

# New management, old energy: The UK Labour Party's revanchist energy policy

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Why an energy policy trapped in neoliberal ideology  
cannot succeed

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**2**022 saw a dramatic turn in fortunes for the Labour Party, driven in large part by the implosion of the Conservatives. Labour are currently posting substantial leads in opinion polls as the Tories lurch between scandal, authoritarian crackdowns and ineffectual interventions into the various crises their thirteen years in power have created or exacerbated.

Until the Tories pressed the self-destruct button, Labour had been struggling to make much impact. But by the time of their 2022 annual conference they were buoyed with confidence, and they set out a more positive agenda than they had done in the years since 2019.

Their agenda strongly featured a green energy transition. This is a necessary focus at a time when energy costs are driving inflation in the UK to a level not seen for nearly fifty years, and climate breakdown is intensifying: energy policy is now front

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and centre of the political debate in the way it has not been for a generation. Indeed, Labour's energy policy is arguably the most progressive feature of their programme, which makes it an interesting window into what a future Labour government would do, and how much it has moved on from the New Labour governments.

This article will assess the present Labour leadership's emerging energy policy, and what it reveals about the party's current positioning - including through linking their recent proposals with the energy policy of the New Labour governments of 1997 to 2010. I start by setting out the key features of energy policy under New Labour, before assessing the continuities and differences with the emerging policy of today. My argument is that the key problem with Labour's current proposals is their aim to continue with the framework of a liberalised energy system, propped up with public subsidies - in spite of the abundant evidence that it is a system wholly unable to deal with multiple crises it faces.

Having ruled out more radical reform, Labour has very little room for manoeuvre if its proposals fail to decarbonise, or to bring down prices. In its fundamental reluctance to challenge private ownership of energy, the current Labour leadership is, at best, seeking to restore a 'progressive' form of neoliberal policy. But this is increasingly out of touch with the material reality and challenges the UK currently faces.

### **New Labour energy policy: in markets we trust**

When it succeeded the Tories in government in 1997, New Labour's overall programme for government continued to drive forward a hegemonic neoliberalism, but '*in a significant and distinctive way*'.<sup>1</sup> It continued the previous governments' programme of energy liberalisation but developed its own means of regulating the new markets and trying to ensure competition. However, the energy system continued to generate price shocks through Labour's time in office, and was unable to deliver significant decarbonisation. Labour adopted more statist measures while it was in office, but still maintained faith in the private sector to deliver for the public good, a belief that is at the core of neoliberal ideology. Introducing goals for decarbonisation and interventions to reduce prices made this a more progressive form of neoliberalism than the previous Tory version, but the market and private companies were expected to deliver their goals in collaboration with new regulatory bodies.<sup>2</sup>

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I focus in this article on Labour policy on electricity and gas generation and supply to households and businesses, which is separated into generation (e.g. power plants), supply (the companies you pay to supply energy), transmission (the network of pylons taking electricity to substations) and distribution (from substations to buildings). Gas also follows a similar process, with mains pipelines for transmission and smaller ones direct to buildings. Additionally, there is energy production - wind farms, gas and oil rigs, etc.

## *World-beating liberalisation*

Margaret Thatcher had come to power at exactly the time the UK was experiencing an energy boom from North Sea oil and gas, the tax revenues from which underwrote her radical restructuring of UK society as she privatised British Petroleum.<sup>3</sup> After defeating the coal unions, her government set about privatising gas (from 1986) and electricity (from 1990). Initially, the regional national energy companies were privatised whilst maintaining their natural monopolies over supply and distribution: national companies were responsible for generation, and the National Grid (privatised in 1996) was responsible for transmission. Generators sold energy to suppliers in the 'Pool', which was governed through a series of complex equations and mechanisms, with the hope that competition would bring down prices to consumers - which it did not.<sup>4</sup> Instead, the prices suppliers could charge were controlled through a mechanism called 'RPI + X' - the rate of inflation plus a figure set by the regulator. This encouraged cost cutting to make profit, and the new private energy companies cut back on bureaucracy and staff as well as investment whilst also gaming the system by artificially restricting supply.<sup>5</sup>

When New Labour was elected in 1997 it implemented a windfall tax on privatised utilities (including energy) which had been sold off too cheaply. The Labour government also promised to reduce emissions faster than it was required to by international agreements, reduce fuel poverty, and ensure that there was greater competition whilst maintaining the new energy markets. Tony Blair promised to put the environment at the heart of government.<sup>6</sup> New Labour's initial ideological position on energy is captured in a report by the Performance and Innovation Unit in 2002:

the introduction of liberalised and competitive energy markets in the UK has been a success and competitive markets should continue to form the cornerstone of energy policy.<sup>7</sup>

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Labour continued the neoliberal reforms of the Conservatives to create ‘one of the most, if not the most, liberalised energy markets in the world’.<sup>8</sup> Their key focus was to continue the initial attempts of the Major government to break up the regional and national monopolies to make the markets more competitive. In 1998 they made it possible for all domestic customers to switch their energy supplier. They introduced the New Electricity Trading Agreements (NETA) to allow suppliers and generators to agree bilateral agreements rather than trading in the ‘Pool’, which subsequently pushed several generation companies towards bankruptcy as NETA effectively stopped generators setting prices. At the same time, regulators encouraged the major generators to divest their power plants (to other UK and international firms), as well as allowing companies to integrate different components of the system (primarily supply and generation). The UK was the first nation in the world to introduce full competition for gas and electricity supply, and prices initially dropped, winning the UK international plaudits for their success - the EU even tried to base their policy on the UK’s system.<sup>9</sup>

All too soon, though, this success turned out to be a chimera. Through the 1990s there was effectively a global energy glut, with oil and gas prices reaching some of their lowest ever levels. But during the 2000s, global prices began to rise as OPEC constricted supply, and as a consequence of the illegal invasion of Iraq.<sup>10</sup> Labour had introduced the Winter Fuel allowance to reduce poverty, but had limited means to intervene into the now fully privatised system itself. North Sea oil and gas companies were making mega-profits, which could have funded investment, but Labour maintained one of the most generous fossil fuel production tax regimes in the world.<sup>11</sup> At the same time the government ramped up regressive petrol taxes: in 1999 the UK took £2.5 billion from North Sea producers, and £30 billion from petrol consumers.<sup>12</sup> Consumers paid higher prices and regressive taxes, whilst private companies extracted profits from decaying public infrastructure and through exercising monopoly/oligopoly powers.

Price shocks were not the only problem Labour faced. Energy companies had very little incentive to decarbonise. As in many other areas, Labour’s energy policy was focused on how to manage markets to do what the government imagined they ought to do. The mechanism it devised to decarbonise energy production is a classic example of neoliberal policy-making: it sought to engineer market responses through Renewables Obligation Certificates. ROCs effectively allowed energy

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companies to buy their way out of producing renewables if they did not choose to invest in them. Energy companies that did make investments largely focused on increasing the capacity of established technologies, and did little for the newer and more risky renewables (solar, offshore wind, tidal). Labour missed the targets they set themselves for renewable energy generation by a significant distance.<sup>13</sup>

Further, it became clear that one of the key features that theoretically underpins a functioning market was not present: risk. The new private company, British Energy, which had taken on most of the state-owned nuclear reactors, was bankrupt by 2002. The government then intervened to bail them out through an emergency nationalisation of the company, highlighting the problem of privatising these costly and large-scale energy production facilities. These problems did not initially dampen Labour's neoliberal zeal, however: in 2003 they set out a plan to cut emissions and prices through ... 'competitive markets'.<sup>14</sup>

### *A statist turn*

Despite Labour's persistence, it became apparent by the mid-2000s that liberalised energy markets were not delivering lower prices or decarbonisation. What is more, the regulatory bodies were showing themselves to be unable to act as all-knowing market engineers (OFGEM was established in 2000). To give one striking example, British Gas was forced by OFGEM to sell off gas storage as it was seen as uncompetitive. The storage was bought at a low price, meaning market 'signals' were that there was no incentive to invest in gas storage. In the winter of 2005-6, there was a price spike in gas due to lack of storage because no one had invested in it.<sup>15</sup> The UK is paying the price for this lack of storage investment today.

Indeed, much of UK energy policy since around 2005-6 has been focused on how to deal with the myriad problems caused by market liberalisation under New Labour and the previous Conservative government - even if policymakers never say so explicitly. Particularly under Gordon Brown, Labour turned to more typically statist measures on energy and climate change. They realised they needed to do more to cajole the private sector into action, and Brown saw the transition to a low carbon economy as a means of recovery from the financial crisis.

The move away from liberalisation was incredibly difficult to achieve though - to try to switch to the introduction of an industrial policy, public investment, etc, when

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the capacity to do so had been undermined, and the policy paradigm of the civil service had been so different for decades. Working with NGOs like Friends of the Earth, Labour began to set out more ambitious and state-led strategies on energy and climate change, and the most lasting contribution of this period, the Climate Change Act (2008), introduced legal targets for emissions reduction. They also introduced feed-in tariffs for renewable energy production (guaranteeing a decent price) and free or discounted home insulation.

These schemes were welcome adjustments in course, but still relied heavily on nudging private actors in the right direction, and on those households with the means taking up the subsidies. Labour remained in thrall to the private sector, encapsulated in how they attempted to pivot towards nuclear power - having previously ruled it out as too costly. In 2008, Labour commissioned a new generation of nuclear power plants. Unfortunately, they did so during a financial crisis and 'credit crunch', which meant that energy companies were not at that time interested. Unable to countenance a UK state energy company taking on nuclear, Labour had the idea of selling off British Energy (which they had emergency nationalised in 2002, see above), as it owned the best sites for new plants. The problem was that the only firm able to buy British Energy was the French state-owned EDF (at which Gordon Brown's brother happened to be the communications director). EDF was given a monopoly over new nuclear, and subsequently the Coalition government then had to promise them an absurdly high guaranteed price per unit of energy for Hinkley Point C.<sup>16</sup>

### *In markets we trust?*

The effect of this shift in energy policy in the latter years of New Labour left the energy system in limbo between liberalisation (plus market engineering) and a renewed central state interventionism, a situation that has persisted ever since.

The Coalition government, which came to power in 2010, were as interventionist, but what they gave with one hand they took with another, reflecting the tensions between Conservatives and Liberal Democrats. They increased the pace of change required by the Climate Change Act, whilst cutting back environmental regulations (particularly for housing) and cutting funds for various decarbonisation schemes.<sup>17</sup> They effectively banned onshore wind whilst pursuing fracking, though offshore wind has increased significantly over the last decade. They achieved the

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offshore wind increase through ‘contracts for difference’, a more statist measure where companies (often public energy companies in Europe) sign long-term energy generation contracts with central government to guarantee a minimum price, through a reverse auction process - which is paid for by a levy on energy suppliers and, thus, consumers.

With rising prices and concern about energy security, the Coalition also imposed a uniform tariff programme, which Theresa May’s government followed up with an ‘energy price cap’, which was lifted from a Labour policy proposal under Ed Miliband. May’s government oversaw a mass of energy company start-ups as ‘competitors’ in the retail market, most of which did not produce any energy. Each of these regulatory interventions tinkered round the edges of a privatised system that sends profits offshore whilst ripping off the public.

The outcome of liberalisation through successive Labour and Conservative governments has been the creation of energy markets dominated by five or six ‘too-big-to-fail’ supply and generation companies, which have consolidated the assets of the regional and national public companies. Meanwhile, the transmission and distribution companies maintain their monopolies and extract exorbitant rents for doing so: distribution network operators enjoyed profit margins of a staggering 42 per cent, and the National Grid made £3.2 billion in the financial year 2021-22.<sup>18</sup> Fundamentally, the high barriers to entry and natural monopolies make competition - the core regulatory mechanism of the market - almost impossible to achieve within each section of the energy system. Producers have also enjoyed a profit bonanza - if the UK had followed Norway’s fiscal regime for the North Sea, the government would have earned an extra \$326 billion from 2002 to 2018.<sup>19</sup>

Liberalising energy has delivered very little for citizens, yet, far from operating as a free market, the UK energy system continues to require significant, complex and technocratic management, as profits from sweating formerly public assets flow into the bank accounts of tax havens. The New Labour governments eventually shifted their focus from engineering market mechanisms to more direct state measures, such as binding emissions targets and commissioning new nuclear, but followed a basic neoliberal paradigm of privatisation, regulatory tinkering and a naive belief in competition. Private profits continue to be made without delivering public goods, and investment lags way behind what is required, compounded by austerity. Has Labour’s ‘new management’ been able to pull off these ideological blinkers?

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## New Labour 2.0: Once more, with feeling

The present energy crisis provides a clear opportunity for substantial reform, challenging the failed neoliberal logics of privatisation and market engineering. The current Labour leadership claims the party is ‘under new management’ (though the involvement of David Blunkett and Peter Mandelson in the project might prompt questions about how ‘new’ this is). On energy, though, the intensifying ecological crisis, combined with the present energy crisis, requires any government to take decisive action.

Labour came into its 2022 conference in a strong position on energy, having stolen a march on the Conservatives in announcing that they would freeze the cap on energy bills, funded by a windfall tax on energy company profits, echoing New Labour. Even before the price cap announcement, Labour had set out a five-point plan for energy: doubling onshore wind, tripling solar, backing nuclear and insulating 19 million homes.<sup>20</sup> These are measures that should have been in place years ago, the ‘low-hanging fruit’ of a green transition, but the Tories have failed on, or actively restricted, their delivery.

The Shadow Chancellor, Rachel Reeves, also announced a £28 billion a year climate investment fund, promising to become the first ‘Green Chancellor’ - echoing Blair’s declaration. This was followed up at the conference with the promise of an £8 billion ‘national wealth fund’, where the state will take a stake in companies in which it invests. And, in more dramatic fashion, Keir Starmer announced that there will be a public energy company, Great British Energy. The new company will take more risky investments into renewable technology, a sort of government-backed venture capital fund. Labour will aim to have all electricity generated by renewables or nuclear by 2030.

However, there was also an effort at the conference to suppress calls from the left for a more significant public stake in energy. A motion from campaign group Labour for a Green New Deal was ruled out on spurious grounds by the party bureaucracy, who then did not invite delegates favourable to public ownership to a meeting where they could contribute to a similar motion. In the conference hall, many union and local party delegates called for public ownership of energy, a policy which is popular with the public, but, through a series of backdoor fixes, motions were watered down and progressive delegates excluded from the process.<sup>21</sup>



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Moreover, luminaries of the Labour right are already urging the party to water down the policies they have proposed.<sup>22</sup>

The tension that currently exists between unions, the left and the right-wing leadership are reflective of the ways in which neoliberal policy has been challenged within Labour over the last decade. In many other policy areas, the current leadership is trying to pretend this decade did not happen, and that they can simply turn the clock back to 2005 by ramping up the ASBOs and home ownership boom. On energy, though, the present crisis plus climate breakdown requires them to be bolder. This is why they have adopted proposals that push 'progressive' neoliberalism to its limits. However, their energy policy will only exacerbate the contradictions that New Labour were trying to manage. In the rest of this article I focus on the two most important: the dilemma over public and private ownership, and the problem of making public investment within 'fiscal discipline'. At some point, they will have to decide what is most important to them - pleasing the CBI and corporate donors, or the public goods of decarbonisation and secure and affordable energy. Securing the latter is almost certainly not possible within the ideological limits of neoliberalism, which is likely to upset the former.

## The public-private dilemma

The two key aims for the energy system, brought into stark focus by the energy crisis, are decarbonisation and stable and affordable energy costs. As I have shown, even before the crisis the pursuit of energy liberalisation allowed private companies to extract significant profits while avoiding necessary investment. Progress has been made on renewable energy, but new nuclear has been sluggish and dragged along by high guaranteed prices. The current Labour leadership believes it can resolve these problems effectively through providing public subsidies, in line with the US Democrats' Inflation Reduction Act and the EU Green New Deal. Their proposals, however, fail to tackle the public-private tension with which New Labour unsuccessfully grappled, and remain wedded to the largely privatised energy system created by neoliberal governments.

In terms of its proposed scale of investment, the climate investment fund is a significant break from New Labour. The level of investment envisaged implies an ambition that goes beyond efforts to nudging companies into decarbonising through ROCs and other market mechanism experiments. We may question whether the

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levels of investment will be sufficient, after so many years of money being taken out of the system and into tax havens, but at least there has been an acknowledgement that public investment is something that is clearly required.

The direction and management of this investment, however, shows significant ideological continuity with New Labour. Reducing the cost of bills requires the carrying out of major infrastructural work as well as a push into the newer renewable technologies and large-scale projects like nuclear - and such infrastructural projects are located within the natural monopoly sector of the industry. In many other nations these are run and managed by public companies, but in the UK they remain private. In Labour's current proposals, therefore, it seems likely that, although such works would be supported by new public subsidies, the system will remain in the hands of the regulated private companies that have long been engaged in extracting wealth from energy supply. The difference is that they would get increased public subsidies to enable them to invest - and to extract wealth - with perhaps some minor shareholdings being held by the public.

.Such an approach is in keeping with the leadership's wider industrial strategy. It is framing its industrial strategy in terms of a 'partnership' with business.<sup>23</sup> It argues that the role of the state is to set a policy framework and direction for the private sector to follow. This depoliticised view of the public-private relationship sounds lovely! However, there are clear contradictions between the interests of fossil fuel and electricity and heating capital and the wider public. Energy companies have a clear interest in dragging out fossil fuel production for as long as possible - British Petroleum recently announced they were using their mega-profits from the energy crisis to *increase* oil and gas investment by \$8 billion.<sup>24</sup> It will take courage and political will to challenge these interests, rather than to continue to obscure the long played-out problems of private companies being trusted to provide public goods.

The proposal for the creation of Great British Energy, as a new public energy company, exemplifies this public-private tension. Great British Energy is proposed as a means of expanding the role of the public sector, but as yet its structure and function is unclear. It will supposedly act independently and work with the private sector to make investments - which sounds remarkably like the sort of public-private partnerships that dominated governance under New Labour. Yet, rather than driving forward public interest, these partnerships have contributed to what Colin Crouch has termed 'post-democracy': a professional managerial class is given significant

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decision-making powers outside of normal democratic structures, thereby leaving them open to 'regulatory capture' as a revolving door opens up between public and private sectors.<sup>25</sup> Indeed, Labour have been very quiet on questions of energy regulation, despite it being a near certainty that they would have to make changes in this area once in office if they intend to maintain the privatised energy system.

Fundamentally, major energy companies in any sector of the system have little to fear from governments that are ideologically opposed to seizing their assets if they are not putting them to use in the public interest. Thus even Gordon Brown has now suggested that temporarily taking energy companies into public ownership is an option Labour should consider.<sup>26</sup> To take one example of the problems deriving from private-sector ownership: increasing renewable generation into a privatised network does not necessarily mean lower energy costs, as infrastructure rents can drive up costs, and energy prices follow the most expensive input, i.e. natural gas.<sup>27</sup> Public ownership is necessary because it shifts decision-making power - about pricing and many other issues - to citizens and elected officials rather than shareholders and CEOs. So, although Labour's proposals are clearly far ahead of what the Conservatives promise, they are heavily constrained by the leadership's unsubstantiated faith in privatised energy, which is shored up by a vain belief that they and their friends have the capacity to design the ideal regulatory framework for the privatised system when every previous attempt to do so has failed.

Great British Energy opens the door to greater public involvement in only a limited fashion. In particular it provides little democratic control of key infrastructure such as transmission/distribution networks. Unless its role and financing are considerably extended, the likelihood is that it will fail to make any significant impact - and this will potentially further undermine any public role in energy.

Meeting the target of full low-carbon/renewable electricity by 2030 (i.e. within five years of Labour coming into government) without changing ownership structures will require significant public subsidies for the same companies that are currently profiting from the energy crisis. Those that are able to extract monopoly rents, such as the transmission and distribution companies, are not going to give them up without a fight, and Labour have not given any sign that they are up for one. The leadership has instead bent over backwards to please the CBI and corporate elites. But when conflicts inevitably emerge between public and private interests,

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a 'partnership' soon becomes a mask for an unequal relationship where profits are extracted, while the public covers the costs and takes the risks.

Even if they cannot countenance significant public ownership for perceived electoral reasons, the Labour leadership will have to reckon with the problem of how to ensure the public will be the winners from the renewed public-private partnerships that are inherent in their proposals - given that such partnerships will continue to operate within a system of government shaped by New Labour which lacks state-institutional capacity and blurs the difference between public and private interests. The solution so far is an 'Integrity and Ethics Commission', and a wave of insourcing.<sup>28</sup> There seems to be a significant amount of faith that the Labour government - or the people they appoint - will somehow turn out to be the right sort of people to better manage the state and markets, within the same unaccountable and post-democratic structures of governance that have alienated the public for decades.

Moreover, whilst expanding state capacity is clearly imperative, if this involves little more than the creation of various ineffective commissions and regulators (as happened with New Labour), all that will be achieved is another expensive and pointless bureaucracy that lacks the capacity to intervene for the public good, and acts as a post-democratic backdoor for private interests. Public ownership of energy is no panacea, but it has the advantage of firmly establishing who is responsible and accountable for the production of an essential public resource. Current Labour proposals, like those of their predecessors, blur this distinction in ways which create opportunities for private interests to take precedence over the public's. Denying that these interests can be directly contradictory obscures the problem rather than taking it on.

### **Crisis intervention within fiscal limits**

The second tension in Labour's policy is between a renewed role for the state and fiscal conservatism. On one hand, they argue for a renewed role of the state, with Ed Miliband stating:

I am very struck that if you look at the global race that there is on green energy, which Britain is currently losing, the state being an actor to invest in the future is really, really important.<sup>29</sup>

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On the other hand, there is the over-arching narrative of ‘fiscal discipline’. Shadow Chancellor Rachel Reeves has been preaching this gospel for years, arguing in 2012 for an austerity-light regime, in which Labour makes ‘different choices within tight fiscal constraints’.<sup>30</sup> Labour clearly believes that this rhetoric is necessary in order to win the consent of the professional classes to govern, and so far the commentariat have responded with approval. Reeves has said that her ‘fiscal rules’ can be broken if there is a ‘crisis’, though, given the UK (and the world) already face multiple major crises which are not going away, this sidesteps the question of what constitutes a crisis, and avoids an honest appraisal of the challenges Labour will face when it takes office.

There is a tension within the Labour Party’s proposals between the scale of the problems they analyse and their unwillingness to break from deeply neoliberal conceptions of statecraft and government accounting. The UK has suffered from chronic underinvestment in its energy system since privatisation in the 1990s, and now faces an energy crisis which is plunging people into poverty. The result is that the government is now having to underwrite rising energy costs as well as the profits of shareholders and wages of CEOs of companies holding the UK to ransom.<sup>31</sup> Partly due to a reluctance to address New Labour’s complicity in creating this state of affairs, the current party is unable and unwilling to identify the structural problems of the liberalised energy system, even though they understand a renewed role for the state is needed.

Instead, subsidies are offered without structural change, and are seen as only deliverable within the ‘fiscal constraints’. £28 billion a year sounds a lot of money, but the scale of the work required to decarbonise not just energy but also other sectors like construction or transport means this sum is likely to be a drop in the ever-rising ocean.<sup>32</sup> It is also possible that any proposals will be significantly watered down during the legislative process, as has already happened to the Democrats’ ‘Build Back Better’ proposals in the US, as a result of the influence of fossil fuel capitalists and fiscal hawks: the much touted Inflation Reduction Act actually provides significant support for fossil fuel companies.<sup>33</sup> The same fate could easily befall Labour’s proposals within a framework of ‘fiscal discipline’, especially when the proposals come up against the well organised Westminster fossil-fuel lobbyists, who will be offering various fixes in the form of hydrogen or carbon capture storage - which will capture investment that supports their core business model.

But Labour’s analysis of the scale of the problems the UK faces is in any

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case - before any overt lobbying begins - being translated into decidedly tepid forms of action. Labour seems to think that Great British Energy can help the UK take a strong position in this 'Global Race', but the size and scale of this venture (capitalised with around £8 billion) is a fraction of the scale of existing public energy companies like EDF (£290 billion in assets), Ørsted (£31 billion) and Vattenfall (£430 billion) - the very companies currently providing much of the UK's renewable or low carbon energy.

Due to decades of low-tax policy (particularly in the North Sea), the UK has already missed out on significant public investment. 'Fiscal discipline' might keep millionaire *Times* columnists happy in the short term, but at some point there will come a choice between maintaining this discipline or taking more radical action suitable to the scale of the crises - challenging neoliberal structures of energy production and supply rather than continuing to subsidise a system that continually fails to deliver for citizens. In its current proposals, Labour has opted for pumping money into an energy system which siphons off profits into tax havens - albeit within the limits of the 'balancing the books' rationale of austerity neoliberalism. They thus run the risk of wasting public money whilst simultaneously claiming to be austere managers of the state.

Regrettably, Labour's energy policy remains within the 'progressive' neoliberal paradigm of managing and engineering the privatised energy system and markets, just as New Labour attempted. Whilst it does break with Blair and Brown in its increases in state investment and the creation of a public company, it does little to tackle the natural monopolies and has very little to say on the regulatory changes it will inevitably end up making given the absence of public ownership. (This is what all governments have done since the 1990s.) Like the Brown administration, the current Labour leadership recognises a renewed role for the state but then puts this into practice in a half-hearted way. The proposed subsidies are important but likely to be insufficient, whilst also raising the question of why such public investment does not lead to public ownership, especially given the significant bailouts the government is paying to energy suppliers in the present energy crisis. Fundamentally, the party leadership's desire to please CEOs and the right-wing press leaves them unable and unwilling to make structural changes to the energy system, thus risking the same failures as their ideological predecessors in New Labour. Increased investment and a new public energy company are welcome, but the scale

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of the ecological crisis is such that now is not the time for half-hearted measures which smooth off the edges of a neoliberal energy system in crisis.

### Things can only get better?

So, the key to victory in 1997 was to establish our economic credibility, our economic competence. We did this in large measure by becoming policy light so that we didn't have policies that were going to cause controversy or unease amongst business commentators.

Geoffrey Norris, Special Advisor to Tony Blair<sup>34</sup>

Labour face a Conservative government the likes of which we have not seen for decades. The Tories have managed to find a way to do the one thing that would always undo them: hit middle-class homeowners' mortgage rates and house prices. Combined with high inflation and political scandals, Labour look set to win the next election simply by turning up as middle England abandons the Conservatives.

Equally as important in winning support from the comfortable classes is the fact that Labour is now led by an establishment figure. A central concern of Keir Starmer's leadership has been to make it clear that he will not change things too much, in an effort to win the support of the liberal press and dampen attacks from the right. The City, the affluent middle classes and the CBI all know they have nothing to fear from an incoming Labour government. Given the collapse of the Tory vote, this is likely to prove electorally effective: Labour are looking to follow the strategy of New Labour outlined by Norris above.

In office, Labour will have an historic opportunity to substantially reform the energy system at a crucial point in history. What I have shown here, though, is that their approach to energy policy is marked by the same contradictions and tensions as New Labour's. Under Blair's premiership, the 'partnership' with business was generally a highly unequal one, which oversaw the private sector expanding into more and more areas of public life (local government, healthcare, education), whilst consistently failing to deliver public goods - such as renewable energy.

It is very likely that the current leadership's package of corporate subsidies will drive forward renewable energy production, but we have to question why such investment should be going into a system which will be paying venture and fossil-

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fuel capitalists for the wind and the sun - made possible by their energy being converted into electricity through technologies that the public have underwritten; while at the same time millions of pounds flow out of the system through monopoly rents that are generated from formerly publicly owned infrastructure. Indeed, Ed Miliband recently endorsed a report from a thinktank, run by a former special advisor to Boris Johnson, which centred planning de-regulation as the primary route to expanding renewable energy, in a further sign of the stubborn persistence of neoliberal solutions to neoliberal crisis across both parties.<sup>35</sup>

Despite talk of pragmatism and a recognition of the scale of the problems the UK faces, Labour remains wedded to 'progressive' neoliberalism. In his conference speech, Starmer referenced the absurdity of Sweden's public energy company owning energy production in Swansea. But Vattenfall have assets worth over £430 billion because of years of major state investment and ownership of the kind Labour continue to rule out in favour of 'fiscal discipline'. Starmer recognises in his own analysis the significance of having a major state-owned energy company, only to then rule it out because he is afraid to rock the boat. There is a major difference between now and 1997 though: the boat is sinking.

As Timothy Mitchell has argued, energy systems shape the possibilities of political action.<sup>36</sup> An energy transition ought to mean a political one, just as it did in the 1970s and in the industrial revolution, as new possibilities, and ways of organising society, open up and others close down. It is tempting to think, given how depraved the current government are, that 'things can only get better', but if Labour stick to their outdated paradigm of market engineering and corporate-friendly interventions, we risk many more years of propping up and bailing out the dying world of carbon-powered neoliberalism.<sup>37</sup> The ecological crisis requires more significant action and political courage than the revanchist New Labour 2.0 can ideologically countenance.

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### Notes

1. Stuart Hall, 'New Labour's Double Shuffle', *Soundings* 24, summer 2003, original emphasis.



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