

From the Bottom of My Wallet: Material power, Utility Companies, and Climate Change

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Windmills in California, USA

Ben Johnson -President Biden's [Inflation Reduction Act](#), signed into law in August of this year, has provided utility companies with powerful incentives to turn toward green energy. Specifically pledging over \$220 billion toward enacting new climate policies, the package consists of tax breaks, subsidies, and other benefits spread over ten years. The concept of material power can help one further understand how this law came to be and its current and possible future implications.

[Material power](#) is what traditionally comes to mind when we think of power. Military might, economic strength, education level, and population size are all parts of a country's material power. While it may sometimes have a connotation of violence, primarily due to our militaristic society, material power isn't intrinsically good or bad; it simply is. In this case, the amount of funding and tax breaks being offered to utility companies is one way the United States government uses this power. However, this power isn't particular to governments. In the past, many of these major utility companies spent millions lobbying to block climate laws to ensure the continuation of fossil fuel usage. Lobbying dollars are another form of material power. Despite the lobbying, significant changes are happening within the energy sector. Claims of a change of heart and a realization of the dangers of climate change may be nice to hear, but these companies are under growing pressure to turn to green energy. Federal

mandates have ordered upgrades to coal plants to reduce toxic water pollution. Credit agencies are raising the costs to borrow money unless energy production is cleaned up. But more importantly, there's money to be made. Billions of dollars worth of incentives have only provided more reason to change policy and have caused companies to come running.

While many of these new policies are beneficial, at least in the effort to combat climate change, the rushed nature of signing this package into law has created complications, [frustrating European allies](#). Currently, the law offers tax credits for renewable energy technologies, providing that they are produced in North America. This puts European companies at a sore disadvantage, a point French President Emmanuel Macron raised last week during his visit with President Biden. Clearly, this law's rollout will be an ongoing and contested process that may impact the geopolitical codes between allies.

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