

Significant Aspects and Drivers of Germany and Australia's Energy Policy from a Political Economy Perspective

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Abstract : Geopolitical tensions, climate change and recent movements favouring a transformative shift in institutional power structures have influenced the economics of conventional energy supply for decades. This study takes a multi-dimensional approach to illustrate the potential of renewable energy (RE) technology to provide a pathway to a low-carbon economy driven by ecologically sustainable, independent and socially just energy. This comparative analysis identifies economic, political and social drivers that shaped the adoption of RE policy in two significantly different economies, Germany and Australia, with strong and weak commitments to RE respectively. Two complementary political-economy theories frame the document-based analysis. Régulation Theory, inspired by Marxist ideas and strongly influenced by contemporary economic problems, provides the background to explore the social relationships contributing the adoption of RE within the macro-economy. Varieties of Capitalism theory, a more recently developed micro-economic approach, examines the nature of state-firm relationships. Together these approaches provide a comprehensive lens of analysis. Germany's energy policy transformed substantially over the second half of the last century. The development is characterised by the coordination of societal, environmental and industrial demands throughout the advancement of capitalist regimes. In the Fordist regime, mass production based on coal drove Germany's astounding economic recovery during the post-war period. Economic depression and the instability of institutional arrangements necessitated the impulsive seeking of national security and energy independence. During the postwar Flexi-Fordist period, quality-based production, innovation and technology-based competition schemes, particularly with regard to political power structures in and across Europe, favoured the adoption of RE. Innovation, knowledge and education were institutionalized, leading to the legislation of environmental concerns. Lastly the establishment of government-industry-based coordinative programs supported the phase out of nuclear power and the increased adoption of RE during the last decade. Australia's energy policy is shaped by the country's richness in mineral resources. Energy policy largely served coal mining, historically and currently one of the most capital-intense industry. Assisted by the macro-economic dimensions of institutional arrangements, social and financial capital is orientated towards the export-led and strongly demand-oriented economy. Here energy policy serves the maintenance of capital accumulation in the mining sector and the emerging Asian economies. The adoption of supportive renewable energy policy would challenge the distinct role of the mining industry within the (neo)-liberal market economy. The state's protective role of the mining sector has resulted in weak commitment to RE policy and investment uncertainty in the energy sector. Recent developments, driven by strong public support for RE, emphasize the sense of community in urban and rural areas and the emergence of a bottom-up approach to adopt renewables. Thus, political economy frameworks on both the macro-economic (Regulation Theory) and micro-economic (Varieties of Capitalism theory) scales can together explain the strong commitment to RE in Germany vis-à-vis the weak commitment in Australia.

Keywords : political economy, regulation theory, renewable energy, social relationships, energy transitions

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