Social Democracy and Green Industrial Policy: Labour and Environmental Innovation

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Today, many countries are bearing witness to projects that seek to ‘green’ social democracy. Social democratic organizations have undertaken ‘greening’ projects in our two, respective countries: Sweden and Canada. In this paper, we seek to introduce the green-social democratic projects in our respective countries; discuss their contradictions and limitations, and suggest how social democracy can reposition itself to meet the green challenge in a more creative, dynamic and solidaristic fashion. We will pay particular attention to the role of the labour movement in environmental innovation by discussing the case of a Swedish labour organization exerting substantial influence on the international information technology market. We argue that labour unions have an important role to play in a green-social democratic industrial policy offensive through their advanced social and environmental demands.

Sweden is host to the longest serving social democratic party in the world, having spent 63 of the last 72 years in government (Statistics Sweden). When the current Prime Minister, Göran Persson, accepted the leadership of the social democratic party in 1996, he envisioned the construction of a green welfare state (gröna folkhemmet):

(Our party) once built the People’s Home in broad consensus on the conditions for production, increased standards of living, and security for everyone. Now we have a similar mission. We will realize the vision of a green welfare state. (Persson quoted in Lundqvist 2004a: 1-2)

1 This is not to deny that social democratic organizations in other countries have also undertaken their own ‘greening’. The red-green coalition in Germany can be looked to as an example, as well as the US left’s support for Ralph Nader’s candidacy for the Green Party. This paper discusses Canada in some respects and Sweden at length. The elaboration of the Swedish case is useful because of its dominant social democratic history and the widespread acceptance of Sweden as somewhat of a model for social democratic parties (i.e. with regards to Canadian lesson-learning from Sweden see Clement and Mahon 1994).

2 Our use of the term social democracy aims to discuss it as a particular ideology that is open to adherence and interpretation by a number of pluralistic organizations, movements and individuals. Thus, while we will discuss the policies of the two leading social democratic parties in Sweden and Canada, we do not wish to restrict our use of the term social democracy to the political parties that currently exercise hegemony over social democracy in our respective countries. Thus, we often use the term social democratic organizations to include the multitude of labour union, social and environmental organizations, as well as other political parties that also adhere to a social democratic mindset.

As authors of this paper, we do not wish to give the impression that we are writing as supporters of a particular political party. Both authors identify with the red-green movement: in Sweden this can include parts of the Social Democratic Party, the Left Party and the Green Party, facets of the labour movement as well as social movement organizations. In Canada, this includes the New Democratic Party, some social movement and labour-based organizations, as well as sections of the Quebecoise left that are organized in separate political vehicles.

3 The Social Democratic Workers Party -- Socialdemokratiska Arbetarepartiet (SAP)
Persson advocated the construction of Sweden as “a model country for ecologically sustainable development” as a new mission for the Social Democratic Party (Persson quoted in Klevenås 1999: 217-218). Persson’s presentation of the gröna folkhemmet as the Social Democratic vision for environmental policy, revived the notion of folkhemmet: a metaphor for the Swedish welfare state launched by Prime Minister Per Albin Hanson in the 1930s, that can be translated as the “People’s Home”. The gröna folkhemmet is the “green people’s home” or the “green welfare state” (Lundqvist 2004a). By attaching a green label onto the conception of the welfare state, the new Swedish Prime Minister attempting to reconcile environmental issues with traditional social democratic ideology.

In Canada, the New Democratic Party (NDP) has never achieved power at the national level and remains the only social democratic party in North America of any significance. It is small, but often surprisingly effective for its size at the national level and at the provincial level, where the party has achieved government. Canada’s NDP is of interest at the time of writing this paper because of the election of environmentalist, Jack Layton, as leader. Layton has a history as a municipal politician with a connection to movement politics. He took the leadership of Canada’s NDP in 2003 with a commanding first ballot victory after running on a strong pro-environment platform, calling for a ‘green industrial policy’. Labour support for this policy was forthwith: the Communication, Energy and Paperworkers Union were strong supporters of the Kyoto protocol to reduce greenhouse gases and the first union to endorse Layton during the leadership contest. Before the Spring 2004 election, the Canadian Autoworkers Union proposed a “green car industrial strategy” in conjunction with the NDP and Greenpeace-Canada. Under the leadership of Layton, the party continues to pressure the federal government to improve environmental infrastructure for cities and to implement the Kyoto protocol.

It is inspiring to see two social democratic parties taking an offensive on environmental issues, when progressive governments have been pushed on the defensive in the era of neo-liberalism. In the mid 1970s social democratic parties around the world witnessed the breakdown of Keynesian welfare states based on social bargains between capital and labour. National policy makers were faced with increased internationalization of production and trade and, after the breakdown of the Bretton-Woods fixed exchange rate system, an increase in international currency and credit markets. In a globalized financial economy, small-open economies, like Sweden and Canada, lost even more of their autonomy. The demand-side management policies of the Keynesian social bargains were engulfed by supply-side policies within each state aimed at increasing flexible production to compete in international markets. Bob Jessop (1994) explains this shift as a change from the ‘Keynesian welfare state’ to the ‘Schumpeterian workfare state’, which aims:

4 The concept of the ‘People’s Home’ is perhaps more elaborate than that of the ‘welfare state’, so we counsel caution in the translation. In addition, it should be noted that the ‘People’s Home’ metaphor has been critiqued for paternalistic and male-dominated connotations (Eduards 1991).
5 For instance, the NDP brokered changes to the 2005 budget to keep the Liberal Party in power. The budget agreement canceled planned corporate tax breaks, and instead invested funds in education, affordable housing, energy efficiency retrofits for low-income earners and an increase in the federal gas tax to provide revenue for sustainable transportation in municipalities.
to promote product, process, organizational and market innovation in open economies in order to strengthen as far as possible the structural competitiveness of the national economy by intervening on the supply side; and to subordinate social policy to the needs of labour market flexibility and/or the constraints of international competition. (Jessop 1994: 263)

Social democratic organizations in the new ‘Schumpeterian workfare state’ have adopted a strategy of ‘progressive competitiveness’, which aims to maintain at least parts of domestic welfare states by running export surpluses internationally. A highly skilled, flexible, workforce, new production processes and products for export are seen as methods to enhance international competitiveness without a ‘race to the bottom’ for wages, working conditions and regulation. The state plays a key role in training, providing incentives and shaping comparative advantage.  

Today, social democratic organizations are also challenged to clarify their relationship with emerging new social movements that contest market-state-civil society distinctions and top-down forms of state power. More decentralized processes of ‘governance’ are coming to displace more traditional forms of ‘government’ (see Jessop 1995, Magnusson & Walker 1988, Rosenau 2003). The importance of networks, partnerships and participatory activities that occur beyond the state are being given new importance by social movement actors, policy makers and intellectuals. The environmental movement has been particularly important in emphasizing forms of cooperation, communication and partnership building that occur on various local, national and international scales.

The environmental corollary to social democratic ‘progressive competitiveness’ and a new ‘partnership’ based society is ‘ecological modernization’. The discourse of ecological modernization maintains that an ecological industrial transformation can create ‘win-win’ scenarios between relevant stakeholders (usually business, government and environmentalists). It seeks to harness forces of capital accumulation and international competition to deliver environmental quality improvements. (see Mol and Spaargaren 2000; Murphy and Gouldson 1997; Hajer 1995; Dryzek 1997; Huber 2000). Ecological modernization theorists believe that “improving environmental quality hinges on the development, innovation and diffusion of new key technologies,” and also call for a “partial de-industrialization of ecologically maladjusted technical systems and economic sectors” (Mol 1995: 39). It hinges on innovation and technological development as the path to sustainability.

Social democrats have been relatively quick to adopt ecological modernization as the perspective that informs their environmental policy. Ecological modernization is enticing to social democratic ideology because it promises to mediate the apparent

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6 See (Albo 1994, 1997) for a critical look at social democratic ‘progressive competitiveness’.
7 See (Micheletti 1991) for the discussion on the challenges new social movements and ‘governance’ highlights for Sweden.
contradiction between economic growth and environmental quality. This leaves social democrats free to continue with their traditional agenda based on mediating class conflict through economic growth. In addition, sources of growth from environmental technology exports and environmental innovations reconcile environmental interests with the traditional social democratic strategy that seeks to use forces of capital accumulation as a tool for social justice.

Thus in Sweden we have witnessed the current social democratic Prime Minister jump head-first into the ecological modernization ‘discourse coalition’ at the beginning of his mandate with his advocacy of the ‘green welfare state’ and an ‘ecologically sustainable society’ (see Lundqvist 2000; 2004b; Haley 2005). In Canada, NDP leader Jack Layton has similarly endorsed green industries as the path towards economic development:

A nation-building concept would create and then invest in industrial strategies that target the technologies of the future—particularly, leading-edge renewable energy and energy conservation sectors, but also value-added strategies for our natural resources (Layton 2004: 190).

Social democracy’s embrace of ecological modernization provides opportunities, challenges, and dangers. For one, it signals that social democratic environmental policy is entering the realm of industrial strategy, showing potential for environment-economy policy innovations to improve environmental quality and position social democratic policy on a renewed offensive. It also, however exhibits a danger that ecological modernization’s support for growth and competitiveness, without contesting the power of international capital, will lead to forms of ‘competitive austerity’, whereby the export of unemployment and the downgrading of environmental quality become part of the policy mix (see Gindin and Robertson 1992; Albo 1994). Given the multitude of possible trajectories for policy informed by ecological modernization, many authors have divided ecological modernization into separate categorizations based on ecological rationality and political ideology. For instance, Christoff (1996) makes a distinction between ‘strong’ and ‘weak’ forms of ecological modernization. The ‘strong’ form has robust ecological and democratic criteria; is driven by the environmental movement; is institutional and international. The ‘weak’ form places emphasis on economic criteria, with governments and business continuing the “instrumental domination and destruction of the environment”; it is characterized as economistic, technological, national, hegemonic, technocratic and neo-corporatist. Keith Stewart (1998) draws a left-right distinction between ecological modernization discourse coalitions: ‘market environmentalism’ is closely tied to the corporate policy agenda, while ‘social environmentalism’ seeks to change social relations. Given the multiple trajectories for ecological modernization

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8 See (Hajer 1995) for explanation of the ‘discourse coalition’ concept which highlights “why a particular understanding of the environmental problem at some point gains dominance and is seen as authoritative, while other understandings are discredited. This is taken on to analysing the ways in which certain problems are represented, differences are played out, and social coalitions on specific meanings somehow emerge.” (Hajer 1995: 44)
along left-right and grey-green spectrums, a left-green agenda for social democracy will have to remain vigilant during its forays into ecological modernization discourse to ensure that existing structures of power are continuously contested.

Perhaps, the most vexing, and yet outstanding, issue for social democracy is the role of the labour movement in ‘green industrial policy’ based on principles of ecological modernization. Labour unions, have quite justifiably, resisted forms of industrial restructuring because their members are often those that pay the brunt of the costs; yet an industrial strategy based on ecological modernization calls for a wide-ranging industrial restructuring on ecological grounds. David Harvey (1996) discusses this conundrum by discussing local, labour union struggles as ‘militant particularisms’ (social movements that exist in a certain spatio-temporal reality, whose values become universalized), and emphasizes that labour-based movements can take on conservative characteristics when confronted with new movements that seek to restructure society:

Militant particularisms rest on the perpetuation of patterns of social relations and community solidarities – loyalties – achieved under a certain kind of oppressive and uncaring industrial order…Socialist politics acquires its conservative edge because it cannot easily be about the radical transformation and overthrow of old modes of working and living. (Harvey 1996: 40)

This leads David Harvey (1996: 40) to ask if “the political and social identities forged under an oppressive order…can survive the radical transformation of that order?” Which for our purposes can be restated as asking if the ecologically beneficial industrial transformation called for under strong forms of ecological modernization will render the social democratic labour movement obsolete?

Given these considerations, we find a ‘green social democracy’ laden with numerous challenges and contradictions. Traditional social democracy is faced with the growing power of international capital spurring increased neo-liberalization of political ideology as well as new political challenges from other flanks in the form of new social movements demanding more decentralized and participatory forms of politics. Social democracy has to attempt to find the right balance between local, national and international politics, between state intervention and actor mobilization, and it has to do this without alienating its labour movement base. Indeed, if social democracy is not to be engulfed by the new forms of politics emerging, it has to consider the complementarities as well as the creative tensions that can be formed between environment and labour.

Recent Experience with Green Social Democracy

Thus far, the greening of social democracy projects has tended to concentrate on infrastructure renewal in the local public sector. Both Canadian and Swedish social democracy have championed two very similar programs for sustainable development in municipalities. In Sweden’s case, the Local Investment Program (LIP) became Sweden’s largest environmental investment initiative. The national government provided 6.2
billion SEK (US$796 million) in government grants to municipalities from 1998 to 2003. The funding was coupled with funding from municipalities, making for an overall investment of 27.3 billion SEK (US$3.5 billion) (SEPA 2004a). LIP funding was used for a variety of projects in a variety of industries, with housing renewal, energy efficiency and alternative energies being particularly important. The LIP built on the strength of Sweden’s national and municipal public sectors. It also attempted to incorporate considerations of ‘governance’ by structuring the program in such a way that project ideas would come from municipalities acting as ‘development councils’ (Eriksson 2004) made up of local municipal governments as well as businesses, individuals and NGOs.

Canada has also embarked on a quite similar program titled the ‘green municipal funds’, which can be viewed as a social democratic project, since it was initiated by now NDP leader, Jack Layton, when he was the President of the Federation of Canadian Municipalities in 2000. In the 2005 federal budget the green municipal funds have received a further cash injection of C$300 million (US$256 million) on top of the C$250 million (US$213 million) endowment (Federation of Canadian Municipalities 2005). In addition, the NDP has been pushing for a policy change that would see a certain percentage of the gas tax levied by the federal government transferred to municipalities for investment in sustainable transportation.

Both of these projects, targeted towards the municipal sector have been quite successful in local job creation and environmental quality improvements. Yet, the focus on infrastructure projects in the public sector fails to meet some of the basic criteria of industrial strategy based on ecological modernization and fails to fully mobilize democratic actors, most importantly the labour union movement. In the Swedish context Jamison and Baark characterize environmental policy as “a return to the good old days of the Swedish model, when the state supported massive infrastructural projects of ‘social engineering’ in construction, housing, transportation and energy” (Jamison and Baark 1999: 213). They position Sweden’s brand of ecological modernization as stuck in a ‘technocratic paradigm’ (Jamison and Baark 1999: 205). While it is not quite clear if Canada’s NDP is following along on a similar trajectory, since the party and labour movement are to a larger degree based in new social movement struggles, the tendency for Canadian social democracy to see Sweden as a ‘model’ (see Clement and Mahon 1994) should perhaps be approached with caution. A recent NDP victory involved a budget deal brokered with the governing Liberal Party that entailed an increase in transfers to municipalities for sustainable infrastructure, paid for by cancelling corporate tax cuts. This policy change provides a worthwhile investment since corporate tax decreases in Canada have not induced the private sector to increase their investment levels (see Stanford 2005). However, a side-bar political message entailed in the Liberal-NDP deal was that the Canadian social democratic party showed little interest in directing industrial development in the private sector. While not denying the importance of state involvement in infrastructure projects, we believe that a progressive strategy in the era of ecological modernization and ‘governance’ requires a more thorough mobilization of policy actors and a focus on innovation in both the public and private sectors.
Sweden’s municipal sustainable development program (the LIP) attempted to harness the knowledge from local policy actors, but has also been criticized for its top-down style of public administration (Lundqvist 2001). The central government took an active role in evaluating and directing local projects and exhibited a clear preference for ‘hard projects’ with measurable results in the public sector (Eckerberg et al. 2005). This led towards a policy bias for projects that merely needed to be dusted off (Lundqvist 2004a: 79) as well as projects predominantly involving the public sector (Eckerberg et al. 2005), instead of riskier projects that could have contributed to innovation and involved new social actors.

The LIP very quickly lost any explicit policy direction with regards to encouraging innovation. Initially, LIP proposals were to be evaluated for their contribution to technological and workplace innovation, yet the technological development criterion was abolished within a year because of difficulties with private sector compliance (Government of Sweden 1999: 54). Such a quick abolition of the technological development strategy signals a failure to direct industrial policy goals fundamental to a strategy of ecological modernization.

In addition, the labour movement in Sweden has been relatively silent with regards to the ‘green welfare state’ and projects like the LIP. The infrastructure bias of the strategies has not garnered resistance from the labour movement, because it has done little to initiate the type of broad, ecological industrial restructuring called for in ecological modernization.

Judging from recent experiences with green social democracy in Sweden and Canada, these projects are perhaps being held back from fully embracing environmentally beneficial policy and falling into a policy style trap based on infrastructure renewal. This is partly due to social democracy’s failure to fully consider how the potential conflicts that exist between environment and labour can be channelled into creative tensions.

The Case of TCO Development

A ‘green social democracy’ requires the active involvement of the labour movement, and other actors, as social and economic innovators. We wish to provide an alternative, yet complementary example of innovations in green industrial strategy, involving a Swedish union federation exhibiting enormous pressure on the international information technology (IT) environment. The example represents a wide class of bottom-up innovations for sustainability initiated by progressive social actors (see Hollander 2003).

The story of TCO development began in the midst of debates over workplace health and safety in Sweden. TCO\(^9\) (The Swedish Confederation of Professional Employees) is Sweden’s second largest union federation, representing non-academic, low-level, and predominantly female, white-collar workers. The TCO’s membership was greatly impacted with the advent of information technology. During the 1970s the

\(^9\) tjänstemännens centralorganisation – TCO
repetitive tasks associated with computers were increasingly of concern. During the mid-
1980s a debate in Sweden erupted over ‘Visual Display Unit (VDU) sickness’ related to
electric and magnetic fields. While many scientists and product manufacturers brushed
aside health concerns, the TCO was obliged to represent the interests of an increasingly
frustrated and vocal membership. The problem that confronted the union was that the
best available technology on the market was unable to meet the demands of their
membership. Per Erik Boivie (2004: 3) describes that:

To demand that the employers should purchase better equipment was
hopeless, since among their range of products suppliers did not have any
IT equipment with the sort of good working environment characteristics
that were needed. Other ways had to be found, not least with the aim of
applying pressure to the suppliers to develop their products in the desired
direction.

In 1986 the TCO created a Screen Checker checklist for use by its members to
ensure that the display unit being checked met standards for good quality. It was also
meant as a way to survey the opinions and demands of product users so this information
could be sent to manufacturers. Per-Erik Bovie, described by a leading Swedish work
environment magazine as the ‘man behind TCO Development’ (Lundgren 1998),
discusses that after the union had compiled this data “something happened” because IT
producers were much more willing to listen to TCO’s concerns (Boivie 2004a). The
Screen Checker was translated into 9 languages and spread internationally. A second
document called Screen Facts was produced in 1991, which gave scientific reasoning for
why high-quality visual displays units were important.

In 1992 TCO produced its first label for information technology equipment, titled
TCO 92. It was launched in September at an international information technology
conference in Berlin. This label was quite innovative in its specification of specific
criteria for visual ergonomics, electromagnetic fields, rapid restart after powerdown, and
energy efficiency. Energy efficiency was considered as a workplace environment issue,
because a large room full of computers converting energy into heat degrades air quality
and facilitates poor oxygen exchange, producing tiredness and headaches for employees
(TCO Development Unit 1998). Rapid restart after powerdown reduced frustration in the
workplace while also having the effect of encouraging electricity conservation by
workers by turning off their computers when not in use. The label also prohibited the use
of certain chlorinated solvents, freons and heavy metals.

The actor coalition that was involved in the creation of TCO 92 was diverse. The
National Board for Technical and Industrial Development’s (NUTEK), Department of
Energy Efficiency played a role in developing the criteria for energy efficiency. NUTEK

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10 The concern over VDU sickness was clearly boiling up from the grassroots of the union membership.
Peter Magnusson, a former computer ombudsman of the Union of Civil Servants, was quoted as saying
"that fall (1985) it was no fun to be a union rep." (Nordstroem & von Schéele 1989: 179)
11 WWDU (Work with Display Units) is a tri-annual scientific conference on IT and also an international
IT trade fair.
Department of Energy Efficiency was established as a government agency in 1991 after a government decision was made to start closing nuclear power plants. Its mandate was to encourage energy saving techniques, as well as show that energy efficiency could be technology driving and profitable. Another organization, SEMKO, the Swedish Institute for Testing and Certification of Electrical Equipment, was active in developing criteria for electric and magnetic field emissions and became a tester for VDU’s.

The development of the TCO standards first required testing of Visual Display Units. Per Erik Boivie eventually developed a network of independent computer experts who provided a vision of what was technologically attainable. While the original demand by TCO was for the Ministry of Labour to arrange for mandatory testing of VDU’s (TCO 1987), the compromise reached would see the National Board for Measurement and testing develop a system of non-mandatory testing in May 1986. The set-back in the union’s initial strategy soon transformed into a blessing because the TCO took control of a labelling system that become more stringent and technology driving.

The TCO product demands also required the sympathetic ear of, at least some, producers. At first, large producers such as IBM showed little interest in discussing product quality issues with the union and the association of Swedish IT industries saw new energy efficiency requirements as a nuisance. Yet, a progressive company that was willing to break with the ranks of other industry players was Finnish Nokia via its Sweden based Euro-market manager Helge Tiainen. After development work that took less than a year, Nokia VDU’s could match the tough standards considered by TCO in the late 1980s. The company wished to nurture a reputation of user-friendliness and later experienced 150-fold growth from 1989 to 1997 (Hollander 1998: 5).

The dynamic networking between union, government agencies, progressive producers and IT experts was expanded to include an explicitly ‘environmental’ actor, when the Swedish Society for Nature Conservation (SNF) helped produce the environmental criteria for the TCO ’95 label. This label banned brominated and chlorinated flame retardants and also included criteria for recycling. The TCO label has been re-issued a number of times (TCO ’99, ’03, ’05), each time pushing for higher and higher standards and new technological innovations; demanding new product specifications and technological improvements at a faster pace than other labelling schemes such as ISO. The TCO label has come to have a strong influence on the global IT market. In December 2003, 5,876 computer display models had been certified by TCO (Boivie 2004: 5-6).

Lessons from TCO Development

The TCO story quite nicely shows how a labour organization can become an integral and driving player in green production and consumption in the present era of governance and what Bob Jessop calls the “Schumptarian workfare state” based on innovation and international competition.
The government’s reluctance to offer strict regulation of VDU’s, as originally requested by TCO, transformed into a blessing in disguise. The TCO instead followed a strategy that assembled a diverse actor coalition to meet social and environmental demand. With the information provided by the Swedish testing agencies, TCO as a determined and resourceful actor, produced a labeling system that would be technology-driving, which contrasts with a system of regulation that was slow, bureaucratic and based upon what most companies could achieve instead of what was the most advanced.

The strength of social movement/user defined standards is further demonstrated through the Swedish Society for Nature Conservation’s (SNF) objection to European labeling schemes (see SNF 1998). An SNF eco-labeling project started in 1990 was the major force behind reductions by a factor of 10 of hazardous tensides in detergents in Sweden. The SNF emphasizes that their autonomy from both business and government provides broad acceptance of the high standards of environmental labels. The TCO example (created with SNF as an actor) shows that the labour movement can benefit from the participatory and extra-parliamentary brand of politics practiced by the new social movements. Indeed, TCO pushed by the frustrations and tensions in the workplace and mixing its traditional knowledge and experience of governmental institutions with network building activities and strategic market intervention proved to be remarkably successful.

The TCO story also meets the criteria for environmental innovation in production and consumption called for by ecological modernization. The significance of the TCO label is that it is based solely upon social and environmental demands related to both the outer environment and the workplace environment. Following Polanyi’s (1944) concept of the ‘dis-embedding’ of labour and nature from the social sphere that occurs under capitalism, we can view the TCO labels as contributing to a partial ‘re-embedding’ process of both labour (people) and the environment, and thus a truly progressive form of ecological modernization.¹² The TCO example also shows how win-win scenarios can be achieved between labour, environment and industry.¹³ Though many industries viewed the advanced social and environmental demands made by TCO as a threat or a bother, some more progressive and entrepreneurial fractions of industry (Swedish NOKIA in the TCO case) showed that interaction with users to develop products to meet advanced social demands can encourage profitability and competitiveness. The question we then pose to a green social democracy, is if following the TCO example¹⁴, are social democratic governments willing to make advanced social demands a tool for gaining international competitiveness? Or better yet, can social democracy make unions an integral component in forming a truly international and solidaristic strategy to achieve sustainable production and consumption?

¹² See (Mol 1995) for a discussion on the theory of ecological modernization entailing a ‘re-embedding’ of ecology, whereby ecological rationality is valued in its own right.
¹³ We place emphasize on labour because it is often an actor left out of the ‘stakeholder’ interests mentioned in ecological modernization.
¹⁴ The TCO Development case is one of many examples. Other similar cases of advanced social demands include mercury-free coatings for seeds, water-based paints for woodwork and environmentally-friendly cutting fluids (Hollander 1995; 2003)
Green Industrial Strategy and Advanced Social Demands

While we do not wish to deny the usefulness of the infrastructure projects we have mentioned above, we believe a ‘green social democracy’ must emphasize the type of dynamic and creative network building that occurred in the TCO development story. An industrial strategy inspired by the progressive elements of ecological modernization and the participatory politics of the new social movements requires government policies that can first and foremost enable and mobilize social actors.

Our particular emphasis is on the role of advanced social and environmental demands. Contemporary analysis of innovation in business schools and by academic economists more or less take for granted that innovative work will benefit from an ambience where pluralism exits, playfulness is encouraged, and where learning by trial and error is seen as the natural course. This same experimental attitude is rarely emphasized when considering the actors that use products and demand improvements in their design. The labour movement is particularly well placed to advance innovative demands because unions provide a highly organized and aggregated group of users that are able to consider the social and environmental dimensions involved in the numerous backward linkages associated with processes of production.

The Role of Unions

An analysis of the possibility of an active role for the labour movement in ‘green industrial strategy’ through their advanced social demands, no doubt, involves some significant changes in union culture, organization, and strategy. Labour will be challenged to develop a more holistic agenda and build new coalitions. The TCO example of a red-green coalition involved environmental and labour union actors, which have at times been in fierce opposition.

If unions are to play a role in shaping production and consumption they must consider their members as active creators of their work process and workplace environment. This agenda fits quite nicely into labour’s traditional struggle against Taylorist work organization. It also requires a more educated, as well as vigilant, workforce. In the TCO example, the efforts to change technology would not have been undertaken if it were not for the initial militancy of the membership regarding their concerns about ‘VDU sickness’. The labour movement should closely consider the role that workers can play in sectoral development strategies by demanding new innovations in production linkages. This creative potential can be encouraged through ‘greening of industry’ training, increased participation, and encouragement of experimentation at the workplace.

The TCO development story also signified a change in union political strategy. As mentioned above, the government’s refusal to provide quick, binding regulation was a blessing in disguise because the TCO Development Unit soon found that it could actually push new technological development at a much quicker pace. The labour movement can
be an active component of innovation, production and consumption instead of simply lobbyists to the government.\textsuperscript{15}

What is perhaps most challenging for a union strategy based upon advanced social demands are the cultural divisions that can occur when innovators get too far ahead or seek to exacerbate certain contradictions. The TCO development story entails its own ‘coocoo in the nest problem’ whereby TCO development became increasingly segregated from the activities and associations within the central union organization. The same article that mentions Per Erik Boivie as the ‘man behind TCO Development’ also discusses how hard it is to “find space for an enterprising and creative department” within the union federation (Lundgren 1998).

\textit{The Role of Government}

In a ‘green social democracy’ the role of social democratic parties in government also requires refinement. We do not wish to see a complete return to ‘the good old days of the Swedish model’, which exhibited severe cooptation pressures on environmental and social movements (see Jamison et al. 1990) and at times stifled much of the dynamic, participatory network building activities that lead towards innovation. The Local Investment Program in Sweden was perhaps justifiably criticized for being typical of the darker side of the Swedish model because of its top-down style of implementation, which has the tendency to overwhelm participatory networks (see Lundqvist 2004a).

However, a key role for government remains the setting of the proper framework conditions for network building and participatory activity as well as active participation in networks. Government can also be instrumental in creating a dominant demand when innovations have reached an adequate stage of maturity and are ready for diffusion into the market.\textsuperscript{16} A number of tools are still at the disposal of government and other social actors. These tools include a credible threat of regulation to get the laggard industries in line; taxes and subsidies phased in over time; as well as public procurement, certification and labeling, which were the most prominent in the TCO Development case. In the TCO Development case, the unions actively negotiated procurement policies by convincing the Swedish Agency for Administrative Development to tie state procurement policies in the 1980s to the demand levels of TCO.

State intervention is vitally important in a ‘green social democracy’. But it must be coordinated in such a way that encourages the mobilization of progressive movements whose social and environmental demands are allowed to dialogue and experiment with progressive entrepreneurs in proto-markets. Government policies that facilitate the

\textsuperscript{15} This is fitting with the Swedish labour movement’s history. Under the Rehn-Meidner plan, a significant part of the post-war ‘Swedish model’, the LO (blue-collar workers federation) pursued a wage bargaining strategy aimed at equalizing wages in a way that reduced inflation and improved productivity. While the government set the conditions, the union’s ‘solidarity wage’ policy initiated forms of industrial restructuring. See (Hedborg & Meidner 1984, Martin 1984, Milner & Wadensjö 2001).

\textsuperscript{16} It is important to consider the often times very long gestation periods for innovations (see Hollander 1995). Innovations that face the brunt of the market too soon often times end in failure. Sufficient experimentation and development in proto-markets is essential.
creation of advanced social demands and seek to complement social movement's market interventions makes for a more innovative and progressive industrial strategy. Social democratic industrial policy has seldom considered the importance of earlier stages of development and how the social and environmental character of innovation is shaped at this stage. To ensure a ‘re-embedding’ of innovation towards social and environmental goals, the mobilization of labour union and environmental interests should be particularly relevant for the social democratic movement.

The state is also essential for creating the proper framework conditions and quelling some of the contradictions that confront a red-green, labour and environment strategy. The radical innovations that can be unleashed through actors’ advance social demands have potential to spur sweeping industrial restructurings. This is in fact a major goal for strong forms of ecological modernization and for the users that demand improved, or perhaps completely different, products. Yet, the solidarity of the labour movement is threatened if innovations for a better workplace environment and outer environment also make workers in other industries pay the costs of industrial restructuring through increased unemployment and insecurity. As mentioned above through David Harvey’s musings, this contradiction has potential to destroy the identity of social democracy itself. Yet, confronting the contradiction provides renewed impetus for the most traditional goal of social democracy: the welfare state. The Canadian labour movement has been particularly involved in considering the consequences of an ecological industrial restructuring through their work on ‘just transitions’ (Burrows 2001; Marshall 2002). While unions such as the Community, Energy and Paperworkers and the Canadian Auto Workers have been surprisingly supportive of a ‘green’ restructuring of their industries, they demand the ‘just transitions’ so their workers do not pay the brunt of the costs, while society receives the benefits. The ‘just transitions’ policy is essentially a call for an active labour market policy, implemented arguably most successfully in the days of the ‘Swedish Model’ through the Labour Market Board. Provision of comprehensive income support, education and training, consulting as well as active job search is essential to move workers from ‘grey’ to ‘green’ production. The labour movement has seemed to have thus far argued that the ‘just transitions’ is the mark of a compassionate society and the price that must be paid for labour peace. A more thorough red-green strategy should consider the opportunity for unions to play an active role in industrial strategy as a user group with advanced social and environmental demands. This added consideration makes a ‘just transitions’, ‘welfare state’, or ‘active labour market policy’ a mechanism to ensure that workers become enthusiastic contributors to an innovative industrial policy.

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17 The LIP is a case in point. The technological development criterion that was placed on the government evaluation of project proposals, only concerned itself with the final stages of innovation and not the bridge building activities that were important in local communities. A counter-example is Ontario’s ‘green industry strategy’ which concentrated on building networks and trust between business, government and social actors to build the foundation for innovative activity (Bienefeld 2004).

18 During the golden days of the Swedish model the success of the Labour Market Board, or AMS (Arbetsmarknadsstyrelsen), was its ability to quickly transfer workers from low-wage to high-wage employment through retraining and active job search.
A ‘Green’ Industrial Policy Offensive

If social democracy meets the challenges presented by the discourse of ecological modernization and the emerging new social movements in a creative way, social democracy’s class-based politic can aim to meet traditional priorities while simultaneously speaking to new goals related to environmentalism.  

The formation of, and advocacy for, advanced social and environmental demands has the potential to further mobilization around workplace democracy issues and highlight the difficulties of excessive divisions of labour. The education and training as well as participatory processes that are necessary for the articulation of user demands encourages workers to consider themselves as integral to the entire production process. The possibility to produce things differently in the workplace and to consider the multiple social, environmental, and economic linkages between other workers and communities in production is considered. In addition, the ability for unions to influence employers’ purchasing decisions is important for the implementation of procurement policies that create demand in the market. The danger however, is that fixing the technical problems (most often related to health and safety) will alleviate those creative tensions that spur the type of mobilization and network building activities desired. A continual questioning and re-questioning of the different social and environmental aspects of production is necessary to encourage workplace democracy and responsible production. 

Finally, we wish to emphasize the international nature of a ‘green industrial policy’. The two, seemingly disparate, examples (Sweden and Canada) that we have mentioned of ‘green social democracy’, must be connected through international struggles. The international strategy shown in the TCO example was essential for a union federation in a small northern country to affect a global market. The strong international diffusion of the ‘screen checker’ was also important as well as the release of the TCO ’92 label at an international IT conference. 

Yet, we do not wish to view the current phase of globalization as inevitable, or helpful to a ‘green industrial strategy’ based on advanced social demands. The changes in production initiated by a green industrial strategy must be primarily based on ‘re-embedding’ of social and environmental rationalities in the public sphere, though they might also play a role in enhancing international competitiveness in the short-term. The internationalization of capital places severe constraints on industrial policy. While tools such as regulation, taxes, and subsidies are still available to a certain extent, they are increasingly constrained by exchange rate concerns. Since innovations often have extremely long gestation periods in proto-market, the proper nurturing of advance social demands is made difficult when capital has an excessively short-term outlook. This short-term outlook often requires innovations be put to market when they are not yet fully matured, creating a backlash by producers who assume that the changes suggested will never work. In addition, democratization of the workforce is made more difficult from

19 While this paper has concentrated on environmental questions, we wish to acknowledge that social democracy can learn from a policy approach inspired by the ‘new social movements’ in a variety of related struggles (gender roles, poverty, homelessness, health, racism, homophobia).
the continued threat of a capital strike from employers determined to maintain Taylorist forms of work organization.

With the internationalization of capital and new politics practiced by social movements, the struggle for ‘re-embedding’ social and environmental rationalities today occurs over multiple geographic levels. Helleiner 1995, for instance, identifies counter-movements in the Polanyian sense at the global, regional, national, and local levels. At the national level a certain re-embedding through welfare state policies occurred during social democracy’s post-war heyday. Since most democratic victories have historically been won at the national level, we should not deny its strategic importance. In the long term, however, further democratization that transcends beyond the nation-state is a prerequisite for the success of an industrial policy based upon social and environmental demands. At the local scale (within communities and workplaces) the activities of the new social movement’s seek to create radical networks, providing the seedbed for innovative policy. At the regional scale we see the resistance to neo-liberal integration processes forging new alliances across borders.20 In addition, contestation of the power of capital at the global level is essential to empower democratic development within political communities. We see campaigns such as the Attac movement’s calls for a international ‘Tobin Tax’ on financial transactions as a hopeful first step in reclaiming increased democratic control over capital flows and we emphasize the need for international campaigns to be connected to local, national, and regional struggles.

Conclusion

Social democratic organizations throughout the world, discussed here in the context of Sweden and Canada, are attempting to cope with the emergence of environmental issues and changes in the nature of the nation state. While not denying the importance of public infrastructure, our concern is that social democracy is caught in a policy style that is unable to realize the important role that labour and progressive movements can play in environmental innovation. Consideration of the role of users in advancing social and environmental demands to produce product and process innovations could re-invigorate the labour movement and traditional social democratic demands. It also makes clear the need for an international democratic offensive while fitting well within the current discourses of ‘governance' and progressive forms of ‘ecological modernization' that struggle to ‘re-embed' nature and people into the social sphere.

20 See Hollander 2005 for a discussion on the ‘Double No’ (France and Netherlands) to the European constitution as being voiced from important parts of the red-green movement. In Canada, the left has begun to re-question NAFTA after a series of trade disputes with the United States, bringing renewed consideration for re-orienting Canada’s economic position within the Americas.
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