Introduction

In the last decade, the case for market economics has emerged, coherent and formidable, as a blueprint for prosperity and a guarantee of freedom.

(Department of the Environment, This Common Inheritance 1990)

The above quotation from a seminal UK document on climate change, ‘This Common Inheritance’, is a clear reminder of the extent to which belief in the possibilities of market economics had penetrated the UK political establishment by 1990. This recognises claims made within new institutionalism that ideas can be acted upon because they represent beliefs, as well as for more strategic purposes. This chapter, instead of taking the PEPP as a fait accompli, analyses the evolution of the PEPP by seeking out how and why this system came into being, as well as by starting to consider the degree to which it became institutionally embedded, and with what consequences.

The opening section on UK energy policy between the Second World War and the early 1980s reflects an alternative perspective on energy based within a Keynesian model of economic governance. Energy companies were largely nationalised during this period and the emphasis was on ensuring nationwide, industrial and domestic, access to electricity, on ensuring energy supply security and on protecting the domestic coal industry. This period, from the mid-1940s to the late 1970s, was one within which the notion of actively maintaining energy provision and security was regularly on political agendas. This was particularly as Western domination over the primary source of energy, at that time oil,
came to be challenged by huge finds in, and production increases from, the Middle East.

By the late 1970s and early 1980s, neoliberally informed economists had come to decry what they perceived as high levels of managerial inefficiency and a lack of cost-effectiveness in the energy sectors. This tied in well with other, increasingly dominant, ideas about economic governance and, specifically, the appropriate role of the state relative to that of the market in the provision of economic goods. Such pro-market ideas were implemented over the course of the 1980s and they became over time part of everyday political practice in energy. The Conservative administration embarked on a programme of energy sector privatisation and liberalisation. It set new goals for policy, created new policy instruments and, in 1992, disbanded the Energy Ministry and with it the role of secretary of state for energy. The process of implementation can be better understood by applying the various types of depoliticisation, as put forward in Chapter 2, in particular marketised, technocratic and deliberative.

Although the argument here is that pro-market political practice came to be deeply embedded within UK political norms and institutions over time, this did not spell the complete demise of alternative ways of thinking about energy governance. It should by no means be assumed, either, that the processes of putting pro-market ideas into policy practice were straightforward. The social upheaval experienced by mining communities in the wake of attempts to withdraw state support for coal was one salutary warning of the difficulties inherent in attempting to remove energy from politics.

**British energy politics under Keynesianism**

Energy, like many areas of polity, has been subject over time to various ideas about how, and indeed whether, it should be governed. In the 12th century, Edward I of England ruled that wood should be burnt for heating instead of coal, which had polluting properties. Much later, in 1819, parliament convened a select committee on the subject of the environment (Ezra 1983: 199). The concerns have remained largely consistent over time – pollution and access to supplies – but political attitudes about and priorities given to energy, and pollution, have changed.

Quite consistent over the past century or so, and across perspectives, however, is a sense that energy can, and does, play an important socio-economic role. Early examples of this view are arguments put forward about the central role that new knowledge about how to produce energy