatory processes. Nuclear plants were not able to produce energy at a price competitive with coal. Management of the design and building processes was inept. Then a series of "accidents" happened that showed safety concerns were well-founded. In the 1980s nuclear power plants stopped being built in the United States.

We now appear to be at the beginning of an era of large renewable energy corporations. While renewable energy may be an improvement from an environmental standpoint, we can expect these new corporations to be a corrupting influence upon our political process. The recent ethanol debacle, fueled by taxpayer subsidies and the quaint role of the state of Iowa in selecting presidential nominees, illustrates the danger.

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