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# Political economy and emissions in Ireland, Sweden and Austria

**14th Annual NERI Labour Market Conference**
**South East Technological University (SETU), Waterford**
**26th May 2026**

Paul Goldrick-Kelly Twitter: @PaulGK_NERI

**WEBSITE: www.nerinstitute.net**

Maynooth University
National University of Ireland Maynooth

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III. Comparing economic models

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# I. Introduction

- This is part of a wider project examining the concept of institutional “carbon lock-in” which has been taken up by many strands of sustainable transition research.

- Sustainability studies has recently incorporated issues of political economy (Geels 2019).

- However, the field is less attuned to the way specific national capitalisms shape actor strategies, governance and policy as well as wider political struggles which shape the development and application of low carbon technologies and practices (Bailey 2024).

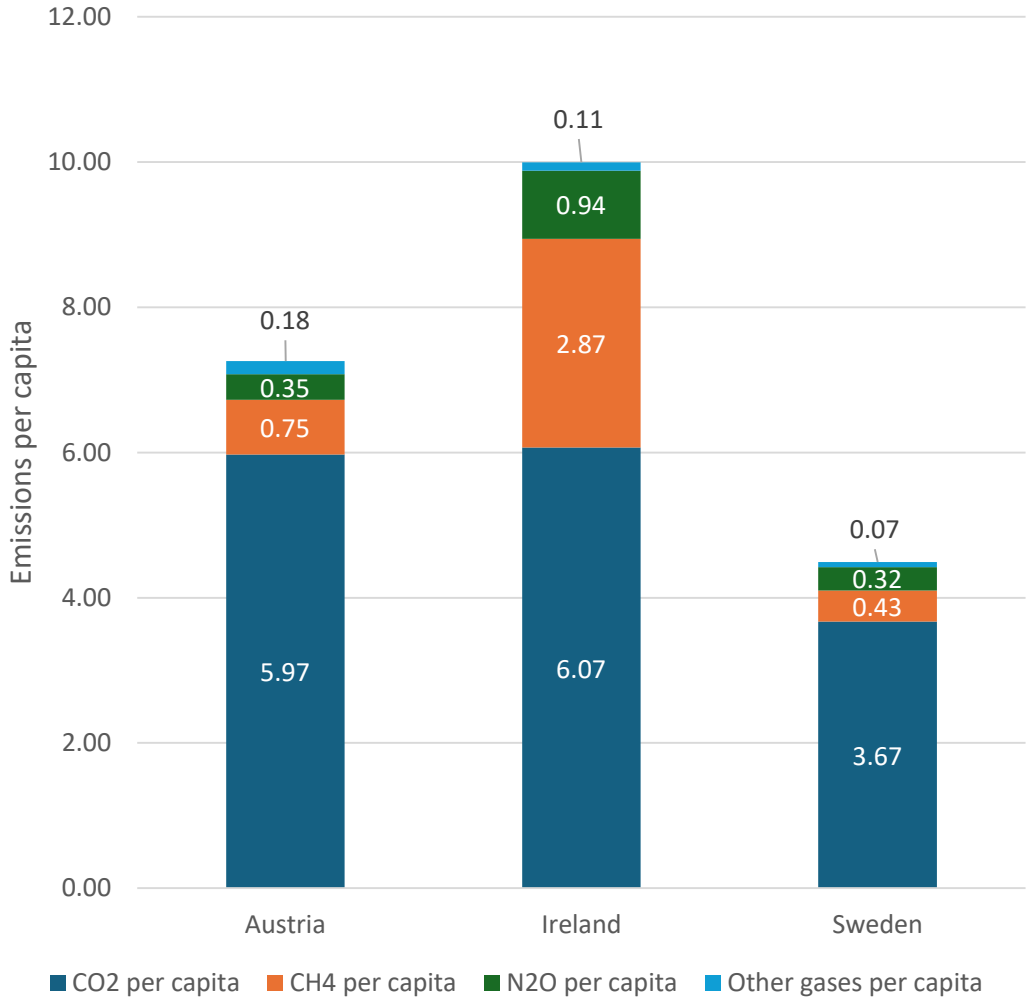
- This is likely relevant in states like Sweden, Austria and Ireland, which are similarly wealthy small open economies, which show divergent performance.

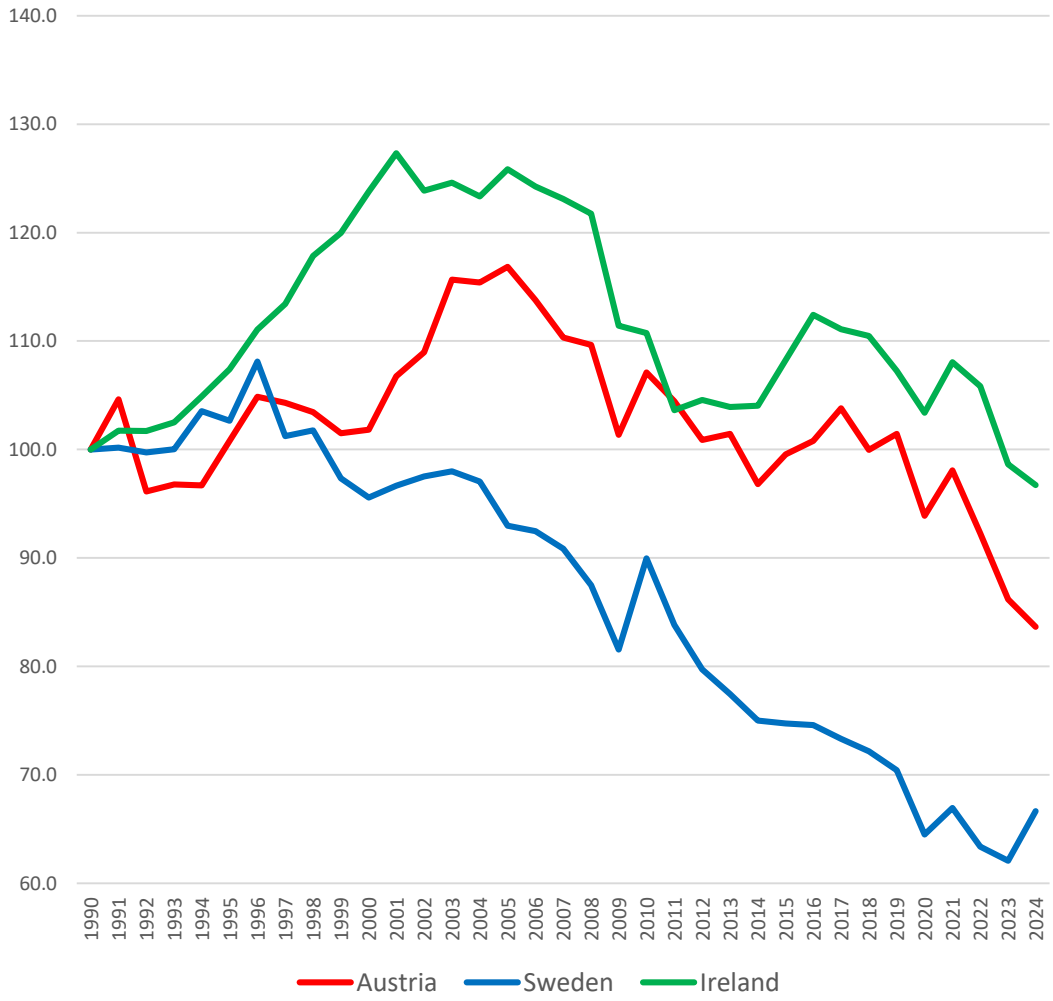
# II. Characteristics of emissions

- These comparators show divergent (gross) emissions performance:
  - Sweden had the 2nd lowest emissions per capita in the EU27 in 2024, shows greater reductions in aggregate and per person terms than other comparators, Earliest emissions peak 1996.
  - Austria shows middling per capita emissions in EU27 terms (11th), relatively poor performance in reductions terms: 23rd of 27 in aggregate terms, 21st in per capita terms.
  - Irish emissions per head are high (2nd Highest in EU), aggregate emissions reductions are 2nd lowest in EU27 (some 3% below 1990 levels), though per capita reductions performance is more middling (18th of 27).

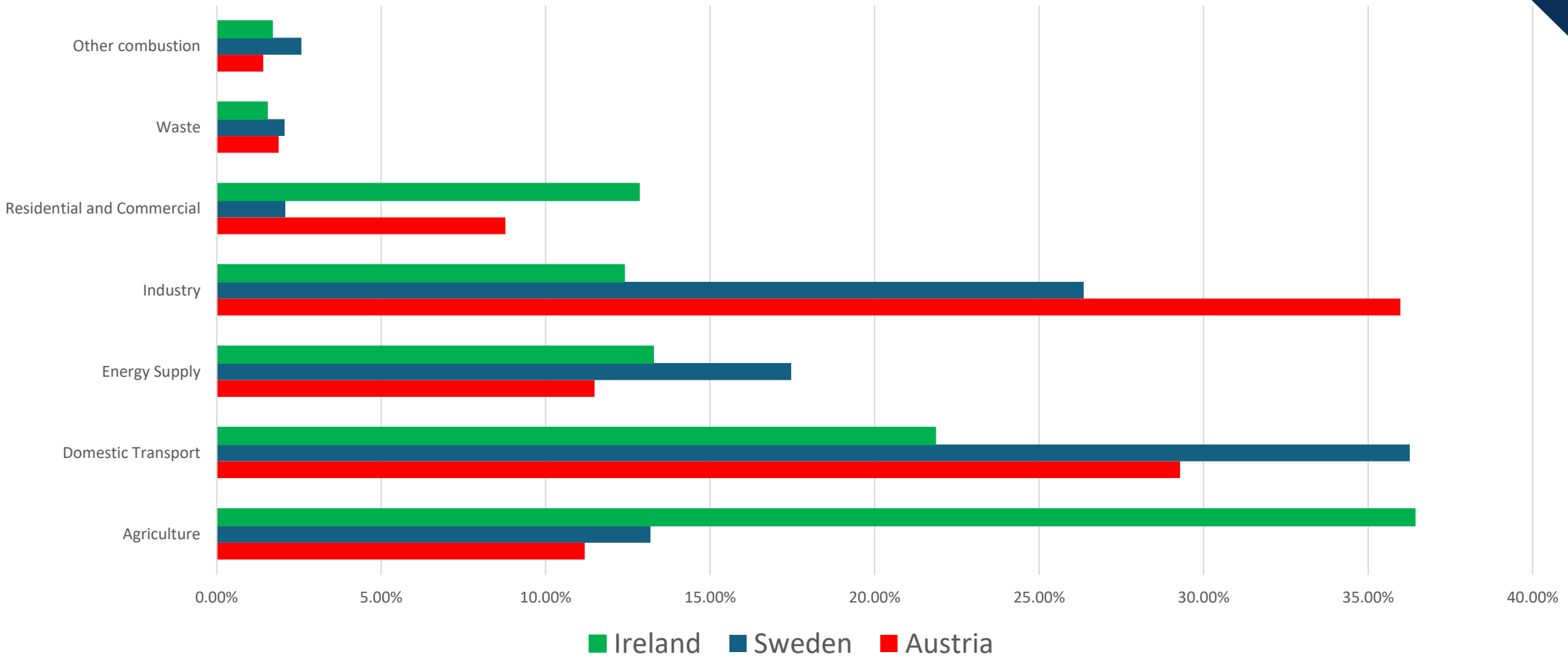
- Their emissions profiles and associated changes are distinct:
  - Swedish emissions were relatively skewed towards domestic transport in 2024 and Energy Supply relative to both Ireland and Austria, but both sectors represent major contributors to reductions from 1990.
  - Austria sees high emissions in Industry, which alongside Domestic Transport offset reductions in areas like Energy supply and waste between 1990 and 2024.
  - In Ireland, Agricultural and Residential and Commercial (R&C) emissions stand out. Declines in Energy Supply and R&C emissions were significantly offset by increases in Domestic Transport emissions from 1990.

# Emissions per capita and Gross emissions Trend

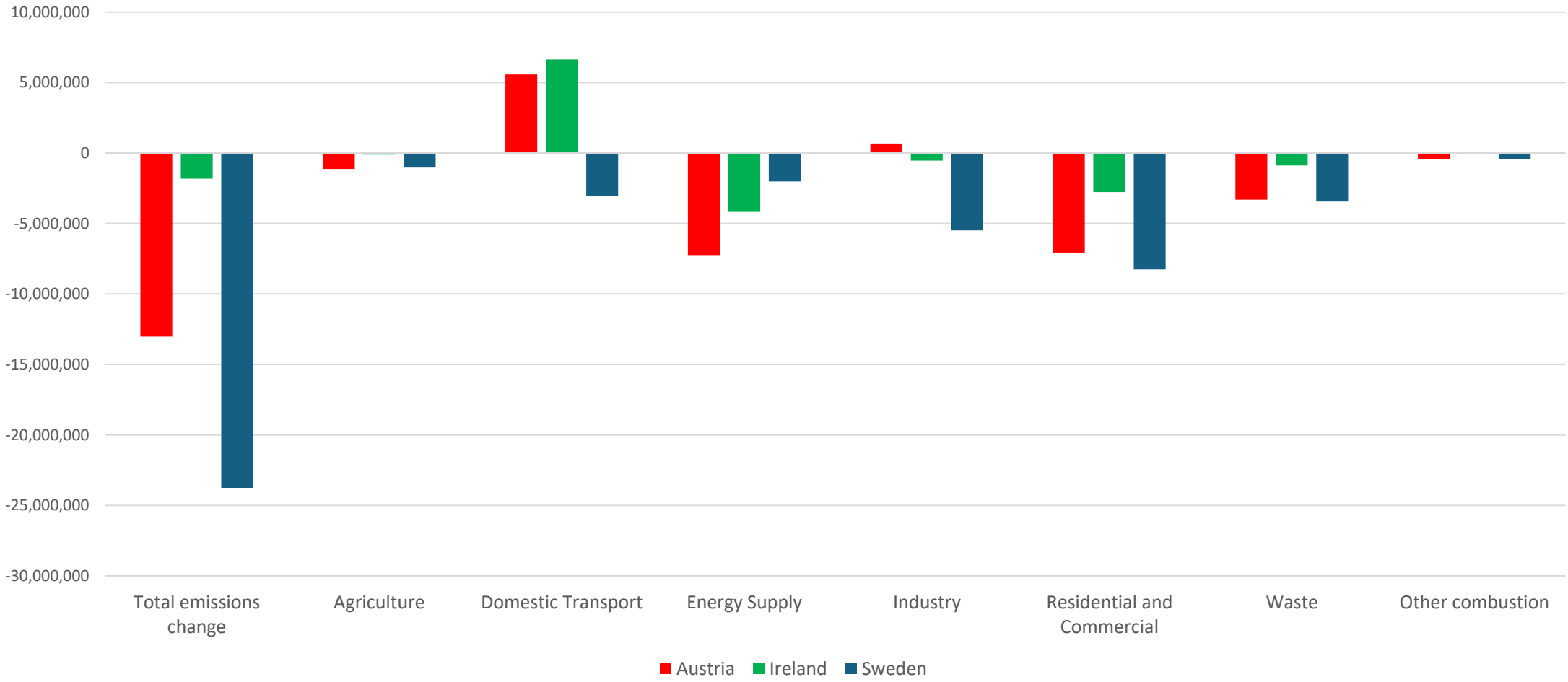


# Composition of emissions by inventory sector 2024



# Emissions changes by inventory Sector 1990-2024



# II. Comparing economic models

- Within this research I use Hassel and Palier's growth regime approach (2021), which characterises national capitalisms along three dimensions:
  - Specific engines of growth: sectors contributing to output/job creation and productivity
  - The main institutional arrangements governing the economy: Amable (2003)
  - Primary components of aggregate demand: Net Exports vs Domestic consumption etc.

- This perspective connects the supply side factors emphasised by the Varieties of Capitalism (Hall & Soskice 2001) and Growth Model research (Baccaro & Pontusson 2016) focused on sources of demand.

- Using this framework, Hassel and Palier (2021) identify five types of national capitalism.

# III. Comparing economic models

- Ireland represents an unusual case:
  - Ireland could be seen as a mixed case (varying over time) with features of the FDI reliant Visegrad group within the MNC sector which is relatively detached from the rest of the economy (Regan & Brazys 2021; Bohle & Regan 2021).
  - MNC Manufacturing and ICT more recently are growth leaders (FitzGerald & O'Shea 2026).
  - Net exports are a significant source of aggregate demand (though likely overstated in GDP accounts (Timoney, 2023), alongside corporate tax receipts in recent years.
  - Institutional configuration facilitates fiscal and social attractiveness strategy.

- Sweden represents a classic "Dynamic services export-led growth regime" (Hassel & Palier, 2021):
  - Shifts from Manufactured exports to ICT and financial services.
  - Represents a "balanced" growth model, robust consumption and strong exports.
  - Universalist welfare present alongside a focus on "social investment" through Higher education and ALMP (Hadziabdic, Hassel & Palier 2025). Labour market cooperation exists, though flexibility present.
  - Social democratic/Nordic welfare regime and corporatism complement wider innovation system.

# III. Comparing economic models

- Austria is a “High-quality manufacturing, export-led growth regime”:
  - Economic model is centred on the export of high-end manufactured goods.
  - International competitiveness is achieved through quality with incremental innovation favoured, though price competition is also significant.
  - Corporatist relations moderate wage demands, while education is focused on specific skills in core sectors.
  - This system is also characterised by high levels of public welfare spending based on social insurance.
  - While in many cases, reforms in these economies have generated “dualization” with benefits withdrawn from lower paid workers.
  - However, this has been moderated in the Austrian case with unions enjoying institutionalised access to policy making effecting greater protections for non-standard workers (Betthauser 2017).

- We can observe direct linkages between emissions and these growth models (e.g. Industry in Austria) but performance can operate through other channels.

# IV. Some Implications for national transitions

- Growth regimes can variously strengthen or impede lock-in dynamics:
  - A strong welfare state and diversified growth regime advantages Sweden, with less contentious climate politics to date, though this may be changing (Driscoll & Blythe 2025, Vowles, Ekberg & Hultman 2024).
  - Combining Singh (2023) framework of state capacity & Dweck & Mazzucato (2025), the Swedish state likely has relatively state capacity to drive transition.
  - Coordination and state capacity may confer some advantages in the Austrian case, but powerful incumbent coalitions tied to the existing model may offer resistance.
  - Existing policy efforts deployed firstly to initiatives aligning with growth strategy (Collington 2025) in Austria, but this will be far more contested where initiatives challenge existing strategies.
  - Irish state capacity in terms of finances may be high at present, but other administrative capacity likely lower.
  - Transition efforts likely directed towards “bankable” projects aligning with the existing model – such as renewable power for data centres – but other transition elements likely unprioritized.

- Growth regimes can thus shape emissions directly, and through channels such as policy selection and state capacity.

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