



Green COVID-19 Recovery and Transatlantic Leadership: What Are the Prospects?

Paul Hofhuis, Senior Research Associate, Clingendael Institute

October 2020

As the US presidential election rapidly approaches, an important question is the prospects for (renewed) transatlantic cooperation, especially in the areas of green recovery to the economic effects of the COVID-19 outbreak, tackling climate change, and addressing these issues through multilateral approaches. In analyzing ambitions and initiatives on both sides of the Atlantic in three connected policy arenas, this brief argues that while a Democratic victory provides greater opportunity for collaboration, underlying structures for cooperation among societal stakeholders in the United States need to be reinvigorated to diminish polarization in society, which could continue to block the transition to a low-carbon economy.

EU Ambitions

In developing responses to the coronavirus pandemic, the European Union (EU) has linked economic recovery to advancing both green and digital goals. Last July, the leaders of the 27 European member states agreed on a common course to tackle the effects of the pandemic. After marathon negotiations, they hammered out a political compromise on a comprehensive policy package, combining detailed agreements on the EU's medium-term budget 2021–2027—the so-called Multi-annual Financial Framework (MFF)—and on a 750 billion euros short-term “first-response” crisis recovery effort, called Next Generation EU (NGEU).

In their conclusions, the leaders stated that “while utmost vigilance is still required on the sanitary situation, the emphasis is now shifting to mitigating socio-economic damage. This requires an unprecedented effort and an innovative approach, fostering convergence, resilience, and transformation in the European Union.”

The recovery packages are in line with European Commission (the EU's executive

branch) proposals in May 2020, stating that recovery efforts should address “the key challenges of the future: the twin green and digital transitions.” Earlier, in December 2019, the commission had published its vision on the urgency of a green and low-carbon transition, in the 2050 growth strategy *The European Green Deal*. This strategy aims to transform the EU into a fair and prosperous society, with a modern, resource-efficient, and competitive economy “where there are no net emissions of greenhouse gases in 2050 and where economic growth is decoupled from resource use.” It also aims at a just and inclusive transition that protects the health and well-being of citizens from environment-related risks and impacts. The latest development on this front is the plan to raise the EU greenhouse gas emission reduction target for 2030 from 40 to at least 55 percent compared to 1990 levels.¹

Focusing on international cooperation, the EU leaders adopted the ambition to strengthen the union’s strategic autonomy to preserve the benefits of an open economy: the EU “will support our partners around the world and lead a renewed and reinvigorated form of multilateralism the world needs.”

On September 16, European Commission Chair Ursula von der Leyen stated in this respect that “the need to revitalize and reform the multilateral system has never been so urgent.”² Europe wants to reach out, stepping up to lead the global response to the COVID-19 crisis, whether on health and welfare issues, on setting an agenda for the digital economy, or on the transition to a carbon-free economy.

US Ambitions

In the United States, the presidential candidates offer two very different visions for how to respond the socioeconomic effects of the COVID-19 crisis, as well as the degree to which energy and climate policy, and international cooperation, fit into crisis recovery plans.

Biden

Joseph Biden’s economic recovery plan for working families is called *Build Back Better*. The plan highlights the need for a more resilient economy for the long term. It sets a priority for investing in modern, sustainable infrastructure and sustainable engines of growth, from roads and bridges to energy grids and schools, to universal broadband.

On foreign policy and international cooperation, Biden in April 2020 published the essay “Why America Must Lead Again.” He wrote “the global challenges facing the United States—from climate change and mass migration to technological disruption and infectious diseases—have grown more complex and more urgent, while the rapid advance of authoritarianism, nationalism, and illiberalism has undermined our ability to collectively meet them. . . . Trust in democratic institutions is down. The international system that the United States so carefully constructed is coming apart at the seams.”³

¹ State of the Union Address by European Commission President Von der Leyen at the European Parliament Plenary, Brussels, September 16, 2020.

² Ibid.

³ Biden, Joseph, Jr. “Why America Must Lead Again,” Foreign Affairs, March/April 2020.

As president, Biden says he would take immediate steps to renew US democracy and alliances, protect the United States' economic future, rebuild confidence in US leadership, and mobilize the country and its allies to meet new challenges. In addition, Biden published *The Biden Plan for a Clean Energy Revolution and Environmental Justice*. This plan connects to his Build Back Better plan and highlights US ambitions to achieve a 100 percent clean energy economy and net-zero emissions no later than 2050. For year one of a Biden presidency, the plan announces a legislative agenda on climate change, harnessing great economic potential, building resilient infrastructure, and creating jobs in a clean economy.

In his first 100 days in office, Biden also plans to convene a global climate summit to directly persuade the leaders of the major carbon-emitting nations to join the United States in making more ambitious national pledges, above and beyond the commitments they have already made, and to lead the world to lock in enforceable international agreements to reduce emissions in global shipping and aviation. In addition, Biden will build upon the achievements of the Obama-Biden administration to get G-20 countries to phase out inefficient fossil fuel subsidies. By engaging key leaders, including in China, Biden plans to secure a global commitment to eliminate fossil fuel subsidies by the end of his first term. Regarding cooperation with Europe, he would restart the Obama-Biden global initiative Mission Innovation to accelerate clean energy innovation in 23 countries and Europe.

Trump

By contrast, President Donald Trump offers an “America First” plan for economic recovery and energy independence, in which neither climate change nor multilateral cooperation is embraced. In his speech at the Republican National Convention on August 28, Trump said, “Thanks to our Paycheck Protection Program, we have saved or supported more than 50 million American jobs. As a result, we have seen the smallest economic contraction of any major western nation, and we are recovering from [the COVID crisis] much faster. Over the past three months, we have gained over 9 million jobs, a new record.”⁴

Furthermore, Trump was clear about what his new presidency has to offer socioeconomically: Over the next four years, he would make America into the manufacturing superpower of the world. He would expand Opportunity Zones, bring home medical supply chains, and end US reliance on China “once and for all.” Also, he would continue to reduce taxes and regulations “at levels not seen before.” And he would create 10 million more jobs in the first ten months.

On international trade and cooperation, Trump announced tax credits in his acceptance speech to bring jobs out of China back to America. He would impose tariffs on any company that leaves America to produce jobs overseas. He would make sure that US companies and jobs stay in the country. Trump stated that “Joe Biden’s agenda is Made in China. My agenda is Made in the USA.”⁵

⁴ Republican National Convention Speech by President Donald Trump, Washington DC, August 28, 2020.

⁵ Ibid.

On energy and climate policy, Trump says Biden has promised to abolish the production of American oil, coal, shale, and natural gas, laying waste to the economies of Pennsylvania, Ohio, Texas, North Dakota, Oklahoma, Colorado, and New Mexico. “Millions of jobs will be lost, and energy prices will soar.”⁶ He once more underlined that he himself ended America’s participation in the “unfair and costly” Paris Climate Accord and secured American energy independence. Under his new term, the United States would stay energy independent. It would greatly expand energy development, continuing to remain number one in the world.

Seek the Differences

There are several striking conclusions from this brief analysis in terms of the potential for transatlantic cooperation on economic COVID-19 recovery, combined with a green, fossil-free energy transition, and prioritizing international cooperation.

First, Biden and the EU are “in good company” regarding their ambitions for economic recovery and priority setting for a clean, carbon-free energy transition. However, questions arise about the reality of these ambitions on both sides.

For the EU, strengthening its strategic autonomy and, at the same time, emphasizing greater international cooperation seem a rather complicated combination. Installing an EU carbon-border tax may add an extra complication, since it is an openly protectionist measure to avoid companies relocating outside the EU. The proposal will only arrive in early 2021, but since the carbon-border levy is backed by France and Germany, and since it has been agreed on as a new income source for the EU budget, it is likely to be enacted, with a possible trade war as a result. The question is if it will be targeted toward the United States and/or China. With another four years of Trump, it is likely to be the former.

On the other side, in his acceptance speech at the Democratic National Convention in August, Biden chose not to repeat the detailed and strong ambitions of his climate and energy plan. One month later, in the Trump-Biden presidential debate on September 29, Biden said [the Green New Deal](#) bill, tabled by Democrats during the 116th Congress, was “not my plan.” At the same time, he advocated yet again for some elements of his own climate plan. These remarks triggered uncertainty in the EU about how green Biden will really dare to be if he is the next president. Sticking to his own plan would be reassuring for Europeans.

In summary, transatlantic EU-Biden cooperation on green crisis recovery definitely has potential, but additional work is needed by both parties to clarify their positions.

Second, no uncertainties exist about Trump’s ambitions to stay strong in his national priority-setting for an America First economic recovery. He views the urgency for green and clean energy transition as nothing more than an economic nuisance. His priority is US energy independence, not on climate change.

So far, four more Trump years may not offer much prospect for fruitful transatlantic

⁶ Ibid.

relationships, not in general and not regarding green, economic cooperation.

Third, with respect to international trade and cooperation, Biden and Trump both advocate US global leadership. On one level, both say the United States should, and will, lead the world out of the present COVID-19 crisis and that the country will set new and more-effective national, economic, and democratic standards, and export these to the rest of the world.

However, Trump and Biden differ greatly in the quality of this global leadership. Trump's agenda for international cooperation is an extension of his America First ambition: international trade and cooperation are tolerated, but only on US conditions. Furthermore, Trump spends very few words on cooperation with the EU, and almost none on energy and climate change.

Biden's agenda is to "once more place America at the head of the table, leading the world to address the most urgent global challenges."⁷ In addition to his initiative for a world summit on climate change, he also plans to organize a global Summit for Democracy, to renew the spirit and shared purpose of the nations of the free world.

The EU agenda is clear about the urgent need for international cooperation on economic recovery and on tackling the imminent threat of climate change. Like both US incumbents, the EU approach uses the words "global leadership," but Europeans want to support existing, and renew former, international partnerships and are eager to "lead a renewed and reinvigorated form of multilateralism that "the world needs in this crisis."⁸ In addition, the EU window for transatlantic cooperation is open. Von der Leyen stated recently that though the EU not always agrees with recent White House decisions, it "will always cherish the transatlantic alliance—based on shared values and history, and an unbreakable bond between our people. So whatever may happen later this year, we are ready to build a new transatlantic agenda. To strengthen our bilateral partnership—be it on trade, tech or taxation."⁹ However, she did not mention energy and climate specifically.

To understand the fundamental approach of the EU, one needs to understand the inherent need for compromise in its policymaking process, which is very complex and sometimes rather viscous. Formally, the 27 leaders negotiate toward a political agreement, either unanimous or supported by a qualified majority. This political compromise is further negotiated with the directly elected European Parliament. Informally, the lobby of a variety of stakeholders (including businesses, nongovernmental organizations, think tanks, and citizens) has a substantive impact on the process in all stages. In the end, the outcome is consensus on compromises, whether regarding short-term legislation or medium-term strategies. This summer's Next Generation EU and MFF for 2021-2027 are good examples of the effectiveness and viability of the compromise-oriented EU policy machine.

⁷ Democratic National Convention Speech by Joseph Biden, Jr., Wilmington DE, August 20, 2020.

⁸ European Commission, Europe's Moment: Repair and prepare for the Next Generation, Brussels, May 27, 2020.

⁹ State of the Union Address by European Commission President Von der Leyen at the European Parliament Plenary, Brussels, September 16, 2020.

In the United States, however, the positions of Trump and Biden illustrate the country's deep political and societal polarization. Neither the positions of the candidates nor the national policymaking process are currently capable of producing common views on medium to longer-term policy to effectively tackle the national and global economic and energy/climate crises. Doubtless, the agenda of a reelected Trump would continue to provide heavy political debate, and it would lead to more ad-hoc and short-term-oriented solutions. Though Biden frequently addresses the urgent need to unify in bipartisan consensus, winning the presidency would still leave him with the challenge of persuading a societal and political majority to support the view that medium-term compromise is better than short-term gridlock.

Perspectives for Transatlantic Cooperation

In summary, the ice is rather thin for effective US-EU cooperation on comprehensive efforts to tackle economic COVID-19 recovery and to strive for a green and clean energy society in the near future. Are there any perspectives that may change this rather gloomy view of transatlantic cooperation in tackling the present crises?

It must be underlined that compared to the United States, the EU approach seems better balanced, with more backing at the state level and more emphasis on medium- and long-term action. Though the Next Generation EU package requires European Parliament approval, it would provide a common-sense consensus approach for a transition toward a sustainable and economically profitable society, including every stakeholder. Furthermore, the EU approach reaches out to the world, including the United States, seeking to cooperate on the basis of common concern and common interest. It acknowledges that the ambitions of the EU Green Deal will not be achieved by Europe acting alone. The EU strategy highlights that the drivers of climate change (and biodiversity loss) are global and are not limited by national borders. The EU wants to use its influence, expertise, and financial resources to mobilize its neighbors and global partners to join it on a sustainable path. The EU aspires to a continuation of its international efforts to build alliances with the like-minded. It also recognizes the need to maintain its security of supply and competitiveness even when others are unwilling to act.

Rather than such an emerging consensus, in the United States one sees high levels of polarization among elites and within society. Societal polarization in general, and more particularly on climate and energy policies, is not new in the United States. For an example of approaches for overcoming US polarization linked to transatlantic cooperation, it is useful to examine the second half of the 1990s. Then, concerns about climate change (and other risks of environmental degradation) drew more and more political attention in the EU as well as the United States. Those concerns were initiated in the United States by grassroots organizations that successfully drew political attention to the issues at the state level as well as within the Washington, DC, Beltway. Polarization and gridlock reigned then as well, especially during the second term of the Clinton-Gore administration, when a Republican congressional majority blocked federal and international policy action on climate change.

The Clinton-Gore administration dealt with this situation by establishing an independent, multistakeholder Presidential Council for Sustainable Development

(PCSD), with [members](#) representing the federal government, businesses, nongovernmental organizations. The PCSD worked closely with the White House to develop economic/environmental policy approaches that could bridge societal polarization on these issues.¹⁰ As an example, the PCSD reached out to state and local levels and organized town hall meetings around the country to involve all stakeholders in its ambition and action. Also, the PCSD agenda prioritized international cooperation. The council established an international task force on international US leadership.¹¹

What is often overlooked is that the initiatives in the PCSD report were inspired by what happened at the time in Europe.¹² There, innovative approaches were developed successfully to foster stakeholder consensus on bridging the classic economic-environmental polarization. The approach had gotten the label “cooperative environmental management,” standing for “joining forces of government, businesses and citizens in a concerted effort rather than waste their energies and ingenuity in endless skirmishes.”¹³

Unfortunately, the PCSD activities were not continued by the George W. Bush administration after the 2000 presidential election. However, US initiatives that build upon the concept of cooperative environmental management, to marry economic and environmental stakes and exploiting bottom-up cooperative and consensus-based initiatives, never really stopped, especially not at US state and local levels. The US [Carbon Capture Coalition](#) may count as an illustrative example of today. This Coalition brought together industry, unions and environmental NGOs, which led a multiyear consensus effort to persuade Congress to enact a tax credit for capturing CO2 from industrial facilities, power plants and direct air capture. This incentive, which effectively puts a significant price on carbon, was passed on a broad bipartisan basis in Congress, despite the Trump administration’s opposition to climate policy.

EU or US Transatlantic Leadership

At the end of the 20th century, US leadership was welcomed everywhere. Then, leverage and support of the most powerful nation were sought by many, also in Europe. But the times they are a-changin.’

Whoever wins the US presidency in November has (almost) no choice but to pay full

10 The PCSD president stated, “The politics of mistrust are the greatest obstacle to the process of innovation and change that we all believe is necessary to achieve the goals we share. We believe that consensus will move America forward both faster and farther than confrontation. Moreover, we believe that consensus is the public’s job, not the government’s. Government is important in implementing what people agree on, but we all need to do the hard work of listening, learning, and finding common ground.” (Twenty-First Meeting of the PCSD, Washington DC, January 13, 1999.)

11 A summary of the council’s activities can be found in the PCSD landmark report in 1999: [Sustainable America: A New Consensus for the Prosperity, Opportunity and a Healthy Environment for the Future](#).

12 To a certain extent, the US inspiration was tapped from what happened in the Netherlands. In September 1995, the Dutch Environmental Minister hosted a bilateral high-level conference on cooperative environmental management in The Willard Hotel. And the US Center for Strategic International Studies made publication possible of the book Our Common Journey, A Pioneering Approach to Cooperative Environmental Management..

13 Paul de Jongh and Sean Captain, Our Common Journey: A Pioneering Approach to Cooperative Environmental Management (New York: ZED Books, St. Martin’s Press, 1999), 6n6.S

attention to deal with the paralyzing polarization in the country. Another four years without change in this arena would be devastating for the US ambition to regain some credibility as a world leader. For many policy arenas, including climate change, there can be no credible international leadership without national consensus. With the political compromises on Next Generation EU and the seven-year MFF, the EU seems to have better cards to play for a global leadership role. The process of internal compromise within the EU offers lessons and policy proposals for bridging internal disagreement and polarization. Transition to a low-carbon economy is an immense challenge, but this summer, chances have increased to successfully forge political consensus on long-term strategic approaches, which include, and are built on, the support of businesses and citizens.

The EU is working on a revision of its Global Strategy for Foreign and Security Policy. Hopefully, it will give extra priority to EU initiatives to restart transatlantic cooperation on “cooperative environmental management.”

For the United States, national consensus on the transition to a low-carbon economy and American world leadership seems unlikely, even if Biden wins the presidency. However, globally, with or without Biden or Trump, the transition will continue to pick up speed. EU-China cooperation in this field has made huge strides, including the recent announcement to the UN General Assembly by President Xi Jinping that China strives to be carbon neutral by 2060, with emissions peaking before 2030.

However, on many other issues, the EU is more cautious about cooperating with China. If the new US administration would like to join ongoing efforts to address climate change, it should consider joining with the European Union’s efforts to provide strong transatlantic leadership for long-term, consensus-based cooperative environmental management. A good first step may be to consider establishing a second multistakeholder PCSD. Effective international coleadership starts at home.

Paul Hofhuis is senior research associate with the Clingendael Institute in The Hague, the Netherlands. Prior to this position, from 1986 to 2015, he was employed by the Netherlands' national government and diplomatic service, including as counselor for strategic foresight at the Netherlands Permanent Representation to the EU in Brussels and as counselor for environmental policy at the Royal Netherlands Embassy to the United States in Washington, D.C.