

The role of industrial policy for a social-ecological transformation of the Austrian automotive industry

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Problem and scope

In order to meet the 1.5°C target set out in the Paris Agreement and to avoid irreversible climate change, the EU has to reduce its CO₂ emissions by about 45% (compared to 2010) by 2030, reaching zero emissions by 2050 (IPCC, 2018). The transport sector is the single most important contributor to climate change, accounting for 27% of CO₂ emissions in the EU. Despite a short (crisis-induced) decline between 2008 and 2013, emissions from road transport, aviation and shipping have yearly increased rather than decreased in the last decades. With 72%, road transport is by far the biggest contributor, and almost half of all the transport-related emissions can be attributed to passenger cars and the automotive industry (European Environment Agency, 2018).

At the same time, the automotive industry is an important source for economic growth and ten thousands of jobs are directly or indirectly linked to the production of vehicles. In the EU, 2.2 million employees directly work in the automotive industry, 12 million jobs are indirectly linked to the sector. In Germany, 830,000 and in Austria about 70,000 people are employed by the automotive industry and their suppliers (European Commission, 2012b; Wolf, 2018).

Both the alarming levels of CO₂ emissions and the economic relevance of the automotive industry highlight the need for a structural (socio-ecological) transformation of the sector as individual consumer choice and market mechanisms have so far not resulted in transformative change. Unlike mere technological solutions to the ecological crisis – as exemplified, for example, by a call for the electrification of European car fleet – social-ecological *transformations* imply political, socioeconomic and cultural changes that go beyond incremental changes and challenge the current mode of production and living (Brand, 2016; Pichler et al., 2018). Such a framing implies a closer look at regulatory, and especially industrial policies that support or hinder transformative change in the automotive industry.

Industrial policies are “government policies which aim at affecting the structure of an economy” (Eder et al., 2018, p. 8). The literature differentiates between *horizontal* industrial policy (general framework conditions for everyone; e.g., investments in education and basic research) and *vertical* (or selective) industrial policy (targeted strategies that support specific activities, sectors or technologies). Furthermore, authors frequently distinguish between *strategic* industrial policy (actively promoting specific industries) and *reactive or defensive* industrial policy (mainly aiming at orderly adjustment and restructuring in the light of de-industrialization and the new international division of labour) (Andreoni & Chang, 2016; Stiglitz et al., 2013).

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After two decades of neoliberal reforms that promoted little to no state intervention, industrial policy has regained political significance as a means to boost the economy following the EU financial and economic crisis in 2008. In 2012, the European Commission (2012a) published a strategy for “A Stronger European Industry for Growth and Economic Recovery”. Shortly afterwards, they presented “CARS 2020: Action Plan for a competitive and sustainable automotive industry in Europe” as “the first concrete example of the application of our updated vision for industrial policy in a sectoral setting, i.e. the automotive industry” (European Commission, 2012b, 4). The presentation of the “National Industrial Strategy for 2013” by Germany’s minister of economic affairs, Peter Altmaier, can be read as the most recent sign of a renewed interest in an active structural transformation (Bundesministerium für Wirtschaft und Energie, 2019).

Whereas these strategies indicate a shift from a defensive to a more strategic European industrial policy, the focus is mainly on enhancing competitiveness on global markets (especially with regard to emerging markets). Hence, industrial policy aims at restructuring the automotive industry for sustained economic growth instead of redirecting European industries towards more sustainable forms of transport in the wake of the climate crisis.

Research question

The paper therefore analyses the role of industrial policy in transforming the European automotive sector, with a special focus on the Austrian automotive (supplier) industry. More specifically, we ask: What are current industrial policy interventions in the automobile sector and which transformation pathways do they promote? What are the barriers and potentials for an industrial policy that guarantees both ecological sustainability and social welfare? And how is industrial policy connected to other regulative policies (e.g., environmental policies)?

While we acknowledge the crucial and active role of the state in such regulatory frameworks, we put an emphasis on the active role of workers and their representatives in pushing for change in the automotive industry, and analyse the conditions that foster or prevent workers to take a lead in social-ecological transformation processes.

We contribute to the renewed focus on industrial policy and advance it through an explicit focus on environmental challenges. We use the concept of *social-ecological industrial policy* to merge research on progressive industrial policy with environmental concerns.

Methods

We frame industrial policy as a multi-level policy field. The paper takes the recent shift towards a more strategic industrial policy in the EU as a starting point to focus on the Austrian automotive (supplier) industry as an example to evaluate the prospects and barriers of a socio-ecological industrial policy.

We analyse key documents at the EU and national level as well as expert interviews with state representatives, automotive cluster representatives, representatives of unions and workers’ councils (both at the company and national level) and researchers in Austria. The paper is based on research in the project “Social-Ecological Transformation: Industrial Conversion and the Role of Labour” (CON-LABOUR), funded by the Austrian Climate Research Program.

Keywords: automotive industry, labour, social-ecological transformation, industrial policy

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