

**Capitalist Organizing and Organizations:
the Case of the American Petroleum Institute**

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Elizabeth A. East
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Abstract

Sociologists have underestimated the importance and power of organizations established to unify capitalist firms and interests. Existing research on trade associations tends to take one of two approaches, either atheoretical studies developing typologies of trade association activities or cultural sociological approaches overemphasizing the cultural significance of these organizations for business communities. Utilizing Marxian organizational theory, this dissertation conceptualizes trade associations as inherently *capitalist* organizations created to build and maintain the interests of the capitalist class. This perspective is applied to build an historical sociological case study of the formation and subsequent activities of the American Petroleum Institute (API), the largest trade association representing the petroleum industry in the United States. Findings show that the creation of API came only after capitalists in the petroleum sector recognized their mutual, class-based interests. Prior to the establishment of API, in the late 1800s, the petroleum industry was marked by bitter divisions and monopolistic practices that exacerbated an unstable economic and political environment. World War I proved to be a crucial period in which the state called on industry leaders to work together to produce and deliver war supplies. Their wartime experiences led petroleum capitalists to recognize their collective interests and therefore to create API just after the war. The planning processes that went into its creation shaped API as the leading formal organization through which petroleum sector capitalists could work together to protect and promote their collective, class-based interests. Since its inception in 1919, API has served to solidify both internal organization of the petroleum industry via the creation of standards and statistics and build strength via external activities to promote the interests of petro-capitalists against challenges from labor and the state, as well as through broader promotion of petroleum's so-called necessity with the general public.

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Chapter 1

Introduction

As organizations, trade associations serve as a collective voice for business communities and promote cohesion among independent firms that are essentially economic competitors (Spillman 2012; Barnett 2013). Trade associations also serve cultural functions such as legitimizing certain ways of being and acting within particular business communities, sectors, and industries, while delegitimizing others. In effect, these organizations help promote hegemonic ideology that impacts not only representatives within an industry or the wider business community, but also the society in which the industry is embedded (Bell and York 2010; East 2012; Spillman 2012). Trade associations, therefore, are sociologically interesting organizations that help to clarify how the business community organizes and implements organizational strategies over time.

However, little research examines the impetus to create trade associations, which has led to some conceptualizations of these organizations as benign cultural institutions, whose primary role is to produce “meaning-making activities” for members of the business community (Spillman 2012:2). Additionally, most research on trade associations focuses at the population level, which illuminates wider trends of organizational emergence, transformation, and decline among trade associations (Aldrich and Staber 1988) as well as broad, atheoretical typologies of organizational activities performed through trade associations (Hillman and Hitt 1999). I suggest that studies of trade associations at the organizational and individual levels are essential to develop deeper insights into the core purposes of these organizations than current conceptualizations provide. Studying organizations at this level inspires new research questions focused on conditions and processes that are necessary for the emergence of trade associations. In order to study the inception of these organizations, however, new theoretical orientations are

also necessary to understand the actors participating in and shaping these inception processes. I argue that Marxist organizational theory, with a specific focus on the capitalist class and class struggle, provides such a foundation to understand the social significance of trade associations as social actors.

Therefore, utilizing a Marxist framework of organizing and organizations, this dissertation first seeks answers to questions about organizational emergence of trade associations. Why and under what conditions do trade associations form? And what processes do capitalists go through to establish trade associations? How do capitalists understand this organizing process themselves? What do trade associations represent to capitalists? A second set of questions turns to understand the organizational activities pursued through trade associations over time. Once created, what activities are pursued through trade associations? How do these connect to class struggle and class-based interests? What are the potential impacts and effects of trade association activities on (American) capitalist society?

Case Introduction

To answer these questions, this dissertation focuses on the emergence and subsequent organizational activities of the American Petroleum Institute (API), the national petroleum trade association for the U.S. petroleum industry. This dissertation is an historical case study that examines the petroleum industry through an explicit Marxist lens in order to understand the historical organized efforts of petroleum industry capitalists beyond the firm level in the context of the U.S. political economy. I seek answers to questions about capitalist organizing processes and how class-based interests guide the creation and subsequent work of organizations like trade associations. A primary result of this dissertation will be insight into how capitalists attempt to shape political structures and opportunities as well as public perceptions and acceptance of their

practices. However, I also seek to answer wider questions of capitalist power and unity through the study of unifying organizations like trade associations.

Founded in 1919, API has acted as a representative organization for the U.S. petroleum industry for nearly one hundred years (Fanning 1959; Potter 1990). In 2017, API represents over 625 firms connected to the petroleum and natural gas. Currently, the API mission statement states that the organization's primary purpose is "to influence public policy in support of a strong, viable U.S. oil and natural gas industry" (API 2017a). Supporting this mission, API funnels its work into other programs, which serve as pillars to organize the industry, and pursues policy and public support for the petroleum industry as a whole. These program areas include advocacy, research and statistics, equipment and operating standards, certification of equipment, and events and trainings for industry representatives (API 2017a).

Examining API provides a timely contribution to understanding what efforts are made by petro-capitalists to organize themselves in attempts to shape political environments for the benefit of the petroleum industry. Historically, the petroleum industry as well as individual petroleum firms have been primary points of focus for scholars, journalists, and even creative storytellers. Such studies present oil and natural gas as dangerous, but essential commodities and an industry synonymous with greed, power, and, for some, a pathway to progress. Many facets of the petroleum industry have been explored in scholarly, popular, and creative pursuits: personal histories of oil executives, tycoons, and barons (Chernow 1998; Davis 2001); historical socio-economic and political economy perspectives on the development and commodification of oil (Bridge and Le Billon 2013); and the contentious local to global politics that have emerged from oil extraction, production, transport, and technologies (Yergin 1991, 2011; Smil 2000, 2005; Parra 2004; Bower 2009). The power and politics of petroleum in particular are also central

focuses of many popular fictional novels and films, with romantic depictions of oil and people associated with oil as rugged, powerful, and dangerous.¹ These scholarly and popular accounts confirm that oil and gas has long been a part of American public consciousness, a natural resource sector well examined by scholars, and, arguably, a sector long assumed to be powerful and political (Clarke 2007; Bridge and Le Billon 2013).

Scholarly attention to the petroleum industry as an economic, political, and environmental force crosses disciplinary boundaries, providing insight into several dimensions of the industry as well as environmental and social impacts of oil and gas extraction (Campbell and Laherrère 1998; Clarke 2007; O'Rourke and Connolly 2003). In development literature, the promise of oil and gas extraction has, at times, been touted as a way out poverty for communities, nations, and whole regions. However, studies of oil development have shown that the development of oil brings great challenges of governance and corporate control, often resulting in vast inequality, violence, and environmental degradation for communities (Karl 1997; Dunning 2008; Ross 2012). Connected to the social impacts of the petroleum industry, environmental costs of oil and gas production on local communities are well-documented by scholars, activists, and community members (Sawyer 2004; Maas 2009; Nikoforuk 2010). Contemporary political discussions of the ecological ramifications of oil and gas extraction, particularly hydraulic fracturing, the building of oil transport systems like the Keystone and Dakota Access pipelines, and the burning of fossil fuels, which results in greenhouse gas emissions that contribute to climate change, also show the prevalence of the environmental and political significance of oil and natural gas today. These accounts speak to how oil and gas extraction and burning, as an industrial practice, and petroleum products, as commodities, have

¹ For a sample of these popular, fictionalized depictions of oil, see Sinclair's novel *Oil!* (1927), McLaglen's films *Hellfighters* (1968) and *Fires of Kuwait* (1992), Gaghan's film *Syriana* (2005), and Anderson's film *There Will Be Blood* (2007) (based on Sinclair's novel).

historically and continue to have vast impacts on communities on local to global scales. That is, the evidence is clear that the practices of the petroleum industry are ecologically problematic and contentious.

With such a foundation, however, other research questions must be pursued to understand how an industry, with such wide impacts on ecological and social health, is able to survive and continue its practices. Although certainly a powerful actor, an understanding of the organizations and political efforts pursued petroleum industry leaders sheds light on the internal processes and practices that work to produce the unity necessary to shape and maneuver cultural and structural dimensions necessary for the industry's survival. Clarke (2007) argues that although ultimately the petroleum industry depends on what is below ground, *the social and political dynamics above ground* are also crucial in determining development of this global, political commodity. This dissertation seeks to understand some of these political and social dynamics by focusing on an organization (the API) created with the purpose to perpetuate, protect, and promote the petroleum industry.

Description of the Study

The dissertation is organized into eight chapters. Chapter Two provides a literature review to situate the emergence and organizational activities of an organization such as the American Petroleum Institute. I examine theoretical and empirical research on trade associations as social actors through three social science subfields: (1) business and management studies; (2) cultural and economic sociology; and (3) Marxist political economy. Research questions for this dissertation emerge to connect and challenge these literatures, focusing primarily on the need for more historical examinations of trade association development at the individual and organizational level. I argue in particular that trade associations must be understood as *capitalist*

organizations, which makes trade associations socially, politically, and culturally significant in new ways. To understand trade associations as social actors, I argue that when trade associations are understood at the individual and organizational levels, insight into how capitalists create, adapt, and shape their organizations can be gained.

In Chapter Three, I discuss my research methods, detailing my research process, data sources, data collection, data coding, and analysis strategies. As an historical case study, this dissertation primarily relied on archival data found in both traditional and digital archives as well as secondary sources focused on the history of the petroleum industry in the United States. I explain my data collection and organizational strategies working in these archives over the dissertation process. I also unpack my coding and analysis process, which ultimately guided the development of the four empirical chapters of the case study.

Chapters Four, Five, Six, and Seven embody the case study of API. In order to understand why the development of API was important for the petro-capitalists, Chapter Four examines the state of the industry prior to the establishment of API in the early 20th century. In the 1870s, the oil industry was beset by cutthroat competition and rapid price fluctuations that were disruptive to profits. While this period is now known for the dominance of the monopoly “octopus,” Standard Oil, interestingly it was also a period in which petroleum capitalists participated in organizational and economic experimentation. This experimentation included the creation of trade associations as well as implementation of economic mechanisms like price controls and pooling of crude oil. All of these efforts were attempts to stabilize prices and profits in the industry. Ironically, instead of creating a more stable industry, these activities instead produced bitter divisions within the industry. Large firms like Standard Oil gained power during this time and further entrenched divisions and distrust within the industry. Whereas other

industries did form national trade associations during this period, the oil industry was not able to unify. Even after the dissolution of the Standard Oil Trust in 1911, divisions and suspiciousness remained in the petroleum industry, leaving little incentive or desire among industry leaders to work cooperatively.

This period of bitter divisions and distrust within the oil industry were, thus, not propitious for the establishment of a national trade association, but by 1919 the American Petroleum Institute (API) had formed. What changed? Chapter Five details how and why the industry changed and the oil capitalists eventually found a cooperative spirit. In short, the state (U.S. federal government) acted to bring together the oil industry firms in order to deliver crucial war supplies for the Allied war effort. As a result, the oil industry experienced cooperation in production, refining and transport of oil during World War I, and they saw how this cooperation still allowed them to profit and prosper. By the end of the war, petroleum industry leaders had experienced a recognition process in which they realized their collective, class-based interests. I detail how this process occurred because of shifts in three major areas: state priorities, industry organizations, and industry identity.

In Chapter Six, we finally reach the establishment of the API. Although oil industry firms had built some class-based solidarity during the war, there was some skepticism at the end of the war about how and whether to continue their collective work. This chapter, therefore, details the events and planning processes that led to the formation of the American Petroleum Institute. After WWI, enthusiasm for cooperative work was high across all industrial sectors in the United States. Some petroleum industry leaders were particularly motivated to finally establish a private, national trade association representative of all sub-sectors within the industry. Doing so required three major intra-industry conferences. I show how these conferences served as strategy and

reflective sessions for capitalists within the petroleum sector following WWI. The creation of API was the culmination of this strategizing, with the organization representing plans for industry unification moving forward. This chapter shows that the establishment of API was a deeply intentional action, not any sort of natural or preordained development of the industry.

The final chapter of the case study, Chapter Seven, turns to analyze the types of organizational activities API has sponsored and participated in over time. The establishment of API and the subsequent work pursued through the organization have had profound effects on the oil sector and its relations with government and society. In this section, I answer questions related to what capitalists in the petroleum industry were able to accomplish after they became unified through API. In particular, I find that capitalists have utilized API for two primary purposes over time and that each of these purposes required detailed “class work” to overcome collective action obstacles. The first focuses on accomplishing activities that constitute *internal industry organizing* that cements the ties among firms and membership in the capitalist class of oil companies. The creation of industry standards, uniform accounting procedures, and statistics have all served as ways for industry leaders to create a more cooperative internal industry environment. The second purpose was to influence *external environments and actors* that could potentially impact the ability of capitalists to continue their ability to accumulate profit. In this section I focus on three sets of actors – labor, the state, and the general public – and how the unity of the API has allowed it to grow and gain power.

Finally, I conclude with Chapter Eight, which features a discussion and conclusion to the dissertation. I provide an overview of major findings, avenues for future research, and practical and policy implications of sociological understandings of organizations like the American Petroleum Institute.

Chapter 2

Literature Review: Understanding Trade Associations as Social Actors

Trade associations are a long-known and utilized organizational form by the business community across the globe. Today, most firms hold one, if not many, memberships in trade associations (Aldrich and Staber 1988; Spillman 2012; Barnett 2013). What can we make of these interesting social actors? What types of activities do they pursue? And how do they fit into wider scholarly discussions of economic action and economic organizations? Trade associations do not fit neatly into organizational typologies or, at first glance, are sometimes assumed to be other organizations. When only one dimension of a trade association's work is examined, particularly policy campaigns, the association may be mischaracterized as a lobby or a "front group" or "astro-turf" organization. However, upon closer examination, these organizations potentially have many more interesting characteristics that are worth understanding, particularly from a critical sociological perspective. They are non-profit organizations representing for-profit organizations, particularly public and private firms. Through membership dues of the firms they represent, trade associations are able to acquire budgets of millions of dollars (even as non-profit, 501(c) organizations). They employ large staffs and pursue various activities to strengthen the specific sectors and industries they represent. As business organizations, trade associations differ from individual firms because they work in "non-market environments" or "the social, political, and legal arrangements that structure interactions among companies and their public" (Baron 1995:73). Such a demarcation is important because legally, at least in the United States, trade associations cannot directly coordinate market activities because this would violate antitrust laws. This makes governing context in which a trade association operates crucial because different states allow for different types of activities to be pursued through trade associations.

Some of these activities could include lobbying, educational programs, creating and monitoring of standards for industry technologies and practices, organizing trade shows and conventions, and advertising and campaign work (Gupta and Lad 1983; Lenox and Nash 2003; Barnett and King 2008; Barnett 2013).

Indeed, as complex organizations performing a wide variety of work on behalf of their members, trade associations are interesting sites for scholarly study and may provide great insight into traditional areas of social science inquiry such as political economy and organizational studies. Although other organizations such as the corporation, social movement organizations, lobbies, non-profits, and labor unions have had much more scholarly attention, the slim literature on trade associations as social actors has noticeable trends and emerging theoretical niches, showing that these organizations are beginning to be recognized as important social actors. This chapter provides an overview and critique of this literature from across the social sciences. I first examine how trade associations have been conceptualized as social actors in the field of business and management studies. Business and management studies literature may seem an odd beginning to a sociological literature review. However, business and management studies scholars have produced the most research on trade associations as social actors and contribute some fascinating insights into these organizations. For most business and management scholars, trade associations are understood as representative organizations that pursue collective action on behalf of their member firms (Staber and Aldrich 1983; Aldrich and Staber 1988; Barnett 2013). Stemming from this conceptualization, scholars have also provided categories of trade association activities, showing the wide repertoire of activities that trade associations may pursue as organizations. Finally, business and management scholars have also

examined lifecycle components of trade associations detailing patterns in trade association emergence, decline and transformation (Aldrich and Staber 1988).

Next, I examine how sociologists have studied trade associations. Of sociological inquiry, the most exhaustive study has come from Spillman's (2012) comparative historical treatment of U.S. trade associations. Blending Weberian and Durkheimian perspectives on economic action, Spillman provides a fascinating perspective on trade associations as centers of cultural production, which challenges the conceptual views of trade associations by business and management studies scholars. She also provides an important comparative and historical contribution of the development of trade associations in the U.S., which shows how external institutional pressures led to the unique nature of trade associations in the U.S. compared to other countries. Finally, Spillman also details the types of activities that trade associations in the U.S. are known to pursue.

After exploring this literature, I then discuss the limitations of these studies from both empirical and theoretical positions. Empirically, it is important to note that most studies examine trade associations at the *population* level. Although this provides generalizable characteristics and recognizable patterns across the population of trade associations (which serve as important starting points for understanding trade associations as social actors), the nuances of trade association development and core roots of these organizations are rarely examined and discussed by social scientists. Because of this, I argue that trade associations are underestimated as social actors and can potentially have larger impacts and effects than current conceptualizations show. This is particularly true for the trade association under investigation in my case study, the American Petroleum Institute, which has had far reaching impacts within the petroleum industry as an organization as well as a formidable political force for the industry on a variety of fronts.

By examining the motivations to establish trade associations as well as the subsequent organizational work pursued through trade associations, more insight into how trade associations function as social actors can be understood. Additionally, because population studies of trade associations have varying theoretical foundations, theoretical grounding for studies of trade associations is scattered, mostly exploratory, and tends to overgeneralize the cultural significance of these multi-faceted organizations. Because studies at the individual and organizational level of trade associations can potentially capture not only how trade associations operate, but also why they were created in the first place, a different theoretical foundation, Marxian political economy, is necessary to understand these organizations. I close the chapter introducing the theoretical framework and research questions that will be explored through the case study of the American Petroleum Institute.

Trade Associations as Social Actors: Business and Management Studies

It is perhaps not surprising that the majority of literature on trade associations comes from business and management studies scholars. After all, these organizations are meant to represent economic actors, particularly corporations. Trade associations also work on behalf of their member firms on a variety of issues internal and external to their respective industries. Scholars from this field focus on many dimensions of trade associations as social actors providing insights into how these organizations work and what types of organizational activities are pursued in attempts to accomplish their goals. Although slim, the literature on trade associations from business and management studies has clear empirical and theoretical positions on how to understand these organizations as social actors. Empirically, Staber and Aldrich (1983) suggest that trade associations can be studied from three levels. The first level is characterized as the *individual* level, which examines how potential members (either individuals

or firms) “explore their intentions, sense of collective identity, and expectations in joining the organization” (164). The second is the *organizational* level, which focuses on a trade association itself, the structure and function of the association, as well as the way the association relates to other social actors such as the state and social movement organizations. The third and final level is the population level, which Staber and Aldrich describe as a way to understand broader trends in the population of trade associations, which can give insight into how trade associations work as “an organizational form for business interests” (Staber and Aldrich 1983:164). Outlining these three levels show that there are multiple ways to approach studying trade associations, all of which potentially could provide generalizable understandings of how trade associations operate as social actors.

Upon examining the literature, however, it is clear that business and management studies have primarily focused on the third level, the population level, to understand trade associations as social actors. This is not to say that the other two levels are not important. Instead, it actually speaks to the lack of research that has been produced on trade associations. Staber and Aldrich (1983) argue that population level studies give a foundation for the other levels because they orient an understanding of “explaining collective action among business firms” (164). Further, “[t]his approach allows U.S. to identify groups of organizations that are similarly situated vis-à-vis a given set of external forces” (Staber and Aldrich 1983:164). With such a focus, business and management scholars have provided insights into three major areas: 1) conceptualizations of trade associations; 2) potential types of organizational activities performed by trade associations; and 3) lifecycle trends of trade associations over time. The following section details each of these perspectives from business and management scholars.

Business and management studies scholars conceptualize trade associations as representative organizations for business interests that pursue collective action on behalf of their members. Staber and Aldrich (1983) first defined a trade association as responding to external conditions and protecting their interests as “a coalition of firms or businesspersons who come together in a formal organization to cope with forces and demands to which they are similarly exposed.” In a later study, Aldrich and Staber (1988) amend this conceptualization and define trade associations as “organizations created to represent business interests within specific domains, mobilizing firms within their domain so that collective action can be taken on common problems” (111). Barnett (2013) furthers this conceptualization to cement the representative and collective action components of these organizations. “Trade associations are organizations through which a group of interdependent firms, typically in the same industry, pool their resources and coordinate efforts so that they may ‘speak with one voice’ on matters of shared interest” (Barnett 2013:214). Warner and Martin (1967) provide a succinct definition of trade associations: “non-profit institutions that operate cooperatively for and among competitive, profit-making actors” (314). Thus, in all of these works, trade associations are conceptualized as representative organizations created to pursue collective action that concerns their respective industries.

Such a conceptualization seems to make sense from a cursory view of trade associations. Mission statements of trade associations often highlight the representative and service-oriented vision of the organization as a central part of the organization’s identity. These statements often work as way for these organizations to self-identify and define the proposed purpose of the organization (Aldrich and Staber 1988; Spillman 2012; Barnett 2013). For example, the National

Confectioners Association (NCA), which represents over 700 firms associated with the confectionary industry, has a mission statement that reads:

The National Confectioners Association is the trade organization that advances, protects and promotes chocolate, candy, gum and mints, and the companies that make these special treats. As the leading association for the \$35 billion U.S. confectionery industry, NCA educates the public to help ensure that it understands and appreciates the unique role that chocolate and candy can play in a happy, balanced lifestyle. (National Confectioners Association 2017)

The organizational mission statement paints the association as a collective voice for the \$35 billion industry with an additional emphasis on “educating” the public. This also seems to be true of the trade association in this study, API. API’s 2017 mission statement claims that API “is the only national trade association that represents all aspects of America’s oil and natural gas industry” (API 2017a). The statement goes on to highlight the representative nature of the organization:

Our more than 625 corporate members, from the largest major oil company to the smallest of independents, come from all segments of the industry. They are producers, refiners, suppliers, marketers, pipeline operators and marine transporters, as well as service and supply companies that support all segments of the industry...

We speak for the oil and natural gas industry to the public, Congress and the Executive Branch, state governments and the media. (API 2017a)

Indeed, the conceptualization of trade associations from business and management studies scholars seems to fit the way that trade associations self-identify.

Although many scholars anchor their studies in this conceptualization to explore other facets of trade associations, others have questioned if this is actually how these organizations function as social actors. For example, in his study of U.S. trade associations, Barnett (2013) examines whether trade associations are equally representative of their member firms. He acknowledges that there are vast differences in the size of firms in all industries, which makes him question if large and more powerful firms are able “to define, create, and manipulate the problems that their [industry’s] trade association pursues” (Barnett 2013:220). Focusing on trade associations in the U.S., Barnett examined the expenditures of a sample of 148 trade associations over a ten-year period to find patterns in trade association spending and how these correlated to financial performance of the largest firms in the trade association’s respective industry. Barnett suggests that this can reveal how trade associations are utilized to benefit larger firms in times of financial trouble. Findings from his study show that:

...across trade associations, low performance of their primary industry’s four largest firms was associated with high trade association expenditures, yet low performance of their primary industry was not associated with high trade association expenditures. This suggests that trade associations may speak for and serve the interests of the dominant firms in an industry *more so than the interests of the industry as a whole*. (Barnett 2013:227-229; emphasis added)

With this finding, Barnett (2013) questions if trade associations are actually beneficial organizations for smaller firms to participate in. He challenges smaller firms to “give consideration to the possibility that they may be using their limited resources in a way that contributes more to the advancement of their rivals’ interests than to their industry’s shared interests” (Barnett 2013:230).

Barnett also acknowledges, however, that there is much to be learned about how trade associations decide to spend their funds, particularly because it seems that these organizations do have a degree of financial discretion (2013:229). Such an observation provides a challenge to the conceptualization of trade associations as representative organizations for collective action. Barnett's criticism of trade associations provides an opening to consider more nuanced questions about trade associations as social actors that moves beyond the descriptive elements of the previous studies. Although Barnett focuses his attention on how smaller firms may divert their funding away from supporting trade associations, his findings inspire new questions related to the conceptualization of trade associations. Are these organizations actually representative of all of their members? What dynamics suggest that certain firms dominate the direction of trade association policies and practices? Indeed, Barnett ends his study with even more questions than he started calling on more studies to understand these business organizations.

Beyond the conceptualizations of trade associations as social actors, business and management scholars have also documented the types of activities that trade associations pursue to accomplish their diverse goals, ostensibly based in representative organizations pursuing collective action. Oliver (1990) listed the following activities: lobby state regulators, promote collective good (e.g. trade shows), obtain economic advantages, reduce legislative uncertainty (e.g. product standardization), and enhance members' image (249). Hemphill (1992) describes trade association activities as valuable "services" that are provided to firm members, which include "data collection, educational programs, facilitating technical standards and specifications, insurance programs, legal assistance and government relations" (916). Staber and Aldrich (1983) go a step further to delineate four "activity areas" of trade association work, which are categorized as "commercial, public, political, and solidaristic" (168). Commercial

activities refer to internal industry organizing efforts, which include the sponsorship of annual trade conventions and other trade meetings as well as seemingly mundane activities such as creating and monitoring product standards and collecting statistics. The public dimension of trade association work refers to the relationship that many trade associations have with the state, particularly in regards to supplying industry information and ensuring industry compliance with state regulations. Political activities they define to “include representing membership to the state and exerting influence on governments and legislators” (Staber and Aldrich 1983:168). Finally, the solidaristic area constitutes activities that encourage “the building of consensus around a common purpose” and widespread participation in trade association leadership opportunities (Staber and Aldrich 1983:168). Each of these intersecting areas suggest that trade associations can be viewed as complex, representative organizations that operate under the banner of industry protection and promotion.

Additionally, as non-profit organizations representing for-profit firms, scholars have noted that trade associations occupy interesting legal statuses according to their respective governing context (Aldrich and Staber 1988; Chandler 1988; Hemphill 1992; Herrigel 1996; Gao 2001; Spillman 2012; Barnett 2013). Depending upon the types of laws related to business coordinating or “colluding” activities in their respective countries, trade associations also have limitations on the types of activities that they can pursue. Although the above activities are available across the population of trade associations, not all trade associations are able to pursue the same activities because of state limitations. Business and management studies scholars have primarily focused on trade association development in the U.S.. In the U.S., scholars suggest that trade associations are limited in the types of activities that they can pursue because of the legacy of antitrust laws, which prohibit activities that diminish possibilities for competition of trade

within particular sectors. This means that trade associations are legally constrained to operate in “non-market” (Baron 1995) or “political” (Hillman and Hitt 1999) environments. Prior to antitrust laws at the turn of the 20th century, scholars note that trade associations were utilized as conduits for economic regulatory activities within industries such as price controls or pooling of resources as well as the development of other industry-wide programs like product standardization and the gathering of industry-wide statistics (Hemphill 1992; Barnett 2013).² For business and management scholars, all of these activities are seen as important processes of “industry self-regulation.” (Hemphill 1992:916). In many cases, business and management studies scholars suggest that industry self-regulation is preferable to government intervention and oversight. Hemphill (1992) explains:

Industry-self regulation is capable of providing a substitute or complement for direct government command-and-control regulation – which is often applied at an industry-level to control processes and behavior – in a more cost-efficient and effective manner. (916)

However, following the passage of antitrust laws, at times, trade associations’ codes of conduct and programs have garnered the attention of federal bodies because these activities appear to violate these laws. This is not surprising because as Hemphill notes, “[t]rade associations, by their nature, involve bringing competitors together, thereby potentially facilitating the means by which collusive activities can occur in violation of the antitrust statutes” (1992:917). Hemphill suggests that this has had a “chilling effect” on industry self-regulation efforts pursued by trade associations, which he argues provide guidance in industries on issues of industry-wide concern (1992:917). That is, from this perspective, these laws have served to stifle some programs that

² Business and management studies scholars do not get into the historical details of antitrust law development. I will detail this more in the next section on sociological discussions of trade associations, which provides more discussion of the comparative and historical development of trade associations.

business and management studies scholars see as instrumental and beneficial to internal industry relations as well as external impacts of industry practices. Additionally, business and management scholars suggest that trade associations in the U.S. are not able to reach their full potential as regulatory organizations because of antitrust laws and limitations (Hemphill 1992; Hillman and Hitt 1999; Barnett 2013).

A final area of research on trade associations from business and management studies scholars examines life-cycle components of trade associations, which refers to patterns of organizational creation, decline, and transformations in the wider population of trade associations (Staber 1982; Staber and Aldrich 1983; Aldrich and Staber 1988). Like other studies of trade associations, these studies focus on trends in the wider trade association. Additionally, some of these studies also give a needed historical perspective on changes in the trade association population over time. These studies provide perspectives on why trade associations emerged as organizations as well as what conditions may explain changes in the trade association population. For example, in their study of trade associations in the United States, Aldrich and Staber (1988) examine patterns of trade association “foundings, deaths, and transformations” (111). Taking a sample of over 3,000 trade associations, Aldrich and Staber (1988) document population changes in trade associations over time across sectors in the U.S.. Aldrich and Staber (1988) also provide a rare theoretical focus to their study by examining three theoretical models to examine life-cycle patterns in the U.S. population of trade associations. The three theoretical models tested to understand population changes are: 1) Weber’s theory of social differentiation; 2) niche theory; and 3) impacts of government regulatory activities. For Aldrich and Staber (1988), each of these theories predict different outcomes in population changes:

If social differentiation theory is correct, the population of trade associations should increase inexorably, regardless of government regulations, as organizational innovations and the accumulation of organizing experience facilitate the formation of new associations.

If the niche theory and competitive isomorphism arguments are correct, then the population of trade associations should expand at about the same pace as the economy. New associations should proliferate in emerging industries, and association foundings should diminish in aging industries.

If government regulation drives the process, then it should proceed less regularly, corresponding roughly to events and periods of [state] intervention. (Aldrich and Staber 1988:117)

Each of these theoretical propositions gives different understandings of not only patterns within the trade association population, but also insight into the external institutional environments and/or actors that can potentially have an impact on how trade associations are able to operate as social actors. The study produced the following major finding:

Foundings, dissolutions, and transformations in the twentieth century have produced a trade association population that grew rapidly from the turn of the century [1900] until the late 1950s. However, the gradual convergence of founding and dissolution rates after 1960 slowed population growth to the point where the number of associations has essentially been stable over the last decade... (Aldrich and Staber 1988:123)

In examining these findings from the three outlined theoretical models, Aldrich and Staber (1988) suggest that the findings primarily support the social differentiation and niche theory models, with the model of government regulation having little empirical support. That is,

findings show that government intervention, particularly in the form of antitrust laws, *had little impact* on the creation and decline in the trade association population in the U.S.. However, none of the models perfectly explain the trends found by Aldrich and Staber (1988), which makes them question the efficacy of explaining these trends with singular models. What can be taken from the study, though, is that external institutional environments and wider forces of social change certainly have an impact on changes in trade association populations.

Discussion

Business and management studies scholars provide important empirical and theoretical foundations for understanding trade associations as social actors. Scholars have produced clear conceptualizations of trade associations, focusing on the potential for collective action that may be accomplished through trade associations for wider industries. Although some scholars have questioned the representative nature of these organizations, the potential for collective action that could be accomplished through these organizations is seen as a hallmark of the purposes of these organizations. Additionally, these studies also provide categories of the types of activities that may be produced through trade associations, which speaks to the roles that trade associations can potentially play as social actors. Finally, business and management scholars also show that external institutional environments must also be considered when examining trade association behavior. However, from these studies, findings show that state intervention cannot totally explain trade association behavior or population trends, although the legacy of state limitations on economic regulatory activities certainly has a role in some types of the activities trade associations may pursue.

The perspectives of business and management studies scholars must also be understood from the orientation of the field itself. Although these studies provide key insights into how these

organizations operate as social actors, they are not particularly critical of trade associations themselves or the wider system and structures that trade associations are embedded in. That is, empirical and theoretical orientations produced by the above studies will only go so far in interrogating how these organizations operate as social actors. When critique does occur, the focus is on how trade associations may become more efficient or beneficial for their members (Barnett 2013) or how trade associations could serve other roles with less state intervention (Hemphill 1992; Baron 1995). Additionally, business and management scholars have not provided much historical understanding of the development of trade associations as social actors aside from some studies in changes to the wider trade association population. What different roles have trade associations served over time?

Therefore, it is necessary to examine other social science orientations that take a broader and more critical view of economic processes and actors to provide more understanding of how these organizations operate as social actors. This next section provides such an orientation on trade associations from the field of cultural and economic sociology found in Spillman's (2012) historical study of U.S. trade associations.

Trade Associations as Cultural Producers: Economic and Cultural Sociology

Although sociologists have not produced the breadth of studies on trade associations accomplished by business and management scholars, the potential for more critical views on trade associations as social actors is high from the sociological perspective. The most comprehensive challenge to the conceptualization of trade associations as representative organizations for collective action (and one of the few explicit sociological studies of trade associations as social actors) comes from Spillman's (2012) comparative historical study of trade associations in the United States. Like other studies of trade associations, Spillman examines

trade associations at the population level, providing an impressive and exhaustive examination of these fascinating organizations. To set the stage for her study, Spillman questions if trade associations can be understood through a lens of collective, rational, and intentional action, which many of the business and management studies scholars above take as a given when studying trade associations and wider economic processes. Instead, she suggests that trade associations serve cultural purposes that are important to the business community and that collective action is not the most important role of these organizations for businesspeople. Although her empirical study primarily focuses on the development and subsequent work conducted by and through trade associations, Spillman also is interested in interrogating a common assumption that economic action in pursuit of profit in general is rational and self-interested (Spillman 2012). She suggests that self-interest, particularly the pursuit of profit, is an assumed foundation for capitalist economic action, which colors the work of any type of organization that represents businesspeople or “business interests” (Spillman 2012:345). Because of this assumption, self-interest is assumed to be a “natural and essential” part of business organizations, which has resulted in little research on self-interest as a social and cultural construction (Spillman 2012:345).

More to the point, Spillman is not convinced that self-interest is even necessarily the cornerstone of economic action for businesspeople and therefore, takes to task this assumed foundation of economic action. Rooted in cultural perspectives in economic sociology, Spillman centers her study on deconstructing this assumption with a broad set of research questions:

... I challenge [the] assumption that business is necessarily conducted as self-interested action in the pursuit of profit. I ask an apparently naïve question: what makes self-interested action in the pursuit of profit make sense? That is, how do firms and the

businesspeople who run them understand their interests? What meaning-making sustains their action? What cultural categories and vocabularies of motive make capitalist understandings of their norms of exchange, objects of exchange, and exchange patterns routinely plausible – for capitalists? (Spillman 2012: 1)

By the end of her study, Spillman finds that the meaning-making that occurs is *not* centered on self-interest for most businesspeople. Instead, “[t]hey often think of what they are doing in terms of technical expertise, professionalism, [and] stewardship of the public good and occupational community...” (Spillman 2012:2) and “business is often understood as sociable, absorbing, honorable, and helpful because of the specialized knowledge and technical expertise embedded in “industry” practice” (Spillman 2012:369). And it is “institutions” like trade associations that help build and sustain such a view of economic action by serving as settings for this meaning-making to occur:

I argue that the pursuit of strategic interest in competitive profit-seeking is conditioned by and relies on institutions and discourses transcending strategic interests, and that such institutions and discourses make capitalist economic action routinely meaningful (Spillman 2012:2)

To answer her research questions and complicate the understanding of self-interested economic action, Spillman turns to U.S. trade associations as the site of her study.³ As business institutions, trade associations present a unique opportunity to understand the process of the construction of business interests.

Guided by this assumption about self-interested action and business, Spillman develops her conceptualization for trade associations:

³ Spillman switches between “trade associations” and “business associations” throughout her book, but does not differentiate between these two terms. For purposes of this literature review, I use the term trade associations throughout.

...these stable, long-lasting groups are, primarily, institutional settings for routine cultural production – generating categories, networks, industry fields, collective identities, norms, status orders, and camaraderie that orient and motivate economic action. (2)

By conceptualizing trade associations this way, Spillman suggests that trade associations act as a conduit for cultural production making the pursuit of profit meaningful to businesspeople. She argues that “the American business association population *cannot be explained except* as an institution of cultural production for economic action” (Spillman 2012:345, emphasis added). Such a conceptualization challenges assumptions that these organizations necessarily carry through the types of activities that are claimed as central parts of trade association work, particularly collective action on issues of industry concern. By focusing on the cultural importance of these organizations, Spillman shows that trade associations still hold significance for the business community, but not in the ways that other scholars have suggested. By seeing trade associations as cultural production centers, trade associations potentially take on new meanings as social actors and the work accomplished through them may also be serving purposes that are not necessarily motivated towards profit-seeking (or self-interested action). Because Spillman’s analysis is one of the most comprehensive theoretical and empirical works on trade associations from a sociological perspective and represents a rather surprising framework for understanding organizations like trade associations, it is worthwhile to examine her theoretical and empirical work in detail.

To support her claims, Spillman centers her historical analysis on trade associations in cultural and economic sociology rooting her perspective in the work of classical sociological theorists Max Weber and Emile Durkheim. For Spillman, Weber’s theory of economic action

provides the latitude to explore both “worldviews and institutional environments” that impact the development and subsequent work pursued through institutional settings like trade associations:

Worldviews and institutional environments affect economic action at different scales, from the very encompassing civilization level through to the sectoral and the organizational. Three Weberian themes provide an initial framework for understanding how and why economic action varies, and they have implicitly influenced subsequent research on business associations. Organizational forms, cultural orientations, and political processes influence the different ways economic interests might be expressed. (Spillman 2012:32)

For Spillman, Weber’s perspective on organizational forms provides grounding to understand the types of social relationships that organizations are built on, what to potentially expect from different kinds of organizational forms, and specific insight into economic action and organizations. Spillman notes that although Weber’s theory of economic action begins with *individual* self-interest, Weber emphasizes that “most modern economic activity takes place within organizations” (Spillman 2012:32). However, to understand both economic activity as well as organizations, Weber brings attention to the types of social relationships that organizations are built upon. Weber presents these relationships in dichotomies: communal v. associative relationships and open v. closed relationships (1978:40). For Weber, communal relationships of social action constitute “a subjective feeling of the parties, whether affectual or traditional, that they belong together” (Weber 1978:40). Further:

Communal relationships may rest on various types of affectual, emotional, or traditional bases. Examples are a religious brotherhood, an erotic relationship, a relation of personal loyalty, a national community, the *esprit de corps* of a military unit. (Weber 1978:40).

Associative relationships refer to those social relationships where:

... social action within [the relationship] rests on a rationally motivated adjustment of interests or similarly motivated agreement, whether the basis of rational judgment be absolute values or reasons of expediency. It is especially common, though by no means inevitable, for the associative type of relationship to rest on a rational agreement by mutual consent. (Weber 1978:71).

Additionally, for Weber, open social relationships allow for outsiders to participate in the relationship if they should wish to do so whereas closed relationships prohibits the participation of certain people (Weber 1978:43).

These relationship dichotomies may seem limiting, but they are useful for characterizing the different types of social relationships, which also guides understandings of the types of social action fostered from the relationship. For Weber, these relationships were also an essential foundation for understanding one important social group: organizations. According to Weber, all organizations rest on being closed relationships. This is because an organization “limits the admission of outsiders,” and “its regulations are enforced by specific individuals” who have some authority to “carry out the order governing the organization” (Weber 1978:48).

Additionally, Weber argues that organizations could have communal and/or associative elements to them. Another layer of conceptualizing an organization for Weber is whether the organization is autonomous or heteronomous and if it is heterocephalous or autocephalous. Autonomous organizations meant that organization was “established by its own members on their own authority” whereas heteronomous organizations were established by outside actors (Weber 1978:50). Autocephalous or heterocephalous elements of organizations mirror the process of

establishment and refer to how leadership and staff of the organization are selected and/or appointed.

Weber's perspective on organizational forms goes on to provide typologies of economic organizations, which give guidance for understanding trade associations as social actors from a Weberian perspective. Weber suggests that trade associations differ from other economic organizations (such as cartels, corporations, or cooperatives) because they are "economically regulative organizations," (1978:74). Through these organizations, "the directing authorities of which carry on an "economic policy" which seeks to regulate both the ends and the procedures of economic activity" (Weber 1978:74). Weber also characterizes trade associations as "autocephalous" because of the way that leadership is typically selected for these organizations. After reviewing Weber's views on trade associations, Spillman (2012) suggests a Weberian definition of trade associations as: "...self-organized groups of self-interested economic actors oriented – intermittently and temporarily – to the joint shaping of their shared action environment" (Spillman 2012:32).

The two other Weberian themes that Spillman has highlighted as being important for understanding trade associations, cultural orientations and political processes, bring attention to the different ways that many of the above elements operate in action. For Spillman, Weberian cultural orientations encourage an understanding that that Weberian conceptualizations are *ideal types*, which means that even though the above elements are useful for conceptualizing social relationships, organizations, and economic action, they are also an "empirical impossibility" (Spillman 2012:33). Weber also recognizes this in acknowledging that most social relationships have both communal *and* associative elements (1978:41). Spillman (2012) highlights the

following quote from Weber to show this recognition of the need to keep an eye to empirical reality:

No matter how calculating and hard-headed the ruling considerations in such a social relationship – as that of a merchant to his customers – may be, it is still quite possible for it to involve emotional values which transcend its utilitarian significance. (Weber 1978:41)

As with many scholars who invoke Weberian perspectives, she notes while ideal types serve important theoretical and conceptualization roles, cultural orientations (and empirical realities) must also be valued in studies of organizations: “... in reality, they will always mix the two types of social relationship, drawing tradition, affect, and value-rationality into supposedly instrumentally rational self-interested memberships” (Spillman 2012:33).

Connected to this cultural and empirical acknowledgement (and pushing against accepting ideal types as absolutes), Spillman also finds utility in Weber’s attention to how political processes influence both internal organizational dynamics as well as external relations with other actors. Weber notes that all social relationships are subject to potential conflict and competition within and outside of the relationship. When applying this to organizations, this brings attention to how political processes can potentially play out within an organization and how the organization relates to other social actors. For trade associations, Spillman notes that one of the most important actors that potentially has an influence on trade associations is the state. In relation to economic organizations, Weber includes the state in his typology of economic organizations as an organization that “enforce[s] economic order” (1978:74). According to Weber, “the modern economic order under modern conditions could not continue if its control of

resources were not upheld by the legal compulsion of the state” (1978:75).⁴ This conceptualization is also connected to Weber’s view of the state as being an actor that monopolizes the use of force. For economic action, this means that the state has a role in both constraining and facilitating certain types of economic action.

Thus, for Spillman, the three Weberian themes above provide a foundation for understanding an *ideal type* of trade associations as 1) a type of economic organization (“economically regulative organization”); 2) an organization that potentially has both associative and communal elements; and 3) an organization that is influenced by internal and external political forces and context.

Spillman then sets out to test this framework by examining how trade associations operate across states. Spillman does find evidence of trade associations operating as economically regulative organizations, particularly in states like Germany and Japan (Chandler 1988; Herrigel 1996; Gao 2001). She characterizes these states as having “strong associational governance,” where trade associations seem to enjoy a “quasi-public status” (Spillman 2012:37). Coleman (1988) highlights the work of trade associations in states that have strong associational governance as including “the autonomy and capacity to set industry targets, shape investment, assign territories, fix prices, punish violators, and thereby displace market governance” (134). Trade associations in Germany and Japan, then, seem to fit well within the Weberian ideal type of trade associations, particularly because of their regulatory power within these states. Spillman attributes this regulatory power not to the industries themselves, but to the state context within which these associations operate. That is, trade associations are able to operate in this way because of state authorization and laws that give these organizations the *legal status* to be able to

⁴ Weber does acknowledge that this may not be true for *every* economic system. Weber’s attention here, though, is to the modern time period and, thus, the modern state.

do so. For Spillman, cases like Germany and Japan denote positive cases of trade association operation in Weberian terms.

Spillman then turns to the U.S. to examine how trade associations operate as social actors. According to the Weberian framework highlighted above, she suggests that the institutional environment in the U.S. should actually *discourage* economic organizations like trade associations, particularly because of the history of antitrust laws and other legislation that limits business organizing:

In principle, historical conditions discourage business associations in the United States because antitrust law has generally restricted both their formal political authorization and formally coordinated economic action within industries. (Spillman 2012:41)

The U.S., then, should represent a *negative* case for trade association development according to the outlined Weberian model above. Because of the legal limitations in the institutional environment, trade associations should not thrive, particularly after the creation of and implementation of antitrust law in the early 20th century, which prohibits the very types of activities that trade associations are meant to serve for the wider business community as economic regulatory organizations. Spillman notes that from the surface, the case of U.S. trade associations appears to fit. Compared to the institutional environments and subsequent activities that trade associations are able to pursue in states like Japan and Germany, trade associations in the U.S. are weak, at least in Weberian terms. Although there have been times that trade associations have enjoyed more state attention and authorization (particularly in times of war), U.S. trade associations do not seem to fit well with the Weberian conceptualization of economic regulatory organizations. Spillman explains:

Superficially the historical evidence can support this view. Even before the implementation of antitrust law, associations [in the U.S.] were relatively informal organizations. They do not seem to have been particularly successful in what has been taken to be their major purpose: stabilizing industries with price and production agreements. (2012:68)

According to the Weberian model highlighted above, trade associations should have started to decline in the U.S. because of the limitations on business organizing and economic mechanisms that were associated with the passing of antitrust laws. Additionally, as Spillman notes, trade associations in the U.S. were never particularly successful in establishing the very economic regulatory mechanisms (such as price controls, pooling, or other types of “collusion”) that seem, theoretically, to be core parts of their purposes as organizations. And after the passing of antitrust laws in the U.S., these formal mechanisms were no longer available parts of organizational repertoires. This is to say that trade associations could have developed in similar ways as they did in Japan and Germany, but because of the institutional environment in the U.S., trade associations in the U.S. are comparably weak in their economic regulatory power.

From a cursory view, this seems to be true of trade associations in the U.S. They do not perform in the same ways that trade associations in other states do, particularly in connection to economic regulation. For Spillman, though, this is where the paradox of U.S. trade associations actually starts. Although U.S. trade associations are not able to pursue economically regulatory activities like trade associations in Japan and Germany, trade associations still thrive in the United States. In fact, in population studies of trade associations, the implementation of antitrust legislation did not slow the expansion of trade associations. Trade association populations actually grew and stabilized *after* the implementation of antitrust laws (Aldrich and Staber 1988;

Spillman 2012). What could possibly account for this population trend? Why did the trade association population continue to grow after the implementation of antitrust legislation?

Spillman (2012) proposes that during this time, trade associations must have been serving other roles that are not captured in the Weberian model outlined above and that they accomplished more than economic regulation for their members. Like Aldrich and Staber (1988), Spillman finds that state intervention in the form of antitrust laws did not necessarily have a negative impact on the wider population of trade associations, particularly on the process of trade association survival. Instead, trade associations were adapted to serve other roles for the business community that did not include economic regulatory activities that were deemed illegal under antitrust laws that were passed in the early 1900s. Spillman actually argues that these laws may have helped facilitate the process of trade associations taking on or amplifying other organizational roles that were actually more useful for the business community in the U.S. than economic regulation.

Theoretically, then, she suggests that trade associations are better understood by bridging Weberian accounts and predictions of trade associations within “a broader Durkheimian framework” of economic action (Spillman 2012:30). She explains that:

Durkheim’s concern with the long-term, likely irreversible trend to an increasing division of labor in modern life led him to suggest that occupational groups might help sustain cohesion and coordination. This insight suggests that even though American business associations seem comparatively ineffective in the pursuit of economic and political interests, the historical record will show a sustained orientation to the production of coordinating information that has been mostly neglected in previous accounts and that

provides a more plausible starting point for understanding business associations in contemporary American life. (Spillman 2012:30-31)

Spillman proposes that examining trade associations through the lens of “occupational groups” encourages a broader view of the activities that trade associations have pursued as well as a deeper look into the histories and organizational roots of trade associations in the U.S.

Spillman then connects the deeper historical roots of contemporary trade associations to not only organizations that attempted to coordinate economic activities, but also to “dinner-club” associations, which were popular business-affiliated organizations in the late 19th century (Galambos 1965; Spillman 2012). The purpose of dinner club associations was not necessarily to implement economic regulations, mechanisms, or strategies for entire industries (which is what the Weberian ideal types outline as possible and likely organizational trajectories for trade associations). Instead, they served as more of a social meeting place for industry leadership to meet and discuss ideas for possible coordination even if the organization itself did not pursue coordinating activities. Galambos (1965) explains:

The important function of the trade association... was to provide a meeting place, a dinner, a convention, or a luncheon for the members. These meetings enabled the members to coordinate their activities; yet their activities were seldom carried on by the association itself... the organization, qua organization, did little more than provide a platform...

By providing an institutional setting for business executives to build relationships with one another, these early organizations amplified the importance of camaraderie and coordination within industrial sectors, which Durkheim saw as essential to sustaining economic action.

Although these organizations began to be replaced by more formal and larger trade associations

at the turn of the century, Spillman suggests that the communal roots of dinner-clubs had staying power and cannot be discounted when understanding contemporary trade associations as social actors.

Thus, by expanding the conceptualization of contemporary trade associations to include other organizations like dinner-club associations, Spillman shows that trade associations were more than economic regulatory organizations prior to antitrust laws, which explains why Weberian models do not necessarily fit the case of trade associations in the U.S. This also helps to explain why the population of trade associations did not decline following the implementation of these laws. Instead, these organizations historically served other important social, cultural, and organizational roles for industries that are not captured by the narrow conceptualization provided by Weberian understandings of trade associations as economic regulatory organizations.

In the U.S. context, Spillman explains that this means that even before the implementation of antitrust laws, trade associations were “*already multifunctional*, oriented to collecting and exchanging general industry information, education, and occupational camaraderie” (Spillman 2012:53, emphasis in original). Spillman found the following activities to be important parts of how trade associations operated as “information production centers”:

Technical and commercial publications; exhibitions; market research; technical merchandising advice; surveys on wages, hours, and working conditions, and collective bargaining; employee training and placement advice; libraries; used machinery exchanges; uniform product guidelines; certification standards; standard business forms; and general and industry-specific statistics... (2012:62)

Thus, as antitrust legislation at the turn of the century shifted the business landscape in the U.S. away from certain types of colluding activities, trade associations were adapted to focus more on serving their respective industries as information centers and conduits of professionalization.

Spillman also explains that in amplifying their role as information production centers, trade associations also began to serve new purposes outside of their respective industries in the U.S. (Sutton, Harris, Kaysen, and Tobin 1956; Spillman 2012). This was particularly true for industry relations to the state. Trade associations were gathering information on a variety of industry activities and producing reports, which began to be important for state understandings of wider economic health in the country and the intricacies of specific industry dynamics. So while some activities that trade associations had historically used were deemed illegal after the passage of antitrust laws (particularly price controls or other efforts that seemed to stifle competition among firms), other activities pursued through trade associations were welcomed by the state. Spillman notes that trade association development during this time then should be understood in the context of “a shifting and somewhat unstable political environment,” particularly in the early 1900s (2012:62). That is, during this time period, the U.S. federal government was also grappling with how to best regulate business. Antitrust laws like the Clayton Act and the establishment of the Federal Trade Commission (FTC) were meant to be the culmination of the Progressive Era’s fight for protection against the impacts of big business on the public.⁵ However, as seen with the shifting purposes of organizations like trade associations, these laws had mixed impacts and did not completely curtail forms of business collusion and coordination.

⁵ The characterization of the “Progressive Era” in the United States is often painted as a moment of concrete wins for the public, labor, and the creation of a strong and responsive state. Antitrust legislation, particularly the dismantling of the Standard Oil Trust, was seen as winning example of the new era of a state willing to crack down on corporate greed. However, many scholars question if antitrust legislation was actually an attempt to reign in unwieldy corporate actors through a progressive agenda (Kolko 1963; Wienstein 1971).

The usefulness of trade associations as information production centers for state purposes was perhaps best exemplified during World War I. Although the U.S. government was still struggling with how to best implement antitrust laws, wartime pushed the business and government spheres together like never before (Kolko 1963; Lieberstein 1969). During World War I, business leaders were called on by the state to deliver high levels of production and distribution to support the Allied Forces. And in order to do so, the state relied on the leadership of existing trade associations and other business organizations such as the Chamber of Commerce to coordinate and deliver on these production and distribution goals (Baruch 1921). Spillman suggests that these activities represented a “newly routinized” set of relations between the state and the business community (2012:63), which can also help explain why the population of trade associations more than doubled between 1914 and 1919 (Aldrich et al 1994; Spillman 2012). This is not to say that trade associations necessarily enjoyed a more cooperative relationship with the state. Instead, Spillman explains that trade associations in the U.S. in the following years would see “dramatic swings in the political environment of associations” characterized by intense state cooperation and coordination during crises (such as wartime) followed by periods of strict enforcement and extension of antitrust laws. However, what remained was a new direction for trade associations, which established them as go-to institutions for information within and outside of their respective industries. By rooting their activities in information production instead of regulatory economic activities, trade associations now served more flexible roles, which had a lasting impact on the ability of trade associations to survive as organizations. Spillman argues that this period and organizational change was the defining moment for trade associations in the United States:

... associations developed and institutionalized an extensive portfolio of activities in the early twentieth century, an institutional portfolio from which each might adopt a selection of strategies of action according to contingent circumstances. This range of activities and pattern of selection is also still evident today. The common focus of almost all of these strategies of action was the coordination of information production. (Spillman 2012:69)

Although these organizations were already multifunctional at the turn of the 20th century, by amplifying their roles as information production centers, trade associations had successfully carved out an organizational niche that allowed them to adapt to an unstable and shifting political economy of the early 20th century. After her examination of these early 20th century transformations, Spillman goes on to argue that trade associations continued to solidify their roles as information production centers in changing political environments, eventually expanding into “institutional settings for routine cultural production” for the business community (Spillman 2012:2).

After establishing this historical and theoretical perspective on trade associations as social actors, Spillman focuses the remainder of her analysis on the activities that are pursued through trade associations. Many of the activities highlighted are similar to those explored by business and management scholars, including sponsoring annual meetings, the creation and monitoring of industry standards and statistics, production of various publications and reports, and formal political lobbying. However, building off her historical findings of the importance of trade associations as centers of cultural production, Spillman asserts that these activities primarily serve as ways to create and strengthen business culture and shared identities among businesspeople. When examined through a cultural lens, many of these activities can be understood as constructing and maintaining “cognitive categories, networks, and fields that

create collective cognitive goods for economic action” (Spillman 2012:346). She argues that although many of the activities that trade associations pursue could potentially have external impacts (such as with policy or public relations), the majority of this work is focused on creating and perpetuating collective identities, occupational camaraderie, and solidarities within industries. She emphasizes that “[b]efore strategies are possible, identities and solidarities are essential” to any potential collective economic action and that the building of solidarity is “an end in itself” for trade associations (Spillman 2012:137).

It is through this discussion of trade association activities and the building and maintaining of collective identities and solidarities that Spillman returns to her initial claims about self-interested economic action. She argues that much of the work pursued through trade associations, particularly these activities focused on identity and solidarity, cannot be explained as processes of self-interest. Instead, she frames these activities as *disinterested solidarity* and *nonstrategic action*. She argues that these activities have little to do with the type of self-interested collective action described by business and management scholars and others who ascribe to seeing businesspeople and business organizations as inherently self-interested. And while many trade associations do participate in some activities that can be understood as self-interested action (such as political lobbying), the most important role that they play, particularly in the U.S., is to strengthen the cultures of their particular industry.

Spillman is firm in her assertion that these activities are best understood as disinterested and nonstrategic because they primarily serve as ways for businesspeople to understand themselves as well as the work that they do. She argues that it is activities like these that help sustain economic action pursued by businesspeople more than direct, self-interested action, which is often assumed to be the natural or assumed foundation for all economic action. By

taking a cultural approach to understanding economic action (and, thus, organizations like trade associations), she shows that business interests must also be constructed and that the activities that businesspeople participate in through organizations like trade associations are some of the best ways to understand how business culture is produced and sustained. In her view, trade associations, then, are important spaces for mediating and building collective identity and solidarity among businesspeople, which are “necessary conditions for the production and reproduction of industry interests” (Spillman 2012:181). She suggests that trade associations are essential to this process because of the variety of meaning-making activities that occur through trade associations. These activities impact the way that businesspeople understand both themselves as well as the work that they pursue. She sums up the importance of this disinterested and nonstrategic cultural work in the following passage:

Recognizing this cultural structure helps understand the ideological power of business better than simplistic assumptions about economic self-interest. The many ways that business is understood as disinterested that we have seen in these pages are not trivial exceptions or odd anomalies; they help explain why and how self-interested, profit-oriented action can be sustained. In fact, they suggest that capitalist relations of production and exchange are much more psychically powerful than analyses based on normative self-interest might suggest. (Spillman 2012:346)

Indeed, by focusing on the processes and practices that businesspeople participate in, Spillman makes a compelling argument for understanding how business culture is created and maintained through organizations like trade associations.

In closing her analysis, Spillman cautions against the assumption that self-interested economic action is the best way to understand trade associations as well as motivations of the

wider business community. She argues that her analysis of trade associations and activities pursued through trade associations show that there are many processes that lead to the creation and maintenance of collective identities and solidarities that are essential to sustain individual industries. Her analysis sheds light on the fascinating meaning-making that businesspeople participate in to understand themselves as well as their work. By framing trade association work as disinterested and nonstrategic, Spillman challenges the assumption all activities pursued by businesspeople is necessarily rooted in attempts to control or influence economic action. Although much of this analysis may seem to shy away from some of the real impacts that businesspeople and business organizations like trade associations have as social actors, Spillman sees her cultural analysis as having different kinds of conclusions for the ideological and material power of business:

Only if we see disinterested solidarity as fundamental to the pursuit of business interests – as constitutive of business orientations as is the widely recognized idea of the competitive pursuit of self-interest – can we begin to understand the contemporary power of business culture and how it is sustained. (Spillman 2012:369)

In understanding business this way, Spillman shows that there is much cultural work that goes in to creating and sustaining business communities, which has historically been neglected in both critiques of and challenges to contemporary business practices, organizations, and institutions. By illuminating the cultural components of business life, Spillman provides a foundation for new directions of research in understanding business as a social actor with a new focus on the cultural dynamics that sustain economic action.

Discussion

Previous scholarship on trade associations offers an essential foundation for understanding trade associations as social actors. Scholars give clear, albeit differing, conceptualizations of trade associations, speaking to the potential representative nature of these organizations as well some important cultural purposes these organizations serve for wider business communities. Additionally, scholars have also provided insight into other important questions related to trade association behavior, lifecycle components, and organizational changes at the population level of trade associations over time. Historical perspectives on trade associations like Aldrich and Staber (1988) and Spillman (2012) also give a window into key historical junctures that facilitated changes in both the size of the trade association population as well as the types of activities trade associations pursue in a given state environment. By having a broader view of the state environments that trade associations operate in, generalizable traits of these organizations can be amended to better capture the significance of these organizations as social actors and push scholars to question some core assumptions about the roles that these dynamic organizations play in and outside of their respective industries.

An obvious tension between these two bodies of literature is found in the different conceptualizations of trade associations as social actors. Business and management studies scholars provide a characterization of trade associations as organizations centered on collective action for their members. The activities highlighted by these studies show that many of these activities are meant to influence internal industry dynamics as well as external actors that may have an impact on the way that wider industries are able to operate. Such characterizations and findings encourage an understanding that trade associations are active in attempting to influence a variety of “non-market” environments for their members (Baron 1995). Taking a cultural

sociology perspective, Spillman interrogates some of the core assumptions about trade associations as collective action oriented organizations. She suggests that such a characterization operates off assumptions that all business activity and organizations are rooted in self-interest. Through her study of trade associations, Spillman challenges this assumption, showing that business activity can also be understood as *disinterested* and *nonstrategic*, which she argues is particularly true of the development of cognitive categories and camaraderie, which are created and sustained through organizations like trade associations. From these findings, she suggests that trade associations are best understood as institutional settings that are primarily oriented towards cultural production for wider industries.

These contrary conceptualizations inspire different understandings of not only the organizational roles that trade associations play in society, but also how their activities may be perceived. If trade associations are centered on collective action, then their activities will be perceived as always working towards collective goals for their members, which connects to an understanding of economic action being self-interested. If trade associations are understood as centers of cultural production, then the focus of activities pursued through trade associations shifts towards how businesspeople make sense of their own work, which has a part in sustaining business communities and identities. For Spillman, these activities are not as benign as they may seem from the surface. Instead, they have a unique role in perpetuating business communities and activities precisely because they matter and are meaningful to the people who operate within them. Spillman argues that because business organizations and business activity are almost always understood as self-interested, scholars have missed opportunities to understand these meaning-making dynamics. In recognizing the power of the concepts nonstrategic action and disinterested solidarity, Spillman moves beyond the more descriptive elements of business and

management studies research and provides interesting new directions for understanding economic action and organizations. By invoking a hybrid of Weberian and Durkhiemian theories on economic action, Spillman provides a unique perspective on how trade associations serve an important *cultural* role in for business people, particularly in the U.S. This is overlooked by other studies of trade associations that seem to overgeneralize the importance of trade associations as *economic* and *political* actors.

After reviewing the studies of trade associations, some issues and omissions emerge. First, the body of literature on trade associations has primarily focused on the *population* level as outlined by Staber and Aldrich's (1983) analytical framework. Little research has engaged on the *individual* (or motivational) and *organizational* levels, which Staber and Aldrich (1983) identify as potential levels of exploration in understanding trade associations as social actors. This omission makes sense since little research has been pursued on trade associations. By focusing on the population level of trade associations, scholars have gained insight into wider patterns within and across different sectors and states, which is essential for building both theoretical and empirical standards for scholarly work on these organizations. Scholars that have primarily focused on the population level of trade associations acknowledge this omission and suggest that research on other levels of trade associations should be pursued to have a more comprehensive understanding of trade associations as social actors (Staber and Aldrich 1983; Spillman 2012; Barnett 2013). This creates new opportunities for understanding these organizations as social actors and how they connect to other social and historical processes within society. Studies at the individual and organizational level may support or challenge results to existing trade association scholarship, and new questions may be able to be pursued at these levels of analysis that population level studies cannot answer.

Second, the tension concerning the concept of self-interested action invites more questions about not only how organizations function as social actors, but also the impetus to create organizations like trade associations in the first place. Neither body of literature highlighted above takes the question or understanding the process of organizational creation seriously. Business and management studies scholars recognize that trade associations are created to work on common problems faced by industries (Aldrich and Staber 1983; Barnett 2013), but are not particularly interested in the process that businesspeople go through to make these organizations a reality. Through her cultural analysis, Spillman emphasizes the possible roles that trade associations play for businesspeople *after* they are created, focusing first on the failures of trade associations as economic regulatory organizations and the shift that occurred to push these organizations towards more cultural production. And while she argues that trade associations eventually became centers of cultural and information production, she neglects to examine the ways and reasons that many trade associations were created in the first place. Focusing on organizational inception processes may complicate her understanding of self-interest as it relates to trade associations as organizations. A focus on organizational inception potentially provides new opportunities and insights into how the concept of self-interested economic action operates beyond the firm level. In essence, neither of these bodies of literature engages with can answer questions of organizational inception: why do these organizations exist? How does the impetus to create organizations that work on common issues within industries relate to the concept of self-interested action? And what can the creation of these organization show about the business community as a whole? Are organizations like trade associations devoid of self-interest for members? Do they produce different types of self-interested opportunities for members?

Finally, a serious omission of the connections trade associations potentially have to class-based power and politics emerges when examining these studies. If either of the broad conceptualizations of trade associations highlighted above is true, then class-based theories of power and politics have much to contribute to and critique in these analyses. Although it is not surprising that business and management scholars do not engage with class-based theories of power and politics, the very observation that trade associations are representative organizations that pursue *collective* action for business interests provides an interesting challenge to some political economy perspectives on class-based power, organizations, and politics. The sheer number of trade associations in the United States and across the global should inspire more critical perspectives on how these organizations relate to issues of power and politics. The vast use of organizations like trade associations by business (or, in other terms, *capitalist*) interests necessitates discussions on the lengths that business leaders have gone to historically to organize themselves as well as their respective sectors and a recognition of collective interests based on common relations to production. It also presents is an intriguing window into how businesspeople work to maintain their powerful positions in society through organizations. Such organized efforts, however, need more theoretical grounding to connect these activities to wider historical and systemic structures and struggles.

When concerning Spillman's study (and the broader cultural sociology lens that she brings to economic action), class-based politics and power are glaringly absent from her observations as well. This omission is not particularly surprising due to the cultural perspective that Spillman brings to understanding these organizations as social actors. Although she may be correct in her assertion that taken-for-granted assumptions about self-interest and economic action is a large part of the reason that studies of trade associations and wider discussions of

business culture have not been pursued in the past, ignoring how these organizations connect to larger class dynamics in society creates a blind spot for understanding the significance of these groups as social actors and how they represent larger historical shifts in capitalist ownership, ideology, and relations to the state. Spillman even has an opportunity to consider the connection between class-interest and trade associations through her Weberian framework as Weber's notions of class (as well as status and party) connect to many of the cultural and communal themes that she highlights in her analysis. However, after using Weberian perspectives to understand economic regulatory organizations, she largely abandons Weber's theories to build her case for the cultural significance of trade associations, which relies heavily on meaning-making and cultural literature.

It is possible that Spillman does not focus on the concept of class precisely because this would unravel some of her major points on the concept of "self-interested action" that she is so critical of when considering the roots of economic action. The differences between class-interest and self-interest is the recognition of the *collective* power that organized efforts can take when connected to class locations as well as class struggle. Collective action sometimes requires that individuals involved in organizations consider the collective *over* the self. However, this does not necessarily mean that forming or joining organized efforts are altruistic acts. Instead, there may also be incentives for the self (or individual entity like a corporation) when joining collective efforts, which should not be ignored when considering organizations like trade associations. For the business community, the existence of trade associations should inspire more inquiry into the concept of self-interest as well as class-interest and how this process plays out in the business community.

Additionally, the cultural work pursued through trade associations should also be examined through a more critical eye. Many of the activities that Spillman highlights as being “disinterested” or “nonstrategic” take on new meanings if they are connected to the concept of *class-interest* instead of *self-interest*. These activities may look “disinterested” or “nonstrategic” from the outside, but if trade associations are understood as class-based organizations, then all cultural work is connected to the maintenance of class identity, consciousness, and class-based interests. These activities may still be maintaining business culture and identities that Spillman notes are essential for building camaraderie and solidarity within wider industries and sectors. Spillman’s assertion that disinterested solidarity is “an end in itself” for trade associations does not have to be read through a benign lens, however. When connected to class-based interests, these activities that go into the perpetuation and maintenance of the capitalist class position in society.

Constructing and maintaining “disinterested” or “nonstrategic” cultural references for those who participate in trade associations must be questioned beyond the meaning-making processes that Spillman describes. Observations of the work that is pursued through trade associations inspires questions of why those with material and ideological power in society go to such lengths to create and maintain ideological and material structures to their benefit. Without a discussion of the class position of organizations like trade associations, such questions remain unanswered.

This dissertation takes to task these omissions to provide new directions in empirical and theoretical understandings of trade associations as social actors. Empirically, the case study of this dissertation can be conceptualized as both an individual and organizational level case study. By focusing on the events and circumstances that led to the creation of the trade association the

American Petroleum Institute, insight will be gained into the individual/motivational level of trade association emergence. Additionally, the organizational level will also be examined as the case study provides insight into what types of activities the trade association has pursued over time. API has a nearly one-hundred-year history that is useful to examine through a critical sociological lens.

Theoretically, this case study also departs from both business and management studies and cultural sociological perspectives and invokes a key perspective to unpack the history of API: Marxian political economy, particularly Marxian organizational theory. I suggest that because trade associations are ultimately organizations that represent some of the most materially and ideologically powerful individuals and groups in modern society, Marxian understandings of class and organizations provide a better way to understand the roots of these organizations as well as the intentional process that goes into founding these organizations by a class-conscious elite. By conceptualizing trade associations through a Marxian lens, these organizations become culturally, organizationally, and materially significant in new ways, which challenges current sociological conceptualizations of trade associations as social actors as well as broader discussions of capitalist organizations and organizing in the United States. The next section details both this theoretical framework, which will be utilized to understand the American Petroleum Institute as a social actor.

Trade Associations as Social Actors: Marxist Perspectives on Organizing and Organizations

Because trade associations are organizations that represent business interests, Marxian political economy or, as some scholars call it, a “class-based perspective” provides better theoretical grounding for understanding trade associations as social actors. Unlike business and

management studies research, a Marxist perspective moves beyond the descriptive elements of activities or trends in the wider populations to situate actors within larger historical processes and power relations within society. When considering Spillman's outlined cultural perspective, Marxian political economy can also fill gaps in some of Spillman's omissions, particularly related to organizational formation, and challenges Spillman's concepts of "disinterested solidarity" and "nonstrategic action," showing that such concepts are impossible from class-based perspective. Marxian political economy provides a new foundation for understanding trade associations as social actors. I argue that trade associations are inherently *capitalist* organizations created to build and maintain the interests of the capitalist class. Activities pursued through trade associations, then, must be understood as processes designed to protect, maintain, and promote class interests.

To support this conceptualization of trade associations, I first examine how Marxist perspectives understand the concept of interests, particularly as it relates to class. I then discuss how Marxist theorists have attempted to understand the capitalist class as a cohesive political, economic, and ideological force in society. Discussions of how the capitalist class relates to other important actors, particularly the state, are also useful for understanding some of the potential limitations of the organizing efforts of capitalists and can also help explain why organizations like trade associations have not been taken seriously through a Marxist lens. After surveying the literature, it is clear that Marxist political economists and sociologists have lacked empirical and theoretical interest in capitalist organizations for justifiable reasons, particularly because of a focus on other actors (such as the working class and the state) and historical processes that make a detailed and nuanced look at capitalist organizations seem obsolete. However, the pervasiveness of trade associations and the types of work accomplished through trade

associations suggests that these organizations should not be ignored, particularly from a critical perspective like Marxian political economy. I end this section examining concepts and theoretical propositions of Marxian organizational theory that help make sense of trade associations as organizations and social actors, which are essential for understanding the American Petroleum Institute, the case study of this dissertation.

Class-Based Interests and Social Change: Marxian Perspectives on the Capitalist Class

Spillman contends that sociologists have not taken organizations like trade associations seriously because of a taken-for-granted assumption that business organizations as well as the wider business community operate on “self-interest.” She argues that this assumption makes investigation of their concrete activities and historical development of little interest to sociologists because the main point of all of these activities are to pursue self-interested action. While Spillman never directly mentions Marxist political economy as her primary foil (indeed, she only mentions Marx twice in her book and usually in passing), her analysis does critique classic Marxist themes as a way to build and explore her cultural conceptualizations of organizations like trade associations. The concept of self-interested economic action echoes class-based perspectives and motivations, but does not unpack the diversity of Marxist thought on “interests” and capitalist organizing and organizations.

Although Marxists do not use the term self-interest to understand motivations for economic action, *class-based interests* are of primary importance to understanding different social actors in society. Social class, class structure, and how classes interact (i.e. “class struggle”) are all essential parts of Marxist analysis and Marxian understandings of history. Indeed, Marxist theory is grounded on the premise that “the history of all hitherto existing society is the history of class struggles” (Marx 1848). In order to understand class struggle,

however, it is essential to understand Marx's notion of class. From a Marxist perspective, class has both objective and subjective components. Objectively, a class shares common relations to ownership of the means of production. Two primary classes exist in Marxian analysis: the bourgeoisie (often referred to as the capitalist class or the ruling class) and the proletariat (often referred to as the working class or simply "labor"). Other classes are also highlighted in Marx's writing such as the petite bourgeoisie, landlords, and the *lumpenproletariat*, all of which are classes that occupy social positions that are also important for understanding class struggle and the development of capitalism. However, most critical attention has been paid to the capitalist and working classes in attempts to understand class struggle and the potential for social change (Marx 1848). The capitalist class is signified by its *ownership of the means of production* as well as its ability to purchase labor power from other classes. The working class is characterized by its *selling of its labor power* to the capitalist class. The working class does not own the means of production or have the ability to purchase the labor power of other classes. These varying relationships to the means of production and labor power are key parts of the dynamics between and among classes and shape the way that capitalism has developed over time. Work for the proletarian has "lost all individual character" as the proletarian has become "an appendage of the machine" (Marx 1848). These connections to the means of production signify that objective component of class from a Marxist perspective.

When considering the capitalist class, Marx is clear in his conceptualization that the capitalist class is a ruthless force of social change, playing "a most revolutionary part" in gaining institutional control and driving changes that most benefits itself (Marx 1848). In *The Communist Manifesto*, Marx provides a series of statements on the power of the bourgeoisie as well as signifiers of the types of changes to society the "epoch of the bourgeoisie" has brought.

“Constant revolutionizing of production, uninterrupted disturbance of all social conditions, everlasting uncertainty and agitation distinguish the bourgeois epoch from all earlier ones” (Marx 1848). However, many of these activities also contain “weapons” which may be “turned against the bourgeoisie itself” (Marx 1848). Marx further explains that “not only has the bourgeoisie forged the weapons that bring death to itself; it has also called into existence the men who are to wield those weapons – the modern working class – the proletarians” (1848). Marx describes these weapons as “political and general education.” Marx also predicted that over time and with the development of industry, the working class would increase both in numbers and concentrated masses. With these increases in the working class, “its strength grows, and it feels that strength more” (Marx 1848). Already a class based on its relation to the means of production and armed with these weapons of the bourgeoisie, Marx predicted that the working class would also organize into a political party. Although at times the party is “continually... upset again by the competition between workers themselves,” the political party of the working class “ever rises up again, stronger, firmer, mightier” eventually culminating in its true purpose: a revolutionary class (Marx 1848).

These latter observations by Marx connect to the other component of class, the subjective component, from a Marxist perspective. In Marxist thought, the subjective component of class is often understood as “class consciousness” or the ability of a class to recognize and act upon its collective, class-based interests (Lukács 1923; Coser 1977; Cohen 1980; Andrew 1983) This is also signified as the difference of a “class in itself” (the objective component) and a “class for itself” (the subjective component) (Coser 1977; Draper 1978; Cohen 1980; Andrew 1983). Whereas the objective component of class rests on class relations to the means of production (a “class in itself”), the subjective component of class connects class to ideological, cultural, and

political processes (a “class for itself”). Some scholars have suggested that objective components of class are economic while subjective components of class are political and ideological (Cohen 1980; Andrew 1983). Such a distinction is essential for understanding structural positions of classes in society as well as the political action (or potential political action) that classes pursue in organized fashions. The subjective component of class has received much scholarly debate, with many scholars questioning how class consciousness is achieved (Lukács 1923; Coser 1977), how class consciousness is related to the objective component of class (Dos Santos 1970; Draper 1978; Cohen 1980), why these types of class distinctions matter (Przeworski 1977; Cohen 1980; Andrew 1983), and what impact class conscious classes potentially have on other actors such as the state (Poulantzas 1973; Block 1977).

While many of these questions and detailed debates of the subjective component of class have been centered on the working class, attention to the capitalist class’s relationship to its class position and its potential consciousness is also an important scholarly discussion. When considering the capitalist class, some scholars question whether or not the capitalist class was ever or ever needed to be class conscious to bring about the social changes that led to the social arrangements that characterize “bourgeois society” or “capitalism.” That is, to achieve its dominant position in society, did the capitalist class have to achieve class consciousness and embody a “class for itself?” If so, how does the capitalist class continue to operate as a class conscious of its interests? What does class consciousness look like in action through organizing processes? If not, what other mechanisms are at work to sustain capitalism as a system?

All of these questions on the capitalist class’s role in social change as a class potentially conscious of its interests produce quite different answers. This contested area of Marxian political economy has ramifications for understanding capitalists as a class, an organized force,

and any organizations that represent capitalists (such as trade associations). When reading Marx's writing, he is clear in his position that the capitalist class is a powerful and transformative force in society. And in the "bourgeois epoch," the capitalist class must be understood as a "ruling class" (Marx 1848). Many scholars and political actors have taken his points on the capitalist class literally and developed their perspectives on the capitalist class and its influence on society as a powerful and *intentional* force in history. Such a perspective is often referred to as a part of the *classical Marxist* perspective. Political parties and organizations as well as scholars who utilize this perspective operate off the assumption that the capitalist class is indeed a class conscious of its interests, working to instill its values and worldviews onto others in society.

However, scholars that take the more classical Marxist view have still questioned the degree to which the capitalist class is conscious of its interests and how the capitalist class operates as a class-conscious force. In his seminal work *History and Class Consciousness*, Lukács (1926) develops the concept of class consciousness and considers how the concept relates to different historical time periods as well as different classes. Lukács's work on class consciousness is often connected to how class consciousness functions for the working class, which has inspired many studies of the working class as an emerging conscious and political force (Thompson 1963; Hechter 1975; Wilentz 1984; Jones 2001) However, he also had much to say about the class consciousness of the capitalist class and its potential impacts. When considering the capitalist class, Lukács does not see that capitalist class as ever being able to achieve what he terms as "true" class consciousness. "True" class consciousness is reserved for the working class, which is the only class capable of achieving a class consciousness that allows them to change their conditions within society. Instead, he sees the efforts of the capitalist class

to actualize their interests as being rooted in a “false” consciousness. Although the capitalist class does act to protect its interests (and does so intentionally), Lukács sees all of these efforts as unsustainable because of the inherent contradictions of capitalist as a system. He states:

The hegemony of the bourgeoisie really does embrace the whole of society; it really does attempt to organize the whole of society in its own interests (and in this it has had some success). To achieve this, it was forced both to develop a coherent theory of economics, politics and society... and also to make conscious and sustain its faith in its own *mission* to control and organize society. The tragic dialectics of the bourgeoisie can be seen in the fact that it is not only desirable but essential for it to clarify its own class interests on *every particular issue*, while at the same time such a clear awareness becomes fatal when it is extended to *the question of the totality*. The chief reason for this is that the rule of the bourgeoisie can only be the rule of a minority. Its hegemony is exercised not merely *by* a minority but *in the interest* of that minority, so the need to deceive the other classes and to ensure that their class consciousness remains amorphous is inescapable for a bourgeois regime. (Lukács 1926:65; emphasis in original)

Thus, for Lukács, the way that the capitalist class attempts to justify its activities is rooted in “false” consciousness. That is, it will never live up to the promises it makes as an organizing force in society. While the capitalist class attempts to understand economic, political, and social problems, its analysis is flawed because it cannot overcome the crises and contradictions inherent in the capitalist system. Lukács explains that “[t]he ‘falseness’, the illusion implicit in this situation is in no sense arbitrary; it is simply the intellectual reflex of the objective economic structure” (1926:52). And further,

The class consciousness of the bourgeoisie may well be able to reflect all the problems of organization entailed by its hegemony and by the capitalist transformation and penetration of total production. But it becomes obscured as soon as it is called upon to face problems that remain within its jurisdiction but which point beyond the limits of capitalism. (Lukács 1926:52)

For Lukács, then, the capitalist class is a class *conscious* of its interests. The activities it pursues, the knowledge it creates and advocates, and even its attempts at organizing to face issues that emerge because of the way that capitalism operates can all be understood as efforts of a class conscious of its interests. However, this consciousness is “false” because it can never escape the inherent contradictions within capitalism:

For despite all the dialectical contradictions, despite all its objective falseness, the self-deceiving ‘false’ consciousness that we find in the bourgeoisie is at least in accord with its class situation. It cannot save the bourgeoisie from the constant exacerbation of these contradictions and so from destruction, but it can enable it to continue the struggle and even engineer victories, albeit of short duration. (Lukács 1926:69).

This last point shows that the capitalist class will continue to struggle to maintain its dominant position in the bourgeois epoch. And although Lukács does not believe that the activities that capitalist class pursues will ensure its dominance and hegemonic position in society, his analysis still paints the capitalist class as a “class for itself.”

Other scholars have examined the impacts of the capitalist class on other institutions, particularly the state, to understand the capitalist class as a class-conscious actor. The Marxist view of the state was largely developed as a response to the pluralist perspective of the state as a

neutral institution. Milliband (1969) explains that scholars who take a pluralist perspective of the state acknowledge that:

...there are elites in different economic, social, political, administrative, professional and other pyramids of power. But these elites altogether lack the degree of cohesion required to turn them into dominant or ruling classes.” (Milliband 1969:4)

Indeed, this view of multiple, competing elites constitutes an “elite pluralism,” which, from the pluralist perspective is meant to ensure that “power in society *will* be diffused and not concentrated” (Milliband 1969:4; emphasis in original). Marxist scholars reject such a view of both the capitalist class as well as the state. Alford and Friedland (1985) explain that from a Marxist perspective:

... the state is fundamentally biased in its operations in favor of those who privately control the means of production. Such a system is neither natural nor inevitable but is a historical product of sometimes open, sometimes covert class struggle. In a capitalist society there is no public interest but only class interests. (Alford and Friedland 1985:272)

However, scholars disagree on the nature of the state as a capitalist institution particularly the state’s relationship to the capitalist class. Some scholars contend that since the capitalist class is an intentional, powerful and pervasive force that acts as a *ruling class*, the state is an *instrument* of the capitalist class and, therefore, must reflect the capitalist class’s interests (Milliband 1969, 1977; Alford and Friedland 1985). Such a conceptualization echoes many of Marx’s early writings on the power of the capitalist class. When capitalists are assumed to have unlimited and unchecked control of the state (and, therefore, its power), scholars have characterized this perspective as an “instrumentalist view of the state,” where the state and state policies are a

“mere reflection of economic interests” of the capitalist class (Block 1977:6). Recent developments on the concept of the capitalist class as a ruling class have considered how the capitalist class has developed beyond the confines of state power and influence to develop into a *transnational capitalist class* (TCC), which is considered a *global ruling class* (Van Der Pijl 1984, 1998; Sklair 1995, 2002; Robinson and Harris 2000; Robinson 2003). In this view, the TCC controls not only individual states, but also international policy-making bodies such as the World Trade Organization and the International Monetary Fund. The development of the transnational corporation is also an important instrument for the TCC to actualize its goals and move capital more freely around the globe (Robinson and Harris 2000).

However, other scholars have questioned this view of the capitalist class and whether or not a class-conscious capitalist class is able to wield as much power and control as the classical Marxist perspective suggests. Instead, these scholars suggest that the staying power of capitalism is structural and historical rather than behavioral saying “[t]hese mechanisms operate independently of any political consciousness on the part of the ruling class” (Block 1977:27). This perspective is best understood as *structural Marxism*, which orients discussions away from intentional actions by the capitalist class and more towards the ways that structural conditions encourage the maintenance and growth of capitalism (Poulantzas 1973; Offe 1974; Block 1977). This is particularly true of how the state is understood in relation to the capitalist class. Instead of the capitalist class driving state policy to actualize its own interests, scholars have challenged this assumption calling attention to the *relative autonomy* of the state, arguing that there are genuine avenues for state actors to have influence over the direction of the state and state policies. Block’s (1977) resounding and influential statement “the ruling class does not rule” embodies this position, challenging the assumption of an all-powerful capitalist class (6). Indeed,

Block contends that “a viable Marxist theory of the state depends on the rejection of the idea of a conscious, politically directive, ruling class” (1977:26).

Unlike scholars that take a pluralist view of the state as a neutral space for all actors to contest their issues and potentially garner benefits in the form of policies, structuralists still position the state as a capitalist institution (or, the capitalist state). Structuralists argue that the activities pursued by the state differ from those pursued by capitalists because they represent long-term interests of the capitalism as a system, rather than short-term interests of capitalists (Offe 1974). This perspective is meant to encourage an understanding that the state serves a unique role in maintaining capitalism that capitalists cannot do alone through their class-based position (Block 1977). For example, some policies that the state passes may appear to be anti-capitalist such as the passage of laws that protect some workers’ rights. However, when considered in the long-term, these short-term concessions actually help to perpetuate capitalism because they dissuade an uprising that could overthrow the whole capitalist economic system and class-based social order (Offe 1974). A final point about structuralism, though, is that even in these instances, state actors may not be *intentional* in their actions. Instead, structuralists argue that much of this work and “the historical process unfolds “behind the backs” of the actors” and that it is therefore imperative to “locate the structural mechanisms that shape the workings of the capitalist state” instead of attributing capitalist development primarily to an active capitalist class conscious of its interests and actions (Block 1977:27). Alford and Friedland explain the structuralist view this way:

Although structures of organized power are important to the class perspective, class power does not normally depend upon the political organization of the class, even if the transformation of social relations does depend upon their political organization. Class

power depends upon the state, and the state is shaped by class power. In this sense, class power is political. But accumulation, the systemic source of class power, does not require the existence of a politically organized ruling class. (Alford and Friedland 1985:286)

This theoretical point is meant to center the idea that structural power of capitalism *as a system* that supersedes individual action and organized efforts by any group in society even those with assumed power, like the capitalist class.

Discussion

After examining these elements of Marxian political economy particularly as these perspectives relate to the concept of *class-based interests*, important theoretical and empirical insights serve as different guides to understanding the capitalist class as a social actor. A Marxist perspective encourages a view of society that centers class struggle to explain economic and social development. When considering how the capitalist class fits into this struggle, scholars have questioned the power of the capitalist class to control social institutions and social change. These studies have produced differing understandings of the capitalist class as a “ruling class,” organizing for class rule. Some scholars operate off a definition of the capitalist class as an all-powerful and conscious actor constantly working to ensure their interests are protected, promoted, and advanced (Andrew 1983; Milliband 1969; Van Der Pijl 1984, 1998; Sklair 1995, 2002; Robinson and Harris 2000; Robinson 2003). Others reject this conceptualization and instead highlight the structural conditions that supersede any actions pursued by the capitalist class to control the state (Poulantzas 1973; Offe 1974; Block 1977).

These two dominant perspectives on the capitalist class represent an obvious and familiar binary to sociologists: structure v. agency. On one side is a perspective that advocates a view of a class-conscious and active capitalist class that is considered a ruling class of the “bourgeois

epoch.” This agent-centered perspective is meant to show the ways that the capitalist class was able to build power and take control of social institutions like the state and the family (Marx 1848; Milliband 1969, 1977; Andrew 1983). After gaining control, scholars have then shown how the capitalist class attempts to maintain its power through institutions as well as ideological mechanisms, some even arguing that the capitalist class has taken on a global dimension, becoming a global ruling class or a transnational capitalist class (Sklair 1995, 2002; Robinson and Harris 2000; Robinson 2003). On the other end of this binary is attention to the power of structure and roles other actors play in maintaining capitalism as a system, challenging the notion of both a ruling and class-conscious capitalist class (Poulantzas 1973; Offe 1974; Block 1977). Calling attention to structure encourages an understanding that all actions and choices are constrained because of the existing patterns in society (Alford and Friedland 1985).

Such a binary, however, presents theoretical and empirical difficulties for understanding the capitalist class. Because the structuralist position on the state (and, therefore, on the capitalist class) has come to dominate much Marxist thought in the past few decades, little Marxist analysis has been applied to understand the capitalist class as an organized entity. The exception to this is the research on the TCC, which focuses on the increasingly global dimensions of the capitalist class as a global ruling class. If structure is too centered in analysis, then there is also a danger of assuming that actions of individuals and groups have little impact on social structures, which makes any organized action meaningless. From a Marxist perspective, this not only has an impact on how capitalists are understood, but also how the potential of the working class is theorized. If capitalism is too powerful because of its structural mechanisms, then social change efforts may also be painted as obsolete, hopeless, and ineffective. For studies of capitalists in

particular, the study of capitalist organizations would seem inconsequential given these theoretical propositions from structural theorists.

Additionally, both classical and structural Marxisms are narrow in their understandings of the purposes of class organizing for the capitalist class. Whether scholars have taken a classical or structural view of the activities of the capitalist class, these perspectives primarily focus on how the capitalist class attempts to organize for *class rule* of wider society and social institutions like the state. Scholars provide important theoretical arguments on the *impacts* and *outcomes* of capitalist organizing with most of these perspectives coming to the same conclusion that the capitalist class cannot be successful in the long-run because of the inherent contradictions of capitalism. This focus on the long-term impacts and potential success of capitalist organizing does not leave much room for analyzing *other types* of organizing purposes and the nuances of collective action pursued by the capitalist class. This also gets away from the core of Marxist thought: that *class struggle* defines the history of society. If class struggle defines society, then capitalists must be actively participating, struggling, and organizing in ways to protect and promote their interests. And while the inherent contradictions of capitalism as a system may eventually lead to its demise, it does not appear this way to capitalists. Instead, capitalists will continue to see, justify, and believe in the infallible tenets of capitalism that have been crafted through their own eyes and worldviews. And in doing so, they will organize in ways to promote and actualize their ideas, which is inherently connected to protecting their interests as a class.

Understanding capitalists this way inspires new questions and empirical sites of study for Marxist scholars. Instead of only focusing on theoretical propositions of the inevitable failures of capitalism, Marxist perspectives can be utilized to better understand the *ways* that capitalists participate in class struggle and what types of organized efforts capitalists pursue in this struggle.

This is not meant to suggest that studies of capitalists should supersede other types of organizational studies such as those of the working class. Indeed, studies of the working class are connected to the tradition of Marxist political thought being “a guide to action” (Alford and Friedland 1985:286). I suggest that focusing on *capitalist organizations* and *organizing processes* can also connect to the political project of Marxist thought by shedding light on those efforts that capitalists pursue in order to protect themselves and perpetuate the wider system of capitalism as a whole. By focusing attention on capitalist organizations and organizing, Marxist scholars can show how the capitalist class pursues their own strategies within the larger historical process of class struggle. Indeed, without an examination of the many dimensions of the capitalist class, scholars may be missing important opportunities to contribute theoretical and empirical observations on the historical and contemporary efforts that capitalists participate in to support the continuation of the capitalist system.

I suggest that trade associations and other types of capitalist organizations and organizing processes present a unique opportunity to provide some of these empirical observations, which can then support and challenge sweeping generalizations of the capitalist class that Marxian political economy often operates upon. In order to pursue these studies, however, some key assumptions about organizations and organizing as well as research questions must be identified to orient these studies. The next and final section of this chapter provides these assumptions about organizations and organizing from a Marxist perspective as well as the research questions that will be pursued in the case study of the trade association, the American Petroleum Institute.

A Marxian Framework of Organizational Studies: Understanding Trade Associations as Social Actors

When considering types of political action and social change from a Marxist perspective, Alford and Friedland (1985), state “it is the organizational and individual levels of analysis that become important, but they are theoretically neglected or subordinated” because of the systemic and structural focus of most contemporary Marxist thought (286). Alford and Friedland (1985) highlight the importance of the organizational and individual analytical levels because it is here that scholars can test theoretical propositions about class struggle that are so central to Marxian analysis. And although Marxist perspectives typically focus on long historical and structural processes, it is necessary to engage with the individual and organizational levels to better understand how class struggle works in action within both the capitalist and working classes. Although there are not many studies of capitalist organizations through a Marxist lens, some scholars have provided key theoretical and analytical propositions on how to study organizations through a Marxist perspective. As a perspective rooted in class-based struggle in larger historical and structural contexts, a Marxist perspective provides new ways to understand all types of organizations. Of course, for purposes of this study, capitalist organizations, primarily trade associations, will be focused on. Given the ubiquity of capitalist organizations and organized efforts, however, a Marxian perspective is necessary to understand these organizations beyond a descriptive or cultural level. The studies on trade associations highlighted above from business and management studies scholars as well as the cultural sociology are prime example of why Marxian perspectives are essential to understanding these organizations beyond these levels.

The first key theoretical assumption of organizations from a Marxist perspective connects organizations explicitly to class struggle as a process. Heydebrand (1977) argues that

organizations must be understood as the *culmination* of organizing for specific objectives. Still connected to class-based positions, this calls attention to the way class-specific groups form organizations and centers organizational formation in class struggle. From a Marxist perspective, organizations are understood as a part of an organizing *process* connected to class positions:

It is not difficult to conceive of an “organization” – an established structure – as the outcome of organization as process – that is, of organizing activity. This outcome is not so much an accumulated material product or commodity as it is a social structure, a set of established social relations. (Heydebrand 1977:87)

Such a perspective important for understanding organizations like trade associations that have such strong ties to the capitalist class. Unlike the cultural sociology perspective that serves as a foundation for Spillman’s analysis, a Marxist perspective on trade associations does not begin with attempting to understand how a concept like *self-interest* does or does not work through organizations like trade associations. Instead, a Marxist perspective connects individual businesspeople and organizations to an understanding that class struggle and, therefore, *class-based interests*, are inherent parts of organizational formation as well as subsequent organizational activities.

Further, Heydebrand (1977) explains:

The historical character of the processes mediating between activity and outcome is particularly salient in the formation and transformation of organizations. Organizations are concrete social structures formally established for the purpose of *achieving specific objectives*. As such, organizations can be seen as objective historical outcomes of practical collective activity, especially activity organized around the production of material life and the reproduction of social life. (86; emphasis added)

When understood this way, organizations and organizational activities potentially take on new meanings, particularly when compared to the cultural sociology that anchors Spillman's study and the atheoretical studies provided by business and management scholars. A Marxian view of organizations shows that individuals likely already have some forms of solidarity based upon their class positions instead of it being built *after* an organization is formed. With this perspective, then, the issue of why an organization like a trade association would be established in the first place has theoretical roots that are lacking in the above studies on trade associations. Trade associations are intimately connected to class struggle and must be understood as an outcome of recognition of common class positions. This also echoes perspectives on the subjective component of class, suggesting the process of building class consciousness goes hand-in-hand in building organizations to achieve specific objectives as a class.

This assumption, then inspires a set of guiding questions centering on the importance of *organizational formation and transformations* and how these connect to class-based interests:

- Why and under what conditions do trade associations form?
- What processes do capitalists go through to establish trade associations?
- How do capitalists understand this organizing process themselves?
- What do trade associations represent to capitalists?

Focusing attention on organizational formations and transformations provides insight into the decision-making that capitalists participate in and potentially how the capitalist class attempts to not only understand itself as a "class for itself," but also how capitalist *organize* in attempts to become one. This dissertation takes seriously the process of organizational formation detailing the events that led to the creation of the American Petroleum Institute.

The second theoretical assumption of organizations from a Marxist perspective connects organizational activities to class struggle. Alford and Friedland (1985) explain that through a class-based perspective, “individual actions and organizational interests must be understood via the societal contradictions inherent in the class relations comprising a mode of production” (271). This means that, from a class-based perspective, individual decision-making or organizational activities cannot be understood in isolation. Instead, they are manifestations of class struggle within society. By calling attention to how individuals and organizations are inextricably linked to larger class dynamics in society, individuals and organizations become intertwined with long-standing class positions, which guide behavior and action particularly through organizations. Spillman’s concepts “disinterested solidarity” and “nonstrategic action” do not make sense from a Marxist perspective because they are explicitly disconnected from class-based interests. A Marxist perspective argues that when individuals form organizations, class locations are crucial parts of organizations as social actors and essential for understanding subsequent organizational activities. Organizational activities, then are another important window into how capitalists attempt to understand what is important for them to work on collectively as a class. Research questions inspired by this theoretical assumption are as follows:

- Once created, what activities are pursued through trade associations?
- How do these activities reflect class struggle and the pursuit of class-based interests?
- What are the potential impacts and effects of trade association activities on (American) capitalist society?

By focusing on organizational activities, insight can be gained into the types of activities capitalist organizations perform, which also shows what issues capitalists believe they must work on collectively.

Through the case study of API in the following chapters, I will show that trade associations then must be understood through a new conceptualization: trade associations are inherently *capitalist* organizations created to build and maintain the interests of the capitalist class. Such a conceptualization is a direct challenge to the cultural sociological perspective of Spillman and the atheoretical perspectives of business and management studies scholars. Before unpacking this conceptualization and exploring these questions in the case study of API, in the next chapter, I provide a brief methodological discussion of how I came to study API by detailing my research process, data collection, and analysis strategies.

Chapter 3

Methods

In order to explore research questions on the organizational inception and activities of the American Petroleum Institute, this dissertation relied on archival methods and qualitative data analysis to build an historical case study. In this chapter, I detail my research process and methods including data sources, data collection and organization, and analysis strategies.

Research Process

This dissertation research began with fundamental questions about how the petroleum industry pursued political work through industry-funded organizations. The American Petroleum Institute piqued my interest after observing some of API's work in my everyday life. It seemed somehow that API was everywhere: commercials on television and music streaming services advocating the use of natural gas, social media accounts sharing articles about "balanced" energy choices, stories and pictures of oil workers coupled with concerns about the loss of jobs if petroleum regulations were passed, "rallies" of petroleum industry workers opposing environmental regulations – all of these messages and images were a part of my daily reality. Having studied a coal industry-funded organization and its political and cultural activities for my Master's thesis research, I suspected that these messages were industry-sponsored, which led me to research what organization (or perhaps organizations) was creating and distributing these messages. All roads, in one way or another, seemed to lead back to one organization: the American Petroleum Institute. In some of my preliminary examinations, I found API to be active not only on the airwaves and on the Internet, but also on the ground through lobbying and in Congressional hearings on policies related to the petroleum industry. One day while helping my sister change her oil, I saw a sticker on her car's engine that indicated the part was certified by the American Petroleum Institute, leading me to later research and discover that API was also

responsible for creating and maintaining many internal industry standards. With all of these activities, I thought API would be an interesting organization to study for my dissertation research.

I originally had intentions to study API from its inception to the present day with a focus on API's organizational activities over time. I wanted to know how the organization shaped and maneuvered political and cultural spaces within and outside of the industry. Knowing that the organization was created in 1919, I believed that by examining and documenting its long history, much insight could be gained into how the organization was utilized by the petroleum industry to accomplish its goals. As I began data collection and learning more about the history of API, however, I took some steps backward and considered questions about collective action, business actors, and organizations. I was puzzled as to why economic competitors in the petroleum industry would agree to work on these collective projects or even form an organization like API in the first place. I interrogated some of my own assumptions that I had about the "collective" nature of the petroleum industry and began to develop broader questions of not only industry organizations and organizational work, but also industry *organizing processes*.

Thus, I began to have more questions about how and why the organization was created, which then led me to study the petroleum industry prior to the creation of API. Reading the historical accounts of the industry during the 1800s showed that the industry environment was contentious and characterized by bitter divisions, with industry leaders showing no signs of becoming organized through a national and representative trade association. However, when API was created in 1919, industry leaders were enthusiastic about their new organization and the previous divisions among petroleum industry leaders were less pronounced. This change in industry dynamics among petroleum industry leaders suggested that something profound had

changed in that short period. Thus, over the course of my investigations, my research became increasingly historical, which caused me to reevaluate my research parameters and pursue questions related not only to organizational activities, but also the way that organizations are created.

These shifts in my research parameters also inspired new explorations of theoretical foundations for understanding trade associations as social actors. Existing literature on trade associations did not give much insight into the inception process of trade associations, which further piqued my interest in understanding how and why a trade association like API had emerged within the petroleum industry. These gaps in the literature required explorations of other theoretical orientations. Given that trade associations were representative of business communities, I began exploring Marxist political economy discussions of the capitalist class. I also surveyed Marxian organizational theory, which centered discussions on the particular actors that create and maintain organizations as well as the wider structural processes, particularly class struggle, that encourage organizations to form and act. In the case of trade association development, this meant centering capitalists as the primary instigators of trade associations. With these theoretical assumptions, I began to build my theory that trade associations could only be understood as *capitalist organizations* that are the culmination of recognition among capitalists of their collective, class-based interests. Studying the *organizing processes* among capitalists that go into the creation of trade associations is one way to understand the inherently capitalist roots of these organizations. Understanding the roots of trade associations through a Marxist lens also led me to see the work pursued through trade associations in a new light. These activities embodied class-based struggle and protection of class-based interests, with most if not all work pursued through trade associations returning to service the capitalist class.

Through this research process, I finally arrived at my research questions, which focused both on organizational inception as well as organizational activities of trade associations broadly. These research questions were as follows:

Questions on organizational inception:

- Why and under what conditions do trade associations form?
- What processes do capitalists go through to establish trade associations?
- How do capitalists understand this organizing process themselves?
- What do trade associations represent to capitalists?

Questions on organizational activities pursued through trade associations:

- Once created, what activities are pursued through trade associations?
- How do these activities reflect class struggle and the pursuit of class-based interests?
- What are the potential impacts and effects of trade association activities on (American) capitalist society?

Data Sources

In order to answer these questions, I sought a variety of data on API and the history of the petroleum industry. Data for this study came from both primary and secondary sources. All data sources for this dissertation were publically available.

Primary sources for this dissertation include both traditional and digital archives of self-produced API documents, petroleum and other industry trade journals, and government reports. Traditional archives of self-produced API documents were accessed at a special collection at the Smithsonian National Museum of American History in Washington, D.C. The archives contain 119 boxes, which amounted to over 4,500 documents, photographs, films, and reports of API

(Smithsonian 2017). The API archives located at the Smithsonian provided rich data on the organization's work including a wide range of materials such as memos, film scripts, promotional brochures, videos, and photographs, from API's inception in 1919 to the year 1990. The collection was donated by the American Petroleum Institute in 1999 and is titled "American Petroleum Institute Photograph and Film Collection" (Smithsonian 2017). Per the Smithsonian's terms of use for archives, I was able to take high-resolution digital pictures of each document of interest for this research. I stored each picture on a password protected external hard drive. These data were collected over four ten-day trips to D.C. in the fall of 2014 and spring and summer of 2015.

Digital primary sources of API consisted of live and archived websites, including the API website, API campaign websites, and API social media websites. As data sources, websites are understood as digital spaces of institutional memory, containing original born-digital sources essential for organizational research (Pudrovska and Ferree 2004; Rice 2010; East 2012). Today, websites serve as a clearinghouse for information production and distribution of organizational identity, purpose, and activities, which are all essential for understanding capitalist organizing and organizations. Websites can also be understood as spaces of institutional memory, often containing familiar documents, such as press releases, mission statements, and newsletters, which are all useful for organizational research. New types of "documents" specific to the Internet, such as web pages and blogs, are also contained on websites. Websites hold other types of visual media such as promotional flyers, full-length commercials, educational videos, and pictures from events. Both the archived and live websites of API contained organizational information from 1996 to 2017. Archives of the API website were accessed via the Internet Archive's Wayback Machine, a website archive database available for public use. The Wayback

Machine contains over 485 billion web pages archived from 1996 to the present year, but its content is not systematic or comprehensive (Internet Archive 2017a). API's website was archived extensively by the Internet Archive and is available through the Wayback Machine, with over 23,000 unique webpages of API's website (Internet Archive 2017b). These pages span from 1996 to 2017 and were of particular importance to the final empirical chapter of the dissertation.

API's current website as well as API's current social media accounts also served as original digital sources for this project. Although exact counts for the live website of API, API's campaigns, and API's social media accounts cannot be as easily determined as the archived sites, these pages and accounts contain site-maps which provide estimates for the amount of webpages. In 2017, the main API website has over 300 unique webpages and each of the campaign websites is estimated to contain over 30 unique webpages. Social media accounts vary in their original source materials, but have been consistently utilized since 2009 and continue to be an important space of work for organizations like the API today (Walker 2009).

For the historical analysis that now comprises the bulk of the dissertation, two API documents that were of particular importance are the personal written reflections from two key API staff members, Leonard Fanning and Stephen P. Potter. Fanning served as the first director of Publicity and Statistics of API in the 1920s and stayed with the organization until his retirement in the 1950s, working primarily in public relations. Fanning was also a writer for some petroleum trade magazines prior to his employment with API. Stephen P. Potter served as API staff from the 1940s to the 1980s, working his way up in the organization in both the public affairs and government relations in API, eventually becoming the Senior Vice President of API focused on Public Affairs. Both men produced documents over 100 pages, which served as

windows into organizational activities during their time with the organization. Fanning's work focused on the inception period of API until the late 1950s. Potter's reflection focused on the inception period as well but primarily focused on the creation and work of the public relations department within API. This meant that the bulk of Potter's work focused on the 1930s to the late 1980s. Each of these documents provided insights into how programs developed within API and some of the organizational work accomplished through the organization through the eyes of senior staff members of API.

In cross-checking the histories between these two pieces, the primary difference was the different focuses on organizational history. Fanning was primarily interested in how the early activities within the trade association got started, showing insights into the meetings that created API and API's subsequent programs, particularly in the 1920s. He also focused heavily on the personal histories of API's initial leadership often giving insights into personality traits and individual motivations for what drove leaders within API to make some of their decisions about programming in the organization. Potter's take was different, with his focus primarily on the intricate planning that went in to organizational development. In order to verify some of the organizational history by Potter and Fanning, I cross-checked with secondary sources as well as other primary sources such as trade journals and newspaper stories to verify that activities were actually unfolding in the ways that were reported in the personal histories. Although Fanning and Potter seemed to romanticize some of their reflections, the information related to the organizational activities appeared to be accurate, which gave me confidence in their organizational histories as data sources.

Petroleum industry trade journals served as another primary source of data for this research. Content within these journals was particularly important for understanding the

organizing processes that went into the creation of API. These journals included speeches, editorials, report-backs from industry-wide meetings and conferences as well as personal reflections and quotes from industry leaders during the early 1900s. There were many different trade journals during this time. After examining the content of some of these journals, I elected to primarily utilize two journals, *Oildom* and *National Petroleum News (NPN)*. These two journals were important and had wide distribution, but I primarily selected them because they were digitally archived and easily accessible. I collected all available journal issues from 1916 to 1925. *Oildom* published monthly editions while *NPN* published monthly editions in 1916 and then moved to weekly editions in 1917. *Oildom* monthly editions ranged from 40 to 60 pages. Monthly and weekly *NPN* editions were 80 to 100 pages long. It was also useful to have two different journals to cross-check if there were discrepancies in the information provided within the journals.

Some discrepancies between the two journals became evident. *NPN* clearly had a bend towards “Independent” petroleum concerns, which was primarily reflected in the editorials of the journal as well as the selection of what stories or events to report on. *Oildom*, though less overt about its allegiance, bent towards providing a more friendly view of Standard Oil. The significance of this division within the industry will be explained further in the next chapter. However, this division between the two journals did not have much impact on the types of data that I accessed for the case study. This was because I was primarily utilized the trade journals to access speeches and information about events within the industry during and immediately following World War I. Each journal would often publish the speeches in full and report-backs on industry meetings and activities were often very similar. However, knowing the discrepancy between the journals, I still cross-checked them to ensure that speeches were not edited or no

important information was left out. Occasionally, I would also consult a third petroleum industry journal, *The Oil & Gas Journal*, to further rule out major discrepancies.

Although the dissertation focuses on API, another organization, the U.S. Chamber of Commerce, which was established in 1912 also became of interest, particularly due to its role in shaping the petroleum industry coordination during WWI, as I describe in chapters 5 and 6. I utilized the Chamber's publication, *Nation's Business*, to access similar information that was found in the petroleum trade journals such as speeches and conference report-backs. I collected all monthly editions from 1917, 1918, and 1919 in order to garner an understanding of how the Chamber was utilized during and after the war. Each monthly edition ranged from 50 to 100 pages.

Two major government reports available online were analyzed to understand the creation of industry advisory committees during WWI. The first was titled *A Report from the Director of the Council of National Defense and of its Advisory Commission to the Chairman of the Council*, which was 50 pages in length. The other was *American Industry In the War: A Report of the War Industries Board* which was 434 pages. Each of these publications gave direct insight from the government officials and industry leaders that were tapped to serve on committees to delivery war supplies which, as the case study will show, were major parts of bringing industry leaders together and would have impacts on industry organizing following the war.

Secondary sources for this dissertation were historical accounts of the petroleum industry broadly and API specifically. A two-volume set actually commissioned by the American Petroleum Institute was an immense resource of petroleum industry history. The volumes, *The American Petroleum Industry 1859-1899: The Age of Illumination* and *The American Petroleum Industry 1899-1959: The Age of Energy*, each provided insight into the early development of the

petroleum industry both technically and organizationally. The first volume was written by historians Harold F. Williamson and Arnold R. Daum in 1959. The second was also written by Williamson and Daum with the addition of Ralph L. Andreano and Gilbert C. Klose, who had served as research associates on the first volume. API provided the funding for the study. However, the authors provided a note in both volumes that “[i]t was clearly understood that the authors were to have complete freedom in conducting their research and preparing the manuscript for publication” (Williamson and Daum 1959:ix). The historical treatment of the industry was primarily focused on the technological development, the expansion of the industry over time, and economic conditions within the industry. However, there was also much insight into the way that petroleum industry leaders interacted with one another as well as how industry leaders maneuvered these changing technological, economic, and political climates that impacted the industry as individuals and through organizations. Curiously, between the two volumes, API itself is only mentioned a total of eleven times. When API was mentioned, it was primarily in passing or with a brief note about the development of a new standard or mention of the founding of the organization. It is unclear if this was part of an agreement that the API had with the researchers or if API was just not of much interest to the parameters of the project for the historians. However, I still found the overall treatment of the industry’s history to be accurate, particularly when I cross-checked against other secondary sources and some of the primary sources listed above.

Daniel Yergin’s (1991) *The Prize: The Epic Quest for Oil, Money, and Power*, also served as a crucial secondary source for this dissertation. Yergin’s broad history of the global development of the industry provided unique insights into some of the conditions of the industry, particularly prior to the creation of API. Yergin’s historical treatment of the industry weaved

personal stories in with global trends, giving interesting context to the development of the industry as a major force across the globe. Like the above two volumes, however, Yergin's coverage of API was also slim, with the trade association mentioned only on four pages in the book. However, given Yergin's global emphasis and on individual firms within the industry, the little focus on API as a US institution was not surprising.

Gerald D. Nash's (1968) work *United States Oil Policy 1890-1964* provided a different perspective, focusing on evolving state relationships to the U.S. petroleum industry over time. Although Nash takes a pluralist position on the state, his insights into the way that different U.S. presidential administrations handled the development of petroleum industry policy gave essential historical context, particularly during WWI. Although I came to different conclusions about the state and industry relationships, particularly during the inception period of the organization, he did provide some of the best available data on some of the early state relationships to the industry, which set me off in the right direction to study the inception of the organization.

One secondary source specifically studying API that was instrumental to this study was Joseph A. Pratt's (1983) article on the early organizational development of API. In his piece titled "Creating Coordination in the Modern Petroleum Industry: The American Petroleum Institute and the Emergence of Secondary Organizations in Oil," Pratt unpacks how some of API's programs were developed in the 1920s. Pratt, an economist, was granted access by API staff to internal organizational materials, particularly the minutes of meetings for many different API departments as well as memos sent among API leadership during the organization's early years. Although some data like this were found in the Smithsonian archive I describe above, Pratt's data was much more extensive than what I was able to access virtually or through the Smithsonian collection. This made his article all the more crucial to my study, which utilized

many of Pratt's insights and quotes from this data, particularly in the first part of Chapter 7 but also throughout the case study.

Data Organization and Analysis

As I collected the above data, I began the first step of data organization by organizing the data by year. Because the dissertation was designed as an historical case study, organizing the data by year allowed a quick way to garner a first read of the data and start an effective organizational system, which was necessary because of the sheer volume of data utilized in this study.

After data collection was completed, I then returned to each year and started my analysis. I used a multi-step process of coding and thematic textual analysis to build the historical case study focused on the historical development of capitalist organizing in the U.S. petroleum sector (Aronson 1994; Boyatzis 1998; Attride-Stirling 2001; Yin 2014). Aronson (1994) states that “[t]hematic analysis focuses on identifiable themes and patterns of living and/or behavior” (1). For this study, thematic analysis techniques were useful for developing a systemic process for analysis of the data collected and the development of the descriptive, historical framework of the case.

To begin my analysis, I started with my research questions (listed above), which were derived from literature on trade associations and Marxian organizational theory. Emerson, Fretz, and Shaw (1995) suggest that focusing on initial research questions helps to facilitate the generation of codes and themes, which are then further refined into coherent and comprehensive categories useful for writing up results. Through this initial coding phase, I selected passages and quotes from the data that fit within my initial coding scheme and created a database to organize the data. I kept the data organized by year to ensure the historical nature of the case was

preserved. Through another round of coding, I further refined my codes and themes according to time period to see how capitalists in the petroleum sector were organizing to protect their class-based interests. Clear historical trends emerged, which culminated as the overarching content of each of the chapters of the case study. Through this process, I developed the descriptive and historical framework for the case (Yin 2014), and organized the data into the four historical chapters, which embodied the case study of the dissertation.

Chapter 4

Historical Background: The Petroleum Industry of 1870-1911: Organized Division, Competition, and Cutthroat Practices

The decision to create an organization such as a trade association is one important way that capitalists recognize pursue action to ensure their collective ability to continue to accumulate profit. As highlighted in the literature review on trade associations, however, little research has examined the impetus to create trade associations and, thus, the roots of these organizations are rarely discussed when considering the purposes and subsequent work these organizations pursue on behalf of wider industries and business communities. The most significant recent sociological work seeks to understand these organizations as social actors (Spillman 2012), but elides the essential question of organizational emergence: *how and why do trade associations form?* Without such a focus, scholars may underestimate the political and cultural power of these organizations within their individual sectors as well as in the broader economic, political, and cultural spheres in which they pursue work to accomplish collective goals. By examining the events and circumstances that *lead to the creation* of a trade association, more insight into the fundamental roots of these important organizations can be understood, which can shed light on the social significance of these organizations as social actors in modern society.

In this chapter, I begin to build my argument that trade associations are inherently *capitalist* organizations created to build and maintain the interests of the capitalist class. Such a conceptualization challenges characterizations of trade associations as organizations that build and maintain “disinterested solidarity” in the business community and are organizations that serve primarily as meaning-making spaces for particular segments of the business community. Although some of the work performed within trade associations may appear disinterested, the

very roots of trade associations are centered on a collective understanding of the need to protect and promote the collective identity and interests of an industry as a whole.

In order to fully understand trade association creation from a Marxist perspective, it is first necessary to understand the historical conditions of organizational emergence. This chapter provides such an historical background for the petroleum industry. To understand why the establishment of a trade association like API was crucial for the petroleum industry and why this particular trade association was a markedly different organization both symbolically and organizationally for the petroleum industry at this time, I examine the state of the industry in the mid-1800s and early 1900s. Industry leaders during this time attempted to utilize economic regulatory practices and organized efforts through sub-sector specific trade associations to stabilize the growing and seemingly unruly industry. Instead of leading to stability and more industry cooperation, the industry environment was primarily characterized by bitter divisions, secrecy, and cutthroat practices (Ise 1926; Fanning 1959; Yergin 1991). Some scholars attribute this environment and divided industry to a combination of factors including rapid technological and industrial innovation, increased demand for petroleum products, and the uniqueness of the extraction process and transport of petroleum (Ise 1927; Williamson and Daum 1959; Nash 1968). Thus, from these perspectives, the dominant narrative of the period from the mid-1800s to the early 1900s is one of an industry going through the maturation process with industry instability being an expected growing pain (Ise 1927; Nash 1968). However, attributing an unstable economic environment to technological innovation and development misses a more complex understanding of how industry leaders were involved in shaping the industry's economic environment. That is, such a narrative is devoid of the actual active planning and

choices made by petroleum industry leaders attempting to accomplish individual and collective goals.

The following sections document these organizational and economic mechanisms utilized by petroleum industry leaders in attempts to stabilize and organize the industry for collective and individual benefit. These experiences show intense intra-class struggles during this time, which famously marked the industry in its early days.

Organizing for Industry Stability and Industry Control: Early Organized Efforts in the U.S. Petroleum Industry, 1870s

The period of the mid-1800s to the early 1900s was a time of great organizational and economic experimentation within the petroleum industry, where industry leaders were constantly working on individual and collective initiatives in an effort to stabilize the industry. From a Marxist perspective, this can be understood as the beginnings of a recognition of class-based interests within a particular industrial sector as industry leaders were interested in securing stability in their industry to ensure profitability across the industry. The results of these efforts, however, inspired deep divisions within the industry as some individuals pursued their own self-interests with little regard for the collective. To understand why the establishment of API was seen as a turning point for the industry, it is essential to examine the impacts and effects of both the collective and individual organizational efforts in detail.

Prior to this period of organizational and economic experimentation, the petroleum industry was characterized by rapid growth, lack of coordination, and unruly competition. After the Civil War, the ways in which petroleum was beginning to be commodified and the growth of petroleum markets produced unstable competition and wild price swings in the petroleum sector. As Williamson and Daum explain:

Producers, refiners, and marketers all operated overwhelmingly on an individual or partnership basis. Little capital was required to enter any phase of the industry and competition was vigorous at all levels...

Lack of balance between various segments of the industry appeared to be chronic; crude production, refinery capacity and throughput, and market demand were rarely in equilibrium. First, production would outrun throughput by refineries; then manufacturing capacity would exceed either current crude production or the rate at which refined products could be absorbed by the market. These more or less continuous maladjustments were reflected in wide fluctuations in prices of crude and refined products.

(Williamson and Daum 1959:343-344)

Yergin (1991) further details these experiences and describes this period as a time of “wild price fluctuations and frequent collapse” (39). Additionally, overproduction also marked era in the industry:

Towards the end of the 1860s, as overproduction caused prices to plummet again, the new industry went into a depression. The reason was simple – too many wells and too much oil. The refiners were hit no less than the producers. Between 1865 and 1870, the retail price of kerosene fell by more than half. It was estimated that refining capacity was three times greater than the market’s need. (39-40)

Although many discussions of petroleum sector have focused on the concept of scarcity, the history of the industry actually shows that the core problem of the sector has long been supply gluts (Labban 2008; Bridge and Le Billon 2013). The mid-1800s display this as well, with overproduction leading the unstable markets.

As a response to this economic environment of overproduction crises, by the 1870s, petroleum industry leaders began to show interest in working together to create a more stable market. They recognized that they had common concerns about industry stability and began showing interest in economic planning through an emerging type of organization: trade associations. Petro-capitalists thus began planning to implement economic mechanisms to address overproduction, which included price agreements, agreed upon shutdown periods of production, pooling of crude supplies, and voluntary agreements with other sectors (such as the railroads) for rebates on shipping. To facilitate these various plans, petroleum leaders established regional and/or sub-sector specific (i.e. refiners, producers, marketers) trade associations that worked out agreed upon prices or production quotas (Williamson and Daum 1959; Nash 1968; Yergin 1991). Thus, during this time, there was a belief among industry leaders that with economic planning through organizations the industry could potentially be more stable for all sectors.

Their efforts echo classic Marxian understandings of recognition of class interests. Seeing that agreements on prices or pooling of crude oil and planning could help to stabilize the industry, industry leaders began to organize into trade associations. Heydebrand (1977) argues that organizations are formed for specific class-based objectives, and during the early 1870s, trade associations were created primarily along lines of sub-sectors in the industry and occasionally in specific geographic regions in order to advance economic mechanisms that they believed would help create stability for their sub-sectors. For example, the National Refiners' Association was established in 1872 for petroleum refiners as "a representative body covering five districts, Cleveland, Pittsburgh, the Oil Regions, New York, and Philadelphia" (Williamson and Daum 1959:357). To achieve equal representation, the association's board of directors was

made up of three men from each of the five districts and was “responsible for general policies, including the purchases of crude and sales of refined” (Williamson and Daum 1959:357).

However, instead of stabilizing the industry and fostering a more cooperative environment, these efforts ironically culminated in a competitive and secretive industry environment often pitting different sub-sectors of the industry against one another (Williamson and Daum 1959; Kolko 1963; Nash 1968; Yergin 1991). While these organizations still represented capitalist class interests, there were cleavages within the class based on allegiances to their specific sub-sectors and regions or, in other words, based on their specific relationships to the means of production. For example, in direct response to the creation of the National Refiners’ Association, petroleum producers revived their own dormant association, the Petroleum Producers’ Association, in 1872 to counter potentially economically harmful agreements the refiners might organize. Producers feared that they would be at the mercy of the refiners in setting prices for crude oil (Williamson and Daum 1959). In response to this fear, the first task of the revived producers’ association in September of 1872 was a producers’ strike. Williamson and Daum (1959) explain that through the association, petroleum producers:

... set out to enlist the support of every man in the Regions to agree to stop drilling for six months... The theory was that with no new [production] wells coming in would drop off sufficiently to restore higher prices for crude. (Williamson and Daum 1959:358)

The plan worked. Prices of crude climbed over the next few months from \$3.15 a barrel to \$4.17 (Williamson and Daum 1959:358). In order to further stabilize the price of crude, petroleum producers transformed their trade association into a stockpiling organization called the Petroleum Producers’ Agency. This Agency aimed to buy all available crude at \$5.00 per barrel. “Oil that could not be marketed at this price was to be stored while the Agency took additional steps to cut

back production or, if necessary, establish its own refineries to maintain prices” (Williamson and Daum 1959:358).

Although the Producers’ Agency never went so far as to create their own refineries, the threat of this action as well as effectively creating a pool of crude oil and a stable price for crude at \$5.00 per barrel caught the attention of the Refiner’s Association. Representatives of the Refiners’ Association soon got in touch with the producers to make another agreement. The refiners proposed that the producers could set the price of crude “provided proper steps were taken to maintain them” (Williamson and Daum 1959:358). In December of 1872, an agreement was reached between the two associations:

The producers were to sell only through their association while the refiners were to buy only from the producers and in such amounts as were mutually decided upon. A base price of \$4.00 per barrel was established, with the provision that if refined oil sold in New York at 26 cents per gallon, no further amount was to be paid to the Producers’ group. But with each advance of 1 cent per gallon in the price of refined, refiners would add 25 cents per barrel to the price of crude until it reached \$5.00. (Williamson and Daum 1959:358-359)⁶

However, only weeks later in mid-January of 1873, it was clear to both associations that the plan would not work. On the producers’ side, the Producers’ Agency was not able to stabilize production because they could not effectively enforce the suspension of the drilling for new wells (Williamson and Daum 1959). And the refiners, in response to the heightened production, were unable to maintain the price at the \$4.00 per barrel agreement. Instead, the price of crude dropped to \$2.00 a barrel in early 1873. Additionally, refiners and producers were both selling

⁶ One barrel contains 42 gallons of oil, a standard set in 1872 by the Petroleum Producers’ Association (Yergin 1991).

and buying outside of the channels setup between the associations, effectively creating enough competition to make participants in both associations discontinue their own participation in the agreements. By spring, both sub-sector specific trade associations were effectively disbanded, returning the industry to the familiar fluctuations of markets and instability in all sub-sectors of the industry.

Such strategies pursued by these petroleum trade associations echo the “economic regulatory activities” highlighted in Weberian understandings of trade associations, which were criticized by Spillman (2012) as being ineffective, particularly in the United States. Indeed, from the surface, it appears that this assessment is justified as the associations were unable to deliver on the agreements made to limit output and maintain floor prices of crude and refined oil for the members of the trade associations. However, when set in a Marxian context, these activities represent different kinds of failures: a failed recognition of wider class interests, the failed actualization of class consciousness, and failure of capitalists to act collectively as a “class for itself.” Marxian theories of capitalist class consciousness, especially in those versions that argue that consciousness is not needed for collective action, do not provide much explanation for failures such as these. It is necessary then to consider these efforts as part of an organizing *process*, where capitalists were attempting to work together to ensure a collective ability to succeed in their particular sub-sectors. Although these agreements aimed to stabilize the production and price of crude oil, they failed primarily because of lack of buy-in from a majority of individuals in the sub-sectors. Defectors within each of the sub-sectors found channels outside of these agreements, which contributed to production levels rising and prices dropping. These strategies also resonate with some of the criticisms of the capitalist class from structural Marxists in that the capitalist class is unable to plan past their short-term interests, with members of the

capitalist class unable to agree to planning or organizing for their long-term interests (Offe 1974; Block 1977). However, the creation of trade associations such during this time does suggest that there was an effort to consider and plan for long-term stability for the industry.

Many of the other pools, price agreements, and shutdown agreements during this period also failed, particularly as more and more oil was being discovered and new competitors entered the industry (Ise 1926; Williamson and Daum 1959). Supply continued to exceed demand with little sign that agreements within the petroleum industry could foster a more stable environment for all firms and sub-sectors in the industry (Yergin 1991).

The Age of Monopoly: Standard Oil and its Impacts on the Industry, 1870s-1911

However, not all petroleum firms were comfortable with the instability of the industry. Instead of pursuing efforts through collective organizations like trade associations, one firm began to stake ground to actualize their own plans for industry control, which would at least create stability for its own group of petro-capitalists. One of the most notorious petroleum firms of this period, Standard Oil, was a central figure in shaping the economic and organizational environment of the industry precisely because of the way that firm leadership maneuvered and shaped this environment to their advantage. Already a big player in the refining sector by the early 1870s, Standard interests were essential to the conversations and planning across the industry and were initially active participants in these collective efforts to stabilize the industry. Standard leadership shared concerns with other industry leaders about the state of the industry, particularly because of falling profit margins (Yergin 1991). President of Standard Oil, John D. Rockefeller, even served as the president of the National Refiners' Association highlighted above, actively participating in planning sessions and agreements with leaders from other sectors in the industry (Williamson and Daum 1959; Yergin 1991).

However, Rockefeller and other Standard leadership were skeptical of these organized efforts and had little trust in the abilities of other petroleum industry leaders to make lasting impacts on the whole industry through voluntary agreements and trade associations. Rockefeller would later characterize early petroleum trade associations that he participated in as “ropes of sand” (Nevins 1953:99). As a leader in the refining sector, Rockefeller was particularly skeptical of reaching working agreements with petroleum producers because of what he perceived as a lack of planning or interest in considering wider industry health and stability. Yergin (1991) explains:

Moreover, there were far, far too many producers to organize any meaningful restraints. Estimates of producing firms in the Oil Regions in the last quarter of the nineteenth century ranged as high as sixteen thousand. Many of the producers were speculators, others were farmers, and many of them, whatever their backgrounds, were highly individualistic and unlikely to take “a long view” and think of the common good, even if a workable plan had presented itself. Rockefeller, with his passion for order, looked with revulsion at the chaos and scramble among the producers. “The Oil Regions,” he later said with acid disdain, “was a mining camp.” (42)

It was not only producers that Rockefeller thought were short-sighted, though. He was also doubtful of other petroleum refiners and their ability to work together to create more stability in the industry within the refining sector. Of other industry refiners and their business abilities, Rockefeller offered the following observation:

It was apparent to me early in the organization of the Refiners’ Association that among so many men untrained in business there were many who could not be relied upon to aid in

solving a problem so difficult as the reformation my associates and I sought to bring about in this industry... (Nevins 1953:99)

For Rockefeller then, the efforts to bring together other sectors of the industry seemed useless because of the unruliness, large numbers, and overall lack of focus and interest from the producers. Additionally, his lack of trust in the abilities of other refiners to reach voluntary agreements meant that he believed even his own sector could not effectively organize to achieve industry stability. So, instead of working on collective efforts across the various industry sectors, Rockefeller and his associates began to pursue what Rockefeller simply referred to as “our plan” (Nevins 1953). And this plan was meant to achieve not industry stability, but to monopolize industry control (Williamson and Daum 1959; Yergin 1991).

Williamson and Daum (1959) explain that for Standard executives, “the immediate objective [of “our plan”] was to bring the great bulk of the industry’s refining capacity under the ownership or control of Standard” (368). To achieve that control, Rockefeller and his associates believed that integration of the refining sector under what Yergin (1991) refers to as “one giant combination” would be more effective for Standard’s interests than other efforts being pursued at this time. Yergin (1991) explains that Rockefeller and his associates believed that “[a]n actual combination would do what a mere pool or association could not: eliminate excess capacity, suppress wild fluctuations of price – and, indeed, save the business” (40). Thus, by turning away from the more cooperative efforts being pursued by other petro-capitalists during this time, Standard began to set a more individualized path towards wider industry control to ensure that their own interests were secured. In effect, this plan set in motion the creation of the monopoly structure that Standard Oil would become infamous for.

To accomplish this plan, Rockefeller and his associates began work to acquire as much of the refining sector of the petroleum industry as possible. Although Rockefeller was skeptical of the actual utility and efficiency of trade associations, participation in the refiners' trade association proved to be essential for Rockefeller because of the contacts he made with other refiners across other oil regions:

His role in the National Refiners' Association had brought him into close contact with the leading refiners in the Regions, Pittsburgh, Philadelphia, and New York. He was confident that these individuals could be persuaded to join or sell out to Standard; their co-operation would open the way for the absorption of the rest (Williamson and Daum 1959:368)

And with these contacts and a plan of integration in place, Rockefeller and his associates set off to acquire more and more firms for Standard control.

Standard associates took multiple approaches to their buy-outs. At first, contact and negotiation with competing refiners were centered on civility and persuasion:

Rockefeller and his associates would approach their targets with deference, politeness, and flattery. They would demonstrate how profitable Standard Oil was compared with other refiners, many of which were struggling through hard times. Rockefeller himself would use all his own considerable talent for persuasion in the pursuit of a friendly acquisition. (Yergin 1991:42)

But if firm leadership were unwilling to come into the Standard fold through these efforts, other tactics would be pursued:

If all that failed, Standard would bring a tough competitor to heel by making him “feel sick” or, as Rockefeller put it, by giving him “a good sweating.” Standard would cut prices in that particular market, forcing the competitor to operate at a loss.

The Standard men, moving in great secrecy, operated through firms that appeared to be independent to the outside world, but had in fact become part of the Standard Group.

Many refiners never knew that their local competitors, which were cutting prices and putting other pressures on them, were actually part of Rockefeller’s growing empire...

Rockefeller never wavered in his defense of the secrecy of his operations. (Yergin 1991:42-43)

In pursuit of their plan for control of the petroleum industry, Standard Oil also invoked other practices in pursuit of their plan for control of the petroleum industry:

Railroad rebates, suppression of competition through monopoly of pipe lines, unfair discrimination in sales, bribery and corruption of rival employees, of railroad employees, and perhaps of legislators, have been common Standard practices. The records show that there is almost no unfair business practice of which it has not been guilty. (Ise 1925:235)

In addition to all of these tactical moves and economic mechanisms to bring more and more of the petroleum industry’s refining sector under Standard’s control, Rockefeller also had to reorganize Standard Oil in order to legally operate all of these firms in various states. Because the firm was chartered in Ohio (and thus, under Ohio jurisdiction), it could only legally hold stock and own refining plants within the state of Ohio. In order to expand, Standard leadership elected to reorganize the firm into a trust. Because of the more flexible legal parameters on the trust structure, the Standard organization could now legally expand their holdings outside of

Ohio. Williamson and Daum (1959) also note that this structure had another advantage for Standard leadership:

... the trustee device had the further advantage of maintaining a “veil of secrecy” over Standard’s acquisitions. By following a strict legal interpretation of the role of the trustees – that they were not owners and were acting simply on behalf of stockholders and not for the corporation – offices from Rockefeller on down could deny under oath that Standard of Ohio either owned or controlled other properties. (467)

Rockefeller and his associates now not only had the economic power to control much of the petroleum industry, but ensured, at least for the time being, that their continued acquirement of properties and overall expansion in the industry could continue in a legal manner.

Standard’s work to implement “our plan” appeared to be a success. By the early 1880s, Standard “either owned or had under lease over 90 per cent of the total refining investments in the United States” (Williamson and Daum 1959). This level of control over refining capacity continued over the next ten years through 1899 (Kolko 1963). Standard also made strides to control as much of the transport of oil by fostering secret rebates from the major U.S. railroads (Ise 1926; Williamson and Daum 1959; Kolko 1963). Williamson and Daum (1959) succinctly describe Standard’s overarching control of the industry during this time and its impacts:

In building a horizontal combination at the refining level backed by a virtual monopoly over the transport and handling of crude, Rockefeller and his associates brought a profound change in the competitive structure of the American petroleum industry. As the principal buyer and shipper of the output of the Regions, the Standard management was in a position to exert a major influence on prices and the volume of petroleum that moved from producers through the refineries and into distribution. This power in itself was

sufficient to make Standard's operations highly profitable. (Williamson and Daum 1959:429)

These ruthless practices and hunger for strong control within the industry also had impacts on perception of Standard Oil both within and outside of the industry. Yergin (1991) explains:

Standard's critics saw a powerful, devious, cruel, entrenched, all-pervasive, and yet mysterious enterprise. It was accountable to no one except a handful of arrogant directors, and it mercilessly tried to destroy all who stood in its way (96).

Thus, Standard's growing notoriety and reaction to their tactics served to heighten distrust and bitterness in an already unstable and divided industry.

As Standard executives pursued their goals of expansion, the collective efforts and desires to stabilize the entire industry through cooperative, associational efforts began to crumble. Instead, many firms turned their attention towards protecting themselves against Standard (Williamson and Daum 1959). Some of these efforts centered on passing state legislation to address low prices of crude oil or high costs of transportation and storage. Other efforts focused on organizing through sector-specific trade associations to actively oppose the practices of Standard or at least present a united front to negotiate with the expanding petroleum giant. Those petroleum firms not associated with Standard Oil referred to themselves as "independent" companies and worked throughout the late 1800s pursuing economic and political channels to protect their interests against Standard's expanding operations.

Over time, existing divisions within the industry amplified and instilled not only divisions based on sectors but also cultural and ideological reference points for industry leaders to rally around. Although Spillman (2012) contends that trade associations *produce* cultural categories, experiences in the petroleum industry suggest that these cultural categories already

exist prior to the establishment of trade associations and that other processes and collective experiences encourage trade association establishment. For example, in 1888, after failing to pass a bill to reduce storage charges (which producers believed were impacting the price of crude oil), petroleum producers in Pennsylvania established the Producers' Protective Association, a trade association which, as seen through the following passage from the organization's mission statement, had clear objectives to protect itself against Standard and its monopolistic tactics:

To include in one organization of all producers of petroleum, and those who are engaged in industries incidental thereto, and known to be friendly to the producers' interests, in order that they may, by united action and all honorable means, protect and defend their industry against the aggressions of monopolistic transporters, refiners, buyers, and sellers of their products, in order that the producers may reap the just reward of their capital and labor, and to this end encourage and assist as far as possible the refining and marketing of their produce and sale direct to the consumer by the producer. (Kirk 1888:2)

In another example, petroleum producers in Kansas worked through a trade association with local government officials to resist Standard's expansion at the turn of the century:

Complaints against the Standard organization became so violent and loud that the new governor, E.W. Hoch, in his inaugural message in January 1905, advocated the erection of a state-owned and operated refinery in order to provide relief from the monopoly. The Kansas Oil Producers Associations, organized on January 19th backed the governor's proposal and launched an extensive propaganda campaign on its behalf...

It also passed laws setting maximum freight rates on oil, prohibiting rebating, marketing, making pipelines common carriers, and prohibiting discrimination in the prices of refined

oil within the state. These laws were designed, as Governor Hoch said, “to make the Standard Oil Company decent.” (Giddens 1955:98)

While these efforts served to further entrench divisions within the industry, they also set the stage for the next chapter in the history of the petroleum industry in the U.S.; one marked by increased regulation and public pressure to address monopolistic practices.

By the turn of the 20th century, while the petroleum industry was beset by bitter and deepening divisions and well-known for its cutthroat practices, the public and the government on both state and federal levels also began to respond more directly. Public pressure to address issues of monopolization and business practices that were perceived as detrimental to the public good were widespread at this time (Williamson et al. 1963; Kolko 1963; Weinstein 1968). Public outcry against the Standard Oil Trust in particular was amplified by journalistic exposés of Standard, particularly Henry Demarest Lloyd’s “The Story of a Great Monopoly” and Ida Tarbell’s “History of Standard Oil.” Yet, the loudest critics of Standard continued to be other firms within the petroleum industry, particularly the Independent producers, who continued to seek political channels through organized efforts to stop Standard’s spread into new markets.

Although the Standard enterprise was no stranger to litigation proceedings regarding its practices during the late 1800s, by the turn of the century, the federal government began mounting its case against the trust. With the newly formed Department of Commerce and Labor and the Bureau of Corporations, Theodore Roosevelt’s Administration, which had run heavily on a campaign of trust-busting, finally had a central governmental body to pursue violations of antitrust laws. After its establishment, the Bureau of Corporations began investigations into multiple industries that were suspected of containing business combinations that the federal government deemed harmful (Kolko 1963; Weinstein 1968). From these investigations, in 1904

the Roosevelt Administration directed the Justice Department to pursue 44 lawsuits against trusts that were deemed as participating in unlawful practices, particularly violating the Sherman Antitrust Act of 1890. Among these lawsuits was one mounted against Standard Oil. After years of litigation, in 1911 the U.S. Supreme Court handed down a decision finding the Trust in violation of the Sherman Antitrust Act because of its excessive restrictions on trade, particularly its ruthless buy-out practices from the late 1870s onward. With this decision, the Standard Oil Trust was to be dissolved. Williamson et al. (1963) described the decision as representative of a “win” for multiple groups within society:

This action marked the culmination of a groundswell of opposition against the company, its officials, its apparent enormous economic power, and its business practices that had been well underway intensively for well over a decade before 1900. States, municipal and local governments, organized economic and social groups, and, most importantly, other members of the petroleum industry, spared few invectives in expressing their opposition to the organization. The decision against the Standard Oil Company thus appeared to be a triumph for “decent” and “fair” competition. (Williamson et al. 1963:4)

Such an observation reflects a wider class critique of Progressive era policies like antitrust laws. Yet, instead of this being a “win” for the wider public or a show of a strong state hand in service of progressive anti-business policies, the state eliminated large economic organizations like Standard and other monopolies because it ultimately served to create new stability for sectors struggling through technological revolutions from the dominance of organizations like monopolies. In fact, smaller firms welcomed and encouraged the regulation brought by the state during this time to provide stability and ensure that competition within their growing sectors (Kolko 1963; Weinstein 1968; Alford and Friedland 1985). A very different outcome – such as

nationalizing major industries – could have theoretically happened during this time. However, because of “the nearly universal belief among political leaders in the basic justice of private property relations,” state agents were aligned with ensuring some of the basic tenets of capitalism were protected in this era of reform (Kolko 1963:3). Kolko (1963) explains that when looking at Progressive Era policies, “the regulation itself was invariably controlled by leaders of the regulated industry, and directed toward ends deemed acceptable or desirable [to them]” (3). More broadly, Kolko (1963) contends that the Progressive Era was not a time of radical, people-centered reform. On the contrary, the Progressive Era was the start of what he terms *political capitalism*, which he defines as “the utilization of political outlets to attain conditions of stability, predictability, and security – to attain rationalization – in the economy” (Kolko 1963:3).

For the petroleum industry, this observation seems accurate during this era. Although other trusts embodying monopolistic practices were certainly operating at this time and pursued by the federal government, the petroleum industry and Standard Oil in particular bore the brunt of much of the public scrutiny and government pressures centered on monopolies at this time. However, the role of other petroleum firms and their organized efforts in calling for reform within their industry cannot be discounted. By dismantling the trust, the state attempted to create a stable and competitive economic environment or a more managed capitalism, which was not achieved through the early organizing efforts of petroleum firms through their early trade associations.

Although the rise of larger independent petroleum firms had a hand in shaping this new industry environment, the continuing power of the Standard network was also present. The power of the Standard network did not disappear with the dismantling of the Trust and even seemed to benefit the Standard network in new ways. The break-up of the trust had little

immediate impact on changing the wealth of individual stockholders or the organizational strength of the Standard firms (Ise 1926; Williamson et al. 1963; Yergin 1991). In examining the impact of the break-up of Standard on the executives within Standard itself, Ise (1926) explains:

The court rendered its decision with little immediate effect, however, by permitting the parent company – the Standard Oil Company of New Jersey – to distribute the shares of the subsidiary companies ratably [equitably] among its shareholders. By doing this, the Standard Oil group were enabled to preserve a very effective community of interest among the various companies, since the same group of men now owned much of the stock of each of them. (226)

Additionally, for the major stockholders of Standard, the dissolution turned out to be incredibly fruitful:

Indeed, some critics argued that the distribution of shares simply enabled the principal shareholders (particularly Rockefeller, Archbold, and Rogers) to own directly what they had formerly owned indirectly and to preserve the “pre-dissolution harmony” of interests among the various companies. (Williamson et al. 1963:12)

For Rockefeller, the dissolution of Standard was particularly lucrative. Having retired from the day-to-day operations of Standard in 1897, Rockefeller himself still owned 25 percent of all of Standard’s stock at the time of the dissolution of the Trust (Yergin 1991; Chernow 1998).

Although advised to sell some of the stock before the dissolution, Rockefeller held on to these shares. This turned out to be a profitable decision. One year after the break-up of the Trust, stock shares in the successor companies doubled and sometimes tripled (Yergin 1991). In 1902, Rockefeller’s wealth was estimated at \$200 million. After the dissolution in 1911, Rockefeller’s

wealth jumped to \$900 million (Yergin 1991). Today, Rockefeller is still considered the richest American in the history of the U.S.

Yergin (1991) also explains this break-up as a process of “liberation” for many of the businessmen within the Standard fold:

With dissolution, they were given the opportunity to run their own shows... For executives of the various successor companies, it was a great liberation no longer to have to petition 26 Broadway [Standard’s headquarters] for approval... (Yergin 1991:110)

Such observations show that the Standard network also benefitted from these moves by the state. After the break-up of the trust, Standard executives were also able to enter the industry on their own arguably with a leg-up on their competitors. Standard executives now heading manageably-sized firms were able to plug in to the industry in new ways, heading firms on their own. In dissolving the Trust, the federal government ordered that the trust would be broken into 34 separate entities (Williamson et al. 1963; Yergin 1991). Many of the companies became companies still recognizable today such as Exxon, BP, and Chevron (Yergin 1991; Segall 2001).

The ghost of Standard Oil still loomed large even after the official break-up of the Trust in 1911. The break-up was not enough to heal or bridge the divides in the industry particularly because many perceived the ways the network of Standard was still intact. The industry continued to operate and grow, but bitter divisions and distrust remained. Although this growth could be attributed to the renewed confidence in the government creating conditions that ensured healthy competition in the industry, other industries began to form cooperative organizations during this period. National trade associations in particular began to serve as collective spaces and voices for industries to deal with wider industry matters beyond economic regulation seen in the late 1800s (Spillman 2012). Antitrust laws barred associations from participating in those

economic mechanisms that were deemed to stifle economic competition. However, the collective desire to found a national, representative trade association inclusive of all types of petroleum firms failed to emerge among petroleum executives. The industry continued to be marked by distrust and divisions after the break-up of Standard Oil.

Discussion

The period of 1870 to 1911 is an important foundational period for understanding the later establishment of the American Petroleum Institute because it was the first period in which firms attempted to overcome competition through organizations. By the end of this period, firms had failed to coalesce and form a national trade association, and Standard Oil's efforts to form its alternative 'plan' of a national monopoly had been officially brought to a stop. The federal break-up of Standard Oil still had not resolved the competitive threats to firm interests, however.

In the early 1870s, petroleum industry leaders attempted to organize through trade associations to address issues of industry instability in their specific sub-sectors and regions. These efforts can be considered as a recognition of *class-based interests* that culminated in the creation of formal organizations like trade associations to work on issues of wider industry concern. However, agreements reached in trade associations never created long-term stability in the industry as many pursued individual transactions and did not work through these organizations or by the set agreements. In the case of Standard Oil, this strategy went to the extreme, with Rockefeller and other Standard executives moving away from collective efforts to actualize their own plan for industry control. The ramifications of Standard Oil's practices and the reactions to those practices by other industry leaders had impacts on the material components of the industry (such as prices, markets, and patents) and wider cultural components, such as collective identities within the industry. These activities dealt a blow to the earlier emerging

class consciousness within the industry, with industry leaders deepening divisions in order to protect their own interests.

However, the collective efforts of capitalists within the petroleum sector did not completely diminish. Instead, these efforts centered on protecting themselves from Standard's practices, which was further supported by state governments on local levels and eventually at the federal level. In the petroleum industry, the implementation of antitrust laws led to the dismantling of Standard Oil, which seemed like a collective "win" for many groups in society. However, Kolko (1963) points out that this process constitutes a turn towards "political capitalism," which centers business control of state policy ultimately benefitting capitalism as a whole. The concept political capitalism resonates with the instrumentalist position of the state in that capitalists have a direct hand in shaping the regulation to bring about more stable industry environments, which ultimately supports the continuance of capitalism. Kolko's theory appears to ring true for this period in the petroleum industry in that the economic environment resulting from the implementation of antitrust laws was meant to create a more stable economic environment or a more managed capitalism for petroleum firms after the turn of the century.

This turn towards a more managed capitalism can also explain some of the findings from other studies of trade associations and the rise of large trade associations during this time period. If the state was beginning to have more of a hand in regulating the economy for the benefit of capitalism as a whole, then existing capitalist-oriented organizations would also adapt to this new focus. In having the state take on some of the economic regulatory activities that trade associations tried to accomplish in the late 1800s, trade associations were able to adapt to and even contribute to this new political economy in new ways. Becoming the information

production centers that Spillman (2012) highlights as the central shift in trade association activities makes sense within this Marxian, class-based framework.

For the petroleum industry, though, no national or large trade associations that contributed to this type of information production had emerged during this time. Nor were any of the existing petroleum trade associations, which were so focused on protection against Standard, in a position to serve as a national organization for the entire industry given the history of the internal industry relations explained above. The bitter divisions and deep distrust that marked many of the internal industry relationships could not support a trade association where activities like information sharing was a central component of the organization's work.

Within a few years, however, the organization that would take on many of these roles, the American Petroleum Institute, would emerge. As the first national trade association of the U.S. based petroleum industry, API would come to represent many of the information sharing and production processes that Spillman's (2012) analysis highlights as the primary role for trade associations during and then beyond this era. However, as seen from the history of the petroleum industry, the ability to create and maintain collective organizations like trade associations was not an easy task. Some of the processes that led to create earlier trade associations centered on collective goals for industry stability. However, these efforts ultimately failed for lack of buy-in across the sub-sectors and the failure of some of these planned mechanisms. After the years of Standard Oil domination, the petroleum industry was not in a position either ideologically or organizationally to work collectively as many of the divisions and divides within the industry continued, particularly between Standard Oil firms and Independents. In Marxian terms, the petroleum industry had little incentive to work as a "class for itself." These intra-class struggles

did not appear to be leading to the collective efforts that could maintain a large, national association.

So how, after decades of distrust and division, did an organization like the American Petroleum Institute come together eight years following the break-up of the Standard Oil Trust in 1919? How were these divisions bridged and what processes led to petro-capitalists to come together to form an organization like API, particularly in the face of failures in the past to effectively organize the industry under a collective organization? For the petroleum industry, the catalyst to jumpstart this process was U.S. entry into World War I. The events and experiences of industry participation in WWI awakened petroleum leaders to the potential benefits and opportunities of becoming well-organized and working together on issues that impacted the industry as a whole. Fanning (1959), a longtime editor of a petroleum trade magazine and eventual API staff member, reflecting on the impact of WWI on the petroleum industry, stated:

The war was the gestation period of the oil industry *as an industry* – an industry conscious of its common problems, of its importance to the country not only in time of war but in time of peace, of its obligations to the public, of its claim to survival and growth as weighed by its own acts. (Fanning 1959:25; emphasis in original)

As the war unfolded and industry leaders worked together on issues related to wartime matters, the petroleum executives in the U.S. began to see the benefits of coming together and viewing themselves not only as competitors, but also as parts of a collective whole. I argue that the war experience allowed petroleum executives to experience a wider *recognition of class-interests*, which was essential to healing divides in the industry and pushing petroleum executives to consider ways that they may be able to cooperate and organize on their class-based interests. Creating the American Petroleum Institute following the war was the culmination of this

recognition process, where petroleum executives saw the creation of API as the beginning of a new era in the petroleum industry centered on cooperation (Fanning 1959; Pratt 1983; Potter 1990). The next chapter provides a detailed analysis of this wartime experience, showing how the petroleum industry came together and began to recognize their collective interests under the guise of war.

Chapter 5

The Petroleum Industry in World War I: Organizing for Industry Cooperation and Recognizing Collective, Class-Based Interests

The American Petroleum Institute was officially incorporated on March 20th, 1919.

Although the emergence of larger and more professionalized trade associations was common during this time (Staber and Aldrich 1983; Aldrich and Staber 1988; Spillman 2012), the establishment of API represented a turning point for the petroleum industry in the U.S. API was the first *national* trade association of the U.S. petroleum industry in that it included firms from all the various sub-sectors of the industry (refiners, marketers, and producers) and the different U.S. oil regions. The creation of the API, however, was more than a culmination of the industry becoming more organized. Among historians and industry insiders, the formation of API is widely considered a critical turning point or historical conjuncture for the industry organizationally as well as ideologically (Fanning 1959; Pratt 1983; Potter 1990).

This chapter focuses on the circumstances that led to the creation of the American Petroleum Institute in 1919. I suggest that the creation of API was only possible after petro-capitalists experienced a *recognition process* that led petroleum industry leadership to recognize their collective, class-based interests after decades of deep divisions and distrust across the industry. And this process occurred from industry participation in wartime committees created by the state during World War I. By participating in these committees, petroleum industry leaders saw many benefits to working together on common issues as a whole industry. Although regional and sector-specific trade associations for the petroleum industry existed prior to the war, these organizations did not serve as antecedents to the creation of a national trade association like API. Instead, these organizations further entrenched divisions within the industry, with associations being utilized to protect the interests of specific sectors or regional interests within

the industry (Williamson and Daum 1959). Yet, when the U.S. government brought the industry's sub-sectors together during World War I, this set the stage for the later establishment of API immediately after the war. Rather than a self-evident rational process of increased cooperation or simply a cultural process of gradually building solidarity among the men leading the industry, this chapter focuses on how World War I and state leadership built coordination that eventually resulted in solidarity. The experience of cooperative work, as Marxian understandings of class consciousness assert, led petro-capitalists to move from "a class in itself" towards a "class for itself." This solidarity, in turn, led to the establishment a formal, capitalist organization, the trade association API. In contrast to working class solidarity that is often built in spite of the state, findings in this chapter show that the state can also play an important role in facilitating consciousness building. By examining solidarity in the capitalist class we thereby complicate the concept of class consciousness.

The following sections detail how conditions in three major areas shifted to allow this recognition process to emerge for the petroleum industry. First, *state priorities* shifted to encourage industry leaders to work together to increase production and deliver war supplies. Instead of focusing on instilling a more managed capitalism, which was a major focus of the U.S. federal government in the previous decades, the federal government called on industry to participate in some of the very activities that were deemed illegal under antitrust laws established in the previous decades (Solberg 1976; Yergin 1991). To accomplish these economic goals set by the state, industry leaders worked together in government sanctioned advisory committees and departments. These *organizations* were much different from the previous petroleum organizations (like sub-sector trade associations) because they were intentionally inclusive of all types and sizes of petroleum firms. Finally, shifts in *industry identity* occurred, where petroleum

industry executives began to see their firms as part of a collective whole instead of as only regional or sub-sector specific types of firms. Shifting conditions in each of these areas during different parts of the war pushed for a recognition process among petro-capitalists to occur that led to the creation of API following the war. The following sections examine each of these shifts in detail showing how they created the necessary momentum to create API following the war.

Shifting State Priorities: From Managing “Collusion” to Encouraging “Cooperation”

In the beginning of the 20th century, the state took a turn towards developing a more managed capitalism, with capitalists having a hand in shaping policies that helped to ensure stability in the economy that was lacking in previous decades (Kolko 1963; Weinstein 1968). For the petroleum industry in particular, much state and federal policy had focused on limiting the economic power and monopolistic practices of Standard Oil under the pretext of ensuring a competitive business environment and the protection of smaller firms and the public from the damaging impacts of monopoly power (Williamson and Daum 1959; Nash 1968; Pratt 1983). As the U.S. entered WWI, however, a more focused program of state and industry cooperation was pursued with the state shifting policy towards fostering cooperation within and among industries to encourage maximum production and streamlined delivery of war supplies. For the petroleum industry, such a shift allowed petroleum industry leaders to work together in new ways with both state officials and with one another, which would have lasting impacts after the war.

As one of the largest and deadliest wars in history, World War I was a different conflict than the world had seen primarily because of the industrial and technological sophistication that was brought to warfare through weapons, ground and air transportation, and the widespread use of chemical weapons (Keegan 1998; Willmott 2003). These war tactics would be amplified twenty-two years later in World World II, which is still on record as the deadliest war in history.

To put these technologies and industrial development into action during World War I, however, states had to implement careful planning processes to ensure both maximum production and the efficient delivery of war supplies. Bernard Baruch, a financier and U.S. presidential advisor during World War I and again during World War II, explained the importance of a state role organizing “economic resources” for the war:

It is not enough to mobilize the Nation’s military strength. There must be a mobilization of her full economic resources – industrial, agricultural and financial. These must be organized, coordinated, and directed with the same strategy that governs the operations of the purely military arms of service. (Baruch 1921:6)

This understanding of the need to mobilize and organize industry led the U.S. federal government to establish a series of working groups, advisory committees and councils, and formal governmental bodies. The first of the formal governmental bodies, the Council of National Defense, was created in October of 1916. With the Secretary of War serving as chairperson, the Council was composed of other prominent secretaries of the Departments of the Navy, Interior, Agriculture, Commerce, and Labor, and charged with “the coordination of industries and resources for the national security and welfare.” (U.S. Code 50, Section 1:1916). Connected to this council was an advisory commission of seven members appointed by President Wilson to work closely with the Council. Those that served on the advisory commission had special knowledge of particular industries and relationships with diverse members of the business and labor community at the time (Baruch 1921; Nash 1968).

Baruch and the other members of the advisory commission began to implement a strategy for production and the efficient delivery of war supplies. Each member of the advisory commission undertook coordination of one of the following broad fields, which were meant to

correspond to wider industry sectors or important actors within society: (1) transportation, (2) engineering and education, (3) munitions and manufacturing, (4) medicine and surgery, (5) raw materials, (6) supplies, and (7) labor (Baruch 1919). After being assigned a field, the advisory commission members then reached out to prominent leaders in their respective fields to serve on more specialized, industry specific advisory committees. Baruch saw these industry specific advisory committees as serving as main points of contact, particularly for government agencies needing to purchase industry specific war supplies:

The thought was that these committees could serve in an advisory capacity, acting as centers of contact from which the Government purchasing agencies could get full and authoritative information concerning both immediate and prospective supply capacities and the industries could get information showing immediate and projected Government needs. (Baruch 1921:21)

In addition, the advisory committees were also thought of as negotiating arenas where price stabilization and allocation of purchasing contracts with the government could be discussed and distributed equitably among the many firms within a particular sector (Baruch 1921). Thus, the initial vision of these committees and councils was to establish good working relationships between the state and industries.

The petroleum industry was organized under the raw materials field, which was being coordinated by Baruch himself. Petroleum products were particularly important for the war effort for two reasons:

One was the decision made earlier in the century by the principal naval powers of the world to adapt or build their fighting ships to use fuel oil rather than coal. The second was the growing utilization during the conflict of gasoline-burning automobiles and

trucks to move troops and supplies, the adoption of automotive type internal combustion engine as the power unit for tanks and aircraft and the use of diesel type engines in submarines. (Williamson et al. 1963:262)

Some early military campaigns between the Allied forces and Central Powers in Europe were even centered on gaining control of oil fields or blocking access to petroleum by destroying oil wells and refineries on enemy lands or tankers at sea (Williamson et al. 1963; Yergin 1991). Shipments of all products, including petroleum, by sea were attacked, particularly by German submarines. The number of German submarines was small at the start of the war, but by the fall of 1916, Germany had over 200 submarines at its disposal, which greatly enhanced its capacity to disrupt, capture, or destroy shipments. Although all ships were targeted by the Germans, oil tankers were particularly targeted. It is estimated that in the early months of 1917, German submarines were sinking or damaging one tanker a day (Williamson et al. 1963; Yergin 1991).

The safe delivery of petroleum supplies from the U.S. became an issue of prime importance for the Allied war effort in 1917 and 1918. While German submarines were clearly a problem, coordinating the production and shipment of oil from the United States was a prerequisite. That work was allocated to the petroleum war service committee, and in late March of 1917 before the U.S. entered the war, Baruch approached A.C. Bedford, then president of the Standard Oil Company of New Jersey, to lead the committee (Gibb and Knowlton 1956). Given Standard's recent dissolution, this choice was perhaps surprising, but the rest of the committee was composed of executives of independent oil companies (see Table 5.1).⁷ In reflecting on Bedford's time with Standard, some scholars characterized Bedford as a new type of executive, one whose "genius was for organization" instead of competition and domination, and that Bedford lacked the "terrible shortsightedness" characteristic of his predecessors within both

⁷ All tables and figures of this dissertation are located in the Appendix.

Standard and the petroleum industry as a whole (Gibb and Knowlton 1956:238). Bedford agreed to serve as chair of the advisory committee for petroleum and began to reach out to other prominent industry leaders to fill out the rest of the committee. On April 9, 1917, three days after the U.S. officially entered WWI by declaring war on Germany, the Committee on Petroleum of the Advisory Commission of the Council of National Defense was formed. Almost immediately, Bedford and the committee went to work, meeting with top U.S. military officials and communicating with the British, French, and Italian embassies to gauge petroleum needs for the whole of the Allied forces (Gibb and Knowlton 1956; Nash 1968).

The work of the first committee headed by Bedford was described as four broad, interconnected tasks all focused on oil supply (see Figure 5.1). Each of these tasks were meant to assess the needed petroleum supplies of the war effort and ensure the delivery of these supplies by creating working relationships within the industry as well as with other sectors needing petroleum products (Nash 1968). In addition, the committee was tasked with spurring increased domestic petroleum supply, which was already considered to be falling short of demand.

The creation of these committees and the movement of the government to call upon industry to aid in the war effort was not without criticisms or fears, however, from oil industry leaders. They viewed it as a step towards nationalization since it was widely known that European countries were nationalizing industries and placing limitations on the domestic use of economic resources under the auspices of war needs. The European stance was particularly known and feared among leaders of the raw materials industries used for fuel, like coal and oil (Williamson and Daum 1959; Yergin 1991). In an attempt to assuage their fears as well as publically endorse the use of advisory committees by the state, early in the committee's existence, Bedford and other industry leaders urged calmness and suggested that the war effort

would cause little change in the workings of the petroleum industry in the U.S. and that there was little to fear about an overreaching hand of government in industry affairs. Instead, the petroleum industry should rise to meet the opportunity opened by the state to participate in the war effort. In the first official memo from the committee to the industry, Bedford attempted to reassure industry leaders that the creation of these committees showed that the U.S. government had confidence in its industry leadership to meet the demands of war while also maintaining profits during wartime:

The plan under which our government is working is that the producers in any line of activity shall be informed as to the needs of the country and that it shall be incumbent upon that industry as a whole to make certain that the government's requirements are taken care of. Under this plan every producer has the opportunity to rise to his patriotic duty in *providing promptly and adequately what the government desires and at fair prices*, while, on the other hand, the opportunity is *still left to him to exercise his own initiative* in improving results and to effect economies in his own plants which will benefit his net earnings. (Bedford 1917a:7, emphasis added)

Along similar lines, committee member H.G. James, then president of the Western Petroleum Refiners' Association, following a trip to D.C., stated:

My advice to the oil industry would be to proceed with the conduct of the business in the most natural manner possible. I would counsel calmness. There is no real warrant for exceptional economy [thrift]; no justification of extravagance... I am convinced that it is not the purpose of the administration to hamper or in any way retard or injure legitimate business. The administration is going to expect the co-operation of every good citizen in

every avenue of endeavor, and when this is accorded, I do not believe any one need have any fear. (James 1917a:8)

Such framings by industry leaders were meant to show that a cooperative relationship with the state did not necessarily mean that petroleum executives would have to sacrifice profits or disrupt everyday life. On the contrary, there could be both efficient delivery of war supplies with room for profits from “legitimate business” by the industry even in wartime.

When the U.S. entered the war in 1917, Bedford and James’s assessments would prove to be true. As highlighted in the last chapter, petroleum *oversupply* had been one of the primary issues in the industry. What was actually most important during 1917 was securing more tankers to deliver petroleum and other war supplies. Moreover, early in the war, the state rarely took measures contrary to oil industry profits because of its dedication to free enterprise and the desire to continue its record of ensuring fair competition in the economy. This is an important difference in the strategy taken by the U.S. government compared to the European countries involved in the war.⁸ Anchoring the state in essentially supporting capitalism even in wartime, the state sought to foster cooperative relationships with capitalists instead of antagonistic ones (Weinstein 1968).

This state-capital cooperation continued throughout the war and was further amplified by the state bringing capitalists into the strategizing for the war effort. Capitalists not only had a seat at the table during these planning processes but were invited to set the table in ways that were most conducive to their own agendas and processes. This agenda-setting was evident in the second iteration of the war service committees. Although the importance of organizing economic

⁸ Of course, this can also be attributed to the U.S. having more *physical distance* in the war effort as well as the U.S.’s late entry into the war. As the war went on, some industries, such as the coal industry, did come under state control. However, the majority of state efforts centered on ensuring that industry leaders were at the table, helping to design and implement economic plans for the delivery of war supplies.

resources for the war was well recognized by both government officials and industry representatives, the first iteration of the advisory committees was met with challenges from industry leaders that the committees were not truly representative of wider industries and that the power bestowed upon these committees, particularly with the power to distribute purchasing contracts, could be abused. Baruch explains:

Dissatisfaction began to come to light on the part of firms not directly represented on the committees. The possible misconception of the position of the committees in appearing to represent, even in a vague sense, both the buying and selling interests was very soon felt. (Baruch 1921:22)

Such criticism inspired changes in both governmental war bodies as well as the structure and selection of the business centered advisory committees.

In late July of 1917, a new government body called the War Industries Board (WIB) was created to replace the previous advisory commission. While still connected to the Council of National Defense, the establishment of the WIB brought new regulatory powers to the state to organize and implement the delivery of war supplies. The stated charge of the WIB was to “act as a clearing house for the war industry needs of the Government” and to implement strategies of the most effective ways to meet these demands (Baruch 1921:22). The WIB’s leadership was similar to the advisory commission in structure, with different divisions representing broad fields of economic resources. Importantly, the board’s commissioners were selected for positions in which they had “no financial interest, direct or indirect, in the industries concerning which they advised” (Baruch 1919:22). So, whereas in the first advisory commission, members with interests in production made decisions about production, in the WIB such tasks were separated. In addition, military representatives of the Army and Navy were also members of the Board,

which was meant to allow for direct lines of communication with the needs of the different military branches, but also shows that the military had a continuous seat at the table for decision-making during the war.

While direct interests were constrained, the Wilson Administration gave the WIB more power to secure supplies as well as set prices and prioritize certain buyers, both public and private entities, which was a power the previous advisory council did not have. Baruch (1921) justified the potential use of these new control mechanisms:

To cause those commodities to flow in channels most conducive to the purposes of the war, the Government had either to outbid all others in the market, or to take measures to control purchases and prices. The most significant, and for U.S. the most novel, functions of the Board were the solutions which it developed for these problems in the form of the priority system and the price-fixing plan. Government price-fixing for all purchasers has been practiced from time to time as far back as the oldest known code of law. But the priority system, applying to Government and private purchasers alike, represents so far as we know, a new method of control over the products of industry. (Baruch 1921:22-23)

Price-fixing then was an added power to the WIB, which was seen as a measure that would potentially be necessary to ensure economic stability during the war. The priority system was meant to ensure that both governments and essential industries were receiving the materials they needed to deliver first and foremost on war contracts. Therefore, in creating the priority system, the U.S. government was showing a stronger commitment to the delivery of war supplies. Because of the new powers, WIB members recognized that the industry specific advisory committees were essential, particularly for understanding current conditions within particular industries, which was vital in creating and implementing particular policies (Baruch 1921).

However, state officials also hoped that industry leadership would agree to these new conditions that could potentially be disruptive to their profitability.

This careful planning process by state officials leads one to amend the structural Marxist understanding of the state's relationships to capitalists. Beyond the state acting only to ensure the long-term interests of capitalism, the state also has short-term interests, particularly in times of crisis like wars, that require careful planning of, and in this case with, capitalists. If the state made decisions too quickly and implemented unpopular economic mechanisms without buy-in from capitalists that it had outlawed just decades before, it might have risked straining relationships that the state deemed necessary for attaining war supplies. And while the state retained the option to nationalize many of these industries, particularly during wartime, state officials instead primarily chose to center their strategies on cooperative efforts with industry, with some limited pressure. Members of the WIB and the Wilson Administration then took steps to establish what they hoped would be more representative, more accepted, and potentially more cooperative industry advisory groups particularly in the face of these new powers granted to the WIB. To develop more representative industry advisory groups, the state began working with an important capitalist organization: the Chamber of Commerce of the United States.

To begin the process of the creation of new committees, the U.S. Chamber of Commerce (which had been established in 1912 by President Taft as a counterbalance to the labor movement) held a conference, the "War Convention of American Business," in September of 1917 in Atlantic City. The conference turned into a rallying moment for capitalists across sectors in the U.S. to come together to discuss war matters and envision a more cooperative economic environment for the immediate conditions of war. In its advertisements and publications leading

up to the conference, the Chamber appealed to the patriotism and responsibility of the business community to organize for the war effort:

Step by step the government and all classes in our society have been organizing in order better to meet their duties and responsibilities with these new conditions... It is the patriotic duty of every live business man who can possibly arrange to do so to attend this convention, not only to show emphatically where the business men of the United States stand in the present crisis, but also that each may gain all possible knowledge as to how he can plan more intelligently to be of greater service in the common cause. (Howell 1917:35)

Under such expectations, business executives gathered in Atlantic City to discuss and plan next steps for the war effort. Over 3,000 men attended the conference, representing “every branch of industry, commerce and finance” as well as members of “900 trade and commercial organizations” (Evans 1917:9). In addition, government officers connected to the war were also in attendance at sessions and featured as speakers.

The conference allowed for capitalists to respond to new governmental plans, particularly the potential for price-fixing and the power to establish a priority system through the newly created WIB. On these issues, the Chamber responded with what appeared to be acceptance. However, upon closer examination, the business community, through the Chamber, presented their own views and conditions for potential implementation of these new powers:

[The business community] declared themselves in favor of price fixing by the government not only for its own needs, but for those of the public, and for government control of distribution to suit its understanding of the nation's needs...

...the committee merely asked that in dealings on a cost production basis the manufacturer be allowed to present evidence to the government authority in support of any claim that the cost of production had so altered as to make it advisable for him to ask a higher price for his product.

They urged also that the Government organize its industrial-military side so that a single central purchasing board should handle all war buying. (Evans 1917:10)

From this conference, then, capitalists centered on ways to work through these newly established bodies and navigate implementation of what could potentially be a stronger government hand. However, through the Chamber, capitalists were also proposing ways to ensure they had a say in how decisions on purchasing and production were made.

The conference also answered the question of how to create and define more representative industry advisory committees, which had been a concern for capitalists at the start of the war. The Chamber suggested that the committees, under the broader title of “war service committees,” be organized through existing representative industry organizations: national trade associations. Seeing the significance of large, national trade associations as representative bodies for wider industries, the Chamber went to work contacting trade associations within sectors and working with industry leaders to create more representative organizations and to be sure to include industry leadership of large and small firms and different sections of particular industries (Baruch 1921; Nash 1968). Later, at a meeting in December of 1917, these representatives were invited to a smaller conference, where the committees were finalized and announced. The state welcomed this planning and accepted this plan from the Chamber as it began working through the WIB with industries to deliver war supplies. Trade associations then took on important regulatory work during the war.

Not all industries, however, had national and representative trade associations at this time. The petroleum industry was one of these industries. The petroleum trade associations that did exist, as detailed in the previous chapter, were primarily representative of Independent firms, specific sub-sectors, and regional in scope. However, the economic power of the Standard Oil network would not be represented through any of these existing trade associations. Baruch, who was now serving as the commissioner of the raw materials division of the WIB, suggested that the petroleum advisory committee under the Council of National Defense remain intact and continue to serve as a wartime service committee in lieu of a national trade association. Edward N. Hurley, chair of the Shipping Board, echoed Baruch's request, citing the excellent work and cooperative relationships that had already been established through the previous committee (Nash 1968; Yergin 1991). Thus, the committee remained intact with a few new members and was renamed as the "National Petroleum War Service Committee" (Nash 1968).

Soon after the establishment of the new and more representative committee, however, came the most significant wartime governmental organization that to impact the petroleum industry. The petroleum industry had enjoyed a hands-off approach during the early months of U.S. involvement in the war, particularly with Bedford's strong relationship with Baruch. In early January of 1918, though, rumors began to circulate that the federal government was planning to implement control measures through the same governmental body that was currently overseeing production and transportation of the coal industry. The rumors proved to be true when on January 11th, 1918 the announcement was made that the Oil Division of the Federal Fuel Administration was to be created and headquartered in Washington (Nash 1968).

Since its establishment in August of 1917, the Federal Fuel Administration held the legal power to impose production and supply control measures on the oil industry. The Lever Act, also

called the Food and Fuel Control Act, was passed with the purpose of increasing production and controlling supply and distribution of both food and fuel. With such a broad purpose, the Act allowed for the government to implement a wide range of strategies to ensure maximum production and remedy growing supply and distribution problems of food and fuel. As a result of the Act, two administrations, the Food Administration and the Fuel Administration, were created to oversee and implement strategies for production and distribution of food and fuel (Williamson et al. 1963; Nash 1968; Kennedy 2004).

The head of the Fuel Administration, Harry A. Garfield, a law professor, close friend of President Wilson, and son of President Garfield, previously focused the administration's resources on remedying issues in the coal industry because labor strikes in the coalfields were having impacts on production and the delivery of coal for the war (Kennedy 2004). Garfield's efforts then turned to oil in January of 1918. In his official announcement of the creation of the Oil Division, Garfield was not forthcoming with any particular reasons behind his decision to create the division or what the work of the division would look like. He only stated in the announcement that the first act of the division would be to "undertake an investigation of the entire petroleum situation and to recommend... such action as may be necessary to handle petroleum matters" (NPN 1918c:11). To head the division, Garfield selected Mark L. Requa, a mining engineer with experience in the petroleum industry. Prior to his appointment in the new division of the Fuel Administration, Requa worked as the assistant director under Herbert Hoover in the Food Administration, seeing firsthand the power bestowed upon the division through the Lever Act.

Of course, such a vague announcement worked to heighten anxiety and speculation among petroleum industry leaders that this would correspond to state control of the industry

(Williamson et al. 1963). Worries that the administration would immediately begin fixing prices, controlling distribution and civilian use of petroleum products riddled the headlines of petroleum trade magazines and newspapers. Such worry was not without cause. Industry leaders were likely aware of the measures previously enacted through both the Food and Fuel Administrations. Under the Food Administration, price was fixed for wheat and a vigorous, though voluntary, campaign of food rationing was aimed at the American public (particularly women), encouraging rationing to be seen as a patriotic duty (Kennedy 2004). The fate of the coal industry was even more troubling to industry leadership, as the coal industry had essentially become nationalized during the war to remedy a myriad of issues the government felt was impacting production and the delivery of supplies, particularly the labor strikes in the coal fields, which had led to a coal shortage in the winter of 1917-1918 (Nash 1968; Kennedy 2004). The impacts of the coal shortage were felt particularly on the home front:

... the overall pace of industrial activity combined to create a shortage of coal in the United States – so severe that local officials commandeered coal trains passing through their jurisdictions, and policemen had to stand guard over industrial piles to prevent pilfering. Orphanages and asylums ran out of fuel, and inmates died of frostbite. Even the wealthy were complaining of empty coal bins and chattering teeth. (Yergin 1991:178-179)

These conditions led to the state ordering mandatory shutdowns of industrial plants that ran on coal east of the Mississippi in order to allow more of the coal supply to be directed to the East Coast where ships were waiting to take off to Europe (Yergin 1991). Although petroleum was certainly the primary fuel used in the war, coal still constituted a significant commodity for use in transport as well as everyday uses in factories and for heating homes. For the remainder of the

war, factories were also ordered to shut down every Monday in order to conserve more coal (Yergin 1991). Prices were also controlled by the state with little to no negotiation with coal industry leaders.

Understanding these conditions within the coal industry, petroleum industry leaders were suspicious of the new Fuel Administration. Were similar measures to be taken for petroleum, they would certainly go against previous assurances by Bedford and industry leaders that the petroleum industry could expect a “business-as-usual” environment in the war and cooperative state and business relationships. In fact, the petroleum industry did not come under the same stringent conditions as coal. To the contrary, the first official statements and actions of the division were centered on assuaging the anger, fears, and anxiety of the oil industry leaders. Garfield and Requa reiterated that they had no intention of making immediate or vast changes to how the industry was handling war matters:

It was indicated that it was not the intention of the Fuel Administration to take up at present the question of price fixing, but that a general survey of the whole industry would be made in cooperation with the various branches thereof, with a view to determining what action the Government might take to assist in supplying more effectively the necessary fuel for war purposes and to provide and arrange for the supplies of fuel oil necessary to the various industries at home. (NPN 1918d:6)

After the announcement, one leading article line read “The oil industry is in the hands of the government” and, finding little cause as to the creation of the division, the author stated “No explanation as to why the industry has been put under control that any sane man can understand has been given” (NPN 1918c:11). Indeed, oil men were apparently confused and even outraged

that the government would step-in and potentially impose measures on the industry, particularly after they believed themselves to be working so efficiently through the war service committees.

Although not discussed at the time, the most plausible reason that the division was created was that Garfield was alerted to potential abuses, particularly profiteering, in the industry during the winter of 1917. Because of the coal shortage in 1917, there was increased demand for oil, with the average price of crude oil doubling in 1918 from what they had been in 1914 (Yergin 1991). Yergin (1991:179) suggests that such a high price encouraged producers to withhold supplies with the expectation that prices would continue to rise and caused refiners to offer bonuses and premiums to obtain supplies to obtain lucrative government contracts. And although the oil trade had made widely stated commitments to rise to their patriotic duty and forgo potential beneficial profits because of the wartime conditions, it would not be surprising if such practices were occurring given the history of some of the practices within the industry in previous decades. Industry organizing was not the strong suit of the petroleum industry.

Days after the division was established, Requa met with A.C. Bedford, Chair of the National Petroleum War Service Committee, to express his desire that the committee continue its work, particularly as the Oil Division was surveying industry issues (NPN 1918d:6). However, in his early communications with the industry, Requa also made it clear that the work of his Division was not to be questioned or resisted. Such resistance or questioning was even labeled “as a deliberate propaganda for the purpose of creating unrest” in the petroleum industry by pro-German supporters (*Oildom* February 1918b:8). With the weight of the Lever Act behind him, Requa could have imposed a variety of measures on the oil industry immediately. Throughout his time as administrator, he would remind the petroleum industry of this potential power,

particularly if industry leadership criticized the work of the Division. Requa set this tone early in his first official communication to the industry:

The [governmental] control is very real and the power under the Lever bill very broad.

They will be exercised whenever necessary in the doing of those things that will assist in bringing U.S. victory” (Requa 1918c:9).

Coupled with this acknowledgement of the regulatory right of the Division, Requa also encouraged the industry to see the good that could come out of government oversight, particularly for the war effort, which, as patriotic men, petroleum industry leadership *should* embrace in Requa’s eyes:

Democracy is quite as much on trial as in any other factor of the national defense, and I believe that industry to be patriotic and imbued with the spirit of service and competent to govern itself wisely and satisfactorily. There are, however, *many things that the industry cannot do alone which can be done in co-operation with a governmental department*. Under the Lever bill, pooling, allocation of oil as to priorities, allocation of the products, unit control of tools, utensils and implements, machinery and equipment are all possible...

It appears to me, in short, that the function of the Oil Division is to make possible the performance of certain acts, for the purpose of winning the war, that individual companies cannot undertake themselves. Sacrifices may, and probably will, have to be made, and if so, I am profoundly convinced that the oil industry will not be found lacking in doing its share. (Requa 1918c:9, emphasis added)

By sacrifices, Requa meant that short-term profits might have to be lessened, but he appealed to the wider patriotism and personal responsibility of industry leadership to organize for the war

effort and added the dimension of embracing the benefits of state partnership for organizing economic resources.

Requa also challenged the industry leadership to understand their work as being under emergency conditions, which should inspire a better understanding of why these devices would be necessary:

If we are to accomplish maximum results, we must remove ourselves from the atmosphere of normal business life and approach the problem primarily from the standpoint of great national emergency, realizing that ordinary business standards and practices must be discarded; in short, we must surround ourselves with an entirely new atmosphere and concern ourselves primarily with the problem from the viewpoint of national welfare. (Requa 1918d:145)

Although this added dimension was under the guise of war, the very mention, much less an outright suggestion of utilizing economic practices such as pooling, unitization, price-fixing, and priority setting by a state official to the petroleum industry – perhaps *especially* to the petroleum industry – was quite a turn-around from the previous decades of the federal government’s treatment of such economic practices. However, because these practices were seen as temporary measures to win the war, Requa encouraged industry leaders to not see these practices as unfair, unjust, or disruptive to the industry as a whole.

Requa stressed that he wanted to build cooperative working relationships with the industry in his new role. As a state official, however, Requa emphasized that the onus of this cooperation lay within the industry itself:

If we are to accomplish any considerable part of the task that is before U.S., the success of our efforts will be in direct proportion to the mutual confidence and co-operation

characterizing our relations. *I am expecting the hearty co-operation of the industry* to the end that thoroly [sic] satisfactory and common sense policy may be finally adopted. In the shaping of such a policy the industry can be invaluable in an advisory capacity. This is no time for experiments, impractical ideas and radical fads cannot be permitted to interfere with the careful supervision of an industry of a most complex and delicate character.

I am expecting that the oil industry will to a great degree govern itself wisely and conservatively, and that it will recognize the necessity of maintaining fair and reasonable prices and co-operating to the fullest extent in supplying most efficiently the products of petroleum needed to meet the requirements of our own army and navy and of the allies.

(Requa 1918d:145; emphasis added)

This last statement in particular set expectations for the petroleum industry to work together to accomplish the wartime goals, which could also diminish state intervention. If industry leaders could find ways to work together on delivering war supplies by utilizing methods that the state now allowed, Requa did not see the need for a strong government hand. Although Requa had the power to impose economic regulations and other more severe controls on the industry, he worked to ensure industry cooperation instead of coercion to accomplish these goals.

It is worth examining some of the activities accomplished through the war service committees to understand this relationship with the state during the war and how this relationship was essential to fostering cooperation among the petroleum industry. In designing programs to ensure war supplies, the state shifted its priorities from managing capitalism to encouraging cooperation among competing firms. Many of these programs required that industry leaders work together to come to a consensus for economic mechanisms like price controls or cooperate

through information sharing like gathering statistics of current supplies. Throughout the war, state officials strongly recommended that agreements and activities occur on a voluntary basis, which meant the industry leaders were given the freedom to create their own mechanisms in order to reach supply needs and delivery schedules so long as they fulfilled the expanded demand of the military campaigns. This experience of not only delivering war supplies, but also working together in new ways showed petroleum industry leaders that there were benefits to voluntary industry-wide agreements.

Some of the first work accomplished by the petroleum war service committees was focused on measuring current petroleum supplies, providing projections for future supplies, and working with the Allied states to ensure that petroleum supplies were transferred effectively to the front lines. In the U.S., this was also coupled with ensuring that domestic needs were met. One of the first projects undertaken by the first war service committee was to survey all of the refining capacity of the U.S. and report back to the state on

The general results of this survey... indicated a total daily refining capacity of about 1.27 million barrels of crude. Of this capacity, a little over one-fourth of approximately 374,000 barrels daily was located at tidewater, eight in New York and New Jersey or on the Gulf Coast.

On the basis of this survey it appeared that the capacity of the tidewater refineries, with a potential throughput of over 130 million barrels of crude annually, was more than adequate to take care of the projected military requirements of the Allies and the United States, which actually at their peak in 1918 amounted to about 7.5 million barrels of products. (Williamson et al. 1963:271-272)

Therefore, in the early months of the committee's work in 1917, petroleum industry leaders were confident in their ability to supply the Allied war effort as well as all domestic needs throughout the war. The state took these numbers with confidence and allowed the committee to begin to fill war contracts and design a system of allocation of those contracts (Gibb and Knowlton 1956; Williamson et al. 1963). To ensure that supplies of crude would reach the Allied forces quickly, Bedford and the committee created a system of allocation based on geography:

Thus, under a general plan of letting inland refiners handle the major share of rising domestic demand, the committee followed a policy of allocating the bulk of government contracts to refineries located at the seaboard shipping terminals on the Gulf Coast or Atlantic Seaboard. (Williamson et al. 1963:272)

The state then relied heavily on the expertise of the petroleum leaders themselves to measure and design a system to fill orders early in U.S. participation in the war. By establishing this relationship, industry leaders began to take on the role as experts of their industries, which would have impacts on industries following the war.

At times, however, the state also interceded when industry leaders could not accomplish state goals. For example, although supply and refining capacity early in the war was not perceived as an issue, delivery of crude oil and gasoline to the Allies ran into difficulties. With the German submarines sinking or damaging state-owned tankers, more tankers from the private sector had to be moved to shipping runs between the U.S. and the United Kingdom (Williamson et al. 1963). Bedford and the committee arranged for more tankers to be transferred to this route as well as the U.S.-France route following appeals from both the British and French governments (Williamson 1963).

Another area of contention, however, emerged between American and British oil industry leaders. When additional requests for oil supply were made by the British government, the U.S. petroleum industry was stretched thin, making it difficult to respond adequately to these requests. U.S. petroleum industry leaders were also critical of the British for not transferring some of their own fleet from the Far Eastern markets, which U.S. companies had done to respond to British requests. The British authorities argued that removing tankers from this line would threaten their ability to refine crucial products for aviation gasoline, but, U.S. petroleum leaders worried that this was a strategic move by the British to grow their Asian markets during the war (Williamson et al. 1963). By requesting more and more U.S. tankers, some U.S. companies had moved their ships away from the Far Eastern lines during this time.

In this case, U.S. state officials stepped in to help industry leaders craft a tanker agreement, which called for a shift in the British operations:

In a formal recommendation to E.F. Hurley, Chairman of the United States Shipping Board, Foley [of the U.S. Navy] and Thomas [of Standard Oil New Jersey] in February, 1918, suggested that (1) the British could release the equivalent of about 13 tankers (73,000 gross tons) by adjusting their Far Eastern tanker trade, (2) seven American tankers (34,000 gross tons) should be reassigned from the United States-United Kingdom route to service between the Gulf Coast and the Atlantic seaboard; and (3) no more American tankers be moved to the trans-Atlantic route until some agreement had been reached on shipments to the Far East. (Williamson et. al 1963:277)

Although under the guise of reorganizing tanker movement for the war effort, this agreement was also crucial for ensuring that the U.S. shares in the growing Asian markets would not diminish during the war. Such state support during this time shows that the U.S. state had a

strong commitment to ensuring that capitalists were able to continue their business processes or even expand them. The final agreement effectively accomplished this by restoring the balance of U.S. and British shares of the market prior to the war:

... The agreed volume of products to be apportioned between the respective British and American interests in each area according to the percentage of trade enjoyed by each during the year of 1913, when the operations of the respective companies were not impeded by transportation difficulties arising out of the requisition of ships.

(Williamson et al. 1963:278)

In another example, the state took a stronger hand in developing price controls later in the war when state officials, particularly Requa, perceived that there were problems with the crude supply. Although at the start of the war, Bedford and his committee were confident in the ability of the industry to deliver on both domestic and wartime petroleum demands, a decline in the stocks of crude and rising domestic consumption began to challenge this prediction. When Requa came into the position of Fuel Administrator, he surveyed some of the conditions within the industry. Figure 5.2 shows the shifts in production, consumption, and stocks of crude oil prior to and over the course of the war, displaying a rise in both production and consumption and a depletion of stocks of crude. Such conditions made Requa begin to look more closely at the processes within the industry and make plans to implement different kinds of economic mechanisms.

By mid-1918, Requa was particularly concerned with the rising prices of crude. Although prices had steadily rose throughout the war, Requa began to see these prices as unfair to the government:

So long as higher prices had served to stimulate production, Requa had left the pricing problem up to the industry. But in May of 1918, he was convinced that higher crude prices were no longer performing this function and moreover they were being used as an excuse to charge higher prices for fuel oil and gasoline to the United States Government and the Allies. (Williamson et al. 1963:287-288)

Figure 5.3 shows these rises in prices of crude in the Appalachian region, in Kansas and Oklahoma, and in the Gulf. Prices in crude often varied based on quality and chemical components of crude, which explains the regional differences. As the figure shows, however, the increase in prices in all oil regions was steady throughout the war.

To address these price concerns, Requa called on the war service committee leadership to craft and implement price agreements. Although Requa had the legal authority to set and implement these prices on his own, putting the onus of creating and implementing these agreements on petroleum industry leaders showed confidence in the industry to cooperate and craft agreements themselves. However, this was also strategic on the part of Requa to ensure that the industry would be more accepting of these agreements because industry leaders were the ones setting the levels and creating price schedules. In effect, these worked more as *voluntary agreements* than government sanctions, and as a result, in the end they were more palatable to petroleum industry leaders at the time (Williamson et al. 1963).

The process started in June of 1918, when Bedford and other committee members “proposed a price of \$2.25 per barrel for oil of 33° Baume gravity, with a differential of five cents per barrel for each degree above or below 33°” (Williamson et al. 1963:288) to account for the differences in quality of crude. As representatives of the war service committees met with industry groups in different oil regions to get feedback, they met resistance from the Mid-

Continent group, primarily Kansas and Oklahoma producers who rejected price controls completely. Due to this strong reaction, the committee proposed a new plan. This plan was to “simply freeze the oil in the present channels, limit the amount of premiums paid, and establish the prevailing posted prices as the maximum prices to be paid” (Williamson et al. 1963:288).

Bedford and his committee members as well as Requa met with petroleum producers again to both cajole and pressure them. On the one hand, Bedford and Requa assured them that industry sectors, particularly big refiners were not somehow able to profit from this plan:

In a move designed to explain their position and to assure the Mid-Continent producers that the large companies were not behind their plan, Requa and Bedford met with producers and refinery representatives in Tulsa on July 22, 1918. Bedford pointed out that refining capacity now exceeded production and that competition for crude was forcing up prices which were in turn reflected in the refined products. (Williamson et al. 1963:289)

On the other hand, Requa reminded petroleum producers of the government’s power to impose controls at any time. However, he still urged acceptance of the war service committee’s plans first. He also reminded the producers how much they relied on government contracts and resources, which should give them pause at resisting these measures:

Requa not only urged the acceptance of “voluntary control” as the alternative to governmental action, but indicated how the government had helped producers to obtain steel and other necessary drilling supplies and to maintain their labor force by draft exemptions. As he put it, they *could not produce at all without the government priorities* for their work. (Williamson et al. 1963:289, emphasis added)

The final piece that helped achieve adoption of the petroleum committee's price agreement proposal was the creation of a committee of independent oil men who were allowed to "inspect the books of the large refiners and to establish fair prices for all petroleum products, in order to insure the larger companies were not making excess profits" (Williamson et al. 1963:289). By the end of July 1918, a price agreement was reached. The agreement stipulated that prices and premiums would be maintained at early July levels. The agreement was officially put into place in August about two months before the end of the war and remained in effect until early January 1919 (Williamson et al. 1963).

In sum, throughout WWI, the state moved to both control the petroleum sector and to achieve that control via voluntary agreements that attempted to preserve a strong government commitment to capitalist ideals. This commitment was evident in the efforts to ensure the participation of capitalists from petroleum and other sectors in decision-making about issues impacting their industries. For the petroleum industry, this control by the government and coordination by the industry itself under the guise of war created cooperation within the industry and with the state that had been largely absent in the previous decades. In the end, the wartime committees helped to build solidarity among oil producers and refiners that had not existed before. As the above examples show, in working in these committees, capitalists across all sectors found new opportunities to organize on their class-based interests, strengthening their already burgeoning cooperative efforts of the 20th century.

Organizations: Recognizing Intra-industry Benefits of Working Together

It was not only government support and shifting state priorities that fostered the cooperative effort for the war. The active and intentional efforts of industry leaders contributed to this environment as well, with industry leaders recognizing the opportunities to work together

and have close ties with the state. Although much industry participation was explained through the lens of patriotic duty, there was also recognition of the benefits that could be garnered through industry *organizing* and *organizations* and how these organized efforts could extend into peacetime. In reflecting on industry participation in the war, Harry A. Wheeler, president of the U.S. Chamber of Commerce, understood the potential long-term benefits to having a more cooperative business environment, particularly for the development of foreign trade:

Organization for war service is giving business the foundation for the kind of cooperative effort that alone can make the United States economically efficient enough to take its place with the nations in world trade... What furnishes a better groundwork to foster this cooperative association than the committees? Industries torn apart for years by factional differences have been brought together in the committees and are working with one another in closest harmony. Allied industries in some instances for the first time in their history have found a common meeting point. Business quarrels have been forgotten. Competition has been put on a clean and enduring basis...

The *integration of business*, the expressed aim of the National Chamber, is in sight. War is the stern teacher that is driving home the lesson of cooperative effort. (Wheeler 1918:10, emphasis added)

For Wheeler and other leaders involved in the Chamber, the integration of business essentially meant a more cooperative and organized business community. In recognition of the long-term benefits of organizing business, Wheeler's comments complicate some understandings of capitalist organizing through a Marxist lens. Instead of the antagonistic relationship between capitalists and the state that is painted by structural Marxists, comments like Wheeler's shows that the state also provides opportunities for capitalists to recognize their long-term interests in

the face of short-term crises within the state. And although Marxist scholars such as Lukács (1926) discuss the inevitable failures of capitalist class consciousness, the recognition by capitalists of the benefits of organizing as a class to expand their economic opportunities still has vast material and ideological impacts on society, particularly if capitalists are able to shape and control other institutions within society. Wheeler and other capitalists during this time period certainly saw the potential benefits to this work and utilized the war as a period to intensify these organized, cooperative efforts across and within industry sectors.

As mentioned in the previous section, the war service committees that were created under the War Industries Board were primarily drawn from national trade associations, which were beginning to take on more responsibilities of ensuring production and delivery of war supplies. Under the more lax rules and the outright encouragement of utilizing economic regulations that had been previously outlawed by the state, trade associations moved from being organizations that were under suspicion of colluding towards centers of cooperation for industries on issues of industry concern. Such an understanding of this historical moment in the United States challenges Spillman's (2012) contention that trade associations evolved into cultural institutions operating off of disinterested solidarity and nonstrategic action. These experiences in WWI clearly represent wider recognition of their potential organized power as a class.

For the petroleum industry in particular these committees served as the conduit for industry leaders to heal divides and work together in ways that helped them recognize and organize on their collective interests. The creation of the wartime committees was understood by petro-capitalists as more than an opportunity to be good patriots. They recognized that the war service committees could serve as the foundation for a more integrated and cooperative business environment, particularly after the war.

Organizing an industry with the historical and bitter divisions that characterized the petroleum industry, however, meant that there were challenges to overcome to actively work on these initiatives. Although the committees were explicitly organized in order for the petroleum industry to meet wartime goals, these organizations also served as opportunities for petroleum industry leaders to work with one another in new ways, which was now backed by government support. In reflecting on one of the first meetings of the petroleum war service committees, Henry James, a petroleum refiner, stated:

The meeting was productive of other results. Men who know each other find it easier to co-operate. The oil industry justifies, and in times like the present demands at least some co-ordination. The jobber, the refiner and the big companies are partners in the oil business. An injury to the industry hurts them all. Their interests are co-related and mutual. And more friendly meetings of such character should follow in the future. (James 1917b:542)

Although government control was always looming during the war, petroleum industry leaders took these opportunities and shaped the wartime organizations into organizations to foster industry cooperation.

With each iteration of the war committees, more and more petroleum industry leaders were brought into the fold, with the committees serving as spaces for industry cooperation and negotiation on issues of industry concern. These organizations also set the foundation for the creation of their own national trade association, API, following the war. As shown in the above examples of work accomplished through the war service committees, the state often encouraged petroleum industry leaders to work together to design and reach voluntary agreements. To reach these agreements and continue to deliver both supplies for the war and increasing domestic

needs, these industry committees were essential to not only negotiate terms, but also worked to create a sense of community and cooperation among petroleum industry leaders. As the war continued, it was important to have more and more petroleum industry leaders represented on the committees to garner an understanding of industry conditions as well as have industry leaders ready to quickly negotiate and work together on creating economic mechanisms like price controls. The committee structures evolved then in order to have more representation as the war went on.

It is useful to examine the evolution of these committees through three iterations to see this process of growing representation. The first advisory committee of the petroleum industry was organized in April of 1917. A.C. Bedford of the Standard Oil Company of New Jersey, was selected by Baruch to serve as the chair of this committee. Being described as a “genius for organization,” Bedford was careful in how he selected the additional committee members (Gibb and Knowlton 1956:238). Formed just three days before the U.S. entered the war, this committee was small, with seven members initially. Two members, both representing Independent trade associations, were then added in June of 1917. Table 5.1 provides a list of this first committee and Figure 5.1 provides the stated purpose of the committee. When examining the structure of the committee, many of the divisions that were characteristic of the industry at the time were represented through the nine representatives selected for this first advisory committee. Additionally, independent oil companies and trade associations had representation on this body as well.

After the formation of the first round of advisory committees, however, issues of representation were brought up by the wider business community, particularly by those business leaders not included in the initial committees. As highlighted in the previous section, the

Chamber of Commerce recommended that war service committees be centered in national trade associations of the major industries, which were already seen as representative organizations for many industries during this time. For the petroleum industry, no national trade association existed that was inclusive of the diverse firms of the petroleum industry. Baruch and other government officials were adamant that the existing war service committee for the petroleum industry remain intact in order to continue the work the committee had already accomplished. The committee remained with a few additions and was renamed the National Petroleum War Service Committee (Nash 1968). Table 5.2 lists the members of this second iteration of the committee. The structure of the committee was again balanced along the lines of the historic divisions within the industry, particularly between Standard and Independent firms.

In order to garner support for this second iteration of the war service committee or perhaps make industry leaders more included in the process of committee creation, the War Service Executive Committee of the Chamber of Commerce composed a letter asking for stated support from the petroleum industry for the committee to act as a representative body for the wider industry (Nash 1968). In a letter released on behalf of the committee in January of 1918, Bedford stated that the initial committee members, all of whom were formally appointed by the Government and not a national trade association, “felt embarrassment” that they were continuing in their roles as committee members “in the absence of direct endorsement by the industry itself” (NPN 1918a:6). The letter detailed why the committee was created as well as the purpose of the committee (see Figure 5.4). The letter was sent directly to many oil companies, asking for statements of approval from petroleum company executives (Nash 1968). Trade association magazines also printed the letter in full and urged readers to endorse the committee. In doing so, petroleum industry leaders were seeking recognition of their leadership within the industry,

calling on other petroleum industry leaders to weigh in on the committee's structure and legitimacy. Of course, there were no signs that the committee would be disbanded had there been any type of resistance.

The third and final iteration of the petroleum war service committees emerged after the creation of the Oil Division through the Food and Fuel Administration. Requa was adamant about petroleum industry cooperation and urged industry leaders to organize together to meet industry goals. Although many of Requa's threats about government control could also be read as coercive, petroleum industry leaders took advantage of this cooperative push to further grow their organizations and bridge the historic divides within the industry. One of Requa's first requests was to have the war service committees broadened to include even more petroleum leaders in official advisory capacities. This led to the creation of a series of sub-committees that were meant to represent regional divisions as well as sub-sectors of the industry. Each of these sub-committees was chaired by a prominent industry leader as well, which brought more industry leadership into the fold.

This new organizational structure was the most representative and largest of the war service committees. Table 5.3 provides a list of the national committee, which continued to strike a balance of the Standard and Independent networks. The sub-committee chairs are also listed in Table 5.4, showing the growth of the committee's representation. Finally, Table 5.5 provides a listing of the various sub-committees as well as the number of members belonging to those committees. Additionally, Requa wanted petroleum leaders within the Oil Division itself. He stacked his own bureaus within the Oil Division with more petroleum industry leaders, who are listed along with their company affiliations in Table 5.6. These bureaus were meant to provide

clear lines of communication for all of the various processes and committees working on the production and delivery of petroleum supplies.

In comparing this evolution of these petroleum war service committees over time, there were clear and important changes made to the sizes and representative nature of the committees. Although Bedford's initial committee was structured in a way to strike a balance with the different subsectors in the industry as well as ensure that the committee was not Standard Oil heavy, these small committees still had representation problems. The final iteration of these war service committees provided a structure where each of the subsectors and regions had representation with clear lines of communication with members of the state. In size alone, the final war service committees allowed for more industry leaders to participation in the war effort in a formal capacity. Allowing more industry leaders opportunities to voice opinions and be a part of decision-making processes apparently increased the legitimacy of the committee in the eyes of industry leaders who saw benefits to the cooperative work as the committees were widely celebrated within in the industry near the end of the war (Fanning 1959). Additionally, through these committees, industry leaders were able to meet members of other sub-sectors and forge relationships across these sub-sector lines that had been rigid in the previous decades.

Framing Industry Participation: Building a Collective Industry and Class Consciousness

Participation in these committees alone did not inspire the wider shifts necessary for industry leaders to recognize their collective interests as a whole industry and, thus, class. Along with these formal organizations, industry leaders were also active in shaping *discourse* about industry participation in war, which served as ways for industry leaders to build the frames for a collective industry identity that had been lacking prior to the war. Though often applied to the study of social movement participants (Melucci 1995; Benford and Snow 2000), such a process

is central to any group organizing for social change and, in this instance, building towards a class becoming a “class for itself.” For an industry with the deep divisions of the petroleum industry, the war effort allowed for a collective class consciousness to be built that was lacking within the industry in previous decades. Instead of viewing themselves along the lines of sub-sectors or regional affiliations, through their war experiences, industry leaders began to see themselves as parts of a collective whole, as an industry and as a class (Fanning 1959; Nash 1968). Of course, many of these activities were also attempts to legitimize war service committees. However, in this process, petroleum industry leaders were also given reasons to see the benefits of having a more cooperative industry environment, which was absent in the previous decades.

The process of building these collective frames was primarily accomplished through the formal speeches and publications distributed by the war service committee members. Throughout his tenure as chair, Bedford and members of the petroleum war service committee would regularly distribute memos to the petroleum industry through major trade publications. They also attended smaller trade association meetings as speakers throughout the war, which were primarily representative of Independent oil firms. These trade association meetings also served as spaces for the other war service industry leaders to meet with representatives across the industry, which likely helped to provide legitimacy to the war service committees. Even industry leaders not active directly in the war service committees came to advocate a collective vision for the industry. Trade journal editors and leaders of Independent trade associations also worked to build a collective class consciousness during the war for collective action.

In examining the discourse utilized by the industry at this time three primary frames were utilized to encourage collective action: *patriotism*, *threats of government control*, and *selfless action*. Each of these frames encouraged petroleum leaders to cooperate for the war effort, which

also worked to instill a collective identity among petroleum industry leaders. At the war's end, petro-capitalists saw themselves as parts of a collective whole, as a cooperative industry, which led them to establish API.

One of the primary frames utilized to promote industry cooperation was centered on appealing to the *patriotism* of petroleum industry individuals. Although patriotism is often used as a cross-class strategy by the state to inspire acceptance of state practices in times of crisis, this appeal to patriotism provided a useful organizing tool for industry leaders to call for widespread participation in the committees. For example, John H. Markham, a prominent petroleum producer and member of all of the national petroleum war service committees, was quoted by *The Oil and Gas Journal* in May of 1917, reflecting on the patriotism of the petroleum industry:

I was asked...about the war spirit in the oil fields and answered that *in no other industry could more real patriotism be shown than among oil men*. The men who follow the petroleum business are imbued with the true American spirit, I told them, and would be found at their posts of duty in any warlike situation that might develop. (Markham 1917:30, emphasis added)

In another example, Bedford appealed to the patriotism of petroleum industry leaders. Bedford would often encourage petroleum industry leaders to think of the present moment and channel their patriotism over any sub-sector affiliation:

This gathering tonight is another instance of the patriotic fervor of the oil men. Here are assembled a representative body of men from the four great divisions of the oil business, namely, the producing, trans porting, refining and marketing. Many of them have had differences in the past. Some of them have been wont to regard one another as enemies in business. Part of this hostility was undoubtedly due to lack of understanding, and yet, in

times of peace, it would have been practically impossible to have brought U.S. together around these tables. *We are here because we are stirred by but one thought. That is love of country and a keen desire to let bygones be bygones and to join hands in doing our share in the midst of the terrific dangers confronting the nation.* (Bedford 1917b:42; emphasis added)

Bedford continuously utilized these opportunities to frame industry participation along the lines of patriotism, where he challenged industry leaders to consider their country first before their individual industry affiliation.

It was not only members of the petroleum war service committees that utilized the frame of patriotism. J.A. Specht, secretary of the Independent Oil Man's Association, a trade association representing petroleum producers, encouraged members of the association to come together in the name of patriotism, particularly through the war service committees:

National necessity knows no individual; Government authorities are too busy to discuss matters with individuals or firms; they look to representative associations... for suggestions and counsel. However, up to this time the Government has been unable to reach "the oil industry" as a whole; it has consulted with various branches but not with the industry as a unit, assembled as a body in harmonious receptibility [sic]. It is therefore, *our patriotic duty to afford the Government this opportunity.* (Specht 1918:645, emphasis added)

In calling for collective unity through the frame of patriotism, petroleum industry leaders invited participation in the committees that superseded the historic divisions within the industry.

Although petroleum industry leaders utilized the theme of patriotism as a way to build a collective identity for collective action within the petroleum industry during the war, they also

separated this from a belief in the supremacy of the government itself. In fact, industry leaders during the war were wary of government control and suspicious at times of the establishment of different government bodies and commissions as seen in the above sections (Nash 1968; Yergin 1991). The establishment of the Oil Division in particular led to many petroleum industry leaders fearing complete government control of the industry. Industry leaders then also utilized the frame of *threats of government control* to inspire petroleum leaders to work together and see themselves as a collective industry in order to ward off government control of the industry during the war.

This frame aligned much more with a recognition of the petroleum industry having similar class-based interests, which was meant to inspire petroleum industry leaders to see that industry self-regulation and cooperative work was preferred to government control. Bedford introduced this frame early on in his first communications with the industry:

If we fail to do this of our own accord, we will find ourselves confronted with the other alternative—rigid, autocratic government organization of industry of the German type.

Organization of that kind, of that character, is autocracy itself. It breeds bureaucracy and stifles initiative, and thus democracy, at its birth...

Our commercial institutions and the business men of this country are on trial today as never before. We stand as the stewards of the resources of the nation. If, with the eyes of the country and the world upon U.S., we fail to give a true and righteous account of our stewardship, the verdict of condemnation will be sweeping against U.S....

I tell you again, gentleman, *only as we prove our fitness to run business, will we be allowed to run it in the future.* (Bedford 1917b:44; emphasis added)

Here, Bedford calls the petroleum industry to action by envisioning a future of broader government control if their work in the war effort does not succeed. Bedford also appeals to what he believed was the inherent responsibility of petroleum industry leaders as “stewards” of resources. By framing industry along these collective lines while simultaneously pushing forward threats of broader government control, Bedford was also providing the building blocks for petroleum industry leaders seeing themselves as part of a collective whole, which would have impacts on how the petroleum industry’s collective identity emerged during the war.

Editors of Independent petroleum trade journals also utilized the theme of government control to motivate petroleum industry members to see the work in the committees as beneficial to the industry. Although some early editorials questioned the legitimacy of the committee, as the war continued, the pages of these trade magazines increasingly featured strong support for the organized efforts of the committee. This was particularly true because of fear of government control:

By every one in the oil industry recognizing the new Petroleum War Service Committee, of which Mr. Bedford is chairman, as that central authority, he will best serve this country as well as his own interests. If you do not recognize this Petroleum War Service Committee as the central and controlling authority of the oil industry, then there is no question but what, if the war continues as we all believe it will, you will have to recognize a government authority...

But the oil industry has a chance to avoid this unhappy issue. It can support unalterably the Petroleum War Service Committee. It can respond with every energy at its command to every call of that committee. It can heed every suggestion as a command to be obeyed at once. *By thus organizing itself into a complete unit, the oil industry can serve the*

government so well that even the greatest of government ownership advocates would pause in his acquisition of his country's industries. (NPN 1918:5; emphasis added)

Finally, petroleum industry leaders during the war also directly addressed the concept of the petroleum industry seeing itself as part of a collective whole. This frame often was juxtaposed against self-centered action or framed as “unselfish” cooperation to encourage petroleum leaders to think beyond their own immediate interests to work collectively on the war effort:

Co-operation must be our watchword. Americans are individualistic. We believe in individual labor, individual initiative, individual enterprise and control, but this war has made it plain that none can stand alone—that each must be for all—and that the nation that does not stand together as one man, faces disruption...

We must be willing to sacrifice our pleasure, our profits and our prejudices. We must join hands and enlist the nation. Let the politician in Congress co-operate with the executive, and the executive with the politician; the Government with industry, and industry with the Government; labor with capital, and capital with labor. Then will great achievement be accomplished. *But woe to U.S. as a nation, as an industry, as individuals, if at this time we seek self-achievement and self-aggrandizement. Only dire disaster can follow then, for we are up against the greatest struggle this country ever faced.* (Bedford 1918:204)

Industry leaders were not the only ones framing industry participation along “unselfish” lines. Requa, head of the Oil Division, also called on industry leaders to anchor their work through the committees in unselfish and cooperative ways:

And so I believe that the oil industry can govern itself wisely and well, if it will, that it can formulate its own rules and regulations far more satisfactorily by voluntary effort than through Government mandate. *It needs but a realization of the crisis confronting U.S., a vision sufficiently broad to see beyond mere personal and selfish interests*, and the understanding that the problems of petroleum as related to the war are national, and must be solved in the national interest, by the industry as a whole, *regardless of the selfish individual—if any there be—who cannot see beyond his own immediate surroundings.*

(Requa 1918f:633; emphasis added)

Although the immediate crisis Requa identified was the war itself, Requa was also alluding to the potential impacts on the business community should the Central Powers be successful in winning the conflict, which he saw as being particularly threatened by more centralized and controlling governments (Nash 1968). Aligned with his vision of less government control of the industry, as a state official, Requa was a strong advocate for the industry working cooperatively through voluntary measures. Requa's continuing support of an organized industry also calls attention to how state officials who support capitalism also directly support capitalist agendas and cohesion as a class.

The frame of selfless action and its connection to cooperative organized efforts, however, was also important for anchoring how petro-capitalists understood their role in society:

This means that industry must be kept at the maximum of production and it must be geared for long sustained effort; and that means that we, the business men in whose hands has been placed the direction and development of industry, *must be prepared to give our most loyal and absolutely unselfish co-operation to the great cause...*

There rests upon the business men today not only the economic necessity of giving material aid to the nation in every way, but also the ethical necessity of doing all within their power to prevent the increasing of unrest and dissatisfaction that has been spread abroad amongst U.S. by the disciples of Socialism and such organizations as the I.W.W. *Only as we prove the unselfish soundness of our methods and our willingness for public service will we still be permitted to lead. We must organize; we must mobilize; we must agree to work as one for the general good of all, sinking all questions of individual advantage in the common pool of national success.* (Bedford 1917b:43-45; emphasis added)

In this speech, Bedford connects industry participation in the war to broader concerns about loss of industry power and capitalism in society. He frames industry as leaders who are threatened by many different actors, including a strong state and a strong labor force. Calling attention to the need to organize “for the general good” through unselfish measures, Bedford paints industry men as the true leaders in society. While petroleum industry leaders framed the industry’s participation in the war as selfless, this was also utilized to frame capitalists as the rightful and dominant class in society. This dominant role is an essential part of capitalist class consciousness and bourgeois ideology (Marx 1848; Lukács 1926). Such a framing invokes an understanding of how class consciousness is built by capitalists and the foundation of building and maintaining their organized efforts.

Although each of these frames produced diverse content and messages to the petroleum industry, each also connected back to advocating for a cooperative and cohesive industry. Such discursive work helps individuals make sense of their organizing and organizations. In the case of the U.S. petroleum industry, the war effort brought opportunities for industry leaders to build

a collective class consciousness that led to the industry becoming a more cohesive and organized unit, which proved essential for the industry to work together during and after the war.

Post-War: Envisioning Cooperation and the Establishment of API

By the war's end, the petroleum industry had successfully come together as a cohesive unit. Through the war service committees, petroleum industry leaders were able to reach agreements and work with government officials to meet petroleum demands both in the U.S. and abroad. Although there were moments of contention related to price controls, the formal committee structures ensured that petroleum industry leaders had a process through which they participated meaningfully in the decision-making. Mandatory licensing, price-fixing, and even the introduction of the voluntary "gasless Sundays" rationing program mirrored efforts found in other divisions of the Food and Fuel Administrations. However, none of the programs were created without the approval and adoption of the petroleum industry through their war service committees. Although Requa occasionally threatened the industry with the use of his authority through the Fuel Administration, it was petroleum leaders themselves who negotiated and reached agreements that were then presented to Requa. By the end of the war, industry leadership did not see this work as over-reaching government intervention or control. Instead, they supported these efforts, seeing these measures as the culmination of industry-wide patriotism and the embodiment of a new cooperative spirit within their industry (Williamson et al. 1963; Nash 1968).

After the war, praise for the U.S. petroleum industry was high. Military leaders in the U.S. and other Allied nations expressed their gratitude for the committee, often crediting the industry with helping to achieve victory for the Allies. In a speech to the Inter-Allied Petroleum

Council, Lord Curzon, a member of the British War Cabinet, stated that “The Allies floated to victory on a wave of oil” (Yergin 1991). Paul Foley, a U.S. military official, stated the following:

...had this committee hesitated in decision or failed in performance, the war, if not actually lost, would have at least been indefinitely prolonged. As it was, no military undertaking of the Allies on land, or on the sea, underneath the sea or in the air, was ever once interrupted through lack of petroleum supplies. (Foley 1927:1803)

Petroleum products were certainly essential to the war effort. Williamson et al. (1963) note that while it is difficult to provide an exact measure of the total contribution of U.S. petroleum products because of lack of comparable data, a “rough estimate would suggest... throughout the entire period of the war totaled close to 133 million barrels” (292).

The wartime experiences inspired a new direction for petroleum industry leaders to see themselves as a cohesive industry ready to work on common issues. When considered through a Marxist lens, this can be understood as a process of recognizing class-based interests and the petroleum industry seeing themselves as “class for itself”. This chapter suggests that class consciousness must be understood as a collective recognition process, with capitalists coming to see that there are benefits to working together in order to protect their interests. With state priorities shifting to support the war effort, petroleum industry leaders had this opportunity through their participation in formal committees to reach agreements on issues related to the delivery of war supplies. Petroleum industry leaders also utilized a number of discursive tactics to legitimize the work of the committee and activities for the war, which also encouraged petroleum industry leaders to see the benefits of becoming a cooperative industry.

For the petroleum industry, work on the war effort proved to be the catalyst to inspire a more cohesive, organized industry, conscious of the benefits of collective action. As the war

came to a close, the desire to see cooperation continue was high across all of the subsectors in the industry, with industry leaders eager to plan next steps. Through their wartime experiences, petroleum industry leaders wanted to continue their cooperative efforts and strategize collectively on ways to protect and promote their interests. And to channel this desire for continued cooperation within the industry, it was an organization, a national trade association that industry leaders began to make plans to create following the war (Nash 1968). Industry leaders were also conscious of their history, however, fearing a return to the previous years of bitter divisions and competition:

... the total strangers and “natural enemies” of yesterday were calling each other by their first names and saying “We can’t go back; we’ve got to *be* an industry; we’ve got to have a national trade association.” (Fanning 1959:25, emphasis in original)

Thus, the creation of a national trade association inclusive of all firms in the industry was seen as a way to channel this cooperation into an organization. And that national trade association was the American Petroleum Institute. The next chapter provides an analysis of how API was created and why trade associations must be understood as capitalist organizations and the culmination of capitalist organizing.

Chapter 6

Creating the American Petroleum Institute: Conscious, Collective Action and the Formation of Trade Associations

Following World War I, energy and enthusiasm was high within the petroleum industry and the wider capitalist class in the United States to continue the cooperative efforts that were fostered during the war. For the petroleum industry in particular, the war had served as a way for industry leaders to work on common issues and heal divisions within the industry that had marked the industry for decades. To channel their cooperative efforts, petro-capitalists saw the creation of a national and inclusive trade association as a way to work collectively on common problems within the industry and on external threats to the industry from outside actors. As the war came to a close, petroleum industry leaders began to make plans to create their first national trade association, the American Petroleum Institute.

This chapter focuses on how the American Petroleum Institute was formed following World War I, extending the argument that trade associations are inherently capitalist organizations. Little research has examined the organizing processes that lead to the inception of trade associations. Some studies have focused on the wider trends of organizational emergence at the population level, which show patterns of when trade associations were established or when they declined or transformed. By studying the intentional organizing processes that capitalists pursue to create trade associations, insight into how capitalists recognize their collective, class-based interests and organize to protect and promote these interests can be gained. Focusing on the inception of trade associations also complicates the way that any activities performed by trade associations are understood. Because trade associations are established as formal organizations through which capitalists work collectively on issues of wider industry concern, the activities pursued through trade associations should also be understood through this lens.

This means that *all activities* performed by trade associations are meant to protect and promote class-based interests. Such an understanding challenges previous conceptualizations of trade associations as cultural institutions that create and operate off “disinterested solidarity” and “nonstrategic action” (Spillman 2012) and atheoretical studies of trade associations as simple collective organizations (Oliver 1990; Hillman and Hitt 1999). By studying the processes through which capitalists come to form trade associations, their economical, political, and cultural significance becomes apparent in new ways. This chapter shows how API was created to make the point that trade associations need to be understood as the culmination of intentional organizing by capitalists to protect and promote their class-based interests.

To understand how petroleum industry leaders came to form API just after the war, I first document the meetings and processes that petroleum industry leaders participated in to create API, analyzing the organizing efforts of capitalists within the petroleum industry and the wider U.S. business community following the war. The first stage of this process occurred during the Reconstruction Convention of the U.S. Chamber of Commerce held three weeks following the armistice on November 11 in early December of 1918. This convention called together all of the war service committees across industries. This conference served as an inter-industry meeting, where industry leaders across all industrial sectors met and discussed the future of U.S. industry at home and abroad. Discussions of foreign trade and government control were of high importance for industry leaders seeing the position that the U.S. business community was in following the war. With European states and industries devastated from the war, industry leaders in the U.S. felt their role was essential in the reconstruction effort abroad and that they could serve as “economic advisers” as Europe was rebuilding (Wheeler 1919:11). At home, however, industry leaders were eager to be liberated from some of the state controls such as price fixing,

pooling, and other economic regulatory activities as well as some complete government takeovers of specific industrial sectors that were implemented during the war. However, they were also keen on maintaining their cooperative networks with the state and within their industries and using these to promote U.S. business in foreign markets. At this conference, business leaders strategized and created a set of twenty-six resolutions, which served as a plan for how to advance their collective interests as a class through collective organizations like the Chamber and national trade associations.

This conference also sponsored intra-industry meetings, where industry leaders within particular industry sectors could meet to plan for the future of their industries through cooperative measures. At this conference, petroleum industry leaders, along with government officials like Requa, met to discuss the future of the petroleum industry. This conference allowed petroleum industry leaders to begin planning for the future of the industry and forming strategies to accomplish collective goals. Some of this planning included contributing to the wider Chamber's resolutions as well as setting intentions to form the first national trade association for the U.S. petroleum industry.

Four months later in March of 1919, petroleum industry leaders organized two additional meetings to draft the constitution and by-laws for the national trade association, which was then named the American Petroleum Institute. In this final section of the chapter, I provide an analysis of the first iteration of API's organizational structure. I examine the by-laws and stated purpose of the organization, the formal structure of API's committees and divisions, and how leadership in the organization was selected to fill these positions. Each of these processes was carefully designed, with the goal of industry cooperation for the long-term in mind. Through the creation of API, petroleum industry leaders envisioned a formal organization that would be utilized for

collective action on issues of industry concern for years to come. Understanding the formation process and the roots of organizations like trade associations challenges conceptualizations and underestimations of these organizations as social actors, showing that these organizations have deeper connections to the protection and promotion of class-based interests than other conceptualizations suggest. That is, these organizations are not primarily cultural producers or “just a lobby group” (Hillman and Hitt 1999; Spillman 2012). Trade associations are inherently capitalist organizations created to protect and promote the class-based interests of capitalists.

Organizing for Peacetime Prosperity: Capitalist Organizing and Organizations in the Post-WWI era

Following the end of WWI, capitalists quickly began to organize and consider the future of industry during peacetime. After what they deemed a successful period of cooperation across all industrial sectors during the war, capitalists desired to continue these cooperative efforts following the war. However, industry leaders were also wary of continued or stronger government control, which they believed might be extended by the federal government into peacetime. Although they saw benefits to having a close relationship to the state, capitalists were adamant about having the ability to self-regulate and create their own institutions and processes that could foster better cooperation within their industries. At the end of WWI, these issues were fresh on the minds of capitalists and they took measures to make their positions known. In order to formulate ideas and plans for moving U.S. industry forward, capitalists in the U.S. organized meetings to come together in formal spaces with one another. The first of these conferences was organized by the U.S. Chamber of Commerce and called the Reconstruction Conference of Industrial War Service Committees.

Reconstruction Conference of Industry War Service Committees

Throughout the war, the U.S. Chamber of Commerce was the primary organizational mechanism through which capitalists across industries were able to quickly mobilize. Following the war, the Chamber was also utilized to bring capitalists together across sectors for the purpose of discussing and planning industry stability in peacetime. The importance of the war experiences for industry leaders were not lost on the leaders in the Chamber of Commerce:

War performs miracles with the spirits of men. It creates new and stronger human associations. Realizing this, the Chamber of Commerce of the United States has been calling men from our industries to confer with the Government as war service committees. By this move, the Chamber's program of uniting and inspiring the business interests of this country has been hastened forward by twenty-five years. (Uzzell 1919:9)

To continue this momentum, the Chamber sponsored a "reconstruction" conference December 2-5 in 1918, three weeks after Germany signed the armistice agreement, effectively ending WWI (Uzzell 1919; Nash 1968). All members of the war service committees were invited along with an open call to other industry leaders, which amounted to over 4,000 attendees at the conference (Uzzell 1919).

The conference was meant to provide "the fullest possible opportunity for free expression of opinion" on industry matters related to reconstruction following the war, which continued the tradition of the Chamber bringing business leaders together for planning and strategizing, as the Chamber had done in suggesting trade associations be used by the war service committees (Uzzell 1919:9). The conference was centered on the idea that business men were the most "competent advisers" for "economic reconstruction," not political leaders:

Men of business may not be regarded component advisers in matters of diplomacy and statecraft as affecting political reconstruction, but as a corollary to this assumption, the diplomat or statesman may not be regarded as a wholly competent adviser in matters of economic reconstruction. (Wheeler 1918:11)

Indeed, as the war came to a close, capitalists saw opportunities to have a hand in the reconstruction process not only in the U.S., but also abroad. And by framing themselves as economic advisors, capitalists were showing that they believed they had skills and knowledge to bring to the table in the post-war period. The war also provided industry leaders with close relationships to state officials, which many industry leaders saw as beneficial to their industries, particularly as they were attempting to expand their industries at home and abroad during peacetime.

The conference had two purposes. One was for all industry leaders to work on resolutions together that were actionable under the Chamber of Commerce. To create and discuss these resolutions, the Chamber organized the conference into a “pattern of pyramided committees,” which included:

... the 373 original war service committees to report to thirty-six “related groups,” who in turn hand in their selected grist of resolutions to a clearance committee, who makes a final selection to be presented to the congress [of all conference participants] as a whole. (Uzzell 1919:9)

Through the congress, twenty-seven resolutions were passed (see Figure 6.1). A report from the conference summed up the resolutions as follows:

All the resolutions were adopted unanimously. They represent the essence of the American business man's experience during the time the United States was in the war and are intended to be the guiding spirit for American business in the months to come.

(Automotive Industries 1918:996)

The resolutions serve as a window into the capitalists' positions on how they believed industry should relate to the state as well as how they believed inter-industry relationships should be fostered. Some of these resolutions focused on lifting or expanding wartime legislation while other suggested business-friendly legislation and other types of government support of industry. For example, Resolution 3, titled Removal of Restrictions of Industry, pushed for war regulations on industry to be revoked. Resolution 13 opposed government ownership of means of communication such as telegraphs, telephones, and cables, which had all been taken under state control during the war. Other resolutions focused on how the state could potentially aid in growing U.S. industries, particularly in foreign trade and markets. Resolution 20 urges the state to see "the vital necessity of encouraging and developing our foreign trade through all appropriate means possible..." *(Automotive Industries 1919:998)*.

Other resolutions were focused on building relations to other actors like labor. Resolution 7, notably brought forward by John D. Rockefeller, Jr. of the petroleum industry, outlined principles for industry leaders in how they should relate to labor within their industry. Such a position focused on fostering cooperative relationships with labor, suggesting that "labor and capital are partners, not enemies... neither can attain the fullest measure of prosperity at the expense of the other" *(Automotive Industries 1919:997)*. Although the petroleum industry itself did not face significant labor strikes, Rockefeller's lengthy resolution was likely a response to the swelling of socialist organizing of labor communities in the U.S. during this time, with

industry leaders attempting to frame themselves as friends of labor. In recognizing this potential threat to the wider capitalist class, Rockefeller was advocating for a corporatist structure where labor's interests would be subsumed under capitalist interests, which in turn were equated with a broader national interest.

Still other resolutions focused directly on fostering internal industry relationships and how to make more cooperative industry environments. Some of these resolutions were simple, such as Resolution 25, which encouraged all industries to adopt uniform cost accounting methods. The final resolution, Resolution 27, suggested that national trade associations should now be seen and understood as “representative” entities to their wider industries:

The experiences of the war have clearly demonstrated the value of national trade organizations and their service to the country as well as to industry. This conference heartily approves the plan of *organizing each industry in the country in a representative national trade association* and expresses the belief that every manufacturer, jobber and producer of raw materials should be a member of the national organization in his trade and cordially support it in its work. (*Automotive Industries* 1918:999; emphasis added)

In examining the resolutions overall, the participants in the Reconstruction Conference developed plans for industrial development in peacetime that was free from direct government control. However, industry leaders were interested in fostering cooperative relationships with the state so long as these relationships did not stifle industry's developmental ability both at home and abroad. Industry leaders were also conscious of potential internal industry threats leading to industry instability, which led to the creation of resolutions meant to foster industry cooperation within their industries and with other actors such as labor. All of the resolutions developed out of

this conference were meant to serve as a clear and united plan forward in peacetime as seen through the eyes of capitalists.

Petroleum Industry Participation in the Reconstruction Conference

The second purpose of the conference was to provide meeting space for individual industries to discuss issues and make plans for their internal industry organizing efforts following the war. Each industry sector was charged with creating resolutions outlining actionable items to move forward with cooperative work within their specific industries as well as creating resolutions to the wider congress of all industries at the conference. For the petroleum industry, this served as a way for industry leaders to bring all of the war service advisory committees together to discuss the future of the industry.

The petroleum committee passed three resolutions at the conference. The first two resolutions were passed as part of the collective effort of the conference and focused on the continuation of the war service committees and relationships of industry to the state (see Figures 6.2 and 6.3). Resolution One suggested that the war service committees be permitted to continue through the reconstruction period under the Chamber of Commerce. The thought behind this particular resolution was that the committees provided the necessary formal structures to bring industry leaders together and were essential in the post-war reconstruction period. This resolution eventually evolved into Resolution 26 in the final resolutions of the conference.

Resolution Two was a much more pointed resolution meant to establish a position of how industry leaders viewed government intervention related to industry cooperation. This resolution eventually evolved into a number of resolutions, which were all expanded in the final version released by the Chamber. This particular resolution was published in petroleum trade magazines under the title “A Message to Congress From the Oil Industry of America” (*NPN* 1918:14).

Through this resolution, petroleum industry leaders were setting the tone for how they believed industrial development and regulation should move forward in the future. As an industry that bore much of the antitrust legislation, such statements about the state having “the least possible control” in peacetime (*NPN* 1918:14). The fifth point in this resolution provided a summary of the position of the industry:

In short, it is our opinion that government should regard the development of industry from the point of view of the people as a whole, that it should not discriminate for or against individuals or groups: that it should be the duty of the government to promote the utmost possible prosperity of industry, such prosperity to be expressed in active and profitable domestic trade and in the carrying of American commerce to all parts of the world. To accomplish this, it is important that past prejudices be erased and that conditions as they are be squarely faced and intelligent and broad-minded measures be taken in the interest and welfare of the whole people. (*NPN* 1918:14)

With this resolution, petroleum industry leaders were clearly advocating for a new direction forward for their industry, particularly regarding their relationship to the state. With their experiences in the war being positive, particularly under the leadership with Requa, who was in attendance at the conference, petroleum industry leaders representing large and small firms came to see cooperative relationships with the state as desirable. However, there were clearly fears that the industry would suffer scrutiny, particularly because of “past prejudices,” which likely referred to previous relationships that many industry leaders (particularly Standard Oil executives) saw as overreaching state power.

The third resolution, detailed in Figure 6.4, that petroleum industry leaders passed during the Reconstruction Conference focused directly on the creation of a national trade association,

which would become the American Petroleum Institute. R.L. Welch, a member of the war service committees, noted that this conference served as a time of reflection for industry leaders and the creation of a national trade association was a crucial step forward for the industry:

There was therefore created in the oil business, for the moment at least, a spirit of good will, a truly national conception of duty [from their wartime experiences]. Furthermore there was created between the government and the business the true spirit of co-operation. These two great advances marked epochs in the development of the industry, and the problem which the industry today faces is "Shall we go back, shall we make no effort to work together for public and national aims. Shall we make no effort toward lawful co-operation and good fellowship, shall we permit the organization of the industry to fall apart, and abandon all efforts to continue co-operation with the government." The answer to these questions must be in the negative. It was to answer them in the negative that it was proposed to organize the American Petroleum Institute. (Welch 1919:16)

In passing the final resolution, petro-capitalists were making concrete steps forward for their industry, envisioning the creation of a national trade association as a way to continue the cooperative work and the collective industry identity that had been fostered during the war. However, it was also important for the association to be established as a new organization for the petroleum industry that was driven by the collective agenda of industry leaders themselves, not the state. Although the war served as a practice run for cooperative work within the industry, the establishment of a national trade association would require that the whole industry be involved in organizing process creating the new organization. In reporting on the passage of this resolution, an editor of the *National Petroleum News*, provided some context to how the trade association was being conceptualized in this early meeting:

After the resolution had been passed Chairman Bedford, who presided at the group session, stated that active steps would soon be taken to effect such an organization, which would have no connection with the Petroleum Committee. He assured the oil men present that such an association could become of no importance to the industry as a whole nor to its individual members unless *all branches and groups were represented* and, in addition to that, unless *they took active part in the work of the association to be formed*. Mr. Bedford stated the committee had already formulated plans which it believed would work out in forming a comprehensive organization. He told of the many requests and statements that have come to the attention of the members of the committee urging the forming of such an all inclusive body now while the industry has before it the great lesson in co-operation the war has taught. (*NPN* 1918:14; emphasis added)

The organizing process that led to the creation of the trade association was seen as a continuance of the cooperative work that was established during wartime. The establishment of the organization, however, created an opportunity for industry leaders to map out their own future plans and how they wanted to structure cooperative work through their own organization. After the passage of this final resolution, plans were made to hold additional meetings for petroleum industry leaders to form the national trade association in March of 1919. The next section details these meetings, highlighting how petroleum industry leaders formed the American Petroleum Institute to be an organization centered on the protection and promotion of their class-based interests.

Forming API: Petroleum Industry Organizing for Collective Action

Creating the formal organization of the American Petroleum Institute occurred in two meetings in March of 1919. The first meeting was held in New York City where petroleum

industry leaders through the war committees structure drafted by-laws and created a structure for the trade association on March 14 (Nash 1968). The bulk of the organizing and planning for the trade association happened during this first conference with over 500 petroleum industry leaders present (Fanning 1959). The second meeting happened ten days later in Chicago at a special Petroleum Congress during the annual meeting of the American Petroleum League, which had historically been a meeting only open to Independent firms (Nash 1968). At the Petroleum Congress, the leadership for API was elected amongst the final iteration of the petroleum war service committees. Requa and other members of the Oil Division were also part of both meetings, giving guidance about potential government cooperation in peacetime. At each of these meetings, petroleum industry leaders worked together to create and implement plans for the first year of work of the American Petroleum Institute. They also participated in dinners and celebratory events, which featured speakers that reiterated the success of the petroleum industry's cooperation during the war and spoke of their hopes for the success of API for the industry as a whole. The following sections provide an analysis of these organizing processes and first iteration of the formal structure of the American Petroleum Institute.

Organizational Structures in Trade Associations: Strategies for Industry Representation and Cooperation

At the meeting in New York, petroleum industry leaders were charged with creating the first formal structure of the American Petroleum Institute as well as the by-laws and stated purpose of the organization. All of this formal organizing work was intentionally centered on the concept of industry cooperation and collective action. In his speech at a celebratory dinner at the New York conference, Bedford reminded petroleum industry leaders of the unity that had come about through their collective war experiences. However, Bedford aligned these experiences

within a broader moral context, suggesting that the cooperative work was also a part of protecting the country and humanity, which he suggested were under attack during the war:

What we were able to accomplish was brought about by a splendid spirit of common sense and cooperation among the men engaged in the Oil Industry. The interests of any one was subordinated to the interests of all, that is, to the interests of our country and humanity...

We, in the years of the war, have been able to supply the armies and navies of the United States and associated nations with the oil and gasoline which, after all, were the elements of victory. We have been able to keep the factories at home going and we have coordinated the manufacture and distribution of petroleum to such an extent that at no time in the history of any industry was there less of personality, animosity or self-seeking than there is in the oil industry in the United States today. (Bedford 1919:30 Oildom April 1919)⁹

Reiterating the collective experiences and actions of the petroleum industry during the war was the constant backdrop to all of the meetings during the API planning period. Industry leaders saw the importance of grounding the roots of API in these experiences, calling attention to the success of the cooperative work of the war, particularly among capitalists themselves.

With this cooperative spirit as a guide, the formation of API's structure officially began. Figure 6.5 provides the first draft of the by-laws of API, which centered on fostering cooperation within the industry and with the state. These by-laws also centered the work of API on promoting the general interests of all parts of the petroleum industry and work related to industry improvement. While short, these four by-laws offer a window into the purpose of a national trade

⁹ It is also worth noting that capitalists will often define that "national interest" narrowly along lines of capitalist interests, which precludes other class interests, particularly labor.

association at its inception. For the petroleum industry, the organization was planned to be inclusive and centered on cooperative and collective action.

In reflecting on the organization's purpose in a speech to all of the petroleum war committee members, Requa framed the organization as the conduit for collective action on emerging petroleum industry issues and potential success and a "mouthpiece" and united front for the industry moving forward:

Having in mind the competition of the future for the products of petroleum and being familiar with the world activities, I believe that complete harmony of action and sympathetic co-operation between government and industry is necessary, if we are to serve adequately the world needs for petroleum. Your individual action in this would, I think, be of not the slightest utility. *The promotion in general of the interests of the industry cannot be undertaken by any one of you. You need, and must have if you desire satisfactory results, a mouthpiece through which all of you may speak as a united industry.* (Requa 1919:36; emphasis added)

Although the U.S. petroleum industry was the dominant source of petroleum at this time and particularly following the war, Requa suggested that a more organized industry would be instrumental in expanding the U.S. petroleum industry at home and abroad in the decades to come (Williamson et al. 1963; Nash 1968).

The by-laws then guided the creation of the first formal structure of API (see Table 6.1 and Figure 6.6). Two primary issues drove the design the structure. The first was intentional inclusiveness of all different parts of the industry, which mirrored the by-laws of the organization. All petroleum trade associations prior to the war were "violently Independent," with many of these organizations only representing one sub-sector of the industry (Fanning

1959). API then was meant to be an umbrella organization of the whole industry, which is represented in the “Major Groups” structure of the industry. Many of these groups were also modeled after the petroleum war service committees, which balanced different sub-sectors of the industry in order to allow wide participation across the industry within API.

Representativeness and inclusiveness were also key parts of selecting the leadership of the organization. Petroleum industry leaders agreed that many of the leaders in the war service committees would be natural leaders in the first iteration of API. This was particularly true for the office of President, which many petroleum industry leaders believed should be filled by A.C. Bedford, who lead all iterations of the petroleum war service committees. Bedford, however, declined the position, citing his wishes that other petroleum industry leaders whom he felt were equally capable be able to fill the executive positions in the organization. Although not stated publically, it is also true that Bedford was wary of API appearing to be an organization that was intimately connected to Standard Oil (Fanning 1959). Although much of Bedford’s leadership style had centered on creating an inclusive industry consciousness and identity during the war, he was aware of the potential for a resurgence of division within the industry following the war. Fanning (1959) notes that during this period: “Bedford was determined to lay low the myth of Standard Oil control, for to permit [the myth’s] continued "existence" was to invite a return to the chaos and the ultimate destruction of a house divided” (Fanning 1959:37). Other leaders were also worried of the resurgence of past tensions within the organization. R.L. Welch, who became the first General Secretary of API, saw the success of API as intimately tied to moving beyond these past issues:

However there is one fundamental problem in the oil business which stares U.S. in the face at the very outset... That problem is whether the representatives of the Standard Oil

Companies and of the other large interests and of their competitors can join and stay in a common organization having for its purpose the national and the public good. Is it possible, is it desirable for the oil business to forget its factional past, or should the old conditions be restored? Would their restoration be beneficial to the public and to the industry? (Welch 1919:15)

Welch's answer was a resounding no, with him seeing API as the collective project that industry leaders could work on together, which would continue to heal some of these past divides. Platt, a trade journal editor also encouraged Independent firm leadership to see API as a potential body that could quell potential issues of Standard control or dominance and that could be used to Independent's advantage:

The opportunity is theirs, if they will but grasp it, to make the American Petroleum Institute such a national and truly representative organization of the oil industry that it will dominate the Standard Oil interests, should the issue arise, just as the national associations in innumerable other industries dominate any one company or groups of companies in that industry. (Platt 1919:18)

Even after the cooperative experiences that were fostered during the war, such sentiments show that petroleum industry leaders were still cautious about old divisions and how these may crop up again during peacetime. These sentiments may have been expressed because of the previous failed attempts to structure industry agreements through trade associations, particularly in the late 1800s. Many Independents, as well as government trustbusters, attributed these failures to the secretive practices of Standard executives during the time. Also, the war committees were the first time that many Independent oil company leaders had worked with Standard executives on cooperative efforts whereas Independent leaders had been organizing

together for decades. Although the war allowed industry leaders to see the benefits of working together as a whole industry, the question remained as to whether it was possible for them to work collectively without some firms utilizing the organization for their own narrow benefits.

The difficulties of this initial cooperation remind us that the processes of developing class consciousness and organizing class-based efforts are not automatic or given within the capitalist class. The development of class consciousness as well as organized class-based efforts requires continuous support and reflection in order to maintain and strengthen the bonds that are necessary to pursue cooperative work. This is the essence of what it means for a class to be “for itself” instead of narrowly or objectively “in itself.” For the petroleum industry, the renewed effort to unify suggests that the consciousness and collective identity that was built during the war was still fragile – or at least *seen* as fragile by many industry leaders – and worthy of considering in the inception of API. That is, the past of the industry echoed in the planning process of API, with industry leaders concerned that practices by individual firms, particularly the Standard Oil network and other large firms that had begun to emerge during this time, would threaten the collective efforts envisioned through the establishment of API. However, this should not be considered a failure or reversal of the cooperative efforts during the war. Instead, it shows that petro-capitalists had the foresight to consider how previous factions could potentially re-emerge within their organization.

In an attempt to quell these concerns, the first set of leaders that were chosen to run the institute were carefully selected to represent diverse facets and regions of the industry (see Table 6.2). After Bedford declined the presidency of the organization, T.A. O’Donnell, a petroleum producer based in California, was selected as the first president of API. O’Donnell was then president and general manager of the American Petroleum Company and the California

Production Company, who has many years of experience in the oil fields of both California and Mexico. Table 6.2 details the roster of API leadership as elected at the Petroleum Congress in March of 1919.

In examining this first iteration of API leadership, some issues related to representativeness emerge. Some of the committees were unable to be filled by each of the regional affiliations that were planned at the inception of the organization. For example, in Table 6.1, each of the Major Groups were meant to have representation of each of the major oil regions. However, as displayed in Table 6.2, once leadership was selected, many of the Groups did not have equal regional representation. This is likely because of the maturity of some petroleum regions over others and how the industry was structured during this time. Some regions were dominated by particular sectors over others, which made the balanced design of the committees unrealistic when it came time to fill the positions.

However, these committees did succeed in other ways in terms of representation. In worrying about the dominance of former Standard Oil firms in formal leadership positions, the committees were stacked with more representation from Independent firms. Although some may argue that true representation would come from an equal number of former Standard and Independent firms, this may have made the organization appear from the get go as somewhat a two-party system. With the goal of inclusivity, Bedford in particular was hopeful that Independents would drive much of the organizational planning and that much of “the initiative should come from the Independents, not Standard Oil” (Fanning 1959:26). Additionally, the committees were successful in incorporating all parts of the industry under one organization, which was clearly a key part of the design of the organization. This alone was a major feat for a petroleum trade association during this time given the past industry-driven organized efforts.

Organizational Committees: Strategies for Industry Stability and Protection

The other primary issue that drove the organizational structure of API were perceived threats to the wider industry. In the late 1800s, trade associations were utilized to work on industry-wide problems, particularly related to industry economic instability. Petroleum industry leaders attempted to create economic mechanisms like agreed upon prices or periods of shutdowns of production to address this instability. These economic mechanisms were also utilized under state supervision during the war to produce and deliver war supplies. However, in peacetime, these mechanisms were not available options for trade associations as antitrust laws, which were frozen during the war, were reinstated, effectively outlawing these economic regulatory mechanisms again.

Petroleum industry leaders then had to consider other types of industry-wide issues that would be worth pursuing through a collective organization. The development of API shows that there were still industry-wide issues that were seen as worthy collective projects for the petroleum industry to pursue to protect and promote their interests. The organizational structure of API was a reflection of these perceived industry-wide problems that could be worked on collectively through the trade association, showing that industry leaders were conscious of both threats and opportunities facing the wider industry (Fanning 1959; Nash 1968). To work on these industry-wide problems, API was structured into committees that were centered on addressing these concerns. For the first iteration of API's organizational structure, there were six committees which were focused on perceived industry problems of the time (see Figure 6.6). Some of these issues were seemingly benign, but still incredibly useful for creating business culture and practices within the industry. Spillman's (2012) study of trade associations focuses heavily on these practices, showing that trade associations were centers of information

production for industries. For API, the creation of committees such as “Statistics” and “Audit and Finance” could all be considered as information production efforts.

However, when understood through a Marxist lens, these practices take on new meanings relating to the protection of class-based interests. For example, the Statistics Committee was charged with becoming “the great central authority, furnishing information not only to the Government but to the public at large as well” on all sub-sectors of the industry (Requa 1919:38 Oildom April 1919). At this time, the U.S. government had two entities, the U.S. Geological Survey and the Bureau of Mines, which also gathered statistics related to the petroleum industry. However, petroleum industry leaders felt that these entities were not adequate in the collection and distribution of industry statistics: “Months elapse before their figures are available, and after the lapse of this length of time they are often of little more than academic value” (Requa 1919:38 Oildom April 1919). API’s Statistics Committee was seen as a potential way to produce more timely and centralized statistics on all aspects of the industry. In producing statistics this way on the industry, API could potentially become the central source of information on the industry, which also would allow the organization to *control* this information. What types of information would get published, how it would be disseminated, and who had access to this information were all possibilities with API taking on this role. Additionally, by becoming the leading source of statistics on the industry, API would also have a meaningful role in any state-related discussions to petroleum. In later years, this legacy of information production and control would become more pronounced, as API took on the role of being the primary organization that collected and distributed statistics about the oil industry and spokesperson on behalf of the industry to the public and various government entities (Pratt 1983).

The proposed Audit and Finance Committee was centered on a different type of information control and production. This committee was meant to create uniform accounting methods in the industry, which was considered a crucial step in creating industry wide statistics and records. In creating this committee and proposing uniform accounting methods, petroleum industry leaders could create and implement their own technical language, which was seen as a mark of efficiency in the industry. Although this can be considered the development of business culture, it is also intimately tied to protecting and promoting the class-based interests of industry leaders. Indeed, when justifying the committee to petroleum industry leaders, Requa noted how lack of such uniform methods led to issues in many aspects of the industry that were tied to economic interests:

...it handicaps the owner of the property in intelligent discussion of his taxation problems; it is a handicap in negotiating a sale; it is a handicap in arriving at correct results as to what the real costs of producing oil are. (Requa 1919:38 Oildom April 1919).

Creating industry accounting standards was an important way for industry leaders to understand the costs associated with all aspects of the industry. With uniform accounting methods, petroleum industry leaders would also be able to better plan for their future endeavors, which was seen as a way to curtail industry instability. However, another issue was also at hand here because some firms were using accounting methods that overstated their profitability (Pratt 1983). While these methods were harmful to wider internal industry dynamics, petroleum industry leaders were keen to preempt potential government oversight, even of dishonest accounting practices (Pratt 1983). If the industry could effectively create and implement these standards themselves, then they believed that the state would not attempt to control these industry dynamics.

Other committees proposed were centered on perceived threats and opportunities for the industry. Although the war brought about an enthusiasm for cooperative work among industry leaders, they also became aware of issues that would be facing the industry for decades to come. And though petroleum industry leaders were successful at delivering war supplies, they also faced the potential of depletion of crude oil and soars in demands of petroleum products both at home and abroad. In peacetime, industry leaders were driven by a concern a potential oil shortage, which was also a central discussion of these early meetings (Nash 1968). These discussions were connected to other concerns such as issues with labor and foreign relations, which could also have an impact on the growth of the petroleum industry. The organizational structure was designed to reflect these concerns as well. Committees such as “Improvement of Methods,” “Welfare Work,” and “Foreign Relations” were created to specifically address perceived threats and opportunities within the industry. API was envisioned as a formal organization where industry leaders could collectively work and create strong and united positions moving forward on these issues.

For example, the Improvement of Methods Committee was centered on addressing issues of waste and scarcity within the industry through technological development:

The producer of petroleum is after all a trustee administering a wasting asset in behalf of the population as a whole. Deliberate waste and inefficient handling of the product should no more be tolerated by the industry en masse, than we would tolerate railway rebates and other odious forms of special privileges. There should be intensive and constructive investigations undertaken in an effort to determine what may be done that will more efficiently administer the trust...

The methods of today are discarded tomorrow... It is obvious that in dealing with a wasting asset, whether it be in production, in transportation, or in refining, there is an obligation resting upon the individual to do the work in the most efficient manner possible. That it can be done by the individual alone to the extent that it can be done by the industry as a whole is of course impossible. There is great need in the oil industry for a more extensive technical literature. (Requa 1919:36-38).

In these efforts, Requa noted that other industries could serve as a model for sharing and developing technological expertise:

The metal mining industry far outranks the petroleum industry in this respect, and I commend to the attention of this Committee as a model the activities in metal and coal mining as reflected in the transactions of the American Institute of Mining Engineers. (Requa 1919:38)

By developing a committee focused on improving methods, this was seen as not only a way for industry leaders to create better technology, but was intimately tied to how they understood the future of the industry. Planning for improvement in technology was meant to encourage a long-term view of industry practices and petroleum supplies

Another committee, the Welfare Work Committee, centered attention on labor relations within the industry. As seen in the Reconstruction Conference, issues related to labor were considered of high importance, with industry leaders attempting to frame themselves as cooperative partners with labor forces. Of course, from a Marxist perspective, these seemingly benevolent actions should be understood through a lens of class struggle and attempted mediation of class-based interests. Although much of the work in API was focused on how to bring capitalists together, the existence of the Welfare Committee provides an important window

into how petroleum industry leaders during this time were relating to the labor component of the industry. Through API, industry leaders made plans to organize and work through a formal organization to create positions on diverse labor issues within the industry:

All problems having to do with the relation of the companies and labor will, I presume, come under the jurisdiction of this committee. Sanitation, dwellings, recreation, health, and all similar problems of first magnitude will be considered. It is work that the individual cannot do comprehensively or intelligently, and that it needs to be done requires as proof but a visit to some of the oil fields of the country...

It should be the duty of this committee, among other things, to urge thrift and saving among workers in the oil industry. It is of little moment what wages may be paid provided there is nothing saved against a rainy day. I have in mind men in the mining industry who work as leasers for months, produce a shipment of ore, haul it to the nearest shipping point, get their money and squander it recklessly in a few days or a few weeks. Whether their wages are a dollar a day or ten dollars a day, they have nothing to show at the end of the period. I have in mind drillers of oil wells receiving seven dollars and more per day who have nothing to show in the way of savings. *I believe that there is nothing more important than inculcating thrift among the rank and file of the oil industry; it is a sure method of combatting radicalism.* (Requa 1919:36; emphasis added)

Although it may be tempting to understand this as a vision of a benevolent industry, these labor “relations” amount to little more than attempted labor control and potential quelling of a more organized and “radical” labor force in the petroleum industry. This is one of the more explicit signs of API as a capitalist organization centered on protecting and promoting class-based interests of petro-capitalists.

The Foreign Relations Committee was also connected to perceived threats and opportunities within the industry. The purpose of this committee was described in a short section packing a powerful vision for industry expansion beyond the United States through API:

It is clear, if the petroleum industry of the United States is to meet competition from foreign institutions, upon a basis of equality, it must be prepared to present a united front. A review of the export figures shows the increasing importance of this business, and without some such committee to represent the industry you will not receive the information, the consideration, or the trade that you are justly entitled to. (Requa 1919:38 Oildom April 1919).

Through this committee, API was seen as a way for all petroleum industry leaders to gain access to foreign markets following the war. Through this committee, API was understood as a potential representative body on behalf of the whole industry, which could form initial contacts with other states, spreading U.S. petroleum businesses across the globe. Although some companies had already begun to operate in other countries before the war, these were limited to a few states and a few companies. Through API, petroleum industry leaders sought more access and expansion. This is also mirrored in the “Foreign Relations” group of the leadership of the organization (see Table 6.1).

API Creation: A New Era for the Petroleum Industry

Through these three conferences, petroleum industry leaders successfully planned and organized their first national, representative trade association. Although late in the organizational trends of trade association creation of the previous decades, the creation of API marked a new, cooperative era for the petroleum industry in the U.S. In closing his time working the petroleum industry as a government official, Requa stated the following:

We have arrived at the era of community effort. The individual effort a century ago served fairly well in meeting the demands of the times. The town pump then supplied a need now met by water supplies costing millions to install, the time came when the individual effort no longer sufficed and we were forced to community effort in order to supply our cities with needed facilities. And so I think we are rapidly approaching, if we have not already reached a point where the individual effort in the oil industry will find its best exemplification in co-operative action; and this co-operative action can best be directed through an organization such as is proposed. (Requa 1919:36).

API's purpose was laid out, committee positions were filled, and the organizational structure reflected industry priorities of the time by the end of these conferences.

In examining the formation of a trade association like the American Petroleum Institute, scholars should be challenged to understand these efforts from the perspective of capitalists themselves. A Marxian lens centers this formation process in class struggle, which allows the creation and vision of organizations like trade associations to be understood as more than centers of cultural production. These organizations are intentionally created with the goal of industry protection and promotion in mind, which is intimately tied to class-based interests. In the creation of API, there was little evidence to support that petroleum industry leaders rooted their organization in "disinterested solidarity" or "non-strategic action," which are central components to Spillman's cultural argument about trade associations as organizations. As this historical analysis shows, petroleum industry leaders were concerned about their industry's future, working hard to form an organization meant to support the petroleum trade for the decades to come. Although internal industry struggles were always present, API leadership were careful to design

the organization to serve the whole industry and center the institute's work for the benefit of the industry as a whole.

The historical context of trade association emergence also challenges some of the understandings of trade associations as social actors in the early 20th century. The creation of API did not occur within a vacuum. Instead, the petroleum industry was playing catch up to wider trends of industry organizations in the United States. Spillman (2012) suggests that this was the period of time that trade associations began their important cultural work as information production centers, shifting away from the economic regulation that marked trade associations' work in the late 19th century. However, the collective experiences in the war and conferences like the Reconstruction Conference shows that capitalists were well aware and intentional about shaping national trade associations and redirecting their efforts to be centered on creating *cooperative* and *representative* organizations for industries across sectors. Although information production was crucial for these institutions under this charge, trade associations cannot be understood simply by the work that they pursue. The stated intentions of capitalists during this time period mark these "cultural" processes much differently, connecting them to a larger project of class-based organizing.

With these historical roots, trade associations as a type of organization and social actor cannot simply be understood as benign cultural institutions. To do so is dangerous assumption, underestimating the power of these organizations for the wider business community. When examined through a Marxist lens, they become the centers of cooperative efforts for industries on issues of industry importance and primarily organizations of class-based protection and promotion. Although antitrust laws restricted some of these activities, there were still issues that industry leaders believed would be beneficial to work on together. The establishment of API, the

first national trade association for the petroleum industry in the U.S., clearly shows this, with the organization intentionally structured in ways to cooperatively work on issues that industry leaders saw as important to the survival of the industry.

Chapter 7

From Collective Intentions to Collective Action: API's Activities Over Time

Following its founding in March of 1919, API developed into the collective and cooperative organization that petroleum industry leaders envisioned. The industry itself also began to grow into the large and powerful industry that it is today. Pratt (1983) marks the creation of API as a turning point for the petroleum industry, where industry leaders utilized the organization to accomplish goals that firms could not accomplish by themselves:

The most significant new oil-related institution to emerge in the 1920s was the American Petroleum Institute (API)... In its formative years, the API took a leading role in creating coordination where none had previously existed. It sought to make the petroleum industry more efficient by performing important functions outside the capacities of individual oil companies. (Pratt 1983:180-182)

Just what those “important functions” were varied from decade to decade as API gained its footing as the national trade association for the entire U.S. petroleum industry. Some activities were phased out over time, while others constituted the backbone of the organization as essential parts of API’s continuous programs. However, regardless of the activities pursued through API, the core of the organization was consistently focused on industry stabilization, promotion, and protection. That is, the organization was centered on protecting the class interests of petro-capitalists throughout its nearly 100 years of work. Each committee or campaign formed through API was planned and implemented as a way to work on perceived problems or threats on behalf of the whole industry (Fanning 1959; Pratt 1983; Potter 1990). Although there was tension at times as to what these programs would be, API was never without work that the whole industry was behind, which was a crucial part of its continued relevance as an organization in service of

petroleum industry capitalists. Today, API continues as the leading U.S. petroleum industry trade association and is an active collective force on behalf of its over 600 member firms (API 2017a).

Although scholars have provided useful typologies of the activities that are pursued through trade associations, connecting these activities to the protection and promotion of capitalists' interests highlights the significance of these activities in new ways. In implementing the work of API, the trade association became both a collective force tackling *internal* industry problems as well as an organization utilized to address threats in the *external* environments in which the petroleum industry operated. All of this work, however, always connected back to the intentions of the organization as serving the collective interests of petroleum industry leaders themselves. When grounded in a Marxist perspective that centers class struggle and the class-based roots of organized efforts, the work pursued through trade associations cannot be understood as simply parts of "meaning-making" for business communities as argued by cultural sociologists like Spillman (2012). Nor are these activities just rational responses by business leaders to engage in "non-market" environments that impact their industries as argued by business and management studies scholars (Baron 1995; Hillman and Hitt 1999). Instead, trade associations are formal organizations through which the capitalist class pursues collective action. And all activities pursued through these organizations are a part of an intentional plan to ensure capitalists' ability to accumulate profits for years to come. Understanding the types of activities pursued through trade associations also shows how capitalists *define* what their collective problems are and what is worthy of pursuing collectively through organized efforts.

This final chapter of the case study provides an overview of API's work across the decades, demonstrating how the organization has been used to address collective problems for the petroleum industry by petroleum industry leaders. Although impossible to detail every

campaign or activity pursued through API, I focus on two primary areas of organizational activities, providing a survey of these activities as well as concrete examples of the organization's cooperative work over time. These areas were formed in the early years of API's work and continue to mark the major activities pursued through API today. The first area of organizational activities accomplished through API can be conceptualized as *internal industry organizing*. These activities focus on fostering cooperative dynamics within the industry, such as the creation and dissemination of statistics and creation and adoption of various industry standards. The next area is centered on how API has been utilized to *influence external industry environments and actors* for the benefit of capitalists in the petroleum industry. Within this realm API has attempted to influence three primary groups of actors: labor, state officials, and the general public. While the specific activities of API varied over the years, API has continuously worked to influence or control these different actors in order to protect and promote their class interests. Although the API describes its work as serving an "obligation to the public," much more effort has gone into *shaping* its publics (API 2017a).

API and Internal Industry Organizing

This section details work pursued by API that is best conceptualized as *internal industry organizing*. As the first organization representing all branches of the petroleum industry, API began to serve new roles of industry-wide coordination that smaller petroleum trade associations could not because of their narrow sub-sector specific or geographic scopes. Although Spillman (2012) suggests that the activities pursued through trade associations are primarily parts of cultural production for business communities, which are accomplished by building "disinterested solidarity" and parts of "non-strategic action," the way that these activities *developed* within API and have been utilized over time challenges such characterizations. Creating and maintaining the

collective purpose of the organization meant that API staff had to work to show the collective benefits of API's work for the health of the wider industry, which was particularly crucial in API's formative years. And while this may be read as petroleum industry leaders abandoning some of their "self-interests" in favor of "disinterested solidarity," I argue that these activities are better understood as the development and maintenance of *class-based interests* and action and, thus, these types of activities constitute *internal industry organizing efforts*.

For API, internal industry organizing activities primarily focus on information production and standardization, which includes the creation of statistics, uniform accounting procedures, and the development of standards useful for the entire petroleum industry. Today, all of these activities continue to constitute major parts of API's stated purpose (see Figure 7.1) as well as the current committees of the organization (see Figure 7.2), with the organization considering itself to be a leading force of information production, education, and standardization of all branches of the petroleum industry (API 2017a).

Developing itself as an information production center for the petroleum industry, however, did not occur without effort. Although the WWI experiences led petroleum industry leaders to recognize their collective interests and the organization's work was well-planned following the war, implementing these plans meant that petroleum industry leaders had to *organize* to make these processes core parts of the organization's activities. Such an observation fits with Heydebrand's (1977) position that "[o]rganizing activity does not cease just because the organization has become established" (87). Even after the vision of a cooperative organization, staff within API would still have work to do to convince petroleum industry leaders to work together, particularly on intra-industry issues that required the sharing of information. Pratt (1983) explains this as an *organizing process* seeking consensus for API leadership:

After identifying a function best performed at the industry level, the API *had to build a consensus for action* among its members and then to fashion financial and administrative arrangements capable of addressing problems previously beyond the capacities of either private corporations or government agencies. (Pratt 1983:209; emphasis added)

This was particularly true in the formative years of the organization. Although industry leaders were fresh off their wartime experiences and eager to start a collective organization that encompassed the entire industry, pursuing collective work during peacetime required new organizing strategies. The following explain how industry leaders worked through API to come to consensus on what programs to pursue through API.

Statistics

During WWI, the Fuel Administration focused heavily on the gathering of statistics to provide an understanding of different sectors of the industry and how much petroleum was being produced, refined, and sold both domestically and abroad (Fanning 1959; Pratt 1983). However, following the war, petroleum industry leaders were wary of sharing information. Pratt (1983) explains the varied reasons that petroleum industry leaders were hesitant to contribute to the statistical gathering efforts of API even after agreeing to pursue these activities during the reconstruction conferences:

Some feared that the collection of detailed information about the industry would open the API to antitrust prosecution; other companies feared that such statistics would inevitably affect the sale of their stock. But the most common objection was that information supplied to the API might somehow find its way into the hands of competitors. (Pratt 1983:185)

Fanning (1959) in an account of one of API's early board meetings captured the very real tension around attempting to put the statistical production into practice:

Colonel "Bob" Stewart, of Standard Oil Company (Indiana), had made an issue of the proposal at an API directors' meeting, in a curious personal attack on Welch [the first secretary of API]. "When Standard of Indiana wishes to have someone tell Standard of Indiana how to run their business, we'll hire you," he shouted...

The debate departed reason for the field of physical challenge. The men were restrained by others. The encounter shook the young API director [Welch] for weeks but failed to alter his determination, in which he was backed by a majority of the board, to make the institute the source of up-to-date information. (Fanning 1959:49)

Seeing these fears and resistance begin emerge, API staff quickly organized to address these issues. To assuage these fears and resistance, API staff began rigorous outreach efforts, attending smaller trade association meetings and distributing memos through the API advocating reasons for a strong statistical department within API. For example, in a speech at a meeting of the Natural Gas Association Convention, Welch framed the gathering and dissemination of statistics as way to show that the oil industry was beyond the monopolistic practices of its early years (which was still a major part of the public's perception of the industry in the early 20th century):

The collection and dissemination of statistics alone is a monumental task. The American Petroleum Institute ought actually to have the best petroleum library and the best collection of petroleum statistics to be found anywhere in the world. The information to be disseminated by this department should be absolutely authoritative, and no person ought to be able, successfully, to dispute it...

Furthermore, there is a vast amount of information...which should be gotten into the hands of the public. The time will come, sooner or later, when it will be known to every person in the United States that the oil business is not in the hands of a monopoly—when such names as Doherty, Lufkin, Davison, Sinclair and Cosden and many other Independents who have made magnificent successes in the business, will be almost as well known as pioneers in the petroleum business. No opportunity should be lost to bring these facts home to the public. (Welch 1919:17)

To Welch, gathering statistics would challenge associations of the petroleum industry with unfair business practices, which continued to mark the industry from the days of Standard Oil dominance. With statistical information on various industry activities, it was thought that API could utilize statistics to challenge what petroleum industry leaders believed were misconceptions of the industry (Fanning 1959; Pratt 1983).

Along with these outreach efforts, API staff also devised rules and procedures for how information was gathered, which were centered on confidentiality:

Publishing only aggregate figures, the API's staff scrupulously avoided disclosing statistics from individual companies. Welch even used a coding system so that his staff could compile composite data without knowing the name of the company whose figures they were adding to the total. No officer of API, including the president, had access to the submittals of individual companies. (Pratt 1983:186).

The final piece of the puzzle contributing to convincing petro-capitalists to work cooperatively on the industry-wide statistical efforts was the ability of API to speak on behalf of the industry to government agencies on industry wide trends. This was particularly important with the rise of new regulatory agencies such as the Federal Trade Commission and other

congressional bodies focused on business regulations as well as industry-specific governmental bodies such as the Federal Oil Conservation Board (FOCB). For example, with the creation of the FOCB in 1924, which was an advisory board created to investigate conditions in the oil industry because of fears of an impending oil shortage, API became one of the primary sources of information on all branches of the industry (Pratt 1983). Testimony by API officials helped to diminish concerns about the U.S. oil supply, which eventually led to the dissolution of the FOCB and its efforts in 1933 (Pratt 1983).

At the end of the 1920s, API leadership had successfully won over many of its skeptics in the area of statistics. By 1929, API began to publish a weekly statistical bulletin, which included information on a wide variety of industry activities including:

- 1) production and refining statistics;
- 2) oil consumption by railroads, vessels, and public utilities;
- 3) imports and exports of petroleum products;
- 4) the consumption of gasoline and kerosene by state;
- 5) drilling activities; and
- 6) receipts of California oil at Atlantic and Gulf ports

(Pratt 1983:187)

Today, the API continues to be a leading source of statistical information for the industry and still produces a weekly statistical bulletin. This bulletin covers:

... total U.S. and regional crude inventories and data related to refinery operations, as well as the production, imports, and inventories of the four major petroleum products: motor gasoline, kerosene jet fuel, distillate fuel oil, and residual fuel oil. (API 2017b)

Equipment Standards

Information production in other areas, such the development of equipment standards and uniform accounting methods were also developed in the early 1920s by API. Each of these areas produced similar, though less violent, tensions and opposition from some petroleum industry leaders. Like their efforts in establishing an effective statistics program, API staff were keen on showing the benefits of standardization and uniform accounting methods to both individual companies as well as for the wider industry. However, because these were voluntary measures within the industry and API had no actual coercive power to force the adoption of any of these measures, it took strong organizational leadership and organizing to encourage the adoption of these new industry-wide measures. Such an understanding connects API's work as a continuous *organizing* process, with industry leaders needing to not only develop the methods of industry-wide procedures, but also encourage and persuade industry leaders to adopt these methods, which were framed as beneficial to the whole industry. This challenges cultural explanations of the purpose of trade associations, showing that trade associations are sites that are based on and continue to develop class-based strategies for capitalists.

In attempting to start the process of standardization of equipment, some petroleum industry leaders were concerned that the development of standards may stifle individual innovation and development within the industry (Pratt 1983). To mitigate these concerns, API staff went to great lengths to meet with petroleum industry leaders and gather input on the development of effective standards as they were establishing them in the early 1920s. Pratt (1983) describes this process:

... the API committees coordinated the efforts of all affected in determining proper standards. In practices this meant a survey of all existing equipment, tests by engineers on

the quality of various products and designs, and lengthy discussions among producers and users on the results of these tests. After tentative standards had emerged from such discussions, the API circulated them for discussion throughout the industry. (Pratt 1983:206)

Petroleum industry leaders then had opportunities to give input on the standards, which would then go through a revision process and be redistributed to petroleum industry leaders for more input. After a final round of revisions,

The revised standards were then officially passed by the API's board of directors, and goods produced in accordance with the standards carried an official API seal of approval. "Standard" did not mean static, since the adoption of new products and new methods was not generally delayed by existing standards on similar products. As soon as possible after their widespread adoption, the API standardized new products. (Pratt 1983:206)

With petroleum industry leaders involved in the process of standards creation and the assurance these standards would be flexible enough to encourage technological development and innovation, the development of standards gained solid footing within API.

The implementation of these standards, however, took additional efforts. To encourage petroleum companies to use standard products and equipment, committee members of the Standards Committee within API would often use their personal relationships to persuade industry leaders to adopt the standards. For example, J. Edgar Pew, chair of the Standards Committee, sent personal letters to vice-presidents of production of API member companies "extolling the merits of the standards adopted for pipe" (Pratt 1983:207). The adoption of standards also proved to be fruitful for individual oil companies because standardized equipment was often more cost effective and of better quality because of the testing that went into the

creation of standardized products (Pratt 1983). By the end of the 1920s, API had successfully established its standardization process and implemented vast adoption of standardized products.

Today, standardization continues to be a key part of API's operations, with API connecting its standardization processes not only to equipment development and adoption, but also safety within the industry:

Our work helps the industry invent and manufacture superior products consistently, provide critical services, ensure fairness in the marketplace for businesses and consumers alike, and promotes the acceptance of products and practices globally.

Standards enhance the safety of industry operations, assure quality, help keep costs down, reduce waste, and minimize confusion. They help speed acceptance, bring products to market quicker, and avoid having to reinvent the wheel every time a product is manufactured. (API 2017c)

Uniform Accounting Measures

Coupled with the creation of standards, API also sought to streamline accounting methods within the petroleum industry. This was a key part of the conversations and planning meetings following WWI across all industries with industry leaders advocating for more uniform accounting methods within and across industrial sectors. Resistance to uniform accounting methods primarily came from “those segments of the industry that had traditionally attracted investors by using accounting methods that overstated profitability” (Pratt 1983:208). These shifty accounting methods, however, were increasingly being scrutinized not only by industry leaders, but also by state officials. API leadership took on the process of creating and implementing uniform accounting measures to avoid undue investigations by state officials. To

convince other industry leaders to adopt uniform accounting methods, API leadership and staff went to work to gain support by first focusing on the largest oil companies:

The accounting committees brought together the treasurers, accountants, and controllers from the largest oil companies... After soliciting questions and comments from the industry through the *API Bulletin*, the accounting committee held numerous regional and national meetings to define the best available accounting methods for general use in the industry...

Before their adoption as API-approved standards, the committee's recommendations were revised after general comments from the industry and then approved by a vote of the API's board of directors. (Pratt 1983:208)

By involving petroleum industry leaders along the way of the standardization process, API leadership hoped that petroleum companies would adopt these accounting methods faster. This was particularly successful with the larger oil companies, who adopted these methods in the early 1920s.

For those companies resisting the adoption of uniform accounting measures, however, it would not be API that would soon force these measures. Following the stock market crash in the late 1920s, the Security and Exchange Commission intervened across industrial sectors to address faulty and inflated accounting methods (Pratt 1983). Demanding that uniform accounting procedures be implemented in all industries, it was national trade associations like API that were called upon to propose and monitor the adoption of these uniform methods. By the 1930s, the petroleum industry had successfully adopted uniform accounting processes, which led to streamlining industry information. Today, API no longer puts much effort into monitoring uniform accounting methods. This is likely because these methods have become normalized and

accepted over time as an industry practice with little need for continuous organizational oversight from API. However, seeing the efforts that the trade association went to in these early days shows that API was essential in jumpstarting this process.

Discussion

The formative years of API in the 1920s clearly set the stage for API's future endeavors and organizational activities. As the organization grew and aged over time, statistics and standardization methods continued to be the backbone of many of API's day-to-day operations, which are still core parts of API today. Although these activities may serve as significant parts of business culture with the development of technical language and activities that bring meaning to business communities (Spillman 2012), they are also intertwined with protecting and promoting capital accumulation, making the industry more efficient as well as allowing industry leaders to produce information and create uniform practices to protect themselves from potential state intervention. This becomes clear when examining the development and subsequent uses of these activities within API. Additionally, the implementation and adoption of many of these initiatives required strong organized efforts by industry leaders through the newly established organization. In sum, capitalists not only plan for collective efforts but also take seriously the need to continue the organizing process beyond moments of heightened enthusiasm, such as what occurred in the petroleum industry following WWI. In other words, API's activities were not benign or simply ways for business leaders to come together around disinterested goals. These everyday activities are central parts of strengthening the capitalist class and ensuring that class-based interests are protected and preserved.

Controlling and Influencing External Environments

Through API, industry leaders have also pursued activities that focus attention on external industry environments and actors that could potentially have an impact on industry operations. Three primary groups have received targeted attention from API: petroleum industry labor, state officials, and the general public. Each of these actors, however, also represent wider cultural and political spheres that capitalists in the petroleum industry have tried to influence over time through their organized efforts in API. In the following sections, I focus on the development of API programs and the subsequent work designed to address emerging issues in each of these areas by petroleum industry leaders through API.

Aligning Interests: Petro-Capitalists and Labor “Relations”

From API’s inception, petro-capitalists were concerned about their relationship with labor within the petroleum industry. These concerns were mirrored in the wider business community at the time of API’s inception, with many capitalists worried about the potential of “radicalism” forming within the labor communities of their industries. As highlighted in the previous chapter, API leadership began to make explicit efforts to focus on labor relations within the industry through API. Early efforts focused on the concept of “labor welfare” or “welfare work” in the industry, which centered on developing a “partnership between labor and capital” (Welch 1919:17). R.L. Welch, the first General Secretary of API, highlighted this as one of the “great problems” facing the petroleum industry in the early 1900s:

... there is no greater problem facing the industry than that which is involved in welfare work, for which a special committee has been appointed. The partnership between labor and capital is too well recognized for anyone, at the present time, to question it. *It will be one of the purposes of the Institute to bring about, in so far as it is possible, harmonious*

relations between the employers and the employees engaged in the petroleum business.

The welfare committee will no doubt look into conditions of employment thruout [sic] every part of the industry, and doubtless constructive recommendations will be made from time to time. (Welch 1919:17; emphasis added)

Labor relations then became one of the first external relationships that petroleum industry leaders attempted to foster (or control) through the newly formed API.

In the early years of API, some of this work constituted the creation of labor and employment statistics that would show how the industry operated as an effective employer through the many branches of the industry. For example, in a 1935 report published by API, the section describing labor relations written by the Labor Committee within API focused attention on generating statistics of direct and indirect employment within the industry, average wages earned by petroleum industry workers, and the number of strikes present in the petroleum industry. With employment and wages reports, petro-capitalists highlighted the high numbers seen in both of these areas, which they also coupled with industry leaders attempting to show that they were ahead of trends in other industries. For example, in a section titled “Petroleum Employees Among Highest Paid in All Industry,” the Labor Committee reported the following:

The purchasing power of workers in a given industry may be small or great, depending on their weekly earnings. Not very many years ago a work schedule of 12 to 14 hours per day was customary to earn subsistence wages. In recent years the trend has been decidedly toward shortening hours, without thereby diminishing purchasing power.

Shortening of weekly hours by about 30 per cent resulted in an increase of the worker's leisure time by as much as 14 to 17 hours per week.

Naturally, such a material reduction in working hours would have resulted in a serious impairment of weekly earnings and purchasing power, with a concomitant lowering of the standard of living, had it not been attended by compensating hourly rate increases.

(API 1935:183-184)

Another section of this report also provided comparative numbers of strikes among industries, noting that the petroleum industry proudly had a small number compared to other industries. In this section titled “Small Number of Strikes is Evidence of Satisfactory Industrial Relations,” petroleum industry leaders extended their frame of good stewardship suggesting that the employment conditions within the industry corresponded to a happy labor force:

When employees of a given industry enjoy, in general, good wages, reasonable hours, and the various other things that comprise “good working conditions,” it is almost certain that few strikes will occur in that industry. (API 1935: 196)

In framing the increases of wages and the general labor conditions in the industry this way, petroleum industry leaders were painting themselves as good stewards of their labor force. Of course, such a narrative is devoid of any discussion of larger trends of labor struggles within the U.S. at this time, which were primarily centered on accomplishing federal legislation for comprehensive labor rights such as the 8-hour-workday (Grossman 1978). Petroleum industry leaders likely produced literature such as this to curtail any type of federal legislation advocating instead of continued self-regulation within their industries. It is interesting to note, however, it was activities such as these that industry leaders believed constituted “welfare work” for industry labor during this time.

In the 1930s, API was also active on the ground with organizing local petroleum industry employees to combat legislative issues that were potentially threatening to the petroleum

industry on the state level. For example, in Mississippi, API staff visited local communities to organize “county petroleum committees.” Potter (1990) explains API’s vision behind these committees:

When these local oil marketers understood how their own interests would be affected by a pending bill in the state legislature,... they were quick to voice their views, forcefully to their representatives. Moreover, using materials developed and provided by [API staff], these local oilmen would call on newspaper editors, chambers of commerce, farm groups and others for help and support. (Potter 1990:7)

This method of creating “state petroleum industries committees” (PICs) became a standard practice in API and soon was extended to all 48 states (Potter 1990). Some PICs were folded into smaller trade associations that were already active on the ground, particularly in larger oil producing states like Texas, California, and Ohio (Potter 1990). Potter (1990) notes, however, that PICs in other states were key parts of efforts to bring petroleum industry employees into advocacy work to “lobby the legislature and state officials” (8).

A decade later in the late 1940s, labor relations through API shifted to focus on efforts to create a strong industry identity among industry employees. Such a shift corresponded to a wider move within API to ramp up its public relations efforts, which had been an area API had not engaged much with in the past. Concerned with the public perception of the industry, API leadership began their public relations programs on both national and local scales. Locally, one of the first major PR events was centered on the creation of “Oil Progress Week,” a week long “celebration” of the oil industry, which were organized through the PICs developed in the 1930s. Potter (1990), a long-time staff member of API, described the event as follows:

During the week of October 11 to 15, there was a concentrated effort to bring home to local communities the fact that oil companies, large and small, are good citizens who provide many services to the public. Companies were urged to hold open houses at their facilities; industry spokesmen addressed local civic clubs and school audiences or arranged to show a new API motion picture; employees were urged to talk to their neighbors and friends about the industry, and special materials were provided for local company advertising and media relations. Over the next decade, “Oil Progress Week” became an annual feature of the industry’s PR efforts around the country. (Potter 1990:15-16)

Although clearly a part of API’s efforts to influence public perception of the industry (which will be further examined later in this chapter), the incorporation of industry employees into these events as spokespeople and volunteers were key parts of building a comprehensive industry identity within the rank and file of the industry. Potter estimated that by 1954, over 30,000 industry employees had been involved in activities advocating on behalf of the oil industry (Potter 1990:21).

Building attachments and allegiances to the wider industry began to be a key part of API’s labor relations programs. After successful events like Oil Progress Week, API leadership began to explore more opportunities to reach industry employees by focusing on the development of educational materials for “internal publics” of the industry (Potter 1990:31). By the late 1960s, API began to structure and disseminate these materials targeted to industry employees. These materials focused on “factual and analytic information about prices, profits, competition, taxes...” which was presented in pamphlets, slide shows, and films (Potter 1990:31). The intention of creating these materials was for middle management to hold seminars

for their employees, particularly lower level employees, to learn about the petroleum industry (Potter 1990). However, upon closer examination, the content of these materials also presented clear positions on political issues potentially impacting the industry. For example, in a slideshow titled “Divestiture: Part of the Solution, or Part of the Problem?,” which was created in 1977, the script begins stating three major purposes of the slideshow:

We are here to talk with you about the American petroleum industry – its beginnings, its problems, and its prospects for contributing to how you and your family will grow and prosper.

We also want to talk about Energy – that much in vogue word now – the energy we Americans use, and how we can meet our energy demands at a time of decreasing natural resources.

And we want each of you to understand some basics about the American petroleum industry, what we do, whom we work for, how we operate, and why we believe our national system of energy development and distribution is one each American can be proud of. (API 1977:1)

The content of the film went on, however, to focus on a political issue of the day, which was centered on the oil crisis of the 1970s, which had inspired conversations about potential divestiture in the industry and the breaking up of big firms:

... since the oil embargo, it has become a quick and simple answer to explain why the cost of gasoline is higher and why America is even more dependent on foreign oil.

To solve the nation’s energy problems and lower gas prices, these same politicians say, all we have to do is “break up big oil.”

There it is – the pat answer.

Break up big oil. The final solution.

Or, is it?

Just what is meant by “breaking up big oil”? *What does it really mean to you?* Is it a solution to our energy problems, or just a convenient whipping boy that diverts public attention away from the failure of our Government in Washington to formulate a comprehensive national energy policy. (API 1977:5-6, emphasis added)

The slideshow went on expand this argument, centering on a position that took the state to task for poor and ineffective policies. Additionally, the content of the slideshow also inserted positions about how divestiture in particular would impact workers in the industry and featured images of petroleum industry workers and statistics on these issues:

Breaking up the oil companies might reduce profits, but it will also reduce the number of jobs, slow our drive towards energy independence, and potentially harm our national security by increasing our dependence on foreign oil (API 1977:13).

Through the development of targeted educational programs like the divestiture slideshow, petroleum industry leaders were directing that programs be developed through API that provided clear positions on oil industry issues that aligned labor interests with wider corporate interests. The purpose behind these educational programs for internal audiences then must be understood as a type of political education for industry labor that was meant to merge labor interests with the interests of capitalists. Through API, industry leaders saw an opportunity to create these frames and disseminate positions on policy issues that were particularly harmful to capitalists in the industry under the guise of protecting industry labor.

The development of educational materials for petroleum industry employees continued to serve as a way that petroleum industry leaders related to labor through API. Creating succinct

policy positions that showed that a threat to the oil industry was also a threat to labor was a core part of API's positions on a plethora of issues throughout the 1970s, 1980s, and 1990s. The most significant way that industry leaders have attempted to align their interests with labor interests, has come with API's responses to environmental problems particularly climate change. Through API, industry leaders have continuously invoked the frame of "job loss" as a reason for opposing environmental legislation. For example, in highlighting the potential impacts of the Kyoto Protocol in 2001, API's position centered on the impacts on jobs and consumers:

To achieve the Protocol's targets, the U.S. would have to curb its energy production and use in ways that would cost millions of jobs and substantially raise the price of essential goods, including gasoline, electricity, heating oil and natural gas. (API 2001)

Although not explicitly about the labor force within the petroleum industry, through API, the position of the industry on environmental issues continuously evoked this broad frame of job loss, which has clearly resonated among the wider labor force in the U.S.

A more direct way that API connected to industry labor was through targeted advertisements and publications about environmental issues. In these publications and advertisements, industry employees began to be prominently featured telling personal stories of how the industry is a good steward of the environment. For example, in a 1997 API publication detailing API's environmental program titled "Strategies for Today's Environmental Partnership," (or STEP program) industry employees were key storytellers of the industry's work to protect the environment:

Caring for the Earth is the story of the oil industry's environmental stewardship through its STEP program. It is told, in part, through the men and women who are the industry—who watch over the environment where oil and gas are found; who operate and inspect

refinery equipment to keep it safe; who sail the tankers and run the pipelines; who market gasoline, jet fuel, heating oil, natural gas and other petroleum products; and who look for ways to protect the land, the water and the air. (API 1997)

Figures 7.3, 7.4, and 7.5 are excerpts of this publication, showing how petroleum industry employees were tapped to create narratives for how the industry is a part of efforts to curtail environmental pollution.

Today, API has continued this trend, ramping up these efforts to align capitalist and labor interests. Industry employees, particularly lower level laborers, are prominently featured in API advertisements and a central part of API's positions on many policy issues related to energy and the environment. For example, one of these advertisements titled "Pipelines Create Jobs," features dialogue from "Matt" a welder, who extolls the benefits of pipeline jobs to communities as well as highlighting the safe practices of the industry (API 2017d). The video, released in early 2017, is clearly timed as a response to resistance to pipeline development in the U.S. such as the Dakota Access and Keystone pipelines. The narrator of the commercial begins with the statement, "every day, tens of thousands of men and women work on pipelines to bring light and heat to our families. And they do it safely." The welder, Matt, a middle-aged, white male, expands on this to highlight the small impact of pipeline installation as well as the jobs that pipeline construction creates.

Matt: The EPA and contractors and companies are keeping an eye to make sure that we go in, put the pipeline in, bury it, bring it all back to original restoration just like it was before the pipe was even there.

Narrator: Private pipeline investment could create more than 800,000 jobs.

Matt: Some of the best jobs, I think, to be honest. If you can take a high school kid and put them in a job right off the bat where they're making great money, they have good benefits, they have good solid work. I mean, what's better than that?

Narrator: America's energy infrastructure is our nation's backbone delivering clean, safe, affordable natural gas.

Matt: I'm Matt, and I help build American pipelines. And I'm proud of that. (API 2017d)

Although difficult to know if "Matt" is an actual employee in the petroleum industry or an actor hired for the commercial, the narrative built by API through the commercial is meant to center both industry safety and environmental stewardship in the process of pipeline development. With Matt as a conduit for this message, the petroleum industry's message is also delivered through an everyday worker instead of a high power executive, which makes the message more palatable for public consumption.

Additionally, API has recently revamped its efforts to organize industry labor and others to address what are perceived as harmful policies to the petroleum industry on local and national scales. This is a widely cited practice among industries and is often labeled "astroturfing" by environmental activists and scholars of environmental politics because the efforts and stated purpose of these organizations is modeled after grassroots organizations. (Hoggan and Littlemore 2009; Walker 2009; Lee 2010). However, upon closer examination, these groups are sponsored and clearly represent capitalist interests and are essentially public relations (or propaganda) campaigns. API's efforts are captured through their own organization "Energy Citizens," which was founded in 2008 and is still active today. In describing its mission, Energy Citizens states:

Energy Citizens' mission is to promote an honest national discussion about energy and engage every citizen in advocating for energy policies that create American jobs, spur economic growth, and strengthen our national security...

Energy Citizens is made up of hundreds of thousands of Americans who are determined to see our nation develop balanced energy policies that support American jobs, economic growth, and national security. We're building a movement to ensure our message is heard. (Energy Citizens 2017)

The organization also clearly states that it is supported by API, which is not always a common practice with these organizations (Lee 2010). The Energy Citizens group has an active website and social media presence, which is utilized to disseminate API's positions on policy issues on the state level.

Although the stated purpose of Energy Citizens is to invite the wider public to join its efforts, a priority focus of the organization is engaging with petroleum industry labor and having many of their stories featured as content and evidence of the "grassroots" nature of these organizations. Petroleum industry workers are featured in videos and written materials, serving as faces associated with the jobs provided by the petroleum industry. Such strategies are utilized to make organizations like Energy Citizens appear to be run for and by labor or the wider public. Like the early petroleum committees of the 1930s, however, the Energy Citizens network is created and maintained by API staff.

All of the above efforts of API give a unique view into how petro-capitalists have attempted to shape labor and labor relations within the petroleum industry over time. Of course, none of these programs ever center agency or opportunities to hear the voices of labor representatives themselves (at least not in an unscripted way). API's efforts should also help to

challenge views that labor and poor people are fully responsible for “voting against their interests” or holding political positions that seem illogical or harmful to themselves. In seeing the efforts that capitalists go through to control and shape labor within their industries through organizations like trade associations, the positions that appear backward or illogical suddenly make sense in the context of class struggle. API’s work over time shows that capitalists are well organized and constantly working to shape labor relations and labor perceptions in ways that frame capitalists’ interests as labors’ interests.

Industry Knows Best: API and Policy-Making

The second major group that has been targeted by API over time are state officials. This area also includes many types of public policy that have been perceived as threats or opportunities for the industry, which have been deemed worthy of API’s efforts as a collective force for the industry. API staff was careful not to take on political problems of individual firms. Instead, an organizational policy was made to only pursue political intervention that was meant to benefit the whole industry. Such a foundation has continued to guide the work pursued through the API, with industry leaders selecting what issues to work on together through the organization. Today, API’s mission statement (see Figure 7.1) continues to center policy work as a primary part of the organization’s stated purpose:

API’s mission is to promote safety across the industry globally and to influence public policy in support of a strong, viable U.S. oil and natural gas industry...

We speak for the oil and natural gas industry to the public, Congress and the Executive Branch, state governments and the media. We negotiate with regulatory agencies, represent the industry in legal proceedings, participate in coalitions and work in

partnership with other associations to achieve our members' public policy goals. (API 2017a)

In its mission to pursue public policy that is beneficial to the wider petroleum industry, API works to protect and promote the class-based interests of petro-capitalists. This is been a core part of API's work throughout its history as an organization.

API's advocacy work began with the inception of the organization. As highlighted in the previous section on internal industry organizing, API's statistical work in the 1920s was one of the first avenues that API leadership had to represent the industry in formal governmental spaces. Pratt (1983) describes this early work and its benefits to the petroleum industry:

The API's ability to present the best available information about the oil industry guaranteed its spokesmen ready access to public officials... As the API organized previously fragmentary information about oil into a systematic, accurate, and comprehensive portrait of conditions in the industry, it greatly enhanced its authority and ultimately its influence over public policy. (Pratt 1983:189-190)

At the federal level, this influence marked the majority of API's formal lobbying and public policy work at the federal level until after World War II.

However, in the 1930s, API also began to establish organizations that were utilized to address emerging petroleum-centered policies at the state level. The initial impetus to form these organizations came from issues of gas tax evasion within states. Gas taxes were one of many ways that local governments attempted to garner more revenue because of increasing reliance on government assistance during the Great Depression (Potter 1990). However, during this time, tax evasion was also a rising issue among marketers within the industry:

Most of the time, the tax evader used part of his “profit” to cut his price below the market, thus building up volume, and then meeting that additional demand by further smuggling, blending or other illegal activity. This left the honest marketer in a position where he could not match the price of his illegally operating competitor. (Potter 1990:6)

To help curtail these issues, API set-up a series of “Gasoline Tax Evasion Committees.” The purpose of these committees was to “assist state governments in policing their statutes” (Potter 1990). Potter notes that industry intervention in this issues was “not entirely altruistic; it stemmed from the disruptive effects of tax evasion on the gasoline market” (Potter 1990:6).

As the gas tax evasion issue began to turn toward the creation of penalties for gas tax evasion, the API committees were on the ground ready to shape the creation and implementation of these laws. The laws created varied in each local context, but the success of API’s state efforts was pleasing to industry leaders. The decision was made to formalize these local committees into more general policy focused groups called Petroleum Industries Committees (PICs). In reflecting on the establishment of these committees, Potter notes that API “for the first time developed an on-going capability for dealing with legislative issues in a systematic manner” on local levels (1990:7).

These were the same committees highlighted in the previous section that were utilized by API to organize local petroleum industry employees to lobby and participate in policy issues on local levels. The work accomplished through these committees focused on a number of topics:

... gasoline tax rates; administrative provisions of gasoline tax laws; refunds and exemptions; allowances to distributors for product shrinkage, evaporation and cost of collection; diversion of highway funds to non-highway purposes; and a few other similar matters. (Potter 1990)

The PICs were activated whenever state legislatures were in session with an API staff person essentially serving as a local organizer of the PIC in his area. To accomplish legislative work through the PICs, API staff developed a “Secretary’s Office Manual,” which created uniform procedures for each state and county PIC meeting as well as on the ground actions that were to occur prior to the legislative session (Potter 1990:8). Potter describes the procedures as follows:

The usual procedure was to schedule four such meetings a week in adjoining counties...

In the morning before the meeting, the state secretary would hold a pre-meeting conference with the company salesmen and the salesmen would then divide up the list of local oil men... and urge them to attend the county meeting that evening. Meanwhile, the state secretary would call on the state legislators at their homes or places of business and visit with key local officials and with the local media.

At the evening meeting, the state secretary would review important actions at the recently concluded legislative session and outline the main issues expected to arise in the next session. Where appropriate, resolutions favoring or opposing certain bills would be adopted (based on models contained in the Secretary’s Office Manual). County committee officers would be elected and... a “post-meeting” news release would be dropped off for the local media. Then the state secretary would head for the next county seat, where the procedure would be repeated. (Potter 1990:9)

The PICs then served as a way for API staff to shape local politics on petroleum related issues in a systemic and uniform way. Creating model legislation was also an early tactic through these petroleum committees, which is still a process utilized by capitalist interests today through organizations like the American Legislative Exchange Council (ALEC) and other capitalist organizations.

Beyond these two efforts, API's formal policy work and engagement with officials beyond the state level were not priorities of the organization until the post-WWII period. Following WWII, API leadership formed a Postwar Activities Committee which provided recommendations for the future of API. One of the recommendations centered on the need for "much greater attention than in the past to events in Washington" (Potter 1990:13). The immediate impact of this was to establish a special API office in D.C. that was separate from the API headquarters in New York City. The purpose of this office was to begin programs on federal legislation that impacted the wider petroleum industry (Fanning 1959; Potter 1990). However, it was not until the early 1960s that these recommendations would be implemented. API leadership in the 1940s and 1950s were still wary of API being centered on federal issues and were more concerned with strengthening state-based focuses and the internal industry organizing that had been central parts of the organization's work since its inception.

In the 1960s, however, API started to take on federal level legislation as a core part of the organization's work. This change in organizational direction can be attributed to both changes of leadership and the structure of API as well as the rise in the number of federal legislative issues that were of concern to industry leaders (Potter 1990). Within API leadership, Frank Ikard, a former Congressional representative from Texas, joined API as Executive Vice President in 1962. Ikard was one of the first policymakers to join API staff and had a large impact on the direction of API's future policy programs. As a former policymaker friendly with the petroleum industry, Ikard pushed hard for a more comprehensive federal policy program within API. When Ikard became President of API in 1963, he officially ramped up this program, expanding staff within the Washington office focusing attention on policies that were deemed potentially harmful to the industry.

Although API had been involved in attempting to shape some federal legislation in the past, the major reason that API began to target public policy and public officials at the federal level was because of the rise of environmental issues:

From a legislative and regulatory standpoint, the most significant developments in the last half of the 1960's for API and the industry were centered around the phenomenal growth in America's concern over the environment...

Initially some in the industry felt that public expressions of concern were mainly the result of agitation by militant activists. Over the course of time, however, it became evident that the public's concerns were real and deeply felt and that they would not be easily appeased. The petroleum industry, because of its widespread operations and the universal use of its products found itself (and still finds itself) a center of controversy.

(Potter 1990:42).

Although individual oil companies also began to ramp up their efforts to address environmental problems, API was the conduit through which petroleum industry leaders developed comprehensive strategies on emerging environmental problems and policies created to address them.

In developing a focused program on environmental issues, industry leaders implemented new programs and created new committees. First, a special committee of industry executives was created to plan an expanded program and budget to fund special research programs through API, particularly focused on air pollution. The final budget for the program, which was to be implemented over three years, was over \$3 million (Potter 1990). Like API's statistical work, environmental research accomplished through API was created under the guise of providing "technically-knowledgeable support" to state officials as well as industry lobbyists, who would

be working on legislative issues the coming year. Of course, this research was often utilized to both measure environmental conditions (such as lead content in the air) and paint the industry as an active steward of the environment. Additionally, a focused committee named the Committee for Air and Water Conservation was created to house all of the efforts towards addressing environmental policy.

However, it turned out that these efforts were not as fruitful as planned. Research on environmental issues was not developing quickly enough to have a major impact on federal policies. Although the industry had lobbyists working (usually through individual companies) and some connections to Washington, many laws were passed through Congress which had an impact on petroleum industry operations, including tax policies, oil conservation, import prices, and water pollution.

After this perceived “loss” by petroleum industry leaders, a more directed plan of focusing on federal policies was put into place in the early 1970s. First, API headquarters were officially moved from New York City to Washington D.C., which put API in a prime position to work on federal policy issues throughout the year. Second, a new committee, the Committee on Policy Development (CPD) was established in order to research, plan, make recommendations and implement all API public policy positions (Potter 1990). Third, a Federal Relations Department was established with a director and support staff as well as nearly ten lobbyists focused specifically on petroleum industry issues. Each of the lobbyists was selected because of their previous proximity to and strong relationships with key policy-makers. Fourth, API staff was expanded to include economists, who made up the new Policy Analysis Department. Hiring economists within API was seen as essential not only in the policy-making process, but also because they “provided intellectual credibility to API’s testimony before legislative bodies and to

other API advocacy materials” (Potter 1990:57). Finally, API began to distribute daily policy summaries, which included “all important and relevant Congressional and Executive branch hearings” to its member companies (Potter 1990:58). This was implemented so individual petroleum companies did not have to be present at all hearings concerning the industry. Instead, API staff attended and synthesized information and report back to industry leaders on the daily happenings within Congress.

Additionally, API was also utilized to keep the entire industry abreast to issues beyond daily report backs. To strengthen its Washington presence in the 1970s, API created “the Emerging Issues Task Force.” This advisory group under API was constituted by individuals working as government and public relations officials within the petroleum industry. The major work accomplished by this task force was to work with API staff to develop “scoping and background papers, option papers and other analytic materials... useful in arriving at policy positions on public issues” (Potter 1990:66). Additionally, the task force created a publication called the “Public Issues Book.” This publication “contained papers on 50 or more of the most important issues on which policy had been established, reviewed their stats, outlined action plans for dealing with them and assigned priority to each issue” (Potter 1990:67).

These newly implemented programs, staff positions, and information programs marked a new direction for API as an active force attempting to influence and even change the direction of policy development at the federal level. With this new focus, API took on roles never seen before in the industry. API became both a collective voice and force for the industry in D.C. engaging with policy development beyond the local level. And although this shift was inspired by the rise of environmental issues, petroleum industry leaders expanded their policy-related interests to any legislative issues that could potentially impact the industry, which included tax policies, inflation

and other price issues related to petroleum, divestiture, and inter-state development of oil such as the creation of pipelines (Potter 1990). For all of these issues, API staff were ready to testify, make press appearances, and produce research and policy-briefings outlining industry positions.

Although success for any of API's work is difficult to measure, the most common way that industry leaders perceived a success for the industry was when *no* policy or regulation was created (Potter 1990). For example, when divestiture bills related to the petroleum industry were introduced in 1975 to potentially break-up large petroleum firms, API staff and industry leaders were continuously active for over ten years in engaging with the legislature over the bills. The work pursued through API was aggressive:

The combination of a thoroughly alarmed industry, fully united against divestiture legislation of any kind, plus a competent and knowledgeable task force with ample resources and authority to take prompt action led to a program tailor-made to succeed. Economic studies produced "in-house" by API economists and others commissioned by outside experts together provided a strong intellectual basis for the industry's case. API and company public affairs people drew upon these studies in creating persuasive and hardhitting materials for use with government, with the media and with thought leaders... A concerted program to recruit allies from other industries was carried out, with tremendous help from the member companies at the national level and from the regional and state organizations locally. Meetings and seminars were held in Washington and around the country. Legal aspects were thoroughly researched and made part of congressional testimony...

The effectiveness of its efforts is perhaps best illustrated by the fact that over the past decade *there have been no serious efforts in Congress to revive the divestiture idea.*

(Potter 1990:65; emphasis added)

However, if regulations of any kind were to move forward, API's other strategy was to be a key part of the process of policy and regulation development. This was particularly true for environmental regulations that were often passed with wider support within Congress during the 1970s. For example, in the development of Superfund implementation practices in the 1980s, API and other industry trade associations such as the Chemical Manufacturers Association were active participants in discussions of tax and funding provisions for the Superfund program. To garner revenue for the Superfund program, a manufacturer's excise tax was created. How the tax was to be calculated, however, was still up for debate. API and CMA staff proposed a special type of taxing program for industries called the Superfund Excise Tax or SET, which provided a cap on the amount that industries were expected to contribute to the Superfund. To advocate the petroleum industry's position, API staff was consistently present, meeting with congressional members on key committees to make their positions known:

API seized the initiative early, meeting with key members of the Senate Finance Committee and convincing them of the logic behind the broad-based funding approach... After contacts had been made with all members of the Finance Committee (and because opposition had not had a chance to form) the SET was approved almost unanimously by the Committee... Subsequently the Senate as a whole approved this package. (Potter 1990:82).

The 1970s proved to be a key time of organizational development for API and set the stage for how the petroleum industry addressed their public policy concerns for years to come.

What is striking about API's work is both the breadth and depth of API's abilities to be on present on many policy issues simultaneously. This clearly corresponded to funding and staff capacities that other actors, such as social movement organizations, lacked in comparison to capitalist organizations like trade associations. The creation of positions on policies through API is one meaningful way that capitalists in the petroleum industry engage with policy on an industry wide level. The organizational transformations within API in the 1960s and 1970s to focus on legislation should also be understood as an intentional effort by capitalists to shape political environments to their advantages. Although individual petroleum companies were also active in creating policy positions, through API, industry leaders were able to strategize and create cohesive positions on legislative issues, which were then implemented by API staff.

Today, petroleum industry leaders continue to operate a strong policy program through API, focusing on policies and potential regulations that could harm or benefit the petroleum industry, notably domestic pipeline development and climate change. Regarding the latter, API's policy position on climate change has taken many shifts over the years, from first advocating a position of climate skepticism and denial to today taking a position that frames the industry as a partner in emission reduction. It is interesting to note that in the mid 1990s API did not even feature a coherent climate policy position on its website. Nor did it list climate change under issues of environmental concern, which had a separate section on its website at this time.

Nonetheless, API did have a strong position on climate change and was active in disseminating and advocating its position both on and off the Hill. In a speech to the Economics Club of Detroit, Bill O'Keefe, then acting vice president of API, framed impending climate change legislation this way:

The Clinton Administration has decided that human activity is causing global warming, and that this compels immediate action to restrict carbon dioxide emissions which means to restrict energy use. Its current policy of supporting a legally binding international agreement would likely force U.S. to reduce fossil fuel use about 20 percent by 2010. Since energy is the mainspring of economic progress, the impact would be dramatic. Even after implementing all reasonable conservation measures, there is no way to do this and still maintain healthy economic growth. (O’Keefe 1996)

In contrast, O’Keefe maintained a denialist position that climate change science was inconclusive and a “hypothesis” at best.¹⁰

Realistically, global warming remains a hypothesis. Dire predictions are based largely on the projections of large, complex computer models, but none of the models purporting to demonstrate the connection between temperature and CO₂ work in practice. Although they are improving, they cannot replicate either past or present temperature patterns. Because CO₂ represents such a small fraction of all greenhouse gases, modeling its impact in a complex climate system is not easy. (O’Keefe 1996)

To support his claim, O’Keefe cited Richard Lindzen, a meteorologist who has been linked to various conservative think tanks and is today known as a major climate denialist:

Professor Richard Lindzen of the Massachusetts Institute of Technology – a fellow skeptic – says the current models are about as accurate as Ouija boards. They cannot deal adequately with the effects of water vapor, clouds, heat transfer, solar activity, oceans, or natural carbon sinks. (O’Keefe 1996)

After outlining this position on climate change, O’Keefe detailed four “decision-making rules,” particularly for businesses, which are listed in full in Figure 7.6. Each of these “rules” advocated

¹⁰ On the distinction between skepticism and denialism, see Dunlap (2013).

practices and policy positions that would be least disruptive to business practices. Weaved throughout these positions, however, was a clear point that the reality of climate change was uncertain or at least would not have the widespread impacts that were already increasingly understood by climate scientists and policymakers during this time.

It is also worth noting that while Bill O’Keefe was serving as vice president of API, he was also serving as chairman of the board of an inter-industry organization called the Global Climate Coalition (GCC). The GCC was a strong organized capitalist force during the 1990s working “to coordinate business participation in the international policy debate on climate change and global warming” (GCC 2001). GCC policy positions on climate change mirrored many of those advocated by API, which suggests that there was much industry coordination on climate change policy positions at this time.¹¹ Through the GCC, capitalists had a focused position on climate change policy that served as the backbone of its lobbying campaigns throughout the 1990s. When President Bush failed to ratify the Kyoto Protocol, one of the first global treaties outlining actionable items to reduce climate change, the GCC was credited as one of the major influences on his decision (Hoggan and Littlemore 2009). After the Kyoto decision, the GCC was disbanded, with the organization saying it had accomplished its goals as an organization (GCC 2002).

By advocating the above positions and working closely with other capitalists to achieve goals on climate change, petroleum industry leaders were certainly an active force in stopping and redirecting the course of climate change policy during the 1990s. Although API’s messaging during this time was not aimed at the general public, it is not difficult to see how these organized

¹¹ Recent work by Jane Mayer, *Dark Money*, also shows evidence of the Koch Brothers being active in the organized climate denial machine during this time as well.

efforts through API itself as well as a broader coalition like the GCC could also have profound impacts on climate change understanding in the general population as well.

Today, API has shifted its position on the science of climate change. In its most recent comprehensive publication outlining API's position, denial and skepticism are no longer the primary frames utilized by the organization:

The oil and gas industry considers climate change a very important issue and is engaging constructively to address this complex global challenge. United States climate policy must recognize the vital role of petroleum products in modern society, and the many benefits that oil and natural gas provide our nation and the world. (API 2017f)

However, even though API's position appears to have shifted, the content of its actionable and policy-centered positions remains practically the same as twenty years ago. API still focuses on defending the "vital role" of the petroleum industry and still advocates against regulation to address climate change. In its defense, API claims the industry is already a responsible environmental steward and has been working on emissions reductions for many years:

Right now, the United States is leading the world in the production and refining of oil and natural gas, as well as in the reduction of GHG emissions. CO₂ emissions from power generation in 2016 were **near 30-year lows**, in large part due to greater use of natural gas. And increased use of natural gas in the power generation sector has helped to reduce total CO₂ emissions to their **lowest level in nearly 25 years**. This proves that Americans do not have to make the false choice between utilizing our nation's energy resources and protecting the environment. (API 2017f:1; emphasis in original)

In these positions on climate change today, API attempts to shift attention to how the industry is already working on climate change or, rather, the narrower frame of CO₂ reduction. API also

broadens the industry's operations from petroleum to include natural gas, which it suggests is a much cleaner burning fuel. With such a framing, API finally comes to the conclusion like it has in many other policy debates that no policy is necessary because the industry is already making essential strides in curtailing climate change through voluntary measures. Thus, API frames these reductions as industry responsibility and innovation and not the result of any government intervention:

These reductions are the result of market forces. *They have little to do with government programs* and everything to do with the affordability of the United States' natural gas resource. With such an abundant supply of affordable fuel on hand, power plants already have an incentive to use cleaner-burning natural gas without government interference.

The challenge to provide more energy while lowering greenhouse gas emissions is clear. Government mandates like the Clean Power Plan are not the most cost-effective means to lower greenhouse gas emissions; the market demand for natural gas is doing that on its own. And a **market-based, all-of-the above energy policy** that encourages innovation and meets demand is the best combined economic and environmental option for our future. (API 2017f:6; emphasis in italics added)

Today, API advocates the position that policy would actually be *detrimental* to reaching goals of CO₂ reduction. This policy position therefore mirrors previous efforts of API to address potential government interference in the ability of petroleum capitalists to continue their business practices.

Although API did not start with a strong federal-focused program, API's early state efforts eventually set the stage for the organization to be utilized as a clearinghouse for policy issues that could potentially impact the entire petroleum industry. Impending environmental

regulations were major reasons that API began to focus on federal level positions. It is difficult to measure the impacts and effects of these focused efforts on the state and policy, but through API, the petroleum industry continues to be a strong force capable of continued and vigilant efforts to shape and prevent public policies.

Normalizing Oil: API and the Shaping of Public Opinion and the General Public's View of Petroleum's Necessity

The final actor that petroleum industry leaders have consistently engaged with through API is the general public. Shaping public opinion on the petroleum industry and petroleum industry products and practices has been a core part of API's programs over time. However, early in API's history, petroleum industry leaders were wary of any public relations efforts and wanted the newly formed association to be centered on the creation of standards and some limited public policy work (Fanning 1959; Potter 1990). Individual petroleum firms also rarely had public relations programs in house during this time, which also attributed to lack of wider industry support for this type of program to be established through API.

Following WWII, however, this sentiment changed among petroleum industry leaders. Potter cites the leadership of R.T. Haslam, one of the directors of the board of API at the time, leading the charge with the following observations to justify the creation of public relations work through API:

[The petroleum industry was] particularly subject to political attacks and threats of government control because of popular misconceptions that it was a monopoly that reaped excessive profits. [Haslam] pointed out that other basic industries (iron and steel, coal, electric power, motor vehicles, railroads, etc.) had already launched public relations programs. He cited surveys by individual oil companies which showed growing public

sentiment favoring more government control and even direct government ownership of petroleum resources. (Potter 1990:14)

Other members of the Board shared Haslam's views and supported the development of a formal public relations (PR) effort through API. After some preliminary public attitude surveys had confirmed many of the public opinions cited by Haslam, in November of 1946, the Board approved a \$1 million budget for the new PR effort. Given that the entire budget of API at this time was also \$1 million, it is clear that petro-capitalists were serious about investing in public relations (Potter 1990). Today, public relations work continues to be a high priority for API as a part of its broader public policy focus.

Over time, API has utilized a number of methods in its attempts to reach the public with its targeted messages about the petroleum industry, its practices, and its positions on political issues that concern the industry. Some of these methods include:

- *Local Events* including the "Oil Progress Week," highlighted in the section on labor above as well as other local events, particularly during election seasons. Tours of local petroleum facilities were also popular tactics, particularly with state officials and the media.
- *Advertisements* distributed through almost all forms of media including magazines, television, newspapers, websites, and social media.
- *School Programs* including the development of primary and secondary school curriculum in economics, physics, chemistry, and general science, which focused attention on the petroleum industry's products and processes. API staff would also attend teacher conventions and seminars to advocate the adoption of these materials and advertise in educational journals. Portions of API's website is

dedicated to secondary and primary school teachers with structured curriculum and “fact sheets” about the petroleum industry.

- *Special Films* for use in school programs and local events, highlighting the history of petroleum and petroleum development as a “natural” process. Popular television programs for children and adults also occasionally featured segments on the petroleum industry, which were sponsored by API.
- *Websites and Social Media* focused on API’s positions on political issues that concern the petroleum industry. Much of these efforts have focused on environmental issues, the industry’s role in job creation, and safety in the industry.

Through these methods of information distribution, API’s PR efforts have served two primary purposes. The first of these is centered on painting the industry as an essential part of U.S. society and *normalizing* the industry and industry practices to the American public. As shown by the quotes from the board of directors above, this focus anchored the development of the PR program in API and continues to mark PR produced by API today. For example, the creation of Oil Progress Week in the 1940s and 1950s highlighted in the above section on labor was created to “bring home to local communities the fact that oil companies, large and small, are good citizens who provide many services to the public” (Potter 1990:15). Centering attention on local petroleum industry companies was a strategic way to put a face to the petroleum industry, framing the industry as a part of local communities instead of the large monopolistic industry that much of the public associated with the industry. Some of API’s first advertisements were also created in attempts to reframe the industry as an essential part of U.S. society that represented American values. Figure 7.7 displays one of these first advertisements. The content

of the advertisement frames the industry along the lines of competition, which is also connected to the core of American values. Connecting the petroleum industry to “competition,” “rivalry,” and “American values,” was an intentional effort to encourage new public views of the industry that were not associated unfair business practices.

Over the next several decades, API continued to develop materials framing the industry in ways that were meant to normalize its practices and processes. In the 1950s and 1960s, API expanded its methods into television and films. For example, scripts for episodes of the popular television program Art Linkletter’s *House Party* were developed that centered on petroleum as a part of everyday life in the United States and focused on the widespread nature of its use:

... narration: “Eat a piece of candy – heat a city – build a home or skyscraper – fire a rocket – kill a fly – buy your wife a pair of stockings – break a speed record – sail a ship or run a factory – If it isn’t made of oil, then oil powers it, or helps dig it out of the ground, or brings it to your door...

Before man could do much about making a better world for himself, he needed a source of abundant low cost energy... In the discovery of OIL, he found the world’s most important energy source. (API 1961:4)

The program continues, framing petroleum as the conduit through which modern society has been able to progress.

In the 1970s, API also ramped up local and regional events, as the industry was exploring more offshore drilling, particularly on the East Coast and in the Gulf of Mexico. To garner public acceptance and public support for these efforts, API developed comprehensive regional programs to promote offshore drilling:

For several years, an intensive local effort was mounted in the all of the East Coast and [Gulf Coast] states to develop understanding of the nation's pressing need for domestic energy supplies, the industry's ability to operate in an ecologically safe manner and the jobs and other economic benefits which might accrue to the local economy from a successful oil or gas discovery. (Potter 1990:62;)

Such targeted strategies show how intentional these efforts have been on the part of API, with few activities in API being performed without forethought and strategic planning. Petroleum industry leaders utilized API to present packaged messages about the industry, normalizing its practices and even framing its endeavors as safe. To accomplish this messaging, API formulated a number of methods and programs to garner support for off-shore drilling:

All the usual techniques were employed (media visits, speeches before all types of audiences, films, exhibits, etc.) but the most successful method of information and educating government officials, business leaders, the media and other thought leaders was through offshore tours of platforms and other facilities in the Gulf. Here, people could see for themselves how the industry operated in an offshore environment and ask questions of oil people working on the rigs. (Potter 1990:62)

The comprehensive methods utilized by API in this regional public relations project show how invested industry leaders were in attempting to shape public perception of the industry.

These attempts to normalize the industry are still core parts of API's public relations programs and materials today. API relies heavily on new forms of digital media, such as websites and social media, to distribute its messages about the industry. However, the organization also still utilizes local events and sponsorships to engage with the public. The example of the Energy Citizens group highlighted in the labor section is a continuation of the

group's presence in local communities. National campaigns during election season are also common, with API sponsoring debates or special events focused on energy. For example, in the 2016 Presidential election, API developed a campaign called "Vote 4 Energy." From a cursory view, this campaign appears to be a comprehensive informational program on all type of energy produced and used in the United States. However, upon closer examination, the messaging of the materials always leads back to American dependence and need for petroleum products as well as natural gas today and for years to come. For example, in a report developed under the campaign entitled "Energy is Everything: State of American Energy," API acknowledges the development and potential growth of renewable energy, but argues that petroleum and natural gas will still be an essential part of the energy landscape in the U.S. for years to come:

It is clear, based on the consensus opinion of most experts, including the EIA [Energy Information Association], that it is unrealistic to suggest that we can meet our future energy needs without fossil fuels. The reality is that, while renewable fuels are an important part of our nation's energy equation, the high-growth renewables remain intermittent and therefore unable to provide a consistent and reliable base for electricity generation. Conversely, natural gas provides a steady, reliable and cost-effective base that lowers costs for consumers and also provides flexibility that makes the use of more intermittent sources of energy feasible. (API 2017e:10)

Figure 7.8 shows a graph that accompanied this text, showing projections of different types of energy use in 2040. Oil and natural gas in this projection are still framed as major parts of energy development and use in the future. Framing oil and gas products as not only normal, but also inevitable is a strategic messaging utilized by API. To distribute this message to the public and policy-makers, API developed a massive web presence, television commercials (featuring people

who were “voting for energy” which corresponded to continued use of fossil fuels), and sponsored events on “balanced energy” approaches during the 2016 election.

Through API, then, petroleum industry leaders have historically provided their own narratives for public consumption creating industry-friendly reference points for how the public could potentially understand the wider petroleum industry as well as many of its practices.

The second purpose of API’s public relations work has been to provide unified messages from the petroleum industry on policy issues that could potentially impact the ability of the petroleum industry to continue its operations. This includes both crisis moments in the industry such as large environmental disasters like oil and pipeline spills or other politicized events like oil shortages as well as impending environmental problems, which are publically attributed to industry practices. Although individual oil companies have also developed positions and public relations efforts in response to these issues, through API, petroleum industry leaders have been able to develop *unified* responses to what they perceive as threats to the industry and their ability to continue to accumulate profit. API is then able to use these positions to develop materials for public consumption as well as policies that the industry deems as beneficial to the industry. For example, the activities described above on offshore development were created following the Santa Barbara oil spill in 1969 (Potter 1990). Petroleum industry leaders were concerned about public perception of the industry following the spill, which led them to produce a public relations program focused on safety and jobs provided by offshore development.

After the Deepwater Horizon oil spill (also known as the BP oil spill) in 2010, API devoted an entire section of its website to oil spill updates (API 2010). Through this area, API distributed information produced by the organization that advocated the industry’s positions related to the spill. Like the response to the Santa Barbara spill, a major part of the content of

API's information was centered on safety standards within the industry. API advocated positions that offshore drilling was a safe endeavor and that the spill was an anomaly within the industry:

Offshore oil and gas exploration and production operations have been successfully and safely conducted in the U.S. since the 1940s. Since that time, industry, government and oil spill response organizations in the United States have worked together to develop an effective oil spill prevention, preparedness and response regime that is recognized for excellence around the world. (API 2010)

Additionally, API utilized its website to present policy positions regarding oil spills and offshore drilling, particularly noting this spills such as this should not disrupt future development in the industry:

As the White House and other political leaders have noted, the reality is that we will need more oil and natural gas now and for decades to come. Producing our own energy helps increase the nation's energy security, creates American jobs and generates government revenues. That is why President Obama has said that he remains committed to his plan to expand offshore drilling. (API 2010)

These messages of course were not only contained within the website of API. API staff were also active in legislative sessions and utilized other media forms (such as newspapers and social media) to present its positions.

Today, API continues its vigilant engagement with the general public, advocating an understanding of the industry as an essential and normal part of the American landscape. As highlighted in the previous two sections, API frames the industry as a job creator and responsible industry that supplies essential products to the public, often utilizing labor in its commercials and on the ground efforts to further amplify these messages. API's most recent advertising campaign

revamps the industry's image under the banner "This Ain't Your Daddy's Oil" (API 2017g). API revealed this new campaign during the 2017 Superbowl. The ability to pay for this airtime is remarkable enough, but also goes to show how the industry is still attempting to reach the largest audiences possible. The thirty-second commercial features various uses of petroleum products, such as in paint, in make-up, in plastics, and as a fuel source, juxtaposed against tailored images of each of these uses, with simple text (see Figures 7.9, 7.10, and 7.11) such as "Oil gushes Art" or "Oil Strikes a Pose." The commercial ends with the declaration: "Together, we can power past impossible," which corresponds to API's new campaign website powerpastimpossible.org, and small text disclosing that the advertisement was paid for by the American Petroleum Institute.

Through all of API's public relations efforts, petroleum industry leaders have been actively involved in attempting to shape public perceptions of the industry. Whether it be concerns about public perception of the entire industry, its individual practices, or other problems attributed to the industry such as environmental issues, petroleum industry leaders are clearly aware of these potential threats to their ability to continue to accumulate profits. Through API, the industry has had a consistent organized presence and platform to distribute its positions for nearly 100 years. Whether it be relations with labor, the state, or the general public, API has served as one of the primary ways that the petroleum industry has attempted to influence and potentially control other actors that are seen as important parts of the cultural and political landscape in which the petroleum industry operates.

Chapter 8

Conclusion

This dissertation examined the creation and subsequent work of one national trade association, the American Petroleum Institute (API). The central puzzle driving my research has been why and how competitive capitalist firms of all sizes and business activities in the petroleum sector of the U.S. coalesced into a national trade association. Increasingly, the power of the petroleum industry has been recognized by critics of the dominance of petro-culture and petro-politics. Yet there continues to be little attention to the ever-present association, API, that stands behind this domination. In attempting to understand API better, this dissertation dug deeper and deeper into the history of petroleum firms' competition and cooperation from before the time that API was even conceived. It also built a theoretical understanding of the importance of trade associations for class work by capitalists by utilizing Marxian organizational theory.

Utilizing archival methods, findings from this dissertation challenge conceptualizations that trade associations are primarily institutional settings of cultural production for business communities (Spillman 2012) or rational responses by business leaders to collective problems (Aldrich and Staber 1988; Baron 1995; Hillman and Hitt 1999). Utilizing Marxian organizational theory, findings from this dissertation present a new conceptualization: trade associations are inherently *capitalist* organizations created to build and maintain the interests of the capitalist class.

To unpack and support this conceptualization, each chapter of the case study of API provided insight into how and why API was important for petroleum industry capitalists to be able to first recognize and then protect and promote their class-based interests. Chapter Four first examined the difficulties of creating unity in the petroleum sector in the late 1800s. Although petroleum industry leaders occasionally attempted to organize through trade associations to

accomplish collective goals and economic stability, these efforts ironically culminated in a divided industry environment. These divisions were further amplified through the monopolistic practices of Standard Oil. In some ways, we can view Standard Oil's goals and actions as similar to creating a trade association, although notably with few avenues for collective work through the network of Standard firms that eventually became the Standard Oil Trust. Even after the break-up of Standard by the federal government, the industry environment remained divided, with industry leaders showing little sign of working together as a collective.

However, the industry environment shifted as petro-capitalists worked together through WWI war service committees. Chapter Five detailed the experiences of capitalists within the petroleum sector as they began to recognize their collective interests as an industry. Shifts in state priorities, more inclusive industry organizations, and the building of a comprehensive industry identity all contributed to this recognition process. Following the war, petroleum industry leaders were eager and enthusiastic to continue their cooperative efforts, which led to the creation of their first national trade association, the American Petroleum Institute. The establishment of API was the culmination of this recognition process that occurred during the war. Chapter Six examined the three meetings and conferences that petroleum industry leaders participated in to plan the purpose and structure of API, all of which illuminated the intentional strategies of petroleum industry leaders to create an organization inclusive of all sub-sectors and types of firms and centered on their collective goals as leaders of these firms.

The final chapter of the case study, Chapter Seven, answered questions about what petroleum industry capitalists were able to accomplish after they became unified through API. I found that API was used for two primary purposes. One was activities that constituted *internal industry organizing*, which served to deepen ties among industry leadership and create common

practices and standards within the industry. The second was to influence *external environments and actors*, particularly those that could have an effect on the ability of petroleum industry capitalists to continue to accumulate profit. Both of these activity areas have been continuous throughout the history of API, showing the ongoing and expansive engagement of petroleum capitalists throughout the past several decades. Together, each of these chapters support the conceptualization that trade associations are inherently capitalist organizations created with the intention to protect and promote the class-based interests of the capitalist class.

This dissertation research contributes to several areas of scholarly inquiry. The first is to reorient studies of trade associations through a Marxist lens, which challenges other conceptualizations of trade associations as social actors. A Marxist approach centers the very actors that work to create trade associations, showing that trade associations develop as a way for capitalists to define and pursue collective action together. Because these organizations were created with such a purpose, they are inherently capitalist organizations and are organizations for capitalists to contest and create solidarity with one another on internal industry issues and external threats and opportunities. Through trade associations, industry leaders then pursue a variety of programs that simultaneously protect the collective interests of and promote the growth of the industry. Such a conceptualization challenges characterizations of trade associations as organizations that primarily pursue work through “disinterested solidarity” and are organizations that serve primarily as meaning-making spaces for particular segments of the business community. While the work performed within trade associations may appear disinterested and while their work may simultaneously create solidarity, meaning and even camaraderie for its members, the very roots of trade associations are centered on a collective understanding of the need to protect and promote the collective identity and interests of an

industry as a whole. The decision to create an organization such as a trade association is one important way that capitalists recognize that need and pursue action to ensure their collective ability to continue to accumulate profit.

Another contribution is to broader Marxist debates about the role of the capitalist class in social change. Although structural Marxists point to the importance of structural forces, which are outside of the direct control of actors within society, this study shows that capitalists are intimately involved in attempting to shape policies, practices, and cultural and ideological positions within society. Instead of abstract or deterministic conclusions about the inevitable “failures” of capitalist perspectives, processes, or attempts to transform society, this dissertation takes seriously the efforts of capitalists to organize to protect their own class-based interests. The point is not that *individual* capitalists are seizing instrumental control over the U.S. state. Rather, the intentional collective efforts of capitalists through organizations like trade associations pushes attention to the individual/motivational and organizational levels of system creation and maintenance. In examining these efforts, the way that structure is built and shaped, step by step and gradually by powerful actors in society deserves more attention in how Marxists understand capitalist contributions to social structure stability as well as social change.

A final contribution of this dissertation is to studies of the petroleum industry itself as a social, cultural, and political actor. As highlighted in the introduction to the dissertation, the political and cultural dynamics at work above ground have much influence on how the oil sector is able to operate as an industry and continue to extract resources below ground. Recent work by Mitchell (2013) and Huber (2013) also contribute to these understandings, showing that the fossil fuel industries are active participants in shaping the way that society functions both materially and ideologically. However, while these studies touch on these themes, they do not dig deeply

into the intentional creation of political and cultural elements that are crucial to building the unsustainable structures that characterize much of the world today. This study of the American Petroleum Institute in particular shows how the industry has been a continuous and pervasive force in society for many decades creating narratives about petroleum that paint the industry as an essential part of American society and key to American prosperity. However, as the case study shows, all of these efforts are rooted in protection and promotion of the capitalists in the sector who created and maintained the organization over time. API's efforts should also help to complicate understandings of why social change itself is a difficult process, either for potentially competing capitalist sectors such as renewable energy or particularly for those within society who have much less material power than petro-capitalists. Seeing how petroleum industry leaders have been able to organize and implement their strategies through trade associations makes it easier to understand some of the barriers that exist to creating just and sustainable policies and practices. For the petroleum industry, this is particularly true for labor and environmental issues.

There are many future directions of research that stem from this study. More research on the development of trade associations in particular is necessary to support or challenge the conceptualization that trade associations are capitalist organizations. When considering the development of API, it is necessary to acknowledge how critical petroleum itself is as a commodity in the global economy, which likely had an impact on how the petroleum industry leaders operated through the trade association and developed its activities. Other industries likely do not face some of the same challenges or threats in the forms of regulations or have the same troubled history with the general public that the U.S. petroleum industry does. This may then lead to trade associations in other sectors not being as vital as API is for capitalists within the

petroleum industry in order to protect and promote their interests. More studies of the processes through which trade associations are formed would help to clarify the wider significance of trade associations particularly to capitalists themselves.

Further research is also necessary to assess the impacts and effects of trade associations on policy and public opinion. This is true of the broader population of trade associations as well as API specifically. By focusing primarily on the internal organizational challenges that went into the creation of API, this study only scratched the surface of many other social dynamics and processes that are of importance to assessing trade associations as social actors. Future research could address how API relates to the state, how API's work impacts policy development specifically and broadly, and how successful API's work actually is in its attempts to reach and influence various publics.

Finally, more research on a variety of capitalist organizations and organizing efforts are necessary to further clarify how capitalists come together to protect their class-based interests. Other organizations highlighted in this study including the Chamber of Commerce of the United States, the Global Climate Coalition, and other trade large trade associations must be given a sociological treatment. Such research not only contributes to scholarly understandings of social actors and social change, but are also vital to understand what intentional efforts go in to the perpetuation of capitalist systems. In a sense, such studies are meant to bring capitalists themselves back into analyses of social stability and change. What this means then is that there is much room for future research on API as an organization, trade associations as social actors, and capitalist organizing and organizations in general.

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Appendix

Table 5.1 The Committee on Petroleum of the Advisory Commission of the Council of National Defense, April 1917- December 1917

Name	Company Affiliation	Industry Ties
A.C. Bedford	Standard Oil Company of New Jersey	Former Standard Oil Trust
George S. Davison	Gulf Oil Corporation	Independent Oil Company
E.L. Doheny	Mexican Petroleum Corporation	Independent Oil Company
E.C. Lufkin	The Texas Company	Independent Oil Company
John H. Markham	Oil producer (Tulsa)	Independent Oil producer
H.F. Sinclair	Sinclair Oil & Gas Co.	Independent Oil Company
J.W. Van Dyke	Atlantic Refining Co.	Former Standard Oil Trust
H. G. James*	Western Petroleum Refiners Association of America	Trade Association, Independent
William Muir*	National Petroleum Association	Trade Association, Independent

* Committee members added June 1917

Sources: *National Petroleum News*, May 1917, p. 7; *National Petroleum News* June 1917, p. 20; *Oildom*, June 1917, p. 268; *Oildom*, July 1917, p. 321

Table 5.2 Members of the National Petroleum War Service Committee, January of 1918

Name	Company Affiliation	Industry Ties
A. C. Bedford, (Chair)	Standard Oil Company of New Jersey	Former Standard Oil Trust
E. C. Lufkin (Vice Chair)	The Texas Company	Independent Oil Company
E. W. Clark	The Union Oil Company	Independent Oil Company
J. S. Cosden	The Western Petroleum Refiners' Association	Trade Association, Independent
George. S. Davison	The Gulf Company	Independent Oil Company
E. L. Doheny	The Mexican Petroleum Company	Independent Oil Company
W. S. Farish	The Gulf Coast Oil Producers' Association	Trade Association, Independent
Frank Haskell	Mid-Continent Oil and Gas Association	Trade Association, Independent
Van H. Manning	Bureau of Mines, Washington, D.C.	Government Official
John H. Markham	Oil Producer (Tulsa)	Independent Oil producer
Samuel Messer	National Petroleum Association	Trade Association, Independent
H. F. Sinclair	The Sinclair Oil & Refining Company	Independent Oil Company
Walter C. Teagle	Standard Oil Company of New Jersey	Former Standard Oil Trust
J. W. Van Dyke	The Atlantic Refining Company	Former Standard Oil Trust
Judge M.J. Byrne*	Independent Oil Men's Association	Trade Association, Independent
A.G. Maguire*	Bartles-Maguire Oil Company	Independent Oil Company
R.L. Welch**	The Western Petroleum Refiners' Association	Trade Association, Independent

* Committee members added in March of 1918; ** Committee member added in May of 1918

Sources: *National Petroleum News*, January 1918, p. 5; *Oildom*, January 1918, p. 16; *National Petroleum News*, April 3, 1918, p. 13; *National Petroleum News*, May 27, 1918, p. 7

Table 5.3 Members of the National Petroleum War Service Committee, June 1918

Name	Company Affiliation	Industry Ties
A.C. Bedford (Chair)	Standard Oil Company of New Jersey	Former Standard Oil Trust
J. A. Moffett (Secretary)	Standard Oil Company of New Jersey	Former Standard Oil Trust
A. P. Combe	Standard Oil of Ohio	Former Standard Oil Trust
W. P. Cowan	Standard Oil of Indiana	Former Standard Oil Trust
B. G. Dawes	Ohio Cities Gas Co.	Independent Oil Company
E. L. Doheny	Mexican Petroleum Co.	Independent Oil Company
H. L. Doherty	Cities Service Cos.	Independent Oil Company
J. F. Guffey	Guffey & Gillespie	Independent Oil Company
Dr. Van H. Manning	Bureau of Mines	Government Official
J. H. Markham, Jr.	Oil Producer (Tulsa)	Independent Oil producer
A. G. McGuire	Oil Marketer (Milwaukee)	Independent Oil marketer
J. E. O'Neil	Prairie Oil & Gas Co.	Former Standard Oil Trust
J. Howard Pew	Sun Co.	Independent Oil Company
Edward Prizer	Vacuum Oil Co.	Independent Oil Company
H. F. Sinclair	Sinclair Corporation	Independent Oil Company
J. W. Van Dyke	Atlantic Refining Co.	Former Standard Oil Trust

Source: *Oildom*, June 1918, p.341

Table 5.4 Chairs of the Advisory Sub-Committees of the National Petroleum War Service Committee (June 1918)

Name	Advisory Committee Name	Company Affiliation
E. W. Clark	Pacific Coast Petroleum War Service Committee	Union Oil Co. of California
W. S. Farish	Committee on Production in Texas and Louisiana	Humble Oil & Refining Co.
George W. Crawford	Committee on Appalachian Production (Eastern Division)	Ohio Fuel Oil Co.
J. C. Donnell	Committee on Appalachian Production (Western Division)	Ohio Oil Co.
Frank Haskell	Committee for Mid-Continent Production	Tidal Oil Co.; Mid-Continent Oil & Gas Association
Samuel Messer	Committee for Appalachian Refining and Marketing	National Petroleum Association
J. S. Cosden	Committee for Mid-Continent Refining and Marketing	The Western Petroleum Refiners' Association
E. C. Lufkin	Committee on Distribution (Atlantic Division)	The Texas Company
Judge M. J. Byrne	Committee on Jobbers	Independent Oil Men's Association
H. M. Blackmer,	Committee for the Rocky Mountain Division	Mid-west Refining Co.
George S. Davison	Committee on Pipe Lines (Southern Division)	Gulf Oil Corp.
R. D. Benson	Committee on Pipe Lines (Northern Division)	Tide Water Pipe Co.
H. E. Felton	Committee on Tank Cars	Union Tank Line Co.
W. C. Teagle	Committee on Tank Vessels	Standard Oil Company of New Jersey
Martin F. Carey	Committee on Law	Standard Oil Co. of New York
J. H. Barr	Committee on Oil Well Supplies	National Supply Co.

Source: *Oildom*, June 1918, p.341

Table 5.5 Advisory Committees of the National Petroleum War Service Committee, September 1918

Name of Committee	No. of Members	Name of Committee	No. of Members
Pacific Coast Petroleum War Service Committee	7	Advisory Committee On Jobbers	10
Advisory Committee For The Rocky Mountain Division	11	Advisory Committee On Pipe Lines (Atlantic Division)	9
Advisory Committee For Mid-Continent Production	16	Advisory Committee On Pipe Lines (Southern Division)	9
Advisory Committee On Gulf Production	12	Advisory Committee On Tank Cars	16
Advisory Committee For Appalachian Production (Western Division)	15	Supervisors Of Rail Transportation Western District	1
Advisory Committee For Appalachian Production (Eastern Division)	12	Supervisors Of Rail Transportation Eastern District	1
Advisory Committee For Mid Continent Refining And Marketing	17	Advisory Committee On Tank Vessels	11
Advisory Committee For Appalachian Refining And Marketing	12	Advisory Committee On Oil Well Supplies	10
Advisory Committee On Distribution (Atlantic Division)	16	Advisory Committee On Natural Gas	9

Source: *Oildom*, September 1918, p. 693-695

Table 5.6 Directors and Bureaus of the Oil Division of the U.S. Fuel Administration, October 1918

Name of Director	Position	Company Affiliation
Mark L. Requa	General Director	--
A.E.F. Reel	Secretary to General Director	--
H.H. Eagle	Bureau of Oil Distribution and Complaints	American Oil Export, Co.
Norman B. Beecher	Legal Counsel	Burlingham, Montgomery, & Beecher
T.B. Gregory	Bureau of Natural Gas Section	Ohio Fuel Corporation
Thomas Cox	Bureau of Costs	Cox & Juessen
F.J. Silsbee	Bureau of Statistics	Pacific Petroleum Record
Thomas A. O'Donnell	Bureau of Oil Production	American Petroleum Co.
S.A. Guiberson, Jr.	Bureau of Pipelines	Associated Pipeline
A.C. Woodman	Bureau of Purchases and Lubricants	Union Petroleum Corporation
Aubrey G. MacGuire	Chief of Oil License Section	The Bartles-MacGuire Oil Co.
W. Champlin Robinson	Bureau of Oil Conservation	William C. Robinson & Sons Co. and the Robinson Oil Corporation, Baltimore
R.A. Wotowitch	Export License Section, War Trade Board	Crew Levick Co.
George E. Day	Bureau Oil Well Supplies	Youngstown Pipe & Sheet Co.
William A. Williams	Bureau of Technology	Empire Co.
John A. Middleton	Bureau of Traffic and Transportation	Frisco Line
Clifford G. Sheffield	Bureau of Domestic Consumption	Union Oil Co.

Source: *Oildom* October 1918, p.749

Table 6.1 First Structure of the American Petroleum Institute Groups, March 1919

Groups	Details of Group Members
Major Groups: 26 members; 7 groups	1. Production, six (6) members ○ Pacific Coast Group ○ Rocky Mountain Group ○ Mid-Continent Group ○ Gulf Coast Group ○ Appalachian (West) Group ○ Appalachian (East) Group 2. Manufacture, six (6) members ○ Pacific Coast Group ○ Mid-Continent Group ○ Pennsylvania Group ○ Atlantic Coast Group ○ Rocky Mountain Group ○ Gulf Coast Group 3. Distribution, six (6) members ○ Pacific Coast Group ○ Rocky Mountain Group ○ Mid-Continent Group ○ Gulf Coast Group ○ Appalachian Group ○ Atlantic Coast Group 4. Transportation, three (3) members ○ Pipeline Group ○ Tank-Car Group ○ Ships Group 5. Foreign Trade, three (3) members ○ Mexican and South American Group ○ Far East Group ○ European Group 6. Supply, one (1) member 7. Natural Gas, one (1) member
Minor Groups: 9 members, 2 groups	1. Officers' Group, five (5) members ex-officio ○ President, ○ Three Vice-Presidents ○ Treasurer 2. Group at Large, four (4) members

Source: *Oildom*, April 1919, p.20; 50

Table 6.2 First Elected Leadership of the American Petroleum Institute, March 1919

Group Name	Name	Company Name	Affiliation*
Major Groups			
<i>Production</i>			
Appalachian (East)	G.W. Crawford	Ohio Fuel Supply Company	I
Appalachian (West)	J.C. Donnell	Ohio Oil Company	S
Appalachian (West)	B.G. Dawes	Ohio Gas Company	I
Mid-Continent	Frank Haskell	Mid-Continent Oil & Gas	I
Mid-Continent	J.H. Markham Jr.	Producer, Tulsa	I
Gulf Coast	W.S. Farish	The Gulf Coast Oil Producers' Association	ITA
<i>Manufacture</i>			
Atlantic	Edward Prizer	Vacuum Oil Company	I
Atlantic	A.C. Bedford	Standard Oil Company of New Jersey	S
Mid-Continent	J.S. Cosden	The Western Petroleum Refiners' Association	ITA
Atlantic	R.D. Benson	Tide Water Pipe Co.	I
Mid-Continent	E.E. Schock	Indianapolis Refining Company	I
Pacific Coast	E.W. Clark	The Union Oil Company	I
<i>Distribution</i>			
Atlantic	A.C. Woodman	Union Petroleum Corporation	I
Appalachian (West)	A.P. Coombe	Standard Oil of Ohio	S
Mid-Continent	G.I. Sweney	Bartles-Sweney Oil Company	I
Mid-Continent	C.L. Maguire	Bartles-Maguire Oil Company	I
Mid-Continent	R.W. Stewart	Standard Oil Company of Indiana	S
Rocky Mountain	H.M. Blackmer	Mid-west Refining Company	I
<i>Transportation</i>			
Ships	J.H. Pew	Sun Company	I
Pipe Line	J.E. O'Neil	Prairie Oil & Gas Company	S
Tank Car	H.E. Felton	Union Tank Line Company	S
<i>Foreign Trade</i>			
European	W.C. Teagle	Standard Oil Company of New Jersey	S
Far East	Martin Carey	Standard Oil Company of New York	S
Mexico	E.L. Doheny	Mexican Petroleum Corporation	I
<i>Supply</i>			
	J.H. Barr	National Supply Company	I
<i>Natural Gas</i>			
	J.E. Guffey	Guffey-Gillispie Company	I
Minor Groups			
<i>Officer's Group</i>			
President	T.A. Donnell	American Petroleum Company	I
Vice President	Sam Messer	National Petroleum Association	ITA
Vice President	H.L. Doherty	Cities Service Company	I
Vice President	J.H. Van Dyke	Atlantic Refining Company	I
Treasurer	H.F. Sinclair	Sinclair Oil & Gas Company	I
<i>Group at Large</i>			
	Van H. Manning	Bureau of Mines	G
	Judge M.J. Byrne	Independent Oil Men's Association	ITA
	R. L. Welch	The Western Petroleum Refiners' Association	ITA
	C.D. Chamberlin	National Petroleum Association	ITA

* Abbreviations: Former Standard Oil Trust (S); Independent Oil Company (I); Independent Trade Association (ITA); Government Official (G)

Source: National Petroleum News, April 2, 1919, p.20-22; Fanning 1959

1. To secure the necessary and adequate fuel oil and gasoline supplies for the fleets of the United States Navy, both at home and abroad, including the Coast Patrol Services; also the necessary gasoline supply for the transport and motor car and aeroplane service for our armies operating abroad and at home, and for those now in the process of formation.
2. To secure the necessary fuel oil and gasoline supplies for the Allied Fleet of the British, French and Italian Navies and the gasoline supplies for the aeroplane and transport service of the Allied British, French and Italian armies, working directly with the War and Navy Departments of the Allies through the British, French and Italian Missions.
3. To secure and arrange for the supplies of petroleum products (fuel, oil, gasoline and kerosene) necessary to the industries engaged in the production of munitions, both at home and abroad, and to cooperate with the various foreign agencies and Government departments in connection therewith.
4. To coordinate the manufacture and distribution of petroleum products through the cooperation of the refiners of petroleum in the United States and, because of the present serious excess of consumption of oil over production, to endeavor to stimulate the producers of crude oil to increase production, to the end that all needs shall be fully met.

Figure 5.1 Purpose of Committee on Petroleum of the Advisory Commission of the Council of National Defense, October 1917

Source: Bedford, *Nation's Business*, October 1917, p. 34

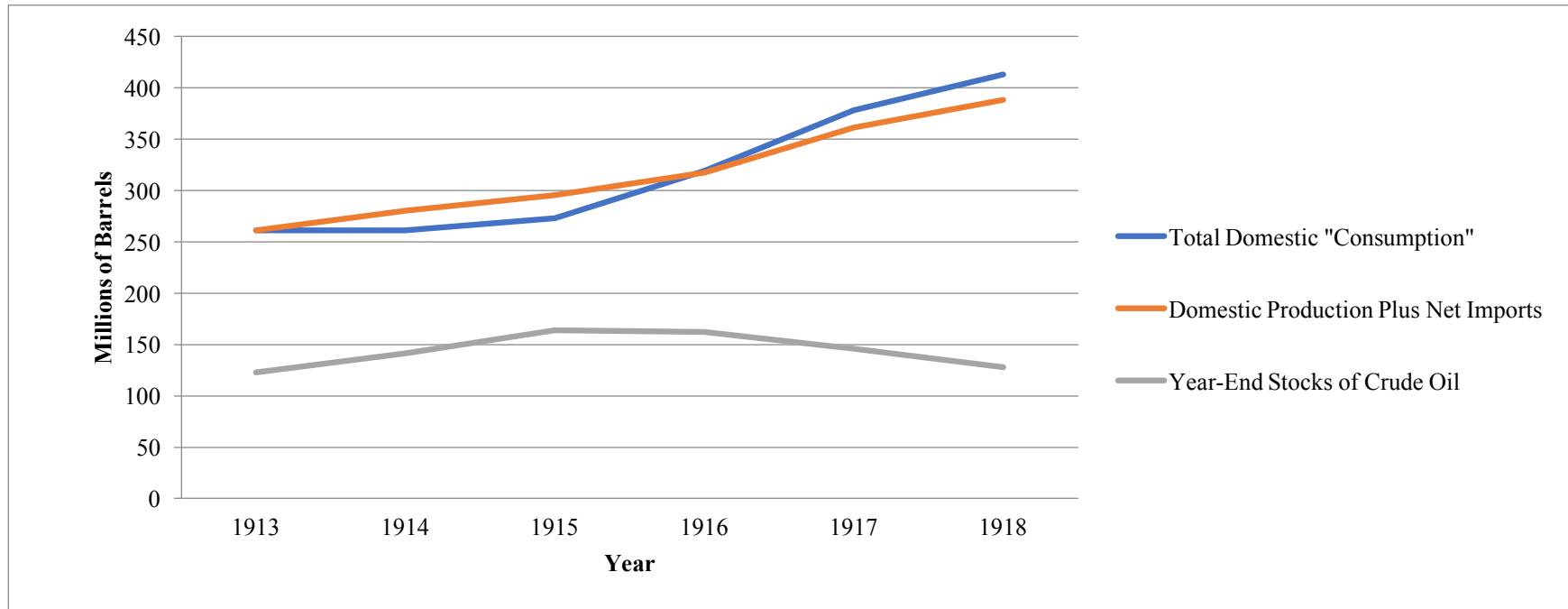


Figure 5.2 Production, Consumption, and Stocks of Crude Petroleum in Millions of Barrels, 1913-1918

Source: Williamson et al. 1963 *The American Petroleum Industry 1899-1959: Age of Illumination*, p. 286; Pogue 1921, *Economics of Petroleum*, p. 61

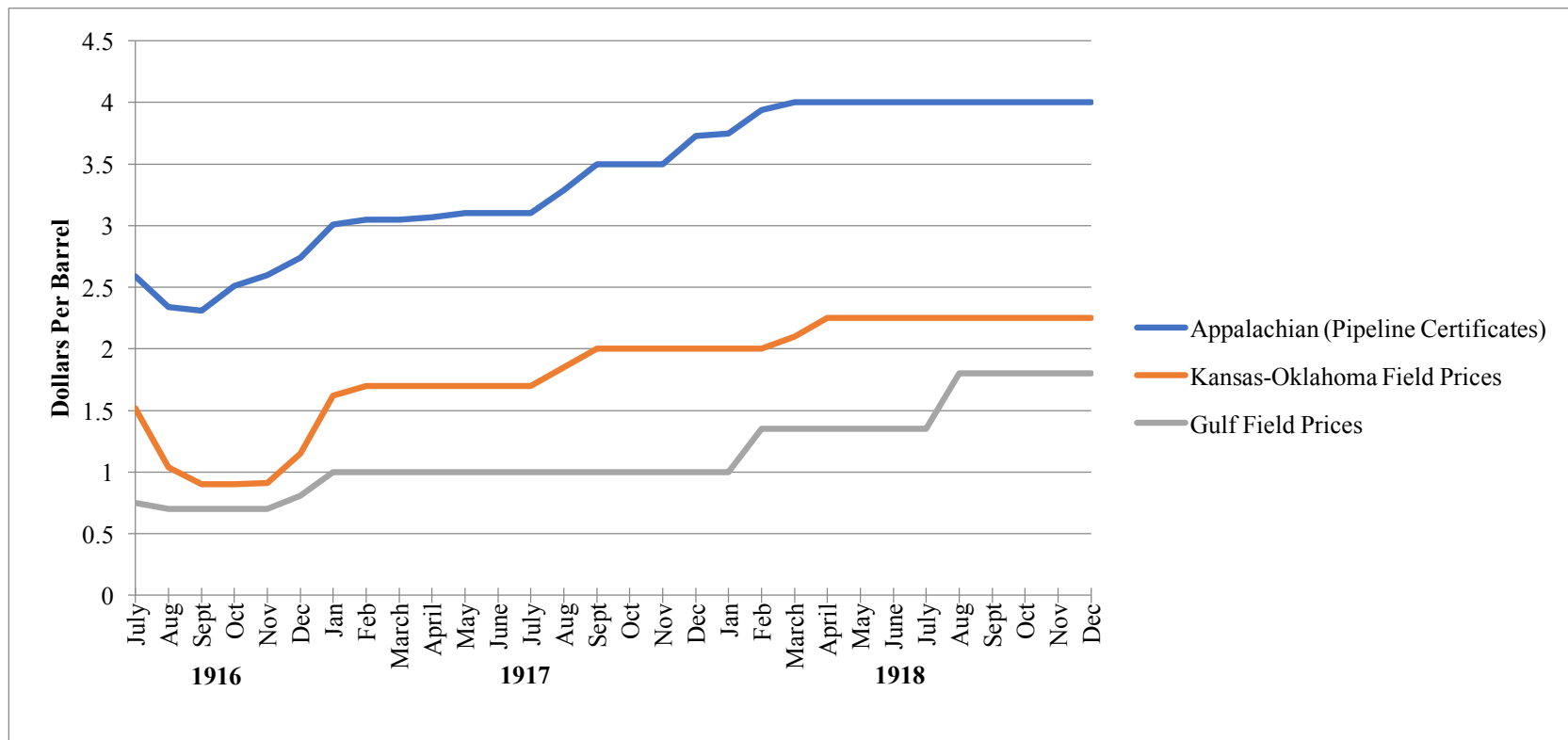


Figure 5.3 Monthly Prices of Crude, 1916-1918

Source: Williamson et al. 1963 *The American Petroleum Industry 1899-1959: Age of Illumination*, p. 287; Pogue 1921, *Economics of Petroleum*, p. 61

1. Act as the point of contact between the petroleum industry and our Government and our Allies.
2. Provide the necessary fuel, oil and gasoline supplies for the armies and navies of the United States and of our Allies.
3. Provide and arrange for the supplies of petroleum products necessary to the industries engaged in the production of munitions, both at home and abroad.
4. Co-ordinate the manufacture and distribution of petroleum products, and endeavor to stimulate the production of crude oil to the end that all needs shall be fully met.
5. Advise and co-operate with the Government and the Allies with reference to the allocation of tanker tonnage, and all transportation problems.
6. Keep the Government advised as to the capacity of various plants and available stocks both of crude oil and refined products.
7. Meet with departments of the Government to discuss questions affecting the industry raised by the war.

Figure 5.4 Purpose of the Petroleum War Service Committee, January 1918

Source: *Oildom*, January 1918, p.16

1. Cancellation of War Contracts

It is in the public interest that all war orders placed by any contracting agency of the government and accepted in good faith, whether formally and regularly executed or not, should, upon cancellation by such contracting agency, be promptly and equitably adjusted and satisfied as if every formality had been observed, and when so adjusted the amount ascertained to be due by the government should be promptly paid to the end that these funds may be utilized by the industries of the country to speed their transition from a war to a peace basis. If it should be ascertained that legislation is necessary or desirable to accomplish this end, Congress should forthwith enact such legislation. Officials dealing with questions of adjustment on account of war orders must necessarily be familiar with all the conditions affecting the order. It will greatly promote expedition and the interests of both the government and private enterprise for the officials who made the contracts to remain in the government service to participate in the readjustments.

2. Surplus Government Supplies

Under date of Nov. 29, 1918, the Secretary of War issued a public statement, i.e., "To prevent too violent dislocation of industry from the stand point of both employee and employer, accumulation by the War Department of either raw material or finished product will be distributed when and where liquidation of such supplies will least interfere with the return of industry to normal condition." Such action would seem to insure the stability of the industries affected which fully appreciate this liberal position. Therefore the War Service Committees of American Industries hereby tender to the War Department their services for their respective industries for the purpose of advising with and assisting the War Department in the disposition of such materials.

3. Removal of Restrictions of Industry

It is in the public interest that all war regulations of industry should be revoked and all war restrictions on industry should be removed as speedily as practicable, save such industries as are engaged in the production, preparation or distribution of foods, feeds, and fuel and such last named group of industries should be freed from war regulations and restrictions as early as consistent with the welfare of this nation and of the Allies.

4. Pivotal Industries

Conditions brought upon U.S. by the European war at its beginning, as well as our national necessities after we entered the war, made it of the highest-importance that a number of industries should at once be developed in the United States. Large investments, both of capital and skill, have since been placed in these enterprises. Upon the production of some of them, relatively small in themselves, the continuation of some of our largest industries has depended. Some of the recently developed industries have national importance in fields much broader than the markets of their products; for they may serve, for example, to promote scientific research, which will add to national efficiency, resources, and wealth in many distinct ways.

It becomes essential, therefore, that the government should at once proceed to ascertain the industries which have been developed during the European war and ascertain those the maintenance of which is indispensable for the safety of our industrial structure and our military establishment.

When these pivotal industries have been ascertained, means suitable in view of their nature, and situations should at once be provided for their encouragement and preservation.

5. Industrial Co-operation

The war has demonstrated that through industrial co-operation great economies may be achieved, waste eliminated, and efficiency increased. The nation should not forget, but rather should capitalize these lessons by adapting effective war practices to peace conditions through permitting reasonable co-operation between units of industry under appropriate federal supervision. It is in the public interest that reasonable trade agreements should be entered into, but the failure of the government to either clearly define the dividing line between those agreements which are, and those which are not, in unreasonable restraint of commerce, or to provide an agency to speak for it on application of those proposing to enter into such agreement in effect restricts wholesome co-operation and deprives both industry and the general public of its benefits. The conditions incident to the period of readjustment render it imperative that all obstacles to reasonable co-operation be immediately removed through appropriate legislation.

Figure 6.1 Resolutions Passed and Adopted at the Reconstruction Conference of the Chamber of Commerce of the United States, December 2-6, 1918

Source: *Automotive Industries, the Automobile*, December 12, 1918, p.996

6. Federal Trade Commission

The Federal Trade Commission was advocated by the President, and was created as an agency to make the administrations of our trust legislation explicit and intelligible, and to provide “the advice, the definite guidance and information” which business enterprises require. The normal importance of the commission's task is now tremendously increased by the imperative need for whole-hearted and sympathetic co-operation between the government and industry especially during the readjustment period and suggests the desirability of the two existing vacancies in the commission's membership being promptly filled with able men of broad business experience and clear vision prepared to assist actively in discharging these tasks along constructive lines.

7. Industrial Relations

The Convention heartily endorses in letter and spirit the principles of the industrial creed so clearly and forcibly stated in the paper read to it Thursday morning by Mr. John D. Rockefeller, Jr., and urges upon all units of industry—where they may not now be employed—the application of such principles. Without approving or rejecting his particular plan or machinery, the principles advanced by Mr. Rockefeller are as follows:

1—Labor and capital are partners, not enemies; their interests are common interests, not opposed, and neither can attain the fullest measure of prosperity at the expense of the other, but only in association with the other.

2—The purpose of industry is quite as much to advance social well-being as material well-being and in the pursuit of that purpose the interests of the community should be carefully considered, the well-being of the employees as respects living and working conditions should be fully guarded, management should be adequately recognized and capital should be justly compensated, and failure in any of these particulars means loss to all.

3—Every man is entitled to an opportunity to earn a living, to fair wages, to reasonable hours of work and proper working conditions, to a decent home, to the opportunity to play, to learn, to worship, and to love, as well as to toil and the responsibility rests as heavily upon industry as upon government or society to see that these conditions and opportunities prevail.

4—Industry, efficiency and initiative, wherever found, should be encouraged and adequately rewarded and indolence, indifference and restriction of production should be dis countenanced.

5—The provision of adequate means for uncovering grievances and promptly adjusting them is of fundamental importance to the successful conduct of industry.

6—The most potent measure in bringing about industrial harmony and prosperity is adequate representation of the parties in interest; existing forms of representation should be carefully studied and availed of in so far as they may be found to have merit and adaptable to the peculiar conditions in the various industries.

7—The application of right principles never fails to effect right relations; the letter killeth and the spirit maketh alive; forms are wholly secondary, while attitude and spirit are all important, and only as the parties in industry are animated by the spirit of fair play, justice to all and brotherhood, will any plans which they may mutually work out succeed.

8—That man renders the greatest social service who so co-operates in the organization of industry as to afford to the largest number of men the greatest opportunity for self development and the enjoyment by every man of those benefits which his own work adds to the wealth of civilization.

8. Relocation of Labor

The conversion of the industry of the country from a peace basis to a war basis involved a general and important dislocation of labor. This movement was gradual. The end of the war involves a much more rapid change in industry; while there will be a great demand for labor to meet the foreign and domestic requirements there may be for a time in special places a temporary condition of unemployment.

In the new relations of industry to labor we conceive it to be incumbent upon the community affected promptly to meet such conditions.

The local chambers of commerce should be able to contribute in an important way in this work.

9. Public Works

The development of public works of every sort, as recommended by the President, should promptly be resumed, in order that opportunities of employment may be created for unskilled labor.

Figure 6.1, Continued

10. Taxation

The cessation of hostilities brings to business interests a feeling of deep concern in the matter of taxation. The problems of readjustment are made more difficult through inequalities in the present law.

We believe, therefore, that in the consideration of amendments to the present act, or the passage of new revenue legislation, attention must be given to the views expressed by organizations of commerce and industry. Ability to pay, inventory values and proper reserves together with careful survey of the amount of revenue required under the new conditions are matters of vital importance to business interests of the nation during this readjustment period.

11. Inventories

We urge that Congress should give careful consideration to the grave menace now facing all industry due to the fact that both raw materials and finished goods are carried in full measure to meet the extraordinary requirements of the government and of the people, and that in large part the stocks have been acquired at abnormal cost and are therefore carried into inventories at inflated values, thereby showing apparent profits which have not been realized, and which probably will never be fully realized. These are largely bookkeeping or "paper" profits, and should not be used as a basis for taxation.

We therefore recommend that any tax law shall provide that during present conditions the taxpayer shall be allowed to make a deduction from his apparent profit by way of a reserve for a subsequent shrinkage in the value of merchandise.

We believe that the interests of the government can be protected against abuse of this privilege by the fixing of a maximum percentage of deduction to be allowed, and by the use of proper methods of inspection and appraisal.

12. Railroads

The Congress of the United States should speedily enact legislation providing for the early return under federal charters to their owners, of all railroads now being operated by this government under federal regulations per mitting the elimination of wasteful competition, the pooling of equipment, combinations or consolidations through owner ship or otherwise in the operation of terminals, and such other practices as will tend to economies without destroying competition in service.

13. Means of Communication

We are opposed to government ownership and operation of telegraphs, telephones, and cables.

14. Merchant Marine

We recommend that the construction of a great Merchant Marine be continued and amplified, and that its operation under American control be kept safe by such legislation as may be necessary to insure its stability and its lasting value to American industries.

15. Port Facilities

The recommendations of the Port and Harbor Facilities Commission of the United States Shipping Board for development of ports are supported. Vessels of foreign register needed for our commerce by sea are attracted to those ports which are best fitted to coal, to load, and to unload cargoes, and thus provide means for a quick turn around. After ascertaining the port facilities of European countries, and their plans for further development, the com mission has recommended that there should be a local port commission at each of the important ports upon our coasts, that upon these commissions there should be representatives of industrial, commercial, and railroad interests centering at the port, that facilities should be installed to meet the needs of the port, and that a zone system should be arranged by which exports and imports would flow through those ports which are within economic transportation distance of the points of origin and destination. There should be co-operation with the Facilities Commission in its task of expanding means which will enhance the position of the United States among maritime nations.

Figure 6.1, Continued

16. Public Utilities

Public utilities have faced difficult problems, which have been accentuated by conditions arising out of war. The development and efficiency of such a utility as local transportation has immediate importance for every community. It is recommended that the Chamber of Commerce of the United States should appoint a committee to investigate and study the question of local transportation as it relates to the control of rates and service, franchises, taxes, the attraction of capital into the business, and such other questions as the committee may find pertinent. Such a committee should report its recommendations to the Board of Directors of the National Chamber, and the board should deal with them in accordance with the established procedure of the chamber.

17. Water Powers

Industrial activity is dependent upon the available supply of power. A bill which would effect the development of hydroelectric, power upon waterways and lands which are subject to federal jurisdiction is now before a committee of conference between the two Houses of Congress. It is important in the public interest that Federal legislation on this subject should be enacted without further delay. We accordingly urge that the conference committee arrive at an acceptable form of legislation in season for enactment at this session of Congress.

18. International Reconstruction

In war we have made common cause with the Allies. We should likewise make common cause with them in seeking the solution of the immediate problems of reconstruction which they face, because of the efforts they put forth in the war. These problems peculiarly depend for their solution upon commerce.

Raw materials and industrial equipment which we possess the Allies urgently require, that they may reconstitute their economic life. We should deal generously with them in sharing these resources.

In order that we may share our materials with the Allies, we must also provide them with credits through which they may make the necessary payments.

Our ocean tonnage must supply our troops overseas and help to provision the inhabitants of war-devastated regions. The part of our ocean tonnage not required for these paramount needs, and vessels of associated countries which are in a similar situation, should be entered into the common service of all nations. This common service should secure to all nations their immediate needs of food, raw materials, and transport for their products.

19. European Commission

The business men of the United States, having devoted their energies and resources toward the winning of the war, regardless of sacrifices or burdens, in support of the principles for which this country fought, appreciate the necessity of continuance of unremitting effort in order that the world may be restored to normal conditions as quickly as possible and the blessings of peace brought to all peoples.

In the accomplishment of these results the highest efficiency of the great commercial and industrial powers of our own country and that of the Allied nations will be developed only through co-operative effort and common counsel.

In order, therefore, to contribute to the fullest toward the prompt solution of the problem presented, the Chamber of Commerce of the United States is requested to enlist the co-operation of national bodies devoted to the extension and promotion of American commerce, and particularly foreign trade, in the appointment of a commission representative of American business, which shall proceed without delay to Europe and establish machinery for the following purposes:

A—To study at first hand the reconstruction needs of European countries in conjunction with business men of these nations in order to advise the business men of the United States as to how they may be most helpful in meeting the necessities of Europe and caring for the interests of American industry and commerce.

Figure 6.1, Continued

B--To be available to the Peace delegates of the United States for any needed information which they may be able to present or for any other aid which may be given by the business men of the United States through the medium of such a commission.

The Chamber of Commerce of the United States also is requested to appoint members of the commission to represent the business men of the United States at the forthcoming meeting of the Permanent Committees of the International Congress of Chambers of Commerce.

20. Markets for Foreign Trade

We strongly urge upon our government the vital necessity of encouraging and developing our foreign trade through all appropriate means possible, in order that the production of industry may afford employment to wage earners and prosperity to the nation.

21. South American Relations

It has long been the policy of this nation to cultivate relations of close sympathy with the nations of the western hemisphere as expressed in the Monroe Doctrine. We believe that these relations should be supplemented and strengthened by a vigorous development of our commerce and financial associations with our neighbors of North and South America.

The government's control of shipping should be brought to the accomplishment of this purpose as soon as it is consistent with other urgent needs, and the work of the Pan-American Union should be continued and broadened in scope.

22. Property Rights in Mexico

By provisions in a constitution adopted while much of the country was engaged in civil strife, and through subsequent legislation, Mexican authorities have threatened rights acquired by Americans in good faith, especially in minerals, including petroleum. Against threatened confiscation the American Government made formal protests. The attitude taken by the American Government is heartily commended as in accordance with obvious justice.

23. Education for Foreign Commerce

In the larger opportunities which are to be opened to American business men to play a part in the international commerce of the world the need will be felt for more men who are trained to a knowledge and understanding of the language, the business methods and the habits of thought of foreign lands. Complete success can only come to those who succeed in putting them selves into full accord and sympathy with the peoples with whom they are to deal.

We urge upon our industries that they take steps to provide opportunities to young men to obtain an education in the practices of overseas commerce and finance and in the practical use of foreign languages.

We call the attention of the various departments of government and of educators to the importance of this matter and ask that special efforts be made to supplement the valuable work already done, and to open up every facility to the furtherance of a successful prosecution of this educational work.

24. Forest Products Laboratories

The Forest Products Laboratories, of the United States Forest Service, have rendered valuable service through scientific investigation of the physical properties of American woods and their adapt ability for structural, industrial and ornamental usage. It is of great importance to American industry that the government should extend and adequately maintain the work of the Forest Products Laboratories.

Figure 6.1, Continued

25. Cost Accounting

It is the sense of this Convention that uniform cost accounting should be adopted by industries.

26. Council and Executive Committee

Your Committee has given serious consideration to the suggestion that following this conference an executive committee should be appointed to relate the efforts of the various war service committees, keep them continuously informed on matters of common interest, and co-ordinate their work on national problems.

It is the conviction of your Committee that it is absolutely essential to the stability of business in this country and the prompt and wise solution of our problems that the war service committees should continue their work in co-operation with government agencies and now turn their attention to the new questions with which the country is faced. We therefore recommend that all present committees so represent their industries and that an Executive Committee be named with as little delay as possible.

At the meeting of the chairmen of the war service committees held in Washington, D. C., on Dec. 12, 1917, the Chamber of Commerce of the United States was requested to undertake the organization of committees in all the industries not then represented.

By vote this conference also requested that the War Service Executive Committee of the National Chamber should act as the executive committee of these committees of the industries.

At the meeting in December, 1917, it was suggested to the War Service Executive Committee of the Chamber of Commerce of the United States that as soon as practicable a council be appointed representative of all the industries which would act as advisory to the War Service Executive Committee.

It is believed that the time has now arrived when such a council should be formed and it is recommended that this council be composed of the chairmen of the war service committees.

The Board of Directors of the National Chamber has stated that if it be the desire of this Convention, the Chamber will be glad to reconstitute its War Service Executive Committee and have it continue to serve in the same capacity in which it has acted during the war, directing attention particularly to the problem of reconstruction affecting all industries.

In this direction the Chamber would wish to make the co-operation of these committees on a national scale as effective as possible, and it will continue to publish such bulletins and reports as may be necessary for their benefit, and place at their service the facilities of its general headquarters in Washington and its branch offices.

It is the opinion of your Committee that this Conference should immediately take advantage of the willingness of the Chamber to undertake this responsibility, and it therefore presents the following resolutions:

Resolved, That this conference requests the Chamber of Commerce of the United States to appoint a War Service Executive Committee of such number as may seem best to relate the efforts of all of the War Service Committees, and to aid in making effective the action of this conference and pledges its assistance to the National Chamber in securing the service on the Committee of such leaders of industry as may be called to act.

Resolved, That the chairmen of the War Service Committees of the industries shall constitute a Council to be advisory to the War Service Executive Committee, and to meet from time to time at the call of the Executive Committee or any twenty-five members of the Council.

Resolved, That new War Service Committees representing industries not now organized may be recognized by the War Service Executive Committee or by the Council.

Figure 6.1 Continued

27. National Trade Associations

The experiences of the war have clearly demonstrated the value of national trade organizations and their service to the country as well as to industry. This conference heartily approves the plan of organizing each industry in the country in a representative national trade association and expresses the belief that every manufacturer, jobber and producer of raw materials should be a member of the national organization in his trade and cordially support it in its work

Figure 6.1 Continued

WHEREAS, during the period of the war various War Service Committees have most effectively served the country as well as their various industries, and

WHEREAS, we are now facing new problems of the reconstruction era which are of paramount importance to the various industries of the country,

Now therefore be it resolved, that it is the sense of this assembly that the War Service Committees should continue in existence during the period of reconstruction under the auspices of the Chamber of Commerce of the United States of America.

Figure 6.2 Resolution One Passed by the Petroleum Committee at the Reconstruction Conference of the Chamber of Commerce of the United States, December 2-6, 1918

Source: *National Petroleum News*, December 11, 1918, p.13

Resolved, That it is the judgment of this assembly:

1. That while government supervision over industry may be essential in wartimes, in peace times there should be the least possible control, and that this control should be exercised intelligently and with a desire to promote the interest of the industry.
2. That experience during the war has shown that the greatest advantage to industry and the public at large is realized not by unrestricted competition but by co-operation. such co-operation being conducted publicly and with the knowledge and approval of the government, and that such principle of co-operation should not be forbidden by legislation, and all existing legislation contrary to this principle should be repealed.
3. That the government should extend to foreign commerce the strongest possible help, giving the industries the right to co-operation or to combine their business interests in foreign countries.
4. That industries engaged in the development of natural resources, particularly in prospecting for new sources of supply, should be encouraged. If it is considered that the undiscovered and undeveloped natural resources of the country located on the public lands are a part of the people's domain, our belief is that the recovery of the people's share of such resources should be thru a system of wise taxation rather than any government partnership, ownership or management. Our view in this respect is actuated solely by our conception of what will promote the broadest and most enduring national prosperity.
5. In short, it is our opinion that government should regard the development of industry from the point of view of the people as a whole, that it should not discriminate for or against individuals or groups: that it should be the duty of the government to promote the utmost possible prosperity of industry, such prosperity to be expressed in active and profitable domestic trade and in the carrying of American commerce to all parts of the world. To accomplish this, it is important that past prejudices be erased and that conditions as they are be squarely faced and intelligent and broad-minded measures be taken in the interest and welfare of the whole people.

Figure 6.3 Resolution Two Passed by the Petroleum Committee at the Reconstruction Conference of the Chamber of Commerce of the United States, December 2-6, 1918
Source: *National Petroleum News*, December 11, 1918, p.14

WHEREAS, The results achieved by the National Petroleum War Service Committee and its affiliated advisory committees during the period of the war have been generally acknowledged as contributing a distinct benefit to the petroleum industry and the public at large; and,

WHEREAS, It has been generally recognized that the Petroleum Industry as well as the public would be benefited by the establishment of a permanent national organization or association which would have for its purpose the collection of useful data and statistics and the dissemination of the same among its members; and,

WHEREAS, It is believed that such an organization would bring about a better understanding of the many complex problems confronting the Petroleum Industry; and,

WHEREAS, The various branches of the Petroleum Industry are now represented in the membership of the National Petroleum War Service Committee;

Now, therefore, be it Resolved, by the representatives of the Petroleum Industry here assembled that the National Petroleum War Service Committee be requested to promptly formulate and effect a permanent and comprehensive National organization of the petroleum industry.

Figure 6.4 Resolution Three Passed by the Petroleum Committee at the Reconstruction Conference of the Chamber of Commerce of the United States, December 2-6, 1918
Source: *Oildom*, January 1919, p. 26-28

The objects of the American Petroleum Institute, according to the By-laws adopted, are:

1. To afford a means of co-operation with the Government in all matters of national concern; and
2. To foster foreign and domestic trade in American petroleum products; and
3. To promote in general the interests of the petroleum industry in all its branches; and
4. To promote the mutual improvement of its members and the study of the arts and sciences connected with the petroleum industry.

Figure 6.5 First By-Laws of the American Petroleum Institute, March 1919
Source: *Oildom*, April 1919 p. 24

ORGANIZATION CHART

PROPOSED AMERICAN PETROLEUM INSTITUTE

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graph TD
    IM[INSTITUTE MEMBERSHIP] --> AI[ACTIVE INDIVIDUALS - ORGANIZATIONS]
    IM --> C[COUNCILLORS APPOINTED FROM MEMBERSHIP WITH DUE REGARD TO MAJOR GROUP DIVISIONS.]
    AI --> AD[BOARD OF DIRECTORS ELECTED FROM MEMBERSHIP WITH DUE REGARD TO GEOGRAPHICAL LOCATION]
    AI --> VP[3 VICE-PRESIDENTS ELECTED ANNUALLY BY BOARD]
    AI --> P[PRESIDENT ELECTED ANNUALLY BY BOARD]
    AI --> T[TREASURER ELECTED ANNUALLY BY BOARD]
    AI --> EC[EXECUTIVE COMMITTEE COMPOSED OF PRESIDENT, VICE-PRESIDENTS, TREASURER AND DIRECTORS.]
    AI --> GS[GEN'L SECRETARY APPOINTED ANNUALLY BY BOARD]
    C --> NC[NOMINATING COMMITTEE]
    C --> MG[MAJOR GROUPS - SHOWING REPRESENTATION BOARD OF DIRECTORS AND COUNCILLORS]
    P --> CMT[COMMITTEES]
    P --> EC
    P --> GS
    P --> MG
    CMT --> WW[WELFARE WORK]
    CMT --> IM[IMPROVEMENT IN METHODS]
    CMT --> FR[FOREIGN RELATIONS]
    CMT --> ST[STATISTICS]
    CMT --> AF[AUDIT AND FINANCE]
    CMT --> M[MEMBERSHIP]
    MG --> DIR[DIRECTORS]
    MG --> COUN[COUNCILLORS]
    DIR --> PR[PRODUCTION]
    DIR --> MA[MANUFACTURE]
    DIR --> DI[DISTRIBUTION]
    DIR --> TR[TRANSPORTATION]
    DIR --> FT[FOREIGN TRADE]
    DIR --> SU[SUPPLY]
    DIR --> NG[NATURAL GAS]
    COUN --> PAC[PACIFIC COAST]
    COUN --> RM[ROCKY MOUNTAIN]
    COUN --> MC[MID-CONTINENT]
    COUN --> GC[GULF COAST]
    COUN --> AW[APPALACHIAN (WEST)]
    COUN --> AE[APPALACHIAN (EAST)]
    COUN --> FE[PACIFIC COAST]
    COUN --> RM2[ROCKY MOUNTAIN]
    COUN --> MC2[MID-CONTINENT]
    COUN --> GC2[GULF COAST]
    COUN --> AW2[APPALACHIAN (WEST)]
    COUN --> AE2[APPALACHIAN (EAST)]
    COUN --> PL[PIPE LINES]
    COUN --> TC[TANK CARS]
    COUN --> SH[SHIPS]
    COUN --> ME[MEXICAN & S.A.-AMERICAN]
    COUN --> FE2[EUROPEAN]
    COUN --> OW[OIL WELLS]
    COUN --> PP[PUMPS, MFRS., ETC.]
    COUN --> J[JOBS]
    COUN --> SC[SCIENTIFIC - GIFT.]
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NATIONAL HEADQUARTERS

Figure 6.6 First Organizational Chart for the American Petroleum Institute, March 1919
Source: *Oildom*, April 1919, p.24

Mission

API's mission is to promote safety across the industry globally and to influence public policy in support of a strong, viable U.S. oil and natural gas industry.

Advocacy

We speak for the oil and natural gas industry to the public, Congress and the Executive Branch, state governments and the media. We negotiate with regulatory agencies, represent the industry in legal proceedings, participate in coalitions and work in partnership with other associations to achieve our members' public policy goals.

Research & Statistics

API conducts or sponsors research ranging from economic analyses to toxicological testing. And we collect, maintain and publish statistics and data on all aspects of U.S. industry operations, including supply and demand for various products, imports and exports, drilling activities and costs, and well completions. This data provides timely indicators of industry trends. API's Weekly Statistical Bulletin is the most recognized publication, widely reported by the media.

Standards

For more than 85 years, API has led the development of petroleum and petrochemical equipment and operating standards. These represent the industry's collective wisdom on everything from drill bits to environmental protection and embrace proven, sound engineering and operating practices and safe, interchangeable equipment and materials. API maintains 685 standards and recommended practices. Many have been incorporated into state and federal regulations; and increasingly, they're also being adopted by the International Organization for Standardization, a global federation of more than 100 standards groups.

Certification

Each day, the oil and natural gas industry depends on equipment to produce, refine and distribute its products. The equipment used is some of the most technologically advanced available in the search for oil and gas and allows the industry to operate in an environmentally safe manner. Designed for manufacturers of production, drilling, and refinery equipment, the API Monogram Program verifies that manufacturers are operating in compliance with industry standards. API also provides quality, environmental, and occupational health and safety management systems certification through APIQR. This service is accredited by the ANAB (ANSI-ASQ National Accreditation Board) for ISO 9001 and ISO 14001. Let APIQR's industry expertise certify your organization to API Spec Q1, OHS 18001.

API also certifies inspectors of industry equipment through our Individual Certification Programs, designed to recognize working professionals who are knowledgeable of industry inspection codes and are performing their jobs in accordance with those codes. Through our Witnessing Programs, API provides knowledgeable and experienced witnesses to observe critical material and equipment testing and verification. API's Training Provider Certification Program provides third-party certification for a variety of oil and gas industry training courses, further ensuring that any training provided meets industry needs.

In helping to improve industry safety, API has a way for service station owners to make sure their contractors have been trained to industry safety standards. API WorkSafe™ is a service station contractor safety qualification program that identifies personnel who have received training for and passed on-line standardized exams covering the latest service station industry safety practices.

Figure 7.1 API's Overview and Mission, July 2017

Source: API 2017, "About U.S. – Overview and Mission,"

(http://www.api.org/about#tab_overview-and-mission)

For consumers, API provides the API's Engine Oil Licensing and Certification System (EOLCS). It is a voluntary licensing and certification program that authorizes engine oil marketers who meet specified requirements to use the API Engine Oil Quality Marks. These emblems go directly on each container of oil that retains the certification for and is there to help consumers identify quality engine oils for their gasoline- and diesel-powered vehicles.

Events & Training

API organizes seminars, workshops, conferences and symposia on public policy issues. Through API University, we provide training materials to help people in the oil and natural gas business meet regulatory requirements and industry standards.

Figure 7.1, Continued

Segment Committees
The Upstream Committee is open to companies producing oil or natural gas in the United States (vertically integrated companies may be members of more than one API segment). • Focuses on upstream regulatory policy, legislative issues, and industry technical standards and recommended practices. • Emphasizes efforts to ensure that operations are conducted in a safe, efficient and environmentally responsible manner. The Market Development Committee is open to companies producing oil or natural gas in the United States (vertically integrated companies may be members of more than one API segment). • Focuses on identifying policy opportunities and impediments to sustaining and growing demand for U.S. natural gas resources in targeted markets, advocating for legislative and regulatory policy and market designs that leverage the full value of natural gas. • Educates potential customers and decision makers on the abundance, reliability, affordability and environmental advantages of natural gas. The Midstream Committee is open to companies gathering, processing, storing and transporting oil and natural gas in the United States (vertically integrated companies may be members of more than one API segment). • Develops policy positions for gathering, processing, storing and transportation and oversees the review of related federal, state, and local laws and regulations. • Identifies opportunities for technical studies and research to address issues related to development of U.S. infrastructure, use of equipment, development of operational procedures, and safety, health and environmental performance. The Downstream Committee is open to companies that refine and market petroleum products in the United States (vertically integrated companies may be members of more than one API segment). • Provides guidance on the impact of legislative and regulatory proposals on downstream operations and provides scientific, economic, environmental, and risk analysis information on associated issues. • Develops standards, practices and positions that allow industry to provide products to consumers in the most safe, efficient and environmentally responsible way. The General Membership Committee addresses the needs of non-oil company members such as service companies, drilling contractors, and other suppliers to the oil and natural gas industry. Members can provide services to any industry segment, including upstream, downstream, marine or pipeline. • Works closely with all other industry segments to promote the shared interests of the industry. • Focuses on both domestic and international issues, particularly international trade issues, since many members in this segment supply products and services worldwide.
Resource Committees
The Committee on Communications oversees API's outreach to the media and other external audiences to ensure they have the facts and information to develop informed perspectives on energy and industry issues. This includes media relations, external communications, materials and publications development, Internet-based communications, community engagement and other educational outreach. The Committee on Economics and Statistics oversees API's Policy and Statistics Departments. Committee members provide guidance to API staff in policy analysis and statistical preparation. The committee vets fundamental policy positions and provides guidance to other API departments. The Committee on Federal Relations implements API policies and programs on industry issues before Congress and the executive branch, and coordinates the government relations efforts of API and its member companies. The committee is composed of the heads of member company offices in Washington, DC, responsible for federal government relations. The Committee on Finance focuses on internal and external issues related to auditing, accounting, insurance and risk management. It formulates industry responses to regulatory and legislative initiatives and to developments in industry finance areas. The committee, composed of oil industry chief financial officers, sponsors API's Finance and Accounting Program.

Figure 7.2 List of Committees and Descriptions of the American Petroleum Institute, July 2017
Source: American Petroleum Institute (API). 2017a. "About API." Retrieved May 20, 2017
(<http://www.api.org/about>)

The Committee on Health, Environment and Safety is responsible for identifying major health, environment and safety issues that could impact the industry and oversees those programs within API. The committee also promotes sharing best practices and improving industry health, environmental and safety performance.

The Committee on Information Management and Technology oversees API's interests in information technology; electronic business and telecommunications systems and management; cyber security; data privacy; and industry-level projects for evolving information systems. This committee sponsors **API's Information Technology Program**.

The Committee on Law ensures API's legal affairs are handled properly and efficiently. The committee is responsible for reviewing and approving any litigation with which API becomes involved and works closely with other committees to ensure consistency of legal positions on industry issues. The committee is composed of member companies' general counsels.

The Committee on State Relations establishes industry policy for and ensures the proper management of state legislative and regulatory issues in the 33 states where API staffs state petroleum councils. The committee coordinates with other API committees on policies and priorities at the state level.

The Global Industry Services Committee has jurisdiction over all non-dues programs, such as revenue-generating and cost recovery programs and special solicitations. The committee provides financial oversight, works with API segment committees, and ensures that new opportunities meet API policy.

The Committee on Taxation formulates API tax policy and provides tax advice to the API president and board. The committee determines the priority tax issues, both legislative and regulatory, and sets the overall agenda for the various tax subcommittees and the API Tax Department. The committee is composed of senior taxation professionals at member companies.

Figure 7.2, Continued

Don Hitchcock is one of those people. He started in this industry over 30 years ago as a construction engineer, building and renovating service stations and terminals where gasoline and other fuels are stored before delivery. Now he's an environmental technologist in Houston with Texaco Refining and Marketing, Inc. He's concerned with preventing pollution and reducing waste throughout the industry. Don's story is our industry's story:

"I've been in the industry since 1961, and I've seen dramatic changes. I think the industry has not only kept pace with the development of ideas and technology of environmental protection, it has stepped forward and added quite a bit of its own."

"We've made a huge investment in addressing environmental problems. We're doing so on a daily basis, even including things that are now addressed as problems that were not conceived of as health, safety or environmental problems in years past."

That "huge investment" Don Hitchcock described was \$10.6 billion in 1993. That was equal to over half the profits of the top 300 oil and natural gas companies. It was more than the entire industry spent searching for oil and gas in the United States. And it was nearly twice the budget of the U.S. Environmental Protection Agency (EPA) that year. Now, and into the future, our industry will invest more each year in environmental

protection than on drilling for new oil and gas supplies in the United States. By the year 2000, it is estimated that the petroleum industry will account for more than 10 percent of all the money the United States spends on environmental protection.



4

Figure 7.3 Excerpt 1 from "Strategies for Today's Environmental Partnership"

Source: American Petroleum Institute (API). 1997. "Strategies for Today's Environmental Partnership." Retrieved July 19, 2017.

(<https://web.archive.org/web/19970611224225/http://www.api.org:80/step/pdf/bigbook.pdf>)

Improvement comes, in part, from employees who maintain the integrity of refinery equipment. John Reynolds, a senior staff engineer for Shell in Houston, knows about the progress being made to protect tanks and other refinery equipment. He talks about the industry's high-tech approach to safety:

"We use new devices based on ultrasonics and electromagnetics to find virtually every possible thin spot in the bottom of a tank so we know where it might leak so we can repair it before that happens."

High-tech equipment demands highly trained hands—oil company workers who know their jobs inside and out. API's Inspector Certification Programs certify inspectors who pass an API exam and supply evidence of their inspection experience.

Nancy Aud is one of those certified inspectors. A 10-year oil industry veteran, Aud once operated refinery processing equipment. Now Aud inspects the kind of equipment she once ran at a Shell refinery in Wood River, Ill., making certain that refinery tanks and pipes that hold liquids or gases under pressure and at high temperatures are safe. Whether the equipment she inspects is 200 feet tall or 10 inches in diameter, Aud is responsible for the safety of the workers who run it, the community that lives nearby and the environment itself. Aud's training and certification increase the confidence she brings to the job:

"My job is really important. My primary role is to ensure the safety of the equipment operating in our refinery. If we don't do that, no one else can, since no one else has the knowledge base we inspectors have. Our role is to bring operations and maintenance together. API inspector certification and training has exposed me to all those areas to make sure the equipment is safe."

"I want to make sure I inspect the refinery equipment and set corrosion rates [the rate at which corrosion weakens metal] so I never have a piece of equipment that fails. Failure would be a leak to the environment. We never want that to happen."



Failure would be a leak to the environment. We never want that to happen.

Figure 7.4 Excerpt 2 from "Strategies for Today's Environmental Partnership"
Source: American Petroleum Institute (API). 1997. "Strategies for Today's Environmental Partnership." Retrieved July 19, 2017.
(<https://web.archive.org/web/19970611224225/http://www.api.org:80/step/pdf/bigbook.pdf>)

Marine Spill Response Corporation

The companies that ship most of the oil into and out of American waters have spent over \$900 million to create the Marine Spill Response Corporation (MSRC). It provides the equipment, personnel and expertise needed to respond to an oil spill.

MSRC operates a fleet of 16 oil spill response vessels, each 210 feet in length, stationed at 16 staging sites in U.S. coastal waters, Hawaii and the U.S. Virgin Islands.

Fred Viera looks after one of MSRC's response vessels—the *Delaware Responder*—on the Delaware Bay. Viera talks about his work and his mission:

"I'm very proud of my job. It's more than just a job, but something we should all do. Not only does oil heat my house and drive my car, but the oil industry has taken the responsibility to have an organization like MSRC."

"We're on the right side. I've made my living on the sea for 19 years. I have two daughters and a boat myself. I use it recreationally and want my kids to use it."

"When I first got into this [oil spill response] four years ago, I saw an opportunity—that it is right for the environment to be part of that. I have a [chief engineer's] license, I could sail on any ship. I chose this job. I'm proud of what I do."

Viera and those who work with him search for environmentally sensitive areas, such as wetlands, and determine when the birds are nesting and the turtles are laying eggs. That helps MSRC establish priorities and plan its strategy for sensitive areas, should a spill occur in the vicinity.

MSRC is not alone. In 1992, the governors of the Great Lakes states



...the oil industry has taken the responsibility to have an organization like MSRC.

14

Figure 7.5 Excerpt 3 from “Strategies for Today’s Environmental Partnership”
Source: American Petroleum Institute (API). 1997. “Strategies for Today’s Environmental Partnership.” Retrieved July 19, 2017.
(<https://web.archive.org/web/19970611224225/http://www.api.org:80/step/pdf/bigbook.pdf>)

First, be slow to commit. Until you must, do not bet your company, or your country, on something that has a low probability of being true. If possible, postpone decisions while key uncertainties are resolved. In the case of global warming, we have time to address these uncertainties. Nothing we do in the next 20 years will have any appreciable impact on the world's average temperature in 2050 or 2100.

This fact is absolutely crucial, because costs are exceedingly sensitive to timing. Many capital investments, including those in energy and automobile industries, are long term. If change can be deferred until current equipment reaches the end of its useful life, and until more efficient devices are on-line, costs may be substantially less. Over the past 22 years, new technologies have enabled U.S. to reduce energy intensity per dollar of gross domestic product by about 32 percent. This progress should continue.

Recent analysis by the Electric Power Research Institute and the Stanford Energy Modeling Forum concludes that an orderly, long-term strategy for achieving a scientifically justified CO₂ objective would cost only one-fifth as much as a program that requires near term cuts.⁵ Only the federal government would think that spending five times as much for the same outcome is a good bargain.

Invest in information. This is the second decision-making rule. Spend money to narrow the range of possibilities and to better understand the implications of alternative courses of action. We need to invest in information about climate science and about energy technology. We desperately need better climate models, for example. We also need to invest in contingency plans. What measures will most efficiently reduce future carbon emissions? What is the best time schedule? If reduction turns out to be necessary, how can we achieve reasonable goals without relying on mandates from a U.N. bureaucracy? The era of big government should not be replaced by the era of unelected international government.

The third rule is called "no or low regrets." Look for actions that will produce benefits under any set of circumstances. API has developed a list of emission-reducing actions that would be worthwhile even if the threat of global warming turns out to be another environmental hoax. We have shared our ideas with a wide range of groups including the Clinton Administration. For example, if the problem is global, it makes sense to look for cost-effective solutions through a wide lens. In contrast, a policy of committing to large emission rollbacks in the U.S. over the next two decades, regardless of the state of knowledge, alternative opportunities, or the timing of investment decisions, is guaranteed to produce big regrets.

The fourth rule is to consider alternatives. It is embarrassing, to say the least, when an option never considered seriously is the one you should have bet on. Even if the global warming problem turns out to be real, a crash program of prevention is likely to be the wrong option. In much of the world, the impact of warming could be neutral or even benign. In other cases, it might make more sense to commit resources to adaptation. These options need serious consideration and analysis, and they are not currently getting it.

Figure 7.6 Excerpt from Bill O'Keefe's Speech "In Defense of Skepticism Challenging the Political View of Climate Change," November 1996

Source: O'Keefe, William F. 1996. "In Defense of Skepticism: Challenging the Political View of Climate Change." Retrieved July 19, 2017.

(<https://web.archive.org/web/19970611231814/http://www.api.org:80/news/1detroit.htm>)



Understand Rivalry and you understand America

Score: 19 to 6. But there's still three minutes to play! And if you think the Putnam Avenue Panthers are going to admit defeat to the Rogers Street Redmen before the final whistle, you don't know American youngsters.

Young or old, we're all like that. Americans thrive on rivalry. In hobbies, in sports, in business, we do more when there's more to be done . . . try the hardest when the going is hardest . . . accomplish most when the most is demanded.

Example? You couldn't find a better one than the oil industry where more than 34,000 individual firms of all sizes work to out-strip rivals—compete in petroleum production, refining, research, transportation and retail sales.

Result? *Better* gasoline, lubricants and fuel oil . . . *more* gasoline, lubricants and fuel oil than in peak war years . . . *lowest* gasoline, lubricant and fuel oil prices in the world. More than that, chemistry—medicine—farming—manufacturing—benefit from the advancements generated by the constant rivalry in an industry employing more than 1,250,000 people.

Because of this rivalry, there's better health, a chance to go more places more easily, more comfort . . . more to see and more time to see it in . . . more . . . *constantly* more for you.

THERE'S A PLUS FOR YOU IN PETROLEUM'S PROGRESS

Diving bells are used by gravity meter crews to locate under-water oil-bearing structures. 13,475 oil producing companies constantly strive to maintain and increase America's oil reserves.



Now oil tankers are being equipped with war-developed radar to guide them through fog or storm. Hundreds of companies are in the business of transporting oil by tanker, barge, truck, rail or pipeline.



Cattle-spraying by helicopter is a new application for air-borne insecticides developed through competition. Petroleum-based sprays are among the many developments achieved by over 400 oil refineries.



Specially designed and insulated, asphalt trucks deliver direct to consumers within a 100-mile radius. Over 20,000 jobbers and distributors compete to serve you with petroleum and its many by-products.



Preparation for winter is only one of the services familiar to millions of motorists who benefit by the local rivalry among America's 225,000 service stations. Competition means better products and services for you.



Prepared for the oil industry by the American Petroleum Institute—Copyright, 1947

Figure 7.7 Early API Advertisement, LIFE magazine 1947
Source: LIFE Magazine. 1947. "Understand Rivalry and You Understand America. Advertisement. October 27, 1947, p. 6

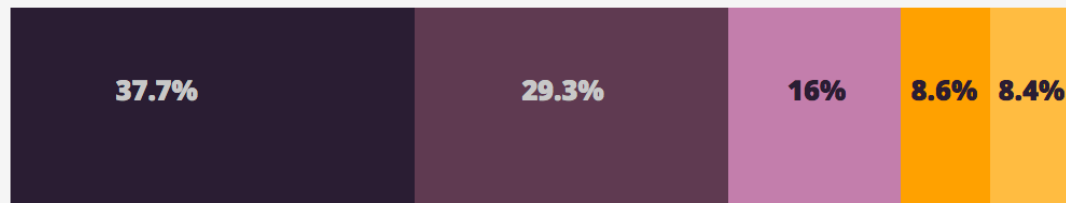
Total Energy Consumption by Fuel

2015–2040

Source: Annual Energy Outlook 2016, Total Energy Supply, Disposition, and Price Summary.

Oil Natural Gas Coal Nuclear Power Renewable Energy

Actual 2015



Projected 2040

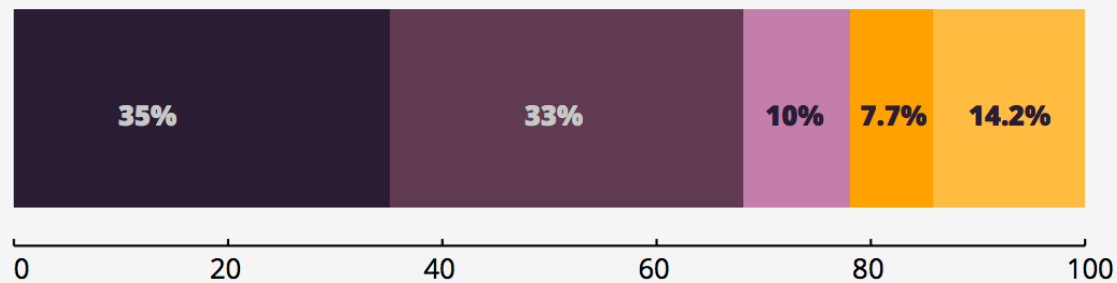


Figure 7.8 Excerpt from Energy is Everything: State of American Energy

Source: American Petroleum Institute (API). 2017e. *Energy is Everything: State of American Energy*. Retrieved July 19, 2017 (<http://www.energytomorrow.org/~media/Files/Policy/SOAE-2017/State-Of-American-Energy-Report-2017-Low.pdf?la=en>)



Figure 7.9 Excerpt 1 from API Commercial “Power Past Impossible
Source: American Petroleum Institute (API). 2017g. “Power Past Impossible.” Retrieved July 19, 2017. (<https://www.youtube.com/watch?v=dKkCskJ6QzQ>)



Figure 7.10 Excerpt 2 from API Commercial “Power Past Impossible
Source: American Petroleum Institute (API). 2017g. “Power Past Impossible.” Retrieved July 19, 2017. (<https://www.youtube.com/watch?v=dKkCskJ6QzQ>)

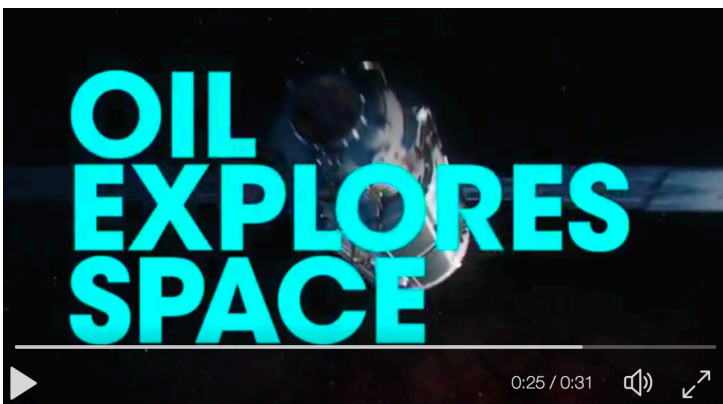


Figure 7.11 Excerpt 3 from API Commercial “Power Past Impossible
Source: American Petroleum Institute (API). 2017g. “Power Past Impossible.” Retrieved July 19, 2017. (<https://www.youtube.com/watch?v=dKkCskJ6QzQ>)

Vita

Elizabeth A. East is a postdoctoral research associate in the Department of Sociology at the University of Tennessee, Knoxville. She has a Master's of Arts also from the University of Tennessee, Knoxville in Environmental Sociology and a Bachelor's of Science degree in Sociology from Tennessee Technological University.