


# The Energy Crises and the Corporate Way of Life: Can Energy Corporations Meet the Need for Workable, Fair, and Comprehensive Solutions to Energy Issues?



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# Introduction

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- ❑ I do not say anything new in this paper. I simply take insights about other areas of human action and apply them to “economic” actions.
- ❑ I also begin from the assumption that economic actions, including the market institution have no *a priori* claim to certainty or acceptance.
- ❑ All human action is the result of human social creativity. That is, I assume there is no grand design driving human actions in a particular direction or toward a particular end. Human action is in fullest sense *ad hoc*, recognizing, of course, that once created even *ad hoc* actions impact the options one has to act in the future.

# Introduction

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- I also assert there is no such thing as “economic” action or behavior. There is only human action/ behavior. Therefore, understanding and explaining (to the extent we can) “economic” action is no different than understanding and explaining “religious” action, “political” action, romance, or any of the other daily actions of people.

# The Energy Corporation – The Blindness

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- ❑ In the words of Laski, “The whole ethos of capitalism, in a word, is its effort to free the owner of the instruments of production from the need to obey rules which inhibit his full exploitation of them. The rise of liberalism is the rise of a doctrine which seeks to justify the operation of that ethos.” (1936)
- ❑ Clearly capitalism sprang from the desires of an identified group that “made up” a way of life to support what it wanted to do and what most benefited it. This way of life, this set of actions and beliefs has been given many names -- capitalism, the market economy, liberalism, etc.
- ❑ Again, to quote Laski, this way of life is “historically connected, in an inescapable way, with the ownership of property. The ends it serves are always the ends of men in this position. Outside that narrow circle, the individual for whose rights it has been zealous has always been an abstraction upon whom its benefits could not, in fact, be fully conferred. Because its purposes were shaped by owners of property, the margins between its claims and its performance have always been wide.” (1936)

# The Blindness

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- ❑ But none of this is evil or unusual.
- ❑ Humans always create their world as they go along. They define the meaning of the world and themselves in it and establish the institutions (technology, economic arrangements, laws, etc.) and power structures to support what they have created.
- ❑ And secondly they tend to forget they have created this world and treat it as "taken-for-granted."

# The Blindness

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- ❑ One way of addressing this normal blindness of humans is through something called “reflexivity.”
- ❑ This is the continual examination and re-examination of one’s basic understandings and beliefs to assess their origins and impacts on one’s daily decision making.
- ❑ This is a noble goal but not one that most of us, even the best scholars, can achieve on a regular basis. So it is not surprising that energy company executives and managers generally fail to be reflexive.
- ❑ On the other hand there certainly are powerful role & institutional pressures on energy company executives and managers not to be reflexive.

# The Blindness

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- ❑ While all of the above mitigate against reflexivity and questioning, the energy problems currently facing the world, along with the ecological, biological, political, economic, and community issues which these problems involve force us to require that reflexivity and questioning become the “taken-for-granted” course at this juncture in history.
- ❑ So “business as usual” simply will not do at this point in time or for the foreseeable future for energy issues.
- ❑ The question we must now address is whether the existing energy companies, who generally control how energy is produced (including resource maintenance), distributed, and consumed in the world are up to task set for them here. Can these companies really “think beyond the box” in the most comprehensive and expansive meaning of that phrase?

# It's the Market, Stupid!

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- ❑ The heart of the narrowness of these companies' views of energy and its future is seen, however, in the means they propose to achieve these goals, even the goal of expanding end-use efficiency and the use of alternative energy sources.
- ❑ The companies offer one answer and one answer only to this question – markets. And the companies actively and aggressively oppose alternative answers, especially those that involve community or government co-control of or even significant direct influence on energy decisions, when they are offered.
- ❑ **This lack of flexibility and narrowness of focus alone would, it seems, disqualify these companies from leading any effort to address the future of energy production (including resource maintenance), distribution, and consumption in the world.**
- ❑ This narrowness and inflexibility is not malicious, however.



# It's the Market, Stupid!

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- Support for the market answer is overwhelming in places such as the US, UK, Canada, and Europe. Each national culture has in own particular nuisance in its understanding of what the answer means but all generally support it as the correct answer.
- We must be careful in making this claim, however. Although claiming “markets” as a central part of their cultures, many energy companies still do not and, if given the opportunity, would not accept the definition of a market offered by such neoclassical icons as Samuelson and Friedman. The companies’ definition is closer to this: markets are what keeps government out and provides easy capital access to build up the company.

# The Question

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The question we must address then boils down to this,

1. How can we fairly and comprehensively evaluate the options available now and in the future to meet the world's energy needs;
2. How do we determine what these needs really are;
3. What means are available to organize the production (including resource maintenance), distribution, and consumption of energy by world citizens and how do we choose among these; and
4. What role, if any, should existing energy companies, government, the public at-large, interest groups, etc. play in 1, 2, and 3?

# Bases of the Answer(s)

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While accepting there is no absolute answer or set of answers to this question, still it seems clear there are several basic features the answer(s) must possess. These are, in summary,

1. The answer(s) cannot assume a need for continuing and continual growth in the economy and the use of energy;
2. The answer(s) must support and promote the public welfare above all else – specifically, it must support social cohesiveness and orderliness, human “fellow feeling” and sense of community, trust, and the balancing of the needs of all stakeholders in conjunction with a realistic understanding of the Earth’s carrying capacity;

# Bases of the Answer(s)

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3. The answer(s) must promote a re-examination of the answer(s) on a regular basis as a part of and necessary for the public welfare and community;
4. The answer(s) must not only allow for but also encourage active and broad debate among all stakeholders in choosing an answer and periodically re-examining the answer chosen. And this participation must be democratic – in other words, the final decisions cannot be made only by those who have invested or control capital invested in the “business;”

# Bases of the Answer(s)

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5. It must promote and expect public (in the broadest sense) participation in putting the answer into practice; and
6. Finally, and perhaps most importantly, the answer(s) must not corrupt or undermine and certainly must not be placed above the totality of cultural values it is expected to serve.

Plus, in answering the questions borrowing from other cultures and particularly non-western and historical cultures can be beneficial and should be incorporated into the search for answers.

# The Basic Issue!

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- **But the issue at the heart of this paper is this -- do/can existing large and medium size energy companies provide answers to the energy concerns that face the world now and in the future that are consistent with the six features listed above and that examine and borrow alternatives that work from other cultures? I submit to you the answer is NO. Now let me explain why I believe the answer is NO.**

# Energy Corporations Require Growth and Profit

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- ❑ If we view humans for what they are, often confused, short sighted, and limited in their understandings, and always emotional and judging creatures, and add to this a set of cultural edicts supported by a host of institutional arrangements that give preeminence to power and wealth we have summarized the modern energy corporation.
- ❑ Energy corporations supposedly focus on two objectives and two objectives only – profits and power for the corporation. Now there is often some disagreement among corporation managers, shareholders, the public at large, government bodies, etc. about how the profits and power should be divided and utilized, but that does not change the focus of the corporation to obtain these twin objectives.
- ❑ **So, I put it to you, how can any group of people so focused fit into that scheme an honest, comprehensive, and critical review of energy questions and their possible resolution? I submit they cannot.**

# Energy Corporations Require Growth and Profit

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- ❑ A parallel aspect to the “growth as ideology” of energy corporations is that it inhibits any consideration of the “other” impacts of energy decisions.
- ❑ These include impacts on the Earth, the fairness of the distribution of wealth, and the very absurdity of the notion that growth can be or should be endless.
- ❑ It also hampers or forces into another compartment any consideration of the moral aspects of energy decisions and actions.



# Corrupting and Undermining the Civic Moral Foundations Underlying Their Functioning

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- ❑ Culture and its realization through concrete social networks is the cornerstone of human life.
- ❑ But energy corporations corrupt and undermine this cornerstone by their unhealthy emphasis on only certain aspects of this culture (profits and political power) and willingness to sacrifice and/or deform the other aspects in the effort to achieve and expand profits, power, and endless growth.
- ❑ For example,
  1. Cities & towns have only utilitarian value for these corporations
  2. Advertising – sex and gasoline

# ... Corruption of Foundations

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- ❑ But energy corporations go even further in undermining their own cultural foundations.
- ❑ Such corporations depend on many things they cannot create for themselves. These include an educated work force, physical infrastructure such as roads, airports, water systems, etc, natural resources, and a supportive ecosystem.
- ❑ Yet in pursuing their twin goals of profit and power, energy corporation actions undermine these resources. The corporations seek to minimize their tax burden, thus adding to funding problems for schools, road construction, airports, etc. The corporations seek to minimize the cost of waste disposal, thus often endangering the ecosystem. The corporations seek an endless supply of resources at the lowest possible cost, frequently leading to quick resource depletion and little effort to conserve or find substitutes, until its too late.

# ... Corruption of Foundations

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- ❑ Finally, energy corporations cannot, absolutely cannot, function without social orderliness and trust, in short a sense of community (culture) that allows people to interact without extensive concern for or time spent on protecting themselves from those with whom they are interacting. Otherwise interactions descend into “relentless mutual suspicion,” or into what Olof Palme called a “society of sharp elbows.”
- ❑ Any hope of pleasurable and trusting commerce would disappear, and doing business without protracted negotiations and literally dozens of lawyers negotiating each line of every contract would be forlorn.
- ❑ I put it to you, doesn't this sound like the energy industry today. But it is obvious from the actions of energy corporations that their spending time, money, and resources to support and defend social orderliness and trust is simply not on their agendas.

# Corruption of the Political Sphere

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- ❑ Political self-determination and democracy depend on the existence of a robust public sphere. This sphere is where continual debate occurs on the form and direction of community decisions and actions. This sphere can function only if the debates are open and based on reason and examination of data, as opposed to domination by appeals to status, power, or money.
- ❑ But this sphere has been corrupted by unequal access based on money and/or political power. Money and power are now prerequisites to having any voice, let alone an effective voice, in this sphere. Unless you have one or the other or both of the “keys for entry” your opportunity to participate or influence the debates is virtually nil.
- ❑ And energy corporations have both keys, and take every opportunity to sway the debates in ways that increase their profits and/or power.

# Corruption of the Political Sphere

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- ❑ As the corruption of the public sphere continues, democracy and universal participation in making energy decisions is denied.
- ❑ And this is consistent with the welfare of energy corporations, which generally believe that the “public” is neither sufficiently informed nor intelligent enough to have a voice in the very complex decisions about energy resources, production, and consumption.
- ❑ These corporations generally hold a similar view of politicians who, in the view of corporation insiders must be “convinced” to endorse the decisions and actions of the corporations.
- ❑ If energy corporations help destroy democracy, they help re-shape the political landscape of the world, with unpredictable, perhaps globally devastating, consequences.
- ❑ The corporations have trouble seeing this only because their actions that threaten democracy also increase profits and power for the corporations.

# Ridiculous View of Humans

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- ❑ Energy corporations pretend to understand and align themselves with *Homo economicus*, to the extent it is possible to do so with such an absurd view.
- ❑ For the corporations this is merely public cover for a much different view of people and society that underlies their actions.
- ❑ For these corporations, people and society are mere “externalities” that must be managed and controlled so they do not interfere with each corporation’s pursuit of power and wealth. This is a pragmatic view wholly in line with the pragmatic and liberal (business) cultural base in the US that energy corporations have helped export around the world. And one need only listen to the speeches of any energy corporation CEO to see how this view is compartmentalized so that it can be held together with views altogether inconsistent with it (e.g., democracy, equality, justice).

# In Conclusion

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- ❑ Energy corporations are a genuine child of the “business philosophy” (liberalism) that arose in the period between the Reformation and the French Revolution, as described by Laski.
- ❑ The practical intent of liberalism was to legitimize wealth and the pursuit of wealth, and to protect those who pursued and accumulated wealth.
- ❑ In general this philosophy has outlived whatever usefulness it may have had for society at large.
- ❑ This is particularly the case in energy questions, where the philosophy is now at the very least dysfunctional for and destructive of society.

# In Conclusion

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## IN SHORT –

Energy Corporations are not the tools the world needs to build its energy future. Perhaps they never were. Now we must decide the values, beliefs, institutions, and politics that will replace these corporations IF THE WORLD'S PEOPLES' ARE TO FIND THE RIGHT ANSWERS FOR THEIR ENERGY FUTURE.