

HEGEMONIC PROJECTS AND RENEWABLE ENERGY DEVELOPMENT IN DENMARK.
A DIACHRONIC COMPARISON.



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Introduction

Denmark is a frontrunner within renewable energy and remains renowned for its wind energy success. The 1970s energy crisis created strong incentive for the Danish state to pursue and support renewable energy development and deployment in order to secure energy supply (Energistyrelsen, 2011). The green transformation was supported by strong anti-nuclear feelings within civil society and well-organized grassroots movements pushing for the deployment of especially wind energy (Mendonca, et al., 2009). Today sustainable energy systems are advocated to mitigate climate change and make up for the negative impacts of our Fordist production mode. Scholars regard the high acceptance in Danish civil society of an interventionist state as beneficial for a low-carbon energy transition (Gough & Meadowcroft, 2011; Lachapelle, et al., 2017) The institutional legacies and synergies seem to offer some explanation of the successful renewable energy transformation in Denmark. However, it is also seen that a particular institutional framework is not a condition for green energy transition while we must assume that international climate agreements and the increasing threat of climate change has translated into action within advanced industrialized economies (Lachapelle, et al., 2017; Koch & Fritz, 2014). Different Danish governments have at times also cut drastically in renewable development programs. This puzzle of what has actually been the key driving force(s) behind the success of Danish renewable energy regime motivates this paper. To assess both the ideas and material incentives shaping the renewable energy transformation, a critical political economy approach is taken leading to the following research question:

“Has a new Hegemonic Project emerged behind renewable energy development between 1993-2001 and the current period from 2015-today?”

From 1993-2001, the country was facing a crisis of unemployment and a structurally changing ‘green’ tax reform was implemented. Furthermore, the energy market underwent liberalization changing the stability of prior support schemes systems. Today climate change is considered a crisis, which makes an interesting case for comparing the contemporary stance along with the progress made on renewable energy. Additionally, political power shifted during both periods allowing us to take into consideration the impacts of Centre-right versus Centre-left governments for the overall Hegemonic Project pursued. The focus on renewable energy (RE) is due to its central function in decarbonizing the economy and thus fulfilling CO2 emission reduction targets (Haas, 2019; Lachapelle, et al., 2017). First, Jessop’s three-dimensional theoretical framework for analyzing Hegemonic Projects is explored. This is supplemented with insights from critical PE studies on green energy policies to support the choice of theory and its strengths for addressing this puzzle. Thereafter, the energy policy development in both periods is assessed followed by a comparison and discussion of what complementarities are being claimed in the two hegemonic projects. Lastly a theoretical reflection is offered.

Theoretical approach: Hegemonic Projects

The neo-Gramscian inspired Hegemonic Projects approach provides a bridge between materialist international political economy and constructivist international relations (Mulvad, 2019). It enables us to analyze the ideas behind the actions taken by the actor of interest', the state elites, and the material circumstances constraining these. As well as how the state uses both its discursive and institutional agenda-setting power in the transformation of the energy regime. This framework allow us to move away from a state centric approach to also emphasizing the important role of business and civil society as well as the embeddedness of the state within a global capitalist economy who is also now speaking the language of sustainability (Levy & Newell, 2002). The theorist Bob Jessop has contributed to the Gramscian tradition and Gramsci's most important concept of 'hegemony'. Jessop views hegemonic projects as attempts by the powerful to make their vision appear as beneficial to all (Mulvad, 2019). He identifies three relevant strategic concepts for analyzing hegemonic projects: 1) "the *hegemonic visions* of the nature and purposes of the state for wider society"; 2) "the state-sponsored *accumulation strategies* oriented to economic development"; 3) "the *state projects* oriented to state-building and securing its institutional unity" (Jessop, 2010, pg. 243).

Studies on green energy policies point to their success being determined by the levels of effectiveness, efficiency and legitimacy which the state can facilitate through societal agreement on the direction of change. Effectiveness is achieved through a focus on cost-effectiveness which usually involves integrating market mechanisms in the policy design. Efficiency is maintained from balancing the embeddedness and autonomy of governments vis-à-vis the private sector. Legitimacy entails an acceptance of the cost of policy incentives hence the long-term hegemonic visions needs to be supported by the subaltern (Pegels, et al., 2018). These preconditions are stressed in the hegemonic projects approach, where Jessop argues that for state projects to be effective, they must provide a coherent direction to policy formation and must connect diverse policies to pursue a national interest, public good and social welfare (Jessop, 2011). This illustrates the applicability of the hegemonic projects approach in analyzing energy regimes due to emphasis on public consent and power struggles occurring in a renewable energy transition.

Space constraints allow us to only focus on hegemonic visions and state projects. Furthermore, accumulation strategies appear rather evident in the case of Denmark. The development of accumulation is foremost conditioned by institutional legacies along with patterns of state-society interactions. Here a country like Denmark not endowed with fossil fuel reserves has material incentive to pursue RE development (Lachapelle, et al., 2017). The Danish state has facilitated R&D and strong corporation between science and industry along with robust and consistent energy support schemes (Mendonca, et al., 2009; Toke, et al., 2008). Hereby, having chosen a 'green accumulation strategy' of accessing new spheres of accumulation through investing and developing RE technologies.

Application: Hegemonic Visions and State Projects

1993-2001: green taxes, liberalization and declining public support.

The newly elected government under Social Democratic leadership, proposed their so called ‘green tax reform’ in 1993. The hegemonic vision was to increase employment through a reduction in labor-related taxes, for instance by introducing the labor-market contribution. Environmental taxes were layered on top of existing ones but green taxes became for the first time a condition for a reduction in income taxes, a means to the end of a more prosperous welfare state (Klok, et al., 2006). Prime Minister, Poul Nyrup Rasmussen, put this as simple logic: to shift the tax burden from an abundant resource; labor, towards a scarce one; nature (Rasmussen, 1993). Critical PE stresses institutional changes resulting from crisis hence the prevailing high levels of unemployment remaining after the 1980s recession created a window of opportunity for a greener taxation regime. The state project of integrating environmental concerns into the political agenda sought legitimization by framing it as a policy that responded to the concerns within civil society. This did not gain public consent, however. Citizens were dissatisfied with the labeling of ‘green’ taxes when these were not used for environmental purposes and perceived them more as a way to finance the increasing public deficit resulting from an expansionary fiscal policy (Klok, et al., 2006). Businesses were left rather unaffected by the reform. Instead the government set up a committee to investigate possibilities for imposing green business taxes without hurting international competitiveness. With substantial lobbying effort from the industry, the result was a gradual implementation of CO2 tax on business with net tax revenues being recycled into the business sector (Klok, et al., 2006). This illustrates the hegemonic vision of a strong private sector as the fundament of the Danish welfare state and public-private corporation remained a key institutional element in the energy regime. This balance is important in securing successful implementation of green policies (Pegels, et al., 2018).

The government seems to articulate a new common sense stressing how environmental impacts shall be part of all decision-making ranging from a state to a business and individual level. State intervention is legitimized arguing that there is no ‘invisible hand’ to correct market failures but businesses must now also bear the costs of the negative environmental impacts (Rasmussen, 1993). The government still upholds the energy security discourse in their ‘Energy 21’ proposal, mentioning the importance of the Northern Sea reserves in sufficing Danish future energy supply. However, this needs to be supplemented with RE sources for the sake of the environment. Svend Auken, minister of Environment and Energy, sets the goal for RE to make up 35 % of total energy consumption by 2030. Further state investments in technology shall secure the green state project and Denmark’s pioneer position within RE development (Miljø- og Energiministeriet, 1996).

The feed-in-tariffs were important institutional drivers of the 1990s RE deployment, Denmark and Germany being the first European countries to introduce them. This design made it mandatory for utilities

to purchase all electricity produced by RE sources at a government-set price in its service area. The principle behind was to reimburse developers for the environmental benefits of sustainable energy generation (Mendonca, et al., 2009). An EU wish for liberalization of energy markets made a unanimous Danish parliament abandon the feed-in policy in 1999. The new systems' mechanisms are outside this paper's scope, but it created large uncertainty for especially wind investors about the future stability of support schemes. This seen in a dramatic decrease of new land-installed wind capacity from 600 MW in 2000 to 100 MW in 2001 (Meyer, 2007). Also, an institutional change in the cooperative ownership model of wind turbines took place in the mid-1990s relaxing the geographic constraints which reduced public support for wind energy, since subsidies were now in the hands of fewer and larger landlords (Mendonca, et al., 2009). The lack of public consent gave the 2001 elected Centre-right government legitimacy to cancel RE programs and several offshore wind farms. They could instead pursue their neoliberal agenda of freezing taxation and strengthening market mechanisms in the energy system (Klok, et al., 2006).

2015-today: green as the new black?

The World Energy Council ranked Denmark's energy system as the world's best in 2017. Renewable energy today comprises 36 % of total energy consumption thus Svend Auken's ambition has been fulfilled. Denmark holds the world record of 43,4 % of Danish electricity being produced by wind turbines, as well as being the European leader in export of energy technology accounting for 11,8 % of total Danish exports (Energistyrelsen, 2019). Despite different governments with different ambitions, the numbers don't lie. The green trend remains upholding Denmark's top position within RE deployment and development. First, when the Centre-right government took office in 2015, state funding to energy R&D programs were cut drastically. The reason was to get the economy back on track and a belief that corporations would implement green business models without the need of comprehensive state support (Varga, 2017; Hansen, 2016). The decline in research funding from 387 M DKK to 200 M DKK received heavy critique from businesses, universities and organizations like Danish Energy and the Federation of Danish Industry. Afterwards R&D funding is set to increase again, says Minister of Energy- and Climate, Lars Christian Lilholt (Hansen, 2016). He warns against picking the next success beforehand but letting markets determine future energy solutions. However, the wind success could not have been realized without state funding which is a reason for increasing R&D funding towards new energy technologies. The material incentive is clear, calling energy "big business for Denmark" (Hansen, 2016). The state project is to utilize the business opportunities of RE which appears as the optimal strategy within the hegemonic vision of a competitive state guided by a neoliberal doctrine of market-driven development.

As part of the Financial Budget 2017, the government implemented a gradual removal of the PSO-tax, a key financing tool of RE. The objective was to reduce consumer's electricity bills and make green

electricity options cheaper (Hansen, 2016). This institutional development is guided by the principle of cost-effectiveness which complements the neoliberal vision, but still maintaining a green discourse. However, the removal of the PSO-tax was met with public resistance, and there was general dissatisfaction with the government's perceived unambitious climate policy (Nielsen, 2016). In 2018, the government launched the energy proposal 'Energy - for a green Denmark' turning up discursive elements: "renewable energy shall make up at least 50% of total energy consumption by 2030" (Energy-, Forsynings- og Klimaministeriet, 2018). The government has a clear focus on international competitiveness and previously mentioned achievements were highlighted contributing to the discourse on maintaining the position as a green frontrunner. In particular, Denmark should sustain its leading position within wind development, and this success should be a reference point for developing new energy technologies. A supportive and already existing institutional development is the Danish export framework offering financing and assistance in internationalization of innovation and commercial activities. This is extended by contributing 174 M DKK until 2024 in order to increase energy technology export from 70 B DKK to 140 B DKK by 2030. Strong public-private corporation, job security and competitiveness are conditionalities for the transition towards a low carbon-emission society in 2050 (ibid). The hegemonic vision is securing competitiveness through market driven and cost-effective RE development along with strong emphasis on fulfilling international and national targets.

A new Hegemonic Project?

The hegemonic vision of the Social Democratic government was to secure a strong and competitive state by lowering unemployment levels, and here green taxes were the means justifying the Hegemonic Project of a better future for Denmark. The vision of self-sufficiency rooted in the 1973 energy crises was also important discursive elements. Complementarity was being claimed between the extension of green taxes and the vision of securing employment. Despite, the important contributions during this period in sustaining RE deployment, the green state project lacked public consent, and green taxes could not be justified as contributing the larger hegemonic project of a brighter future. Today the government's vision is to secure a strong and competitive state through further facilitation and development of RE technologies and more ambitious reduction targets. It could be argued that the Danish pioneer position resulting from a vision to obtain energy security, employment and environmental protection has indeed fueled a new 'green' hegemonic project of being the world leader within RE.

The continuing utilization of Danish know how and leverage within RE cannot be seen as a result from development solely within the nation. The past decade has in fact been shaped by the global language of sustainability and as Gramsci argues, the development of hegemonic projects is subject to discursive and economic structures of the global capitalist economy (Levy & Newell, 2002). The international community

behind the COP21 Paris Agreement and the UN's Sustainable Development Goals has stressed how climate change is indeed a climate 'crisis' making a green transition the self-evidently necessary solution. This global discourse dominates the Danish state. Danish businesses are seen to now be pursuing green strategies with Corporate Knights ranking Ørsted and Chr. Hansen as no. 1 and 2 respectively on their 2020 Global 100 index of most sustainable businesses (Corporate Knights, 2020). Ørsted has set a target of reaching a CO₂ neutral energy production by 2025 to help achieve the COP21 Paris Agreement of limiting global heating to 1.5°C. Just 10 years back, the partially state-owned Ørsted was one of the most coal intensive utilities within Europe, clearly illustrating the willingness to transform (Ørsted, 2019). An international social survey found that Danes are willing to accept cuts in their living standards to protect the environment and prefer state intervention over individual efforts, more than other country's citizens (Koch & Fritz, 2014).

The interplay between civil society, businesses and global discourses can help explain why the government reversed its R&D cutback for renewable energy programs and turned up the green ambition in its Energy Plan 2018. Also, why the 2019-elected Centre-left government can set one of the most ambitious CO₂ reduction targets of 70% by 2030 (Klima-, Energi og Forsyningsministeriet, 2019). The political society is (re)defining a collective will and (re)articulating various mechanisms of governance to pursue a hegemonic project deemed to serve the national interest. Legitimization of this requires the mobilization of civil society behind the political program which claims a national interest in a pursuit of objectives that advance the long-term interest of the hegemonic class (Jessop, 1997). This also entails that the specific interests (the hegemonic class) being advantaged by the hegemonic project, are willing to sacrifice a short-term economic interest. The state's green policy agenda advantages both civil society and corporate interests who are in fact willing to accept short-term cuts in their living standards to realize a 'greener' future. This mentality is important for the successful implementation of green energy policies (Pegels, et al., 2018). The institution building of further state R&D investments in RE technology and expansion of the export framework complements the hegemonic visions of a competitive state. A 'green' hegemonic project is today deemed beneficial for all and hence legitimized.

Theoretical reflections

A Varieties of Capitalism approach could account for the institutional complementarities having facilitated the successful Danish green transformation. However, this paper's aim was to compare the RE development over time as part of different government's visions. Here factors not grasped by the VoC approach appear important when addressing energy policies such as bottom-up processes and embeddedness within a global capitalist economy (Lachapelle, et al., 2017). Scholars agree that social

democratic welfare states provide strong institutional basis for a green transition due to an interventionist state being able to promote the public good (Gough & Meadowcroft, 2011). Generally, social democratic welfare states show high environmental performance, but actually economic performance and environmental outcomes are stronger linked than social and environmental performance (Zimmermann & Graziano, 2020). Thus, institutional legacies are not central explanations and these studies suggest looking at green transformations from both a politics and economics side which the Hegemonic Projects framework allows. A constructivist PE perspective would have pointed out the ideas influencing the RE development. By using Hall's (1993) Policy Paradigm Shift approach, we would have been able to gain insight into the process of social learning taking place between the two periods. This could perhaps give answers to why Centre-right governments have reversed cutbacks in R&D funding. However, it remains evident that material incentives and not only ideas have contributed to the development of RE. The trajectory towards decarbonization of the economy could indicate a shift in neoliberal energy policy making towards social investment policies. Policy makers often view social and environmental targets as mutually supportive and we know that climate change places a disproportionate burden on the less affluent making a strong point for using energy policies to reduce inequalities (Sommestad, 2012). Little research has been done on the topic since most energy policy designs remain influenced by the neoliberal doctrine of cost-effectiveness, liberalization and competitiveness. For future research, Hemerijck's Welfare Transformation Scheme would be an interesting theoretical frame for assessing the development of other Danish climate policies and whether a transformation has occurred.

Conclusions

The attention given to both political and economic factors, national and international dimensions in the Hegemonic Projects approach has shed light on the development of renewable energy under two different hegemonic projects. The comparison has identified a shift from material incentives of securing energy supply and employment to sustaining international competitiveness and utilizing business opportunities. Green institution building is today the fundament for Danish competitiveness and part of an overall green hegemonic project. The inability to fully leverage the green state project under the 1990s hegemonic project of a brighter future can be explained by the lack of public consent during times of high unemployment. Complementarity was missing. With today's climate crises and sustainability having gained hegemony to determine competitiveness, the intensified focus on renewable energy deem an optimal strategy for the state. While, other theories could have pointed to the favorable Danish institutional environment making a renewable energy deployment feasible, a critical PE approach has allowed us to assess the prevailing ideas and bottom-up processes which are important for legitimizing hegemonic projects. This suggest the framework fit for further analysis of how sustainable energy developments, institutionally and discursively, are being claimed to fit within a state's hegemonic project.

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