Electricity Transformed:

Neoliberalism and Local Energy in the United States

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Abstract

The concept of neoliberalism is explored with respect to the history of the electricity industry and policy in the USA. Rather than view "neoliberalism" as an all-encompassing form of governmentality or a hegemonic regime, it is instead situated in a political field of competing ideologies, policies, practices, and agents that includes social liberalism, socialism, and cooperativism, with hegemonic and redistributive forms of both social liberalism and neoliberalism distinguished. The field approach enables a dynamic interpretation of the history of the electricity industry in the USA that tracks the relative role of government intervention in the economy, scale shifts in the level of government intervention, and the extent to which the policies favor elite accumulation or redistribution to less favored economic categories. The field approach also enables an analysis of local responses to market restructuring that suggest some examples of redistributive politics, even local socialism, which have emerged as a consequence of marketplace restructuring.

Keywords: neoliberalism, electricity, social movements, local

Neoliberalism has often been understood as the simple withdrawal of the state from markets and society via trade liberalization, privatization, reduced entitlements, and government deregulation. For neoliberal politicians and their followers, the ideal result would be the downsizing of government and the end of high taxes and regulations associated with "big government." However, scholars of neoliberalism have noted that the emphasis on enhancing and protecting markets has resulted in several paradoxical developments. Governments have sometimes become more involved in the economy as facilitators of the creative destruction of markets (Brenner and Theodore 2002; Jessop 2002). Furthermore, in order protect neoliberal reforms against oppositional movements, governments have often become more intrusive in the policing and monitoring of unruly populations and in the occupation of countries that have resisted the neoliberal global order. Governments have also retained or even expanded nonmarket social policies as "flanking mechanisms" that weaken opposition to neoliberal reforms that have negatively affected the less fortunate members of society. Furthermore, all of the changes associated with neoliberalism have occurred with considerable variation over time and across space, so that a trend identified in one country might not be evident in another (Peck and Tickell 2002, 2007).

As the study of neoliberalism has grown to include such complexities, it has increasingly faced a problem of coherence. What exactly are the limits of neoliberalism as an empirical research problem? A substantial literature on contesting neoliberalism points to some of the complex mixtures of cooptation and resistance that cannot be adequately described as merely examples of the flanking mechanisms of a hegemonic neoliberal regime (Boyer 2006; Larner and Craig 2005; Mayer 2007; Murphy 2009; Townsend et al 2004). More generally, theories of neoliberal hegemony and governmentality tend to underplay the relative autonomy of the social fields in which the struggles take place (Bourdieu 2005) and the potential for generative action that leads to long-term change (Barnett 2005). In this study, I will build on those concerns by situating "neoliberalism" as a position in an agonistic political field that can be specified in terms of industrial, spatial, temporal, and scalar location. The field will be used as a framework for guiding the interpretation of specific policies and practices, using the history of electricity policy and its scalar politics in the USA as the empirical case to which the framework is applied.

Theoretical Background

Scholars tend to approach neoliberalism in various ways, sometimes inconsistently, as a type of political ideology, group of related government policies, and/or form of governmentality and political subjectivity. The concept is also used in a more encompassing historical and contrastive sense to refer to a broad political transition and/or hegemonic regime that succeeded Keynesianism, socialism, and import-substituting developmentalism. Underlying the various approaches is an agreement that neoliberalism involves changes in ideology, policies, organizations, and practices that favor the expansion of markets and the weakening of public ownership and government regulation. The general favoring of markets and opposition to government intervention in markets in turn is associated with specific policy reforms, including the reduction of trade barriers, roll-back of environmental and other regulations, privatization of public enterprises, reduction and devolution of the welfare responsibilities of national governments, encouragement of entrepreneurship and individual responsibilitization, and creation of new markets and industries.

In the literature there is an increasing tendency to view neoliberalism as historically changing, that is, as an ongoing process of "neoliberalization" subject to temporal, scalar, and spatial variation. An influential historical approach to temporal variation has distinguished a "roll-back" period associated with the deregulation and privatization of the Reagan and

Thatcher administrations of the 1980s and a “roll-out” period that followed (Peck and Tickell 2002, 2007). During the “roll-out” period, the focus was less on dismantling the government and its role in the economy and more on restructuring the government to support new market arrangements and to suppress opposition movements. The idea of “roll-out” also encompasses the weakened role of opposition parties. Even when former opposition parties came back into power, such as the Clinton and Blair administrations of the 1990s, attempts to soften the negative effects of neoliberal policies on the working class and poor took place within a framework that accepted trade liberalization and competition in global markets as the new “realities” of political economy (Hay 2004; Jessop 2002). Under “New Democratic” and “Third Way” policies, neoliberal practices were not overturned as much as modified to emphasize the role of individual responsibility and government participation in industrial development. Likewise, at the local level industrialized cities in the rustbelts of wealthy countries that were reliant on Fordist manufacturing had to maneuver within a new economic landscape that emphasized competition among cities and the need to transition to high-tech economies. Under pressure to change, local governments tended to court new urban development projects at a cost of lower public participation, thereby creating local-level democracy deficits that mirrored those at higher levels of scale (Swynegedouw et al 2002; Weber 2002).

A second complication in theories of neoliberalism involves resistance and contestation. Because the changes associated with neoliberal policies often had negative distributional impacts on the working class, poor, the small-business sector, and the environment, diverse forms of resistance and contestation have emerged. Leitner, Peck, and Sheppard (2007) suggest that contestations of neoliberalism fall under four basic types: engagement, opposition, alternative knowledge production, and disengagement. Some movements, especially those associated with antiglobalization struggles and the labor movement, can be accurately described as oppositional, even if they are not always effective (Bakker 2007; Kohl 2006; Mudu 2004; Wainwright 2007). Recognition of the harsh economic impacts of neoliberal policies on the working class and poor has in turn led to reconfigurations of government-civil society relationships and the rise of a redistributive form of neoliberalism, which relies on markets and the nonprofit sector to address issues of inequality via new institutions such as enterprise zones, microfinance, social entrepreneurship, and corporate responsibility programs. As civil society has changed and diversified, organizations have often become caught up in complex mixtures of challenging some aspects of neoliberal policies while accepting other aspects (Mayer 2007).

In addition to the problems of variation and resistance, a further complication for the coherence of theories of neoliberalism is the "Great Recession" that began with the home mortgage crisis in the USA in 2007. Just as the economic crisis of the 1970s weakened the political viability of social liberal policies, there is considerable potential for the Great Recession to limit the prospects for neoliberal policies. Although the effects of the Great Recession on politics and economics are not yet known, some of the policies associated with the Democratic Party's control of the American government in 2009 suggest a partial turn away from neoliberalism. Deficit spending, health-care reform, regulation of the financial sector, new educational programs, green economic development, and carbon-trading are all policy directions that suggest at least a partial return to higher levels of state intervention in markets, albeit ones that often cede significant ground to neoliberal approaches in the construction of policy instruments. The outcomes of such policy reforms, like the emergent mixes of grassroots opposition and civil society cooptation, suggest that the theory of neoliberalism may need to be extended beyond the roll-back/roll-out conceptualization. The older ideologies and policies associated with social liberalism ("social democracy" in Europe) and Keynesianism continue to have strong support among diverse political constituencies. Consequently, government policy and new public-private partnerships are often hybrid political entities that cannot always be characterized as either expressions of a hegemonic neoliberal regime or opposition to it. Rather, they are compromise formations of complex political currents and coalitions.

Given the ways in which neoliberalization has become both embedded in a wide range of policies and organizations, increasingly subject to contestation, or even thrown aside at least as an emergency measure, one needs a vocabulary to chart the waters of an historical period in which a pure type of neoliberalism associated with the Reagan and Thatcher era seems increasingly remote. (As I shall suggest below, the vocabulary may also be useful for thinking about changes in policy prior to the advent of neoliberal policies and ideologies as well.) In this essay I adopt a "field perspective" that assumes that "neoliberalism" can be more clearly understood when situated in a political field that consists of competing ideologies, policies, practices, and agents (Bourdieu 2005). Both social liberalism and neoliberalism are viewed not as historical periods or totalizing regimes but as ideal types of ideology, policy, agency, and practice that continuously interact in the political field. The term "social liberalism" is used here to represent a range of positions that share acceptance of relatively high levels of state intervention in the economy, whereas "neoliberalism" represents another range of positions that values state intervention in the economy only to the extent that it supports the creation of new markets and support of existing ones. Although sometimes conceptualized as an historical transition, I suggest instead that there is continued vitality of social liberalism in the political field. Although that vitality is historically and comparatively variable, I will present evidence for that thesis in the analysis of the electricity industry in the USA. The ongoing tension is conceptualized as a horizontal axis for the political field, and a cross-cutting axis is introduced to distinguish the effects of policies on the distribution of wealth and income. The effects range from a regressive side, which enables elite accumulation, to a progressive side, which favors economic redistribution. From this perspective, both social liberalism and neoliberalism can be configured as “hegemonic” projects of the elites, where specific policies favor regressive distribution of wealth and income, but they can also be configured in more redistributive modes. (See Figure 1.)

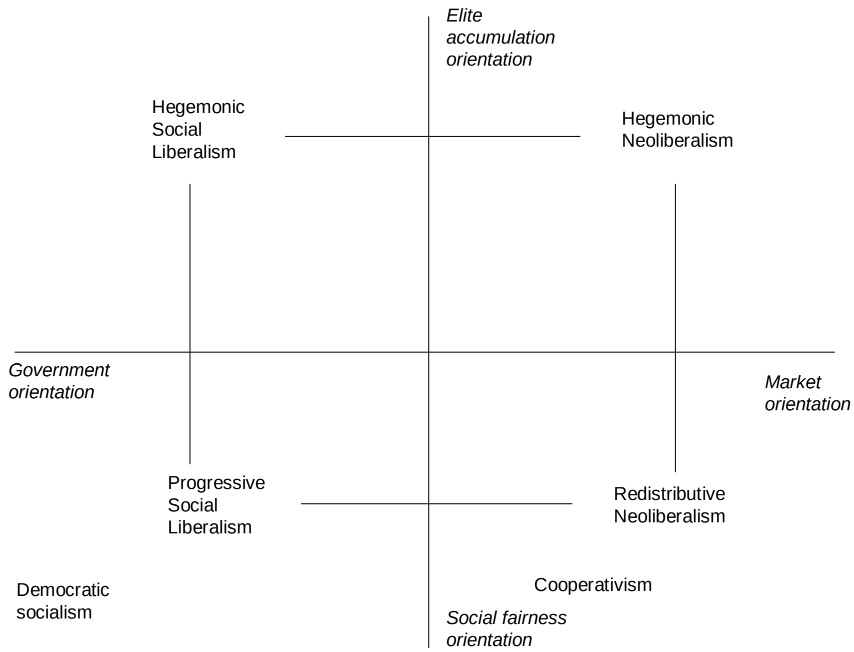

Figure 1: Neoliberalism in a Political Field

The framework has the benefit of recognizing that diverse political ideologies are at play in the political field and that concrete policies often represent compromise formations that reflect different ideological positions and distributional goals. Furthermore, the framework suggests several continuua that are at play in the field. First, there is often an assumption in the literature that social liberalism implies a redistributive orientation, whereas neoliberalism favors the hegemonic accumulation of elites. Although the assumption may accurately characterize many policies, I suggest the benefit of an analytical distinction between the ideological and distributional dimension of policies. For example, the deregulation of a heavily regulated industry may allow increased competition and lower prices for consumers, thus reducing elite profits and enhancing savings for a wide range of consumers in the short term. In this sense, a neoliberal policy has a redistributive effect, and in fact neoliberal policies are often framed by such promises in order to gain widespread political support. However, in the longer term the industry may respond to the increased price competition by reducing wages or undergoing consolidation, thus moving the distributional impact of the policy up the continuum toward elite accumulation.

In a similar way, because government regulations and subsidies can be used to protect corporate profits and avoid competition, various policies associated with high levels of state intervention in the economy are consistent with elite accumulation goals. This form of social liberalism is termed “hegemonic.” Because hegemonic social liberalism uses the state to protect the privileges of elites, neoliberal reform can be threatening to segments of the elites that are exposed to new competitive pressures associated with the creative destruction of market liberalization. More generally, whether a government policy involves greater or less state intervention in the economy may be less important to elites than the impact of a policy on their prospects for the accumulation of capital. As Harvey (2005) noted, for decades elites accepted policies now recognized as social liberalism (what he termed “embedded liberalism”), including the distributional compromises of what I term “progressive social liberalism,” as an alternative to both socialism and the much less regulated regime of classical liberalism that was presumed to have resulted in the Great Depression. From this perspective, there is a continuum in hegemonic forms of liberalism between neoliberal and social liberal forms, with elites often eschewing ideological purity for pragmatic combinations that offer new opportunities for accumulation. Likewise, there is another continuum between progressive social liberalism and redistributive neoliberalism. For example, urban development programs that assist the urban poor may flow through government agencies, through private-sector enterprise development zones, or, as is often the case, through mixtures of the two.

This framework builds on, modifies, and extends the conceptualization of the historical development of neoliberalism that emerged in the roll-back/roll-out dichotomy. In my terms, the roll-back phase of neoliberalism represented an attempt to weaken policies associated with progressive, social liberalism and replace them with hegemonic neoliberalism but to sell them as redistributive neoliberalism. Furthermore, the hegemonic aspect of social liberalism, as well as some of the more popular programs associated with progressive social liberalism (such as health-care and social security), survived the transition. Because the roll-back was incomplete, the resulting political field was more diverse and complicated rather than wholly transformed. Furthermore, during the roll-out phase of neoliberalism, there was some movement down the neoliberal continuum to include more redistributive programs, often programs that utilized marketplace mechanisms rather than traditional statist forms (such as "workfare"). Up to this point, my framework only suggests a slightly more precise way to think about the roll-back/roll-out transition. However, after the Great Recession there has been a shift back toward progressive social liberalism, albeit not to the levels of the New Deal and Great Society. Thus, one might characterize historical transitions as moving from the lower left quadrant to the upper right quadrant (leaving the upper left quadrant intact), but then involving some shifts both downward (toward redistributive neoliberalism) and leftward toward social liberalism. It is not clear yet what will replace neoliberalism as a political regime, but to the extent that one sees increasing mixes of neoliberal and social liberal policies under the rubric of a "new pragmatism," one might begin to think of the value of a neologism such as "social neoliberalism" as a way to think a post-neoliberal political order.

I have also included democratic socialism and cooperativism as two alternatives that lie outside the mainstream politics of social liberalism and neoliberalism. If implemented without corruption, the governmental ownership of significant industries and large corporations with the goal of general social benefit would be associated with substantial economic redistribution toward the lower-income social categories. Where corrupted, socialism can serve as an ideological cover for a form of hegemonic politics that is historically associated with cronyism and fascism, a concern that neoliberals frequently raise. In the USA the last significant articulation of socialist politics on the national scale was the Citizens Party of Barry Commoner (Egan 2007), although to some degree public ownership of industry emerged during the Great Recession as an emergency and temporary measure. Cooperativism (including cooperatives and employee-owned firms) is understood here as a form of democratic ownership that is limited to specific firms and more oriented toward marketplace competition than socialism. Thus, redistributive implications are away from elite accumulation but generally limited to the members of the cooperative. In the 2009 health-care debate in the USA, cooperatives emerged as an attempted compromise between progressive social liberals who preferred a public option and neoliberals who preferred a voucher system or other forms of market-oriented reform.

The approach to neoliberalism and social liberalism outlined here will be used to explore the transformations of the electricity industry in the USA. The approach can provide a perspective that is more precise than a framework that situates the changes in a broad regime change from classical liberalism in the 19th century to social liberalism to neoliberalism. The approach also offers analytical benefits over a framework that assumes an ever-changing concept of neoliberalism that undergoes historical change and spatial variation but does not recognize the ongoing vitality of social liberalism, and even socialism and cooperativism, as contending ideologies and organizational forms in the political field. In this sense, the approach suggests a way to theorize neoliberalism that is also cognizant of the limitations of the concept.

Electricity Policy and Political Ideology

On first glance, the gradual transition of the American electricity industry that occurred since the 1970s, from a highly regulated public utility system to marketplace competition, might be viewed as a transition from social liberalism to neoliberalism. Certainly, the restructuring of electricity markets during and after the 1990s is parallel with the deregulation of other markets that occurred during the last twenty years of the 20th century, and histories of electricity policy in the USA indicate that the policy reforms were influenced by the "deregulation" of other industries. As a first approximation, the categories of social liberalism and neoliberalism are helpful in understanding the historical transition. However, when one looks more carefully at the history before and after the transition, the picture is more complicated. By approaching the industrial and policy changes as a political field structured by contending ideologies and actors, the neoliberal element in the history becomes clarified.

Historically, electricity production in the USA emerged in spatially limited markets of private-firm competition for residential, business, and government customers. The transition from DC to AC current systems enabled the industry to shift to a larger scale that in turn enabled competition for and consolidation of different types of electrical service in urban areas: street lighting, building lighting, industrial machinery, and streetcars. Because it was impractical to allow multiple firms to install different electricity wires to every customer, city governments granted franchises. However, the process of granting franchises was chaotic, and there was significant corruption (Hyman 1992: 71). Using the typology above, we might characterize this early system as a 19th-century, classical liberalism of relatively unregulated markets that gave way to a chaotic, localized social liberalism that was based on bribery and other forms of cronyism and hence hegemonic.

Reformers inaugurated municipal ownership (local socialism) as one solution to monopoly pricing and corruption. As the local consolidation of electric companies increased, and monopoly pricing by private firms became possible, local public ownership offered the possibility of significant redistributive benefits in the form of price reductions for customers. By 1907 over a thousand municipal power companies had been formed, but one effect of the success of local socialism was that some municipal companies became victims of corruption. Consequently, some Progressive reformers turned to the idea of investor-owned utilities regulated by state governments as the best solution to the problem posed by electricity delivery that was understood (controversially) as a natural monopoly. In 1907 the utility industry endorsed regulation by state governments, partly to stop the municipalization trend, which it attacked as socialist and communist (Hampton and Reno 2003: 88-93). Although some Progressive reformers continued to support public ownership, other reformers found common cause with the investor-owned utilities (IOUs) and introduced state-level regulation of electric utilities. In theory, the public good was served by price controls and an escape from local corruption, and the IOUs were served by having a negotiated monopoly. By 1914, 45 states had established public utility commissions (Hirsh 1999: 14-26).

In the framework outlined above, the scale shift to state government regulation represented an attempt to protect the public from corruption and monopoly pricing at the local level by introducing a regime of social liberalism at the level of state governments. Industry benefited from having the stability of a natural monopoly status and by avoiding the loss of market share to municipally owned electricity departments. However, state utility commissions proved susceptible to bribery and regulatory capture, and consequently the politics of hegemonic social liberalism that had emerged at the local level were reconstituted at the state government level. By the 1920s, the electric power industry had also shifted to a new scale and organizational form, the holding company, which escaped the scope of state-government regulation and thus enabled the progressive, social liberal regime of state-level regulation to be gradually supplanted by a new order of hegemonic, state-level, social liberalism. Those companies aggregated securities as a way to reduce risk and to leverage investments in a manner similar to the aggregation of mortgage-backed securities during the early 21st century. In response, after the Great Depression began, government intervention also shifted scale to the federal level. Franklin D. Roosevelt campaigned against the holding companies in 1932, and subsequently the Public Utility Holding Company Act introduced the Securities and Exchange Commission as the regulator of holding companies and, over the following two decades, led to the break-up of most of them. However, Roosevelt's policies went beyond the social liberal model of regulatory activism with a progressive distributional intention. Drawing on his experience in New York with public ownership of hydroelectric power, he also proposed that publicly owned, federal, hydroelectric facilities could be used as a national "yardstick" to measure and prevent "extortion" by the holding companies. (The same term emerged in President Obama's characterization of the public option in the health-care reform debate in 2009.) Furthermore, the Rural Electrification Administration helped farmers to form cooperatives to bring electricity to the rural areas (Hyman 1992: 103-105).

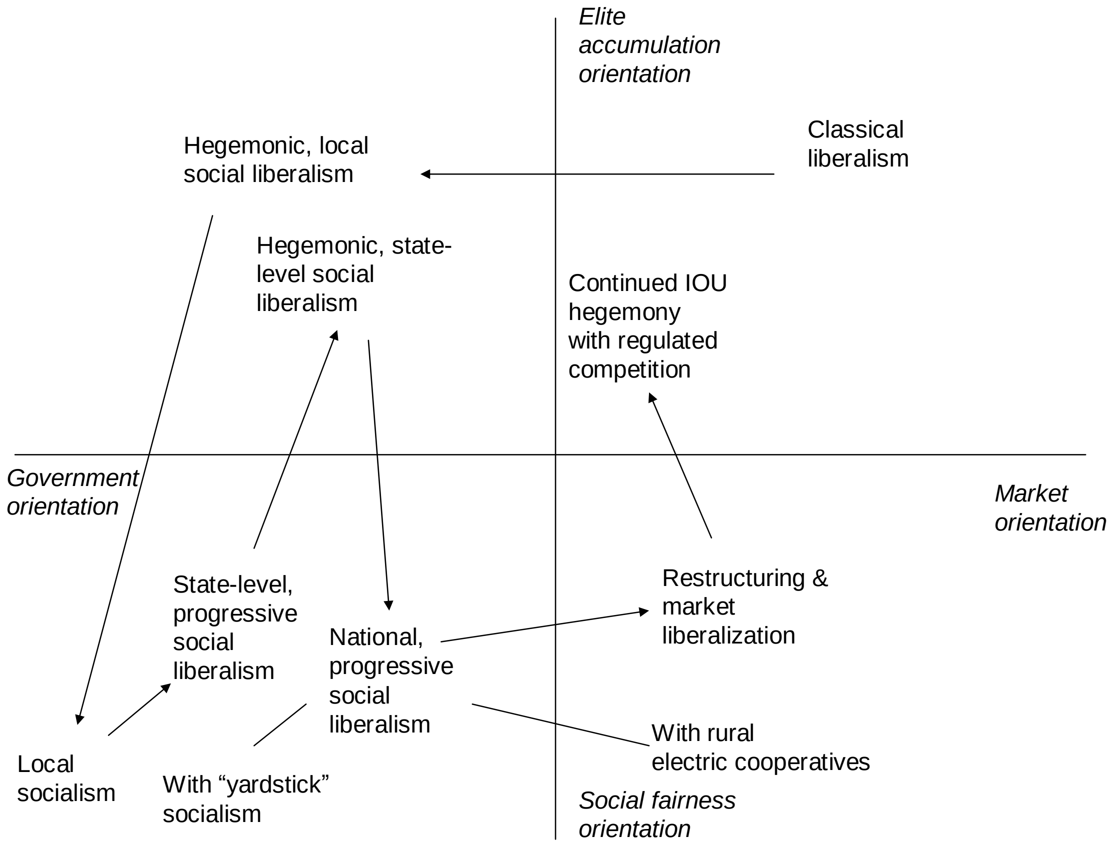

Figure 2: Historical Transitions in the USA Electricity Field

To summarize, when mapped onto the political field of state-market orientation and distributional orientation, the history can be described as a series of shifts (see Figure 2): early market liberalism and chaotic competition with a consolidation trend at a local level (that is, classical, 19th-century liberalism), with local cronyism in the form of municipal franchises (hegemonic, local, social liberalism); responses that included the local socialism of municipal ownership and the scale shift to state-level, progressive, social liberalism with regulated monopolies; the countervailing scale shift of the utility industry to enable state government regulatory capture and the formation of holding companies that were largely outside state government regulatory scope (state-level, hegemonic, social liberalism); and the subsequent scale shift to federal-level New Deal policies, which mixed the social liberalism of regulatory intervention with cooperativism and limited public ownership at the federal government level; followed by the restructuring of the industry in the 1990s. Because the “phases” were not distinct and successive but overlapping and cumulative, they left a patchwork legacy of organizations and policies that remain in place today, from municipal utilities and rural cooperatives to IOUs and state-government regulation. In other words, over time the political field grew more complex ideologically and organizationally.

By the 1960s and 1970s the patchwork system had undergone various challenges, among them the slowing of demand growth, the difficulty of predicting demand, inflationary pressure, price-cost squeezes due to rate caps, cost overruns from nuclear energy construction, growing public opposition to nuclear energy, spikes in oil prices (after 1973), and the failure of technological innovation to lead to further cost reductions. Those stresses on the system created pressure for additional regulatory reform. The 1978 Public Utility Regulatory Policies Act introduced various changes, but in retrospect the most significant was a provision that required utilities to buy electricity from private generators if the cost of purchasing was lower than the avoided (marginal) cost. Although intended to help renewable energy generators, the change triggered the growth of small-scale, combined-cycle, natural-gas generation. In many ways the 1978 law was the first step toward the wholesale and retail competition that became more widespread in the 1990s and after, a policy transition that marked the influence of neoliberal thought. However, during the 1980s state commissions also shifted toward demand-side management programs, which promoted energy efficiency and conservation measures (Hirsh 1999: 169-203). As a result, during the Reagan presidency, there were two ideological currents evident in the electricity policy field: a continuation of regulatory activism in support of energy conservation that was consistent with progessive, social liberalism; and the growth of the smaller, wholesale generation facilities that predated the more extensive market-oriented reforms of the 1990s. It was not until the Energy Policy Act of 1992 that the stage was set for much more extensive competition among wholesale generators and, at the discretion of states, among retailers or "electricity service providers." The legislation enabled the first experiments in energy market restructuring, which began in California and New Hampshire several years later. Although the IOUs resisted the federal legislation as well as some of the state government reforms, large industrial consumers strongly supported the changes because of anticipated cost reductions. In other words, a division within economic elites by industry played out in positions that could be described as a defense of hegemonic social liberalism (favoring accumulation for the IOUs) and the challenge of hegemonic neoliberalism (favoring accumulation for large consumers and independent generators).

The restructuring of electricity markets during the 1990s can be viewed as consistent with the neoliberal pattern of deregulation that occurred in the airline, natural gas, railroads, telecommunications, and financial industries. The restructuring was sold to the broader public as beneficial to small consumers because competition would lead to lower rates and thus offer some redistributive benefits (as a result, it is located in the lower right quadrant of Figure 2). The extent to which those benefits were realized varies considerably over time and across state governments. The broader point is that the creation of new markets took place within a broader electricity field that included the diverse ideologies and organizations described above. Thus, it would be a mistake to paint the entire field with the broad brush of a transition to a neoliberal regime; rather, it would be more accurate to say that a neoliberal strand was introduced into an organizationally, institutionally, and ideologically diverse political field. Municipal utilities, rural cooperatives, federal electricity generation facilities, state regulatory commissions, and regulated IOUs remained in place in a field that now included competing wholesalers, retail competition in some states, and a range of other organizational innovations needed to support the new markets. For this reason, the term "restructuring" is more accurate than "deregulation" (Hirsh 1999: 293).

Within this heterogeneous field, the dominant players remained the IOUs, even after restructuring. Their number remained relatively small in comparison with municipal electricity organizations and electricity cooperatives (about 240 out of 3100 in the early 2000s), but the IOUs served about three-quarters of the country's customers. Furthermore, although the restructuring of the electricity industry after 1992 separated generation from distribution and "broke up" the vertical integration of the industry, a decade later the IOUs still generated about 40% of the electricity in the USA. Although there were temporary setbacks (such as during the California electricity crisis), in general the IOUs were able to continue to become integrated into the new regime of mixed social liberalism and neoliberalism (represented schematically by a transition upward and leftward in Figure 2).

In the remaining part of this essay, I will argue that the other players of the political field adjusted to the neoliberal change, but in complex ways that subverted, altered, and reconstituted the market-oriented reforms. Just as the transition in the field since the 1980s can only be described in the broadest brush strokes as a shift from social liberalism to neoliberalism, so the various responses, accommodations, and resistances cannot be described as either wholly captured by or wholly resisting an all-encompassing neoliberal regime. The overall political field was always a mixture of ideologies and positions, and if anything that complexity has increased and diversified.

Local Subversion and Reconstitution

One of the outcomes of the post-restructuring era of electricity in the USA is that the local level of scale has emerged as a site for contesting corporate ownership. This development is consistent with other shifts in scale, both upward and downward, that have occurred in the contestation of neoliberal globalization (Hess 2009; Mayer 2007). In the electricity field, there is some evidence of a reconstitution of the redistributive politics associated with the history of socialist, cooperativist, and progressive, social liberal policies. Other policy changes in the broader energy field, such as regional cap-and-trade policies and the efforts to develop national carbon legislation, are important, but the consideration of the ideological dimensions of such topics would require a separate analysis.

Although restructuring went relatively smoothly in some states (Considine and Kleit 2007; Solomon and Heiman 2001), the most memorable effect of electricity market restructuring was the dramatic failure of the wholesale electricity markets in California. Retail prices were capped at pre-restructuring levels under the assumption that wholesale competition would lower prices. The IOUs were forced to divest about half of their generation capacity to private companies. However, no provision was put in place to prevent wholesalers from manipulating supply and prices, and the result was that the IOUs were forced into purchasing electricity at high prices on spot markets by illegal manipulative practices such as those associated with Enron (Eichenwald 2005). Although Governor Davis asked the Federal Electricity Regulatory Commission to regulate the wholesalers, the commission did not cap prices until 2001, and as a result California experienced insolvent IOUs, black-outs, and eventually higher consumer prices that led to Davis's decision to end retail choice in 2001. As Heiman and Solomon (2004) note, the causes of the California crisis were idiosyncratic, but in general the high capital costs of the wholesale market favored consolidation, which in turn set the conditions for the exercise of market power.

There were many responses both in California and in other states to the dramatic power crisis of 2000 and 2001, but I will focus here on the implications for organizational innovation that challenged the existing order of market domination by large energy corporations such as the IOUs. One example is the attempt by San Franciscans to municipalize their electricity in response to public anger. Given the generally progressive politics of the city, the “socialist” connotations of municipalization posed less of a framing threat than municipalization efforts faced in other areas. However, the IOU invested millions of dollars to defeat the ballot propositions, and despite grassroots mobilization, the advocates of municipalization lost. A series of other ballot measures was introduced, and in 2008 proponents of clean energy and municipalization introduced Proposition H, a ballot initiative that called for the development of a plan that would enable the city to have 100% clean energy by 2040 and would assess municipalization (Hess 2005). The utility spent $10 million, a rate of 160 to one, and led the defeat of the proposition (SF Clean Energy 2008). Although the effort to municipalize electricity was not successful, some of the other efforts throughout the country have been successful, even when opposed by the IOUs. According to the American Public Power Association, there were 16 successful municipalizations roughly since 1998 and 72 since 1978 (American Public Power Association 2008). However, because some public power organizations also were privatized, there may have been a net loss of municipally owned electricity systems (Bradshaw 2002, cited in Heiman and Solomon 2004).

The efforts to municipalize electricity represent a return to a previous wave of local public ownership as a mechanism to confront monopoly power and corruption, but in the late 20th century the monopoly power was organized at a higher level of scale and therefore had greater financial and political resources available to resist municipalization. When successful, public ownership of electricity distribution (and in some cases generation and transmission as well) would offer long-term benefits both to the city government and to electricity consumers. However, the transition can include the costs of well-funded campaigns against municipalization by the IOUs and subsequent litigation expenses. Furthermore, even where the municipalization campaigns are politically and legally successful, local governments face the steep costs of financing the transition and developing the expertise to run a comprehensive system of electricity distribution as well as, in some cases, generation and transmission.

In a few states an alternative has emerged that has the redistributive goals associated with public ownership but lacks some of the drawbacks of public ownership: community choice. Pioneered in Massachusetts shortly after electricity restructuring went into effect, community choice programs have been implemented in various places, among which the most well-known are the Cape Light Compact, a consortium of towns on Cape Cod, and NOPEC, the Northeast Ohio Public Energy Council. Community choice allows the local government to aggregate all customers, usually with an opt-out clause, and bid the aggregation of customers to electricity service providers. State-level legislation potentially allows communities to determine the energy mix and to negotiate a price, but without undergoing the expense, electoral battles, litigation, and steep learning curve involved in municipalization. Where the negotiations are successful, the redistributive intent of community choice can be realized in lower retail electricity prices for consumers, especially small businesses and residences that otherwise lack bargaining power. In the Cape Cod group, the aggregation also engaged in energy conservation work supported by a small surcharge on consumers' electricity bills. In the case of NOPEC, the consortium originally negotiated a contract that brought both substantial energy savings and a significant reduction in greenhouse gases due to a shift away from coal generation. Later it faced and, as of 2009, won a pitched battle with the IOU to maintain its right to aggregate customers (Littlechild 2008; Northeast Ohio Public Energy Council 2009).

In the terminology developed above, public power involves a revival of early 20th-century local socialism, whereas community choice might as a first approximation be characterized as redistributive neoliberalism. The very phrase “community choice” suggests three elements that Guthman (2008) has identified as characteristic of neoliberal politics: choice, localism, and the use of market mechanisms to solve political problems. However, one has to be careful with taking political slogans at face value. Based on my interviews, I believe the terms were carefully chosen to make the redistributive politics more palatable across political divisions, thereby neutralizing potential framing of “community choice” by opponents as progressive social liberalism while also appealing to the redistributive politics of progressive social liberals. As a result, it is more accurate to describe community choice aggregation as a reform movement that operates overtly as a form of redistributive politics but also shifts across a continuum of neoliberal and social liberal politics. In effect a consumer union, the aggregated community is in a much better position to negotiate a better price, thus transferring some of the profits of the IOUs to the customers, including the smaller customers that generally lack market power. Furthermore, the community choice unit can also determine the extent and pace of its transition to green power, and in some cases it can exceed the targets of state government renewable portfolio standards. Unfortunately, the two goals of lower price and more rapid transition to green power are not always compatible, so cities may be forced to make difficult choices (Jamison 2009).

I used the phrase “first approximation” for the description of community choice as redistributive neoliberalism because there are other political currents also at play. In San Francisco one of the ballot propositions granted the city government the authority to issue a municipal revenue bond that would enable the city to fund the construction of solar and wind energy, as well as conservation and distributed energy. When implemented, the project could supply about half of the city's average load. In other words, the city would own a large portion of its electricity generation, but transmission and distribution would remain in the hands of the IOU. This development is interesting because it would have the electricity service provider build the new generation capacity and administer conservation programs as part of the community choice contract. As a result, the mechanism of electricity market restructuring would become a vehicle for the construction of municipally owned electricity generation capacity, which also would mark a significant transition toward green energy. In terms of the typology of underlying political ideologies, the arrangement comprises a hybrid of local socialism (municipally owned generation), state-level social liberalism (a regulated utility and state-government legislation that defines community choice arrangements), and redistributive neoliberalism (under a contract that is negotiated in a competitive bid). However, the model remains untested, and given the credit market risks, as of 2009 the San Francisco experiment had yet to be initiated (Jamison 2009; Witherell and Redmond 2009).

There are other ways to achieve local ownership of energy (generally renewable energy) than through a municipal revenue bond. For example, municipal electricity organizations have used voluntary green pricing on the customer's municipal electricity bill to finance the construction of wind turbines owned by the city government (American Wind Energy Association 1999). In terms of the typology developed above, green pricing arrangements are an example of the ethical markets of redistributive neoliberalism that have been enabled by wholesale competition in electricity markets. In this case, environmentally concerned customers pay a voluntary tax that, in theory, supports a marginal increase in green power generation that is locally and publicly owned. Again, what might first appear to be a neoliberal policy (a voluntary green tax) is associated with local public ownership.

Similar policies can also be associated with collective private ownership. For example, in Ellensburg, Washington, electricity customers may buy shares in a solar array and receive a proportional reduction on their electricity bill (Asmus 2008). When shareholders move, they may donate the share to a nonprofit organization (redistributive neoliberalism), add the value of the shares to the price of the house, or sell the shares back to the host utility. Likewise, although the rural energy cooperatives have resisted state-government renewable portfolio standards because of their potential to result in price increases (Heiman and Solomon 2004), farmers and rural cooperatives have shown growing interest in building wind generation that they own collectively (Mazza 2008). These two examples suggest ways in which collective ownership, either via a city government or a cooperative, has been connected with locally owned, renewable energy.

A final example is one of completely private, small-scale ownership that is facilitated by a city government. The city of Berkeley has created a "Sustainable Energy Financing District" that sells bonds through a financing company to socially responsible investors, then loans the money out to homeowners, who install solar panels. With utility rebates and rebates from the state and federal governments, homeowners end up paying the district a price that approximates the cost of buying electricity from the grid. Furthermore, if the owners need to sell the house, the bill stays with the house as part of the property tax. Again, two obstacles to investments in rooftop solar—the high cost of borrowing and the liquidity risk of not recouping the long-term investment if the owner moves—are surmounted. The model has been implemented in a pilot program of 38 homeowners, and the state government has implemented a Clean Energy Finance Program to facilitate the development of similar programs across the state (City of Berkeley 2009; Jenkins 2009).

On first glance, the model could be described as redistributive neoliberalism, because it involves a voluntary "tax" for environmental purposes and is financed (at least initially) in the socially responsible investment markets. However, the project also has a progressive, social liberal dimension for two reasons: it is made possible by the rebates offered at the state and federal government levels and the low-interest loan program of the city government, and the result is a redistribution of power generation ownership (and presumably, over time, monopoly rents in the form of avoided price increases) from large, energy wholesalers to homeowners. However, there is also a dimension that is consistent with the hegemonic neoliberalism of creating investment opportunities for those who can afford them: as in municipal wind projects described above, although participation is voluntary (in effect a "tax" of potentially increased household expenditures in the short term or at least an opportunity cost "tax" of increased maintenance and supervision time), the "tax" may be turned into an investment that provides an inflation hedge against rising energy costs and could, in the long term, result in a net savings. Furthermore, the locally owned solar systems are connected with the grid and essentially use the grid as a bank for deposits when excess household electricity is produced and for withdrawals when electricity is needed. Although such arrangements are possible under the regime of regulated IOUs, the restructuring of electricity markets has helped enable local distributed renewable energy production.

In summary, some of the developments in local energy financing and policies—community choice legislation, solar bonds, solar shares, wind energy in cooperatives, and local energy tax districts—are largely possible because of the "neoliberal" restructuring of electricity markets. However, the outcome of such developments is not consistent with hegemonic neoliberalism in the sense of providing new opportunities for capital accumulation by the large IOUs and energy generation companies and their owners. Rather, neoliberal reforms in the energy field in the USA, which were supported originally because of their capacity to serve the accumulationist goals of large electricity customers, have created political opportunities at the local level for the reconstitution of public ownership, decentralized individual ownership, and the redistributive neoliberalism of ethical markets. Nevertheless, the electricity industry as a whole remains structured to enable the continued accumulation of profits by the large IOUs and generation companies. In this sense, when one steps back and looks at the industry as a whole, there is a mixed regime of hegemonic social liberalism and hegemonic neoliberalism that provides opportunities for capital accumulation by the energy elites. But within the spaces opened up by restructuring, some interesting opportunities have been created, perhaps inadvertently, for new forms of redistributive politics to emerge. As I have suggested, the new forms of redistributive politics range from redistributive neoliberalism to progressive social liberalism, cooperativism, and socialism.

Conclusions

The broad typological categories of “social liberalism” and “neoliberalism” can be useful for describing long-term, macrosocial, historical changes, such as the shift in the USA from the policies, ideologies, agents, and practices associated with the New Deal and Great Society to those associated with the Reagan presidency through George W. Bush. The categories can also be parsed to capture more subtle differences, such as the distinction between roll-back and roll-out neoliberalism. Likewise, when one analyzes more specific political problems, such as the transformation of electricity markets in the USA from the 1970s to the present, the concept of neoliberalism can help contextualize the restructuring of electricity markets by situating it against the trends toward the deregulation of other markets and trade liberalization. However, the ongoing survival of organizations and institutions associated with other political ideologies and policy regimes, as well as the variable responses at the state and local level, suggest the limitations of a conceptual framework focused only on neoliberalism. Rather, the electricity industry is better viewed as a political field characterized by multiple and competing political ideologies, policies, practice, and agents that often result in hybrid outcomes. The market-oriented liberalization that began in 1978 and unfolded during the 1990s did not replace the other agents and styles as much as create the conditions for innovations that led to their reconstitution and hybridization. Thus, there is considerable value in a theoretical framework that situates “neoliberalism” in a field of dynamically changing ideologies, policies, practices, and agents. I have also suggested the value of maintaining an analytical distinction between a relative orientation toward states and markets and a relative orientation toward elite accumulation or redistributive politics. This framework enables one to discern not only the history of complex organizational and ideological mixes and their distributional effects but also the political opportunities for alternatives and innovation.

At this point one might ask an evaluative or normative question. Has the transition to competition in electricity markets in the USA been generally beneficial? In other words, did marketplace competition lead to the promised distributional benefits of lower prices for consumers and increased opportunity for technological innovation and entrepreneurial firms in the power generation industry? Framed in this way, the question becomes a technical one that can be only addressed by economic analysis. The analysis developed here suggests a slightly different level of response: technical answers to the question need to be historically contextualized, so that a positive answer for one period might be countered by a negative answer in another. There is an ongoing dialectic between various forms of hegemonic liberalism and diverse redistributive or protective movements in Polanyi’s sense (1994). Reforms oriented toward redistributive politics (including local socialism, state-level progressive social liberalism, national-level progressive social liberalism, and even early neoliberalism, with its promises of rate reductions for small consumers) become opportunities for long-term subversion and transformation into hegemonic social liberalism or hegemonic neoliberalism (or mixes of the two). However, as the political field is redrawn based on the result of one series of conflicts, and as the hegemonic forms of liberalism reassert themselves, the protective countermovements regroup and find new opportunities for redistributive politics. As the countermovements moved up the geographical scale (from local socialism to state-level utility regulation and then New Deal federalism) only to find reform efforts partially floundering on regulatory capture and cronyism, the movements have come full circle, at this particular historical juncture, and found new political opportunities for redistributive politics opened at the local and state level. Perhaps in the wake of the Great Recession opportunities will also reopen at higher levels of scale.

Furthermore, the answer to the evaluative question of whether electricity market restructuring has been generally beneficial to customers or whether is has been harmful to them is made difficult partly by the variation in the effects of restructuring at the state-government level. The case of California in 2000-2001 is probably the strongest example in support of the argument that neoliberal restructuring benefited the accumulation of wealth by some economic elites at the expense of retail consumers and taxpayers. One needs the qualifying term “some” because at the height of the crisis, the traditional elites in the industry, the IOUs, were bankrupt, due largely to market manipulation by Enron and other new players. Partly because of the public revelations that followed the California crisis, the state has also been a site for some of the most interesting innovations that seem capable of combining redistributive politics with shifts toward greener electricity. As I have suggested, although the IOUs in California and elsewhere were able to survive and prosper after the crisis ended, the restructuring process has also opened political opportunities for redistributive politics. By creating institutions, financial products, technologies, and laws that facilitate community and local ownership, reformers have come up with ways to link marketplace restructuring to redistributive projects that favor the transfer of electricity generation ownership to local governments and small consumers.

One might argue that the reformers' vision that links distributed generation to redistributed ownership is anachronistic, because the trend is for economic organizations to get larger and larger. However, the literature in economic sociology has shown that the trend toward industrial consolidation is the product of public policies and corporate strategy, not the natural forces of markets (Fligstein 1990; Perrow 2002; Roy 1997). Furthermore, as I have suggested, the decentralist experiments have often been linked to renewable energy production and energy conservation (see also Blackford 2005; Heiman and Solomon 2004; Pickford 2001). The latter—the savings generated from not purchasing energy—is in many ways the purest form of green energy (not consuming at all) and redistributive transfer of wealth (not paying IOUs and generation corporations for future electricity).

To date such experiments in decentralized energy production have not achieved significant impact on the electricity field; they occupy subordinate positions as successors to the cooperativist and local socialist positions in the field. They can spread and become more influential, provided that the legal and financial arrangements are in place to enable the shift to occur, and the experiments discussed above suggest ways of solving some of the financing problems that plagued earlier generations of local energy production, such as in the appropriate technology and home power movements. One might predict from the history that if financing mechanisms were to become widespread, then the IOUs and other large corporations in the electricity field would attempt to change the regulatory landscape to close down the reforms.

From this perspective, a mixed regime of neoliberal market reforms and social liberal regulation provides some protection for economic elites. The avenue of state-oriented intervention is left open as a mechanism for protecting threats to profits that market restructuring can cause by inadvertently opening up political opportunities for redistributive politics.

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