THE BIDEN-HARRIS ADMINISTRATION: A NEW POLITICAL CYCLE

2021 REPORT US TRENDS THAT MATTER FOR EUROPE

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Introduction. New trends for a new political cycle.

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The United States has entered a new political cycle of significant transformations since Joe Biden’s inauguration as 46th President on 20 January 2021. At home and abroad, the first steps of the new Democrat administration are meeting the expectations of change to stand in contrast to the previous administration of Donald Trump. Across several fields, the new administration is undertaking extremely ambitious initial political and legislative initiatives. Consequently, several trends in American politics and society are being bolstered in a certain direction.

This 2021 Report US Trends that Matter for Europe addresses the main transformations within the United States in the early months of the Biden-Harris administration in the transition to a post-pandemic America. It covers a long list of key subjects, be they political (democracy), social, economic, technological/digital, environmental, or multilateral. The Report also places emphasis on the links between these internal transformations and Europe’s own agenda. The analyses in each section of the Report have drawn on the thoughts and ideas to have arisen in numerous meetings and debates among experts over recent months. For each issue covered in the chapters the idea is to identify the most significant new trends that point to changes in the United States primarily, but also in Europe. In relation to these trends, we try to shed some light on whether the changes are circumstantial (that is to say, reversible) or whether instead they are structural (deeper and with consequences in the medium and long term).

What follows is a summary of the main trends arising from the Report and the joint reflections of the Working Group:
An initial and chief trend is the central importance of the reconstruction of democracy in the United States. The United States is evolving from “America First” to “Democracy First”. Preceding this were the four controversial years of President Trump’s tenure, marked by political and social polarisation, national populism, trade protectionism, and a withdrawal from international leadership and multilateralism - ending in the assault on the Capitol on 6 January 2021. America is now taking democracy and human rights seriously again as the backbone of domestic and international political life. Biden’s slogan of “America is back” spans the two spheres of action. However, this commitment to democratic and institutional renewal brings uncertainties and challenges. Domestically, owing to deadlocks in the Senate and filibusterism that obstruct the passing of new laws and the persistence of a certain polarisation that stands in the way of bipartisanism. In particular, the national populist, “Trumpist” tendencies in the United States and Europe will remain strong for a time that it is still impossible to predict. And abroad they are problematic both because of US democracy’s state of relative weakness – an impediment to resuming “leadership of the free world” – and because of the risks involved for global governance of a confrontation with the authoritarian governments of China or Russia.

Second, a shift towards a new paradigm of strong “social” content, one that contains a commitment to the middle classes in post-pandemic America, can be detected. This is linked to the idea of the need for major public investment and “big government” to overcome the damage caused by the Covid-19 pandemic. Several types of action point in this direction. One example is the successful management of the pandemic itself: 200 million people vaccinated in the first 100 days of Biden’s term of office, a drop in the mortality rate from 4,000 a day to less than 100; or the support for a temporary suspension of vaccine patents. Others are the laws sent to Congress to secure the economic and social recovery, amounting to around $6 trillion: the American Rescue Plan, the Infrastructure Plan, the American Jobs Plan, and the American Families Plan. Depending on the success of these programmes, this new paradigm
could take root not only among the Democrats, but also among some Republican sectors. In addition, the democratic/social nature of the programmes aspires to “heal the wounds” of US society. That may place a new, far-reaching emphasis on attention to the most vulnerable minorities and racial justice.

A third trend is the consolidation of a “tax revolution” to underpin an inclusive path out of the crisis. In order to fund the economic and social programmes the federal government - led by Treasury Secretary Janet Yellen - is proposing an initial tax increase on the big US corporations (from 21% to 28%); a global minimum tax on global corporate profits of 15% (the initial proposal was 21%) that includes the all-powerful GAFAM tech giants; or a tax on high incomes (the richest 1% of the United States). Biden’s “tax revolution” has direct implications for the global tax system, is in line with the proposals of international bodies such as the OECD or the IMF, and will have major repercussions in Europe, helping to unblock similar initiatives.

A fourth trend is that the United States is taking a feminist turn, with a growing prominence of women in political life. Several elements attest to the fact that in terms of both number and real influence feminist tendencies are continuing to break through and effect profound changes. The current legislative term provides record figures as far as the presence of women is concerned. That is the case of the President’s Cabinet, or the Congress formed in 2021 (where the number of representatives of racial and ethnic minorities is also on the increase), or of the legislative chambers of the different states of the country and of senior positions. In addition to Kamala Harris as Vice President, there is the so-called “squad” led by the Democrat Ocasio Cortez in Congress, where women such as Rashida Tlaib, along with many others, stand out. If the trend continues, the feminist push in political life promoted from among the Democrat ranks could spread to the Republican camp. For Europe, these changes provide an opportunity to cooperate with the United States on gender policies in a framework of
global action, for example in the framework of the United Nations 2030 Agenda.

A fifth trend is that the United States is making a radical “green” shift compared to the previous period. The Biden administration is committed to the creation of new green jobs, caring for the environment, and a socially just energy transition. Actions that illustrate this shift are, for example, the return to the Paris Agreement, the cancelation of the construction of the Keystone XL oil pipeline, or the appointment of John Kerry as Special Presidential Envoy for Climate. This major green shift will be coordinated primarily through the American Jobs Plan, which includes massive investment in green infrastructure, in renewables, or electric vehicles. From a geopolitical point of view, the United States is recovering part of the global leadership of this area, aligning to a large extent with the European Union and regaining ground lost to China. At the international Summit on Climate called by Biden in April 2021, the United States pledged to halve its emission by 2030 and to secure net-zero carbon emissions by 2050. This step could have major implications for the European Union and its New Green Deal in terms of a positive “race to the top” with the United States. In particular, it raises the pressure on the Member States to make optimal use of the Recovery Funds provided by the EU Next Generation Programme.

A sixth trend is a technological awakening on the part of the United States in its contest with China. The federal government is keen to convey a sense of urgency surrounding various fundamental facets of the Fourth Industrial Revolution and digitalisation. Applying artificial intelligence, robotics, or quantum computing to a digital economy are aspects that require reinforcement. The idea is to step up public investment in Research & Development to place it at the level the United States needs if it is to continue leading in the 21st century. In particular, it points to public-private alliances and start-ups as the ecosystem where the United States can strengthen its competitive advantage. The technological awakening also implies greater interventionism and regulation on the part of the
government in relation to the GAFAM big tech platforms. For Europe too this movement by the United States could act as a trigger for its own technological awakening.

**A seventh trend is greater intervention on the part of the government in relation to disinformation via the tech platforms.** The administration is sending out new signals in this respect in the wake of Twitter and Facebook banning Donald Trump in response to the systematic use of disinformation campaigns that would appear to have influenced the events at the Capitol on 6 January. The prospect of new laws enforcing stricter regulation of the content of the tech platforms when they spread hate speech or fake news heralds a new era in social and political communication in the United States. It also creates dilemmas about the nature of democracy and the limits of the freedom of speech enshrined in the First Amendment of the US Constitution.

**An eighth trend is the easing of the protectionism towards Europe in parallel with a very tough stance on China.** While with the Europeans the slowdown in the imposition of tariffs opens a window of negotiation, regarding China there is a bipartisan consensus on the hard line taken by President Biden. That is the case in Congress, with only the slightest nuances between Democrats and Republicans, and among unions and businesses. The protectionism of “buy American” goes hand in hand with the protection of American jobs, corporations, and technology in the face of Chinese hackers and cyberattacks. Unlike the rest of the trends, this appears to be more of a continuation of the preceding period and comes in response to two long-term and interconnected factors. One is the need to restore US manufacturing industry to a prominent position in global value chains in relation to China and other competitors. Trade policy, then, forms part of Biden’s “foreign policy for the middle classes”. Another factor is the political and electoral need to reconnect with the middle classes on the part of the government and of the big two parties.
A ninth trend is the United States’ return to multilateralism and the European response in the shape of “Open Strategic Autonomy”. Relations with Europe are being reshaped, taking a more cooperative turn in multiple areas and forums – the UN, G7, G20, NATO, the WHO – although in other areas differences remain that must be managed: on digital matters, trade, or the strategy regarding China and Russia. The US movement coincides with a process of reflection underway in the European Union to define its role as a region in terms of global governance. The United States and EU successfully fitting into a new multilateral environment cannot be taken for granted; it will depend both on the United States’ perseverance (in the face of possible electoral swings in 2024) and on Europe’s internal capacity to agree on common positions and a clear direction. Only if those two premises coincide will it be possible to work on common interests in the medium to long term.

These, then, are the main trends identified in the Report. Basically, they show us a United States that continues to operate as the epicentre of numerous transformations, setting the trends for the years the come. This itself warrants every effort on the part of Europe to acquire deeper knowledge and be able to anticipate the actions of its partner.
CHAPTER I

From America first to Democracy first. Implications at home and abroad.

Vicente Palacio

Repairing US Democracy

“The world is watching us” regretted on January 6 President-elect Joe Biden, with a hardly audible voice, in a press conference only a few hours after a mob of supporters of President Trump assaulted the Capitol. These words capture what has soon become a key driver for the new Administration: the reconstruction of democracy at home and abroad. The erosion of the US image and loss of prestige after the assault to the Capitol mark the beginning of a new political cycle.

The last and most consequential action of Donald Trump’s period marked the main course of the new Biden-Harris administration. The violation of the “shrine” of democracy represents a turning point in American politics. This disgraceful event brought to life and on live television the realities of the decline of American democracy, in the eyes of the citizens of the US as well as of the entire world. For what happened did not only raise fundamental questions about what is considered by many to be the most advanced democracy and the most perfect Constitution (Levitsky and Ziblatt, 2018). The Capitol’s blow also raised serious doubts on the ability of the US to take the lead in the defence of Western “liberal democracies” and their values. It sent the message that the US could no longer present itself as the “beacon for democracy and freedoms”. The loss of legitimacy at home jeopardises the American “monopoly” of world governance in the domain of values and ideas, vis a vis authoritarian governments in Beijing or Moscow.
During the 2020 electoral campaign, the candidate Joe Biden presented the elections as a plebiscite on American democracy. In the transition period between November 3rd and the inauguration on January 20, 2021, US democracy was put to a test. Fortunately, institutions at different levels of the Administration - federal, state and local - proved to be resilient against the “coup d’État” instigated by Trump and a majority of the Republican Party. Despite an aggressive campaign of false allegations of electoral fraud, Trump was not able to overturn the results, and the feared “big constitutional crisis” did not happen.

However, despite the momentary “triumph of US democracy”, the system has not remained intact. Fundamental questions about the political system will remain and constitute a central concern during Biden’s entire term in office. The January 6 insurrection laid bare the fragility of democracy as well as Trump’s legacy: the increase of polarisation, populism, and fake news; the erosion of Congress and the Judiciary; higher barriers to voting, social exclusion and the so-called “structural racism”. All of these fault lines and underlying problems preceded Trump’s administration, but came to the surface in his presidency with even greater force.

Democracy First at home and the New Social Contract

Against this background, it is not a surprise that Biden has stressed democracy as the common nexus of both domestic and foreign policy. Biden’s already famous slogan “America is back” or “leading by example” aim at overcoming the false dilemma of “what is first”: either “putting the house in order” or going back to the world stage (The Financial Times, January 8 2021; Wright, January 11 2021). In the Biden-Harris doctrine, confronting democratic challenges at home and advocating for human rights abroad are two indivisible elements of a renewed American legitimacy. At home, a political faith needs to be restored, as many American citizens have lost confidence in the country’s democratic ideals. Abroad, as the President pointed out in his First 100 days Address to Congress, foreign policy becomes an essential part of the task of restoring the faith of the

1 At the end, Trump could not benefit from a conservative majority neither in the Supreme Court (where he nominated Amy Coney Barrett to replace judge Ruth Bader Ginsburg), nor in the House of Representatives, where Republicans enjoyed a majority of 26 states.
American people in democracy (White House, 2021c). Precisely because the US democracy is under threat - facing national-populism at home and authoritarianism abroad - the US should prove that democracy can “build back better”.

President Biden’s first steps mark a departure from recent Democrat presidencies (Clinton and Obama) in a fundamental way. This time, a combination of the sense of urgency and the lessons learned from past crises make a big difference (Lerer and Karni, April 29 2021). Two reasons can explain both the determination and speed of the federal government in advancing the agenda, as compared to past administrations. One is the impossibility of relying in a significant part of the Republican opposition (the “Trumpism” after Trump). A second reason is the unprecedented international context of the covid-19 pandemic, which requires moving forward to combat its impact on the social and economic conditions of the American population. As a result, Biden’s conception of democracy is firmly anchored in social justice: rights and freedoms go necessarily hand in hand with prosperity and economic justice. The new administration has proposed a strong linkage between democracy and a new social contract, as a sort of “New Deal” echoing Franklin Delano Roosevelt’s plans in the Great Depression in the 1930’s or Lyndon Johnson’s Great Society program undertaken in the 1960’s, which aimed at addressing both the racial and the social gap in the US while revitalising infrastructure. Consequently, a robust “big government” appears now to be the solution and no longer the problem, in order to meet the challenges of this social-democratic agenda. Thus, “healing the wounds” of American society conveys not only the fight for racial justice but also the renewal of the social contract.

Interestingly, in this context, the covid-19 crisis opens a window of opportunity for ambitious reform through legislative action. The new Administration has launched a series of ambitious initiatives and legislative proposals that intertwine the socio-economic and democratic agendas/portfolios.

On the social-economic axis, during the first 100 days into his tenure, President Biden advanced three initiatives mounting up to almost $6 trillion in federal spending. Firstly, an American Rescue Plan, initially of $1.9 trillion ($1.7 trillion after negotiations with Republicans), a major legislative achievement that includes stimulus checks for housing, transportation and vaccines. Secondly, an
Infrastructure Plan (initially of $2.3 trillion) linked to the American Jobs Plan, highly oriented towards the creation of millions of green jobs. And thirdly, an American Families Plan ($1.8 trillion) to help the most vulnerable sectors of the population, including racial minorities. In order to sustain the new spending, the reconstruction plan is accompanied by an ambitious fiscal reform, the American Tax Plan, that would raise trillion of dollars by sharply raising taxes. The plan would target big US corporations – by setting a corporate tax of 28% in the US, and increasing the minimum tax on US multinationals abroad to 21% (including the tech platforms GAFAM) - as well as the wealthiest 1% of Americans, in line with the proposals of the International Monetary Fund.

As for the democratic-institutional bills, the Democrat White House and Congress have made proposals to address the structural dysfunctions of the American political system and restore trust on representative democracy after Trump (Lessig, 2019). These include traditional problems such as a fiercely partisan logic in Congress³; the recourse to filibustering; the politisation of the Courts; the murky financing of electoral campaigns by lobbies; and a Senate and Electoral College which favor small and swing states over the rest of the country (Fukuyama, 2014). More recently, the gerrymandering of electoral districts, the rise of barriers to voting of minorities, or the anarchy of social media and the spread of fake news, have been some of the factors that have eroded the belief of US democracy in itself as exceptional⁴.

Two examples of early legislative proposals deserve to be highlighted given that both illustrate well the existing fault lines within Congress and between Democrats and Republicans. Both could be consequential in setting a trend for change in the coming years, if Democrats continue to enjoy a majority in both chambers after the mid-term elections of 2022.

One of these initiatives is oriented towards changing bad rules and practices of the American political system. At the time of writing, the For the People Act had initiated the legislative process in May 2021. The bill was approved by the

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³ The current extreme polarisation of US politics might be traced back to the period of Newt Gingrich as the Speaker of the House of Representatives (1995–98) during the Clinton Administration.

⁴ Lessig (2019) defines the major problem of the American democracy as “unrepresentativeness”.
Democrat majority in the House of Representatives, but its final approval by the Senate was pending. This democracy reform package – the For the People Act along with its sister bill, the John Lewis Voting Rights Act, – epitomizes the Democrats’ commitment to voting rights and democracy reform. This legislation has three pillars: one, expanding access to the ballot box and addressing election security; two, reducing the undue influence of money in politics; and three, ensuring clean and ethical government. In particular, the bill attacks the Supreme Court’s ruling in Citizens United FEC (2010) during the Obama Administration. Then, a conservative Court established that the First Amendment of the US Constitution prohibits limits on spending on political campaigns by corporations, nonprofits, and labor unions. These initiatives represent an ambitious attempt by the Democrats to advance big reforms such as putting an end to the filibuster, transforming the structure of the Supreme Court and breaking up destructive monopolies, by providing alternatives to the current system, for instance, a public-financing system for small donors (Sitaraman, 2019).5

The other initiative is the proposal of creating an independent, bipartisan Commission to investigate the January 6 Capitol insurrection. After Senate Republicans blocked the creation of a bipartisan commission, the Democrats face big problems. In addition to maintaining differences on some critical issues, the Democrats enjoy a very narrow majority in the Senate, where they need the vote of Vice President Kamala Harris to breaking ties and passing major pieces of legislation. Ten Republican votes are needed to make up a majority of 60, overcome a filibuster, and transform the Democratic agenda into law.6 Prominent figures such as Senate Majority Leader Chuck Schumer argue that the filibuster is undemocratic. In fact, it is a rule imposed by senators in the past; it is not contained in the Constitution nor in any law; nor is it set through the Supreme Court (The Washington Post, May 29, 2021). In theory, the filibuster could be easily removed by a majority controlling the Senate and the federal government. But, in practice, removing the filibuster could be a difficult task if Republicans

5 Sitaraman quotes Theodore Roosevelt, who wrote in 1914: “There can be no real political democracy unless there is something approaching an economic democracy.”

6 This practice contrasts sharply with the complex EU Council decision-making rules on blocking minorities. In the US system, the blocking minority does not need to represent a significant part of the country, The EU establishes a minimum threshold of 35% of the population, while in the US states that representing only a 12% of the populations can obstruct key laws from passing in the Senate.
completely block ordinary proceedings in the Senate, including those unrelated to the democratic bills.

The extent to which congressional Democrats take up Biden’s plans remains to be seen. In the leadup to the November 2022 mid-term elections, the ability of this Administration to reach major bipartisan agreements for the renewal of US democracy will be tested. The success or failure of these attempts at reform will largely depend on various factors, namely: the unity within the Democratic party in Congress; the capacity of the Democrat’s Senate majority to change Senate rules; and the evolution of the post-Trump GOP. What is certain is that long-standing reforms of the rules to avoid filibustering will require at least large Democrat majorities and internal consensus in both chambers after the midterms of November 2022 and the 2024 presidential elections.

On the socio-economic front, there is relatively little room for manoeuvre. The various initiatives could be adopted (entirely or partially) through the budget reconciliation process, already used by Biden with the Rescue Plan. An additional problem is that in post-pandemic America, the stakes are high and deadlines are tight, both in the domestic and the global fronts. Yet, it is unclear whether the pressing issues the US is facing internationally vis-à-vis China or Russia – in the domain of democracy and freedoms as well as in economic or technology – will help in speeding up the internal process of democratic renewal. The Democrats could either try to move ahead through the reconciliation process for infrastructures, jobs and families before the end of the fiscal year on September 2021, or reach last-minute agreements in the Senate for watered down versions of the plans. If the bridges in the Senate are blown up and US democracy proves dysfunctional once again, US democracy might pay a high price not only at home, but also abroad, where others are watching.

**Democracy First abroad: allies and authoritarians**

According to the principle of mutual reinforcement of the domestic and the foreign axes, the Biden-Harris administration has aimed at setting very high democracy and human rights standards (Blinken, 2021a), confronting autocracies like Putin’s Russia, Xi Jinping’s China or even Erdogan’s Turkey, a NATO ally. In his speech to the virtual Munich Security Conference of February 19, 2021, President Biden turned the page on the Trump administration’s “America First”.
“America is back” to the democratic ideal, to work closely with European allies and to renew its full commitment to NATO (The White House, 2021a)7. However, regaining the “lead of the free world” will not be an easy task for a “flawed democracy” (The Economist, 2021)8. The blow to the prestige of US democracy after the Capitol riot and Trump’s chaotic legacy in foreign policy have weakened the US on the global stage as a credible voice. The new administration will have to work hard to revert Trump’s poor record on human rights and democracy, and regain what is probably the key: trust from his European allies. The past four years of US retreat from hundreds of international agreements9 (Paris, Climate Change), fora (UN, WHO, WTO, UNWRA) and domestic environmental regulations from the Obama era, will not fade away so easily. Thus, one major challenge of the new Administration is turning the relative weakness of the American democracy into a catalyst for a more expansive policy abroad. Meanwhile, making up for lost ground in key regional conflicts and scenarios where democracy is at stake (Middle East, Asia, or Africa) will require huge political efforts and bipartisan consensus in the US.

At the same time, this Democrat presidency is fully aware that there is no way back to the pre- Trump era (Blinken, 2021b). Whatever this means, a tacit consensus could be emerging on the need for “liberal” democracies to become more “social” and increasing international cooperation to face global challenges of an unprecedented scale - democratic, technological, on security, health or the environment. This change of mindset and the adoption of a bolder, unorthodox approach would explain various messages in different directions sent by President Biden. For example, the possibility of extending sanctions to traditional US allies like Saudi Arabia or Turkey for violations of human rights, or the recent change of stance in favour of facilitating access to covid-19 vaccines to developing countries through a temporary suspension of patents.

7 Biden: “We must demonstrate that democracy can still deliver for our people in this changed world.”
8 In sharp contrast with the US, in 2020 Japan, South Korea and Taiwan became “full democracies”. But countries such as France and Portugal also lost that status. In eastern Europe, Latin America, Africa and the Middle East the pandemic compounded existing democratic flaws. https://www.economist.com/graphic-detail/2021/02/02/global-democracy-has-a-very-bad-year.
The “Biden Doctrine” makes a clear distinction between democratic allies and authoritarians. Right from the beginning of his mandate, Biden took a harder line towards both China and Russia than his predecessor. In both cases, the defence of US values is rooted not only in principles, but also in strong economic interests and a geostrategic vision. Even though both regimes have the same distinctive “authoritarian” brand mark, China occupies the central place in the US’ priorities. Positioning the US for a long-term competition with China in the 21st century is at the center of the new strategy. Such a competition not only confronts two different social and political models – Western liberal democracies and autocratic regimes, it also conveys the battle for technological supremacy in the various applications of artificial intelligence or quantum computing in industry, jobs or social organisation. The preservation of rights and freedoms, and the challenges of social control through tech applications, become an essential part of the Sino-American confrontation. The March 2021 meeting in Alaska of delegations of both countries showed strong clashes over human rights and democratic abuses in Xinjiang, Tibet, and Hong Kong. The US has also condemned the coup d’état in Myanmar in February 2021, a country under China’s sphere of influence.

On Russia, Biden has confronted President Vladimir Putin early into his presidency with a very aggressive language\(^\text{10}\), and the US has imposed new banking sanctions after the imprisonment of opposition leader Alexey Navalni. The US has also overtly denounced Putin’s support to the president of Belarus, Alexander Lukashenko, after the government-sponsored hijack of a commercial flight in April 2021, as well as the frequent cyberattacks on US soil that are traced back to Russia. The Biden-Putin summit in Geneva of June 16, 2021 has laid the ground for a more structured dialogue between the two parties, but divisions will remain over human rights for a long time to come. Additionally, this administration has also pointed its finger to the Saudi House for the murder of Washington Post journalist Jamal Khashoggi and the imprisonment of women-rights activists, or to president Recep Tayyip Erdogan for pulling Turkey out of the Istanbul Convention on violence against women in March 2021.

\(^{10}\) In a TV CNN/ interview on March 17, 2021, Biden answered affirmatively when asked if he thought Putin was a killer. The respective ambassadors of both countries were recalled for consultations, and are back to their respective countries as of June 2021.
The second front of the US democratic battle abroad is the strengthening of Western like-minded alliances, very particularly the European Union. On this front, this Administration has been very proactive since taking office, meeting European leaders in the various EU and NATO fora, with both the President and the Secretary of State Antony Blinken attending virtual meetings or travelling to Europe\textsuperscript{11}. One common objective shared with the European democracies is reinventing transatlantic fora to make them more effective (European Commission, 2020). However, the proposals advanced so far will need a more detailed elaboration in order to be implemented.

One example is the idea suggested by President Biden of a “Summit for Democracy” to be held ideally in 2021. The idea was soon endorsed by European leaders such as Angela Merkel, Emmanuel Macron, the EU Commission, the High Representative, and the President of the Council Charles Michel, as an opportunity to present the recent EU Action Plan on Democracy and Human Rights and setting a new roadmap for transatlantic and global cooperation. However, there is no clear prospect for this idea to materialise anytime soon, since it lacks a definite purpose and scope.\textsuperscript{12} For example, for some of its defenders, the league of democracies should not be limited to Europeans and Americans, but should include other great democracies, such as India, Brazil, Japan and Australia (Vindman, 2020).

Despite its flaws, the initiative of a club of democracies deserves attention because it intends to place the question of democracy at the center of the multilateral system. This kind of conversation could certainly revitalise the system in a positive direction if common resources and strategies for improving liberal democracies were provided by the members. But a Summit, or the League, could also have several counterindications. First, there is a risk of creating an exclusive club on the margins of the United Nations, which would erode

\textsuperscript{11} To name just a few, President Biden’s participation in: the meeting of the European Council on March 25; the Munich Security Conference on February 19; the G-7 summit in Britain on 11-13 June; or the talks with the EU in Brussels and the NATO summit on June 14.

\textsuperscript{12} The idea of a League of Democracies is deeply rooted in the liberal-internationalist school of US foreign policy. Various scholars and practitioners, from the Republican and Democrat camps, have in some ways defended or developed the idea of creating a club of democracies to tackle common challenges in a context marked by growing authoritarian and fundamentalist trends. The long list would include figures such as President Woodrow Wilson, Secretary of State Madeleine Albright, Senator John McCain, and scholars Ivo Daalder or Robert Kagan. The novelty is that Biden’s idea points directly to counterbalance China in the first place.
multilateralism. Second, it could be interpreted mainly as an attempt to "contain" China; but the Asian giant will remain absolutely essential to make any progress on climate, security, or sustainable development. Thirdly, it could limit the so-called “open European strategic autonomy” vis-à-vis China, Russia and others. Either way, the progressive deceleration of this initiative suggests that, once again, movements in the direction of putting democracies together will take place informally. In practice, the proposed league of techno-democracies might be implemented through different sectoral fora and alliances with variable geometries.

Similarly, when it comes to reforming the various multilateral institutions, the devil is in the details. In the eyes of the EU, Biden’s decisions to reenter the Paris Agreement, rejoin the World Health Organization, or restart talks on the Iran nuclear deal, are all steps in the right direction. Yet these moves do not provide definitive answers on how the reforms will be implemented in the WTO, WHO, UN or even NATO, in terms of purpose, representation, decision-making, or funding. The task of reinventing these institutions will probably take months, if not years, more so when the voice of world powers such as China and Russia needs to be heard in order to reach any significant change.

On top of this, serious doubts remain on whether this “global-reach’” policy will deliver in the medium and the long run. Ideally, President Biden’s motto “leading by example” expresses the best way to revert the rollback of liberal democracies worldwide (The White House, 2021b). By the same token, Secretary of State Blinken has warned that the US could use all of the diplomatic tools available to defend human rights and hold accountable perpetrators of abuse anywhere in the world (Blinken, 2021a&b). An intrinsic difficulty with this approach, however, is the weak domestic support to democracy promotion abroad. At present, American citizens’ interest on promoting democracy in other nations lags far behind other pressing issues such as jobs, the pandemic, or even external threats from China, Russia and Iran. A Pew Research Center survey of February 2021 found that only 20% of US adults cited democracy and human rights as a top foreign policy objective, putting it at the bottom of a list of 20 topics13. In the absence of public support to well-defined democracy objectives

abroad, democracy promotion policies might not fly. Another question related to this approach is whether, even if domestic democratic reforms in the US were to succeed, this would have a real impact on foreign policy. Even if the democratic bills got passed in Congress, the wounds healed, the idea of democracy gains consensus and traction, and the pandemic crisis is overcome, ¿how far will the US go in the defence of human rights? ¿Will this ambitious pro-democratic policy backfire? The response to these questions depends highly on the positions the Europeans will take.

**Democracy promotion: an endless War of Sanctions?**

In recent years, the US Congress has endorsed laws that sanction human rights violators, like the Global Magnitsky Act, the Hong Kong Human Rights and Democracy Act, and others. The EU, in turn, has proved its will to coordinate with Washington its policy on sanctions against China, Myanmar, or Russia in the NATO framework. From now on, the new EU system of sanctions – the Action Plan on Democracy and Human Rights – opens the possibility for increased cooperation with the US in fighting corruption and human rights abuses. The sanctions adopted by the EU with the US, UK and Canada against four Chinese officials and one entity for violating the human rights of Uyghurs in Xinjiang illustrates this next-level dimension of EU foreign policy. In this regard, the importance of defending Western values by applying last-resort joint sanctions should not be neglected. Yet, again, this sanctions-led approach could prove to be inefficient in some cases – not changing course or modifying the behaviour of the authoritarians – or even to be counterproductive, for example, by triggering retaliation. This has been the case with China’s imposition of individual sanctions against members of the Commission on Human Rights of the European Parliament, as a response to the European sanctions. Beijing’s response, in turn, has compromised the ratification by the European Parliament of the EU-China Comprehensive Investment Agreement signed in December 2020 after exhausting negotiations.

A crucial question is whether as a result of this policy the US and Europe will engage in a never-ending War of Sanctions - as a new version of the Cold War

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Democratic-leaning independents put promoting democracy abroad as a priority. Even less support (15%) comes from Republicans and GOP leaners.
with its vicious circle of continuous escalations and de-escalations. For Biden and the European allies, this possibility is not merely speculation, but a real danger. In this regard, two considerations should be kept in mind. First, China, in particular, cannot be “contained” as easily as the former Soviet Union, for reasons of size, real power, and projection. Second, relying on sanctions as a main tool for the promotion of democratic values does not look like the best way for the US and Europe to adapt to the needs of this multipolar world - the world as it is, not merely as we would like it to be. This is a world which requires robust, large-scale cooperation on the vital issues mentioned above.

The current circumstances suggest that the US and the EU need to adopt a more realistic approach, one based on the combination of “sticks and carrots” with the search of mediation, shared solutions, and, overall, a specific, case-by-case treatment. Putting forward joint actions on human rights would require more doses of modesty and realism. All these elements would be the key components of a new paradigm for the defence of our democracies. Finally, the “leading by example” principle should lead to a strengthened dialogue on issues that include the roots of national populism and polarisation, digital democracy and fake news. A revitalised Transatlantic Legislators’ Dialogue between members of the European Parliament and the US Congress could act as a great catalyst of the transatlantic relationship. From this perspective, Democracy First should imply the mutual recognition that democratic institutions at both sides are equally subject to tensions and that there are no shortcuts for anyone: this could very well be a good starting point to defend and preserve the values of our liberal democracies.
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CHAPTER II

Trumpism beyond Trump: The future of the radical right during the Biden administration

Jorge Tamames

With the electoral contest settled, it is now possible to draw lasting lessons on what Donald Trump’s presidency represented. The following pages will seek to address this question by analysing three points of reference: voting trends in the 2020 elections, the future of Trumpism in the United States, and the implications for EU countries with autochthonous radical right parties and movements.

Introduction

Zhou Enlai, when asked by Henry Kissinger about the meaning of the French revolution, replied that it was “too early to say.” The Chinese premier was referring to the May 1968 events rather than the storming of the Bastille, which makes his often-cited remark a misleading rather than a masterful piece of insight. Regardless, it holds a kernel of truth: most historical events demand time to be understood in any meaningful way. Trumpism is a case in point. Beginning in mid-2015, Donald Trump’s presidential run provoked an avalanche of outraged reactions to and immediate interpretations of what his rise to power meant. Trump represented, according to the conventional view of events, a dramatic rupture with the (moderate) Republican Party mainstream. His political project was inherently authoritarian or proto-fascist. He was a puppet of Russian president Vladimir Putin, who rigged the 2016 elections. Trump was also the quintessence of populism, his xenophobic demagoguery and protectionist policies aimed at undermining the liberal international order. He embodied the grievances of the white working class battered by decades of Republican and
Democrat genuflexion at the shrine of globalization. Alternatively, his was a movement grounded on “cultural backlash” and resentment rather than “economic anxiety”—and therefore one that a more inclusive economic policy was unlikely to placate.14 Either way, Trump represented the ways in which democratic excess can run into conflict with the principles of freedom and pluralism enshrined by political liberalism.

Most of these interpretations seem misplaced in retrospect. Judging by his signal policy accomplishments—corporate tax cuts, sweeping environmental deregulation, and the extensive nomination of conservative judges to the federal court system and the Supreme Court—, Trump’s actual agenda was more often than not compatible with, if not identical to, that of the Republican Party mainstream. His protectionist impulses were reminiscent of Ronald Reagan’s trade pressure against Japan. Animosity towards China preceded Trump’s presidency and will outlast it. While his hostility to basic democratic procedures and authoritarian impulses were always on clear display—dramatically so during the Capitol riot that took place on January 6, 2021—Trump was never capable of colonizing the state’s institutions in the spirit of strongmen like Turkey’s Recep Tayyip Erdogan or Hungary’s Viktor Orbán. His rhetoric reached new lows in terms of bigotry and vulgarity, but this strategy amounted to a coarser version of the ‘Southern strategy’ that Republican candidates since Barry Goldwater have invariably relied upon.

Trump did not ride an unprecedented wave of popularity thanks to his unabashedly xenophobic rhetoric. A one-term incumbent who never won an electoral majority, he left office as the only president never to have registered an approval rating above 50% since Gallup began poling in 1938. (His average approval of 41% is another record low.)15 On issues that were supposed to reflect the core of Trump’s appeal, such as immigration and trade, US public opinion has moved steadily against his prescriptions for the last four years. As the Black Lives Matter protests swept across the country during the late spring and early summer of 2020, the president, rather than course toward a Richard Nixon-style re-election, witnessed his approval ratings plummet. Trump’s sole success in the

14 https://www.cambridge.org/core/books/cultural-backlash/3C7CB32722C7BB8B19A0FC005CAFD02B
field of public approval came from his own base: close to 90% of Republican voters expressed unwavering support for his presidency, in a dynamic that is unprecedented since the Reagan era and highlights the depth of party-driven polarization across the US. The Republican Party today, however, represents a minority of voters. Its agenda can only be advanced by means of anti-majoritarian institutions like the Electoral College (which ensured Republican victories in 2000 and 2016), the Supreme Court, the Senate, and gerrymandered districts.

If Trumpism was not an effective authoritarian or mass movement, what can be concluded that offers insight moving onwards? With the 2020 election settled and Trump’s presidency in the rear mirror, perhaps it is finally not “too early to say” what it meant. The following pages will seek to address this question by analysing three points of reference: voting trends in the 2020 presidential election, the future of Trumpism throughout Joe Biden’s presidency, and the implications for EU countries with autochthonous radical right parties. It will do so departing from two key assumptions. The first is that the roots of radical right populist projects can be traced back to developments in the international political economy. This implies, among other things, that bemoaning voters’ “cultural resentment” or reactionary worldviews is a poor strategy in the face of radical right populism. The other is that, as political theorist Corey Robin argues, Trumpism is better understood as a development of, rather than a departure from, traditional right-wing politics and US institutional drift. In this respect, as Robin has pointed out, “the signal quality of Trump’s Presidency was not how unusual but how emblematic it was,” reflecting the combined impact of decades of economic inequality, political polarization, social anomie, and institutional paralysis in the United States.


Growth regimes and static warfare

Joe Biden won the presidency with a larger share of the vote than Hillary Clinton in 2016. If Trump’s victory hinged on close to 70,000 votes in states like Wisconsin, Michigan, and Pennsylvania, Biden’s did on roughly 250,000 votes in the same swing states, plus electoral upsets in Republican strongholds like Arizona and Georgia. Increased youth turnout (53% for voters below 30, in contrast to 42% in 2016, but still below the overall 2020 turnout of 66%), as well as a realignment of white suburban voters, ensured the Democrat’s path to victory. Biden obtained 51.3% of the votes and the support of more than 81 million Americans, becoming the most-voted presidential candidate in US presidential history.¹⁸

What was far from expected was that, with 74 million votes, Trump would become the second-most voted candidate. Defying conventional wisdom, high turnout also benefitted the Republican ticket. Democrat performance in Congressional races was far weaker than polling models anticipated. The Senate was ultimately reclaimed in two special Georgia races with a 51-50 majority, but the Democratic majority in the House of Representatives shrunk by 13 seats. Perhaps the most shocking surprise was Trump’s capacity to improve his performance among ethnic minorities while losing support among white men. The upset among Hispanics voters first became clear in counties like Miami-Dade—where it could be attributed to anti-leftist sentiment among the Cuban and Venezuelan diasporas—but resulted especially troubling in places like the Rio Grande Valley in Texas—on which the Democrats relied for a potential upset in that state, and where Biden’s lead was thinned by the order of 20 to 30 percentage points relative to Clinton’s in 2016.¹⁹

After four years insisting that Trump was an unabashed racist responsible for inhuman immigration policies, Democrats were unable to improve their standing among the very communities that would be seemingly primed by this outlook. These results would seem to throw a spanner in the works of the “cultural backlash” hypothesis developed by Pippa Norris and Ronald Inglehart, whereby

¹⁸https://newleftreview.org/issues/ii126/articles/mike-davis-trench-warfare; see also https://www.cfr.org/blog/2020-election-numbers
¹⁹https://newleftreview.org/issues/ii126/articles/mike-davis-trench-warfare
the appeal of “authoritarian populism”, as embodied by Trumpism or Brexit, is a by-product of reactionary social values rather than genuine economic anxiety. Waging fraught cultural wars on exclusionary terms has been part and parcel of Trump’s discursive agenda, but it does not seem to have impacted the election results nearly as much as economic developments and his mishandling of the Covid-19 crisis. Just as confusingly, relative racial dealignment in voting trends does not necessarily point toward a conservative shift across the country. In Florida, for example, Trump’s electoral victory came hand-in-hand with the approval of a minimum wage raise from 8,65$ to 15$/hour—a longstanding demand coming from the Democratic Party’s left flank. Progressive Democrats backing universal public healthcare (Medicare for All) in swing districts retained their seats. The House of Representatives witnessed the election of a small but meaningful crop of new leftists, such as Jamaal Bowman, Cori Bush, and Marie Newman.

Topping this list of paradoxes is geographical polarization. Trump lost the election and popular vote while winning in 2,547 county districts, versus a meagre 509 for Biden. At the same time, Trump’s counties represent only 29% of the US GDP, versus a whopping 71% for Biden’s smaller number, which includes many large, booming metropolitan counties. As in 2016, however, the average Trump voter, according to exit polls, remains better off than their Democratic counterpart: the range between a $50,000 to $100,000 yearly income is the tipping point below which a majority of voters breaks for Biden, while upwards of that line Trump, possibly buoyed by his 2017 tax cuts, improved his 2016 standing (Figure 1).

Figure 1. Vote by income in the US 2020 presidential elections

![Figure 1: Vote by income in the US 2020 presidential elections](source: Exit Polls published on CNN’s election coverage.
These last data points may hold a clue as to how to interpret the otherwise haphazard electoral results. As political economists Thomas Oatley and Mark Blyth suggest, the 2020 elections did not represent a struggle of populism versus liberalism, or authoritarian values and fascism against the forces of progress, but rather a pulse between two different growth models that have become untethered from each other. On the one hand, the Republican electoral coalition hinges on the maintenance of the carbon economy that underpinned US growth from the 1930s to the 1980s. It brings together “export agriculture, carbon extraction, refinement and production, steel and other declining traditional industrial sectors, as well as low-wage and low-productivity services (think Walmart over Accenture).” The coalition backing this growth model also includes traditional automakers; fracking, mining, and logging companies; and the plastics and petrochemicals industries. All of them, Oatley and Blyth point out, “remain committed to rebooting the carbon economy: this is what ‘Make America Great Again’ means” to them. It is an unsustainable model in the face of the ongoing climate crisis, but it still provides for the livelihood of millions of Americans. Ensuring its viability is essential for the Republican coalition: from the extractive industry titans at the very top of its donor class, to poor whites in rural Louisiana—most of whom work in the state’s petrochemical industry—that sociologist Arlie Hochschild interviews in Strangers in Their Own Land, or—to go back to the 2020 results—Latino voters in the Rio Grande Valley, many of whom hold jobs in the southern Texas oil sector. The pulse between these two different growth models also explains the resilience of support for Trump even in the face of his administration’s dramatic mismanagement of the Covid-19 crisis.

The reason voters hold on to the carbon coalition has to do with the nature of the economic model underpinning the Democrats’ alternative. Their platform brings together key knowledge-economy industries—Silicon Valley, universities, media and entertainment—, as well as specific agricultural niches (for example, the California wine industry), and the education and private healthcare (i.e., pharmaceutical) sectors. These actors share their commitment to the most

20 https://foreignpolicy.com/2021/02/12/carbon-coalition-median-voter-us-politics/
dynamic sectors of the US economy. Critically, they do not rely on fossil fuel consumption and production to the extent that the carbon coalition does. They therefore view climate change as an increasingly pressing problem and support a transition toward a post-carbon economy. While this coalition holds together the more dynamic forces of US capitalism, it also struggles to provide a sustainable standard of living for a majority of Americans, as it coexists with socially untenable levels of economic inequality and precariousness.

Each model has become not just extricated from, but also mutually incompatible with the other. The implication is that Americans are not only polarized by ideology, race, or religion, but also by the fault lines of their country’s two growth regimes. As sociologist Dylan Riley points out, what this means in a world of secular stagnation—low growth rates, no inflation, and nonexistent interest rates—is that elections become a zero-sum redistributive contest between two growth models.\(^2^2\) This explains the increasingly contested and polarized—if not borderline existentialist—character of electoral competition in America. It also goes on to show why, as the Brookings Institution’s William Galston suggests, the process has become geographically static. Between the 1920s and 1980s, Galston points out, “the contest between the two parties resembles World War Two, with a high level of mobility and rapid gains and losses of large swaths of territory. By contrast, the contemporary era resembles World War One, with a single, mostly immobile line of battle and endless trench warfare.”\(^2^3\)

**Trumpism in Biden’s America**

One mainstream narrative that is absolutely correct is that the 2020 elections brought an end to Trump’s presidency but not Trumpism. The question then becomes who will pick up the mantle if he does not run in the 2024 elections—still a possible outcome, given that the overwhelming majority of Congressional Republicans, including Senate leader Mitch McConnell, refused to impeach Trump for his incitement of the January 6 riot. It is widely assumed that Trump

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\(^2^2\) It is worth noting that both the Republicans’ carbon coalition and the Democrat growth model, largely as a result of the influence of the financial and real estate sectors in both party’s establishments, rely on rent extraction rather than transformative investment. See https://newleftreview.org/issues/ii126/articles/dylan-riley-faultlines

\(^2^3\)https://www.brookings.edu/blog/fixgov/2020/11/12/in-the-popular-vote-why-wasnt-bidens-victory-bigger/
was too undisciplined to become a successful authoritarian leader, but has paved the way for more skillful career politicians—like Republican Senators Tom Cotton (Arkansas) or Josh Hawley (Missouri)—to mimic his rhetorical style and xenophobic agenda. In doing so they would develop a far more cogent and threatening version of what Stuart Hall conceptualized as “authoritarian populism”. Hawley, for example, borrowed a page from Trump’s heterodox 2016 rhetoric when he responded to the initial 2020 results showing Trump’s position improve among minority voters by tweeting that “[Republicans] are now a working-class party. That’s the future.”

This seems a plausible theory, but it misses two important points. The first is that Trump’s popular appeal was a result of his celebrity status as much as of the actual content of his proposed policies—most of which were improvised along the campaign and never came to be implemented. His political success, to put it simply, was grounded on the fact that he was not a professional politician, and therefore appealed to voters in a qualitatively distinct manner from that of any Republican senator, regardless of their rhetorical or policy choices. In an era in which voter socialization takes place fundamentally at the level of media consumption and entertainment culture, a television celebrity like Fox News show-host Tucker Carlson is far better placed to present himself as the new Trump than any sitting US Senator.

The second point is that economically heterodox plans rarely survive beyond electoral campaigns. While senators like Hawley, Marco Rubio, and Mitt Romney have recently fielded ambitious economic proposals—for a minimum wage rise, state-enhanced industrial policies, and increased welfare benefits, respectively—that break with those of the Republican mainstream, Trump’s more activist economic policies—for example, his much-touted 1$tn infrastructure plan—did not make it beyond his 2016 campaign. This is an exercise that Republican politicians excel at. As the Financial Times’ Edward Luce points out, the “gap between the Republican party’s working-class rhetoric and its plutocratic fiscal agenda will continue to widen. The bridge between them is culture, which is being made to bear an increasingly heavy load.” In other words, Republicans will to some extent rely on “cultural backlash” to draw electoral support. But they will use it as a proxy for, rather than a substitute of, economic anxiety.

25 https://www.youtube.com/watch?v=F9K6m71_f_A&ab_channel=theAnalysis-news
Democrats are not inherently better placed than their right-wing rivals to deliver on their campaign rhetoric. As Mark Blyth points out, the US centre-left is caught in a position of “structural hypocrisy”. Its centrist side represents Silicon Valley, educational elites and upper middle-class constituencies, while its left flank continues to demand democratic socialism and field ambitious demands for social justice. Trump’s incapacity to deliver on much of his actual legislative agenda—failing to repeal the Democrats’ 2010 healthcare law, or to build a border fence across the US-Mexico border—is reminiscent of the paralysis that gripped Barack Obama’s administration for the majority of his time in office. Both are consequences of an institutional party system riddled by excessive veto points, and whose basic functionality, as Paul Pierson and Jacob Hacker have extensively documented, has become imperilled by decades of increasing economic inequality and the influence of private money in the financing of electoral campaigns.

What this does mean, however, is that Republican chances from the 2022 midterm onwards will largely depend on whether the Biden administration oversees a rapid and strong recovery of the US economy from the Covid-19 crisis, as well as implements legislation that ensures that millions of Americans are not left behind in the process. It is worth keeping in mind that Trump’s 2016 victory was made possible not by a popular surge for his candidacy, but rather because of a dip in support for his Democratic rival, in part motivated by a weak economic recovery following the 2008 crisis, with a fiscal stimulus that even its architects today acknowledge as too small to have jump-start a rapid and inclusive growth. To the extent that Democrats hold an almost insurmountable lead over Republicans in presidential elections—they have won the popular vote in eight out of the nine that have taken place since the end of the Cold War—their priority should be retaining a mobilized base.

There are reasons for cautious optimism on this front. The US vaccination campaign is performing ahead of expectations and Biden has surpassed his stated goal of vaccinating 100 million Americans in his first 100 days in office.

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26 https://www.facebook.com/watch/live/?v=291853199061079&ref=watch_permalink
27 https://www.simonandschuster.com/books/Winner-Take-All-Politics/Jacob-S-Hacker/9781416588702
The success of this campaign, coupled with an ambitious, $1.9 trillion fiscal stimulus plan, will likely set the US economy on a path of rapid recovery, at least in comparison to the European Union’s sluggish performance in both fronts.28 Equally encouraging is a second, $2 trillion public investment plan focused on infrastructure, geared to both much-needed repairs to the country’s roads and bridges—as well as the elimination of lead pipes in water supplies—, renovating the electric grid and developing sources of green energy, public schools and transits, in-home care, and affordable housing. The administration plans to finance it through a steep reversion of Trump’s 2017 tax cuts, which include raising the corporate tax rates, taxes for top incomes, and closing loopholes that benefit tax havens. While they still require congressional approval, both plans, coupled with the success of the vaccination campaign, will put the US economy on a path of immediate economic recovery.

The sheer volume of the Covid-19 and infrastructure bills suggests that the centre-left has drawn constructive lessons from their 2009 anti-crisis fiscal stimulus plan, which Congressional Democrat moderates watered down to $800 billion: a sum large enough to avert a depression, but too small to ensure a recovery that didn’t leave working and middle-class Americans behind. In 2020 they have adopted bolder policies while dismissing objections from orthodox, former Democrat policymakers like Larry Summers. It is worth keeping in mind that key progressive proposals retain considerable popularity among voters irrespective of their party preference, and therefore provide an avenue for Democrats to cut against the stasis induced by the present political competition model. In a similar spirit, Oatley and Blyth propose a Green New Deal designed to ‘bribe’ Republican states by offering them the lion’s share of jobs and investment in de-carbonizing technologies and sustainable energy sources, and thus produce a lasting realignment in American politics to the benefit of the Democratic Party.

All of these initiatives will demand active commitment from the White House in order to pass through a Congress where centre-left majorities—in the House of Representatives and especially in the Senate—are slim and hinge on support from moderate Democrats. Judging from the administration’s initial tepidness in pushing for a 15$/hour minimum wage at the federal level, as well as its reticence

28 https://www.ft.com/content/20096b0a-8a94-453d-8788-c3b15dc1704c
to challenge filibuster rules which allow a minority of Republicans to block the Senate’s agenda, its audacity stems from the need to address the Covid-19 crisis and the rise of China, understood as a threat to US global primacy, rather than a normative commitment to a more progressive economic setup.

It therefore remains to be seen whether a successful anti-Covid strategy can counterbalance the administration’s otherwise conservative attitude when it comes to enacting proposals that would not just mobilize but also expand its electoral base. Perhaps, however, the scale of the commitments that the administration has embarked upon will generate its own inertia and lead to a lasting paradigm shift in socio-economic governance. This is likely to be the case if the stimulus and vaccination campaigns push the Democrats to a strong showing in the 2022 midterms. However, while Republicans may seem in disarray following Trump’s defeat and the disastrous outcome of the Capitol riot, it would be a mistake to assume their confusion will last up to then. The Republican Party recovered from its landslide electoral defeat in 2008 in less than a year and half, and it will be poised to secure a legislative majority if the next two years do not deliver a rapid change in the country’s socio-economic outlook. Furthermore, the party’s internal divisions are unlikely to come to the fore until the 2024 primaries.

It would also be mistaken to assume that combatting the pandemic offers an ideal scenario to counter the radical right. In the US as well as Europe, lockdowns and confinements have proven a boon for fringe movements. As historians Quinn Slobodian and William Callison point out, Covid-19 has led to a reconfiguration of conspiracy theories and the communities that believe in them beyond their traditional niches on the extreme ends of the political spectrum. This new “diagonal thinking” enjoys cross-ideological appeal, as exemplified by the evolution of the QAnon movement since 2017: it first spread among older Trump supporters, but has since become promoted by a host of lifestyle influencers, fitness pages and alternative healing “experts”—all of which conform a “Pastel QAnon,” to use the term coined by Marc-André Argentino—who have become convinced that global elites are engaged in a worldwide

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29 https://bostonreview.net/politics/william-callison-quinn-slobodian-coronopolitics-reichstag-capitol
scheme to eat children.\textsuperscript{30} While figures like Madonna in the US or Miguel Bosé in Spain are not directly linked to radical right parties, the type of covid denialism they promote has often found a powerful amplifier in the latter.

**Implications and lessons beyond the United States**

The rise of Trumpism in the US coincided with the strengthening of radical right parties and movements across the European Union. Brexit in 2016, the 2017 French presidential elections, and the arrival and active political participation of former Trump strategist Steven Bannon in the 2019 European parliamentary elections invariably raised alarms that the EU was about to follow the US’s drift toward illiberal democracy. While the worst omens never came to be fulfilled, it would be a mistake to now draw the opposite (but related) conclusion and understand Trump’s defeat as a serious impediment to the EU radical right’s growth in the coming years.

Losing a sympathetic actor in the White House is a considerable blow for the radical right across and beyond Europe, but one that will not make their signal issues—such as Catalan nationalism in Spain, anti-Muslim and antiimmigrant sentiment in France, or British Euroscepticism—disappear. This is not to say that the rise of the radical right is unrelated to European economic policies and national growth models—the political fragmentation across party systems brought about in the aftermath of the 2008 suggests otherwise—, but rather to emphasize that events in the US do not dictate their fortunes. In Central and Eastern European states, radical right populism secured a hold on power even before Trump came to office. It is worth keeping their drift in mind in order to understand the rise of the radical right not simply as an American import but also as an autochthonous European dynamic.

Beyond these caveats, a series of insights from Trump’s rise to and fall from power can serve to highlight how to address the growth of radical right parties and movements in an effective, or at the very least not straightforwardly counterproductive way. A first has to do with the kind of social blocs and business alliances that radical right populists weld together in order to cement

\textsuperscript{30} https://elcuadernodigital.com/2021/04/06/un-qanon-femenino-y-de-tonos-pastel-como-las-teorias-de-la-conspiracion-captan-a-influencers-exitosas/
their socio-economic agendas and appeal. Trump in this respect can be seen as a case study in failure, having proved incapable of expanding the traditional Republican coalition into working-class constituencies (which would have demanded bolder redistribution and consumption-driven policies). Eastern Europe, in this regard, is an example of the opposite: through strategic alliances with specific sectors of labour and capital (for example, foreign direct investment in manufacturing, industrial workers, and small business owners), autocratic leaders like Viktor Orbán have developed a hold on power that is more complex than standard narrative on the appeals of “illiberal democracy” suggests.  
31 Understanding the cohesiveness of these growth models and the types of politics they underpin is critical in order to challenge them successfully.

A second question has to do with how to engage these parties and movements discursively. The US experience suggests there is a fine balancing act to be maintained. On the one hand, progressive parties and leaders should highlight that the radical right in power poses a serious threat to political pluralism. But they should centre their attacks on radical right leaders themselves, never their voters or sympathizers. At the same time, expressing moral outrage at the radical right’s provocations, or warning about the perils of “fascism,” is an insufficient response. As the 2020 presidential election results show, four years of moral excoriation of Trump as sexist, racist, and xenophobic did not affect his standing among minority voters. The Democratic Party would have been better served by priming a progressive economic message, centred on issues that retain popularity across the US political spectrum.

This does not mean the left should abandon cultural progressivism, defending and amplifying the rights of minorities and vulnerable social groups. What it does mean is that it must place greater emphasis on actually providing an “economics of belonging”—to use Martin Sandbu’s expression—that addresses the type of social anxiety that, if left unanswered, radical right populists can harness into an exclusionary political project.  
32 There is ample evidence that—contra the “cultural backlash” thesis—austerity can lead to a rise in radical right politics, be

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31 On this subject, see https://www.tandfonline.com/doi/abs/10.1080/09692290.2020.1799841

32 https://press.princeton.edu/books/hardcover/9780691204529/the-economics-of-belonging
it in Weimar Germany or Brexit Britain. Biden seems capable of reconciling these tensions as long as the fight against Covid-19 monopolizes his agenda. From 2022 onwards, however, the Democrats will face tougher choices. Moving beyond a zero-sum game—both regarding their own constituencies and competition against the Republican Party—will require ambitious socio-economic policies that introduce dynamism in an otherwise dysfunctional electoral system.

While progressive European parties find themselves in a different juncture—as a result of their respective countries’ placement within the EU economy, and the fact that for the most part they operate in parliamentary systems—the dilemmas to be faced by the US centre-left hold important lessons for their future. A key litmus test in this respect will be whether the EU is capable of abandoning its post-2010 fixation with fiscal consolidation in order to provide an activist response to the ongoing economic crisis. This effort will demand moving far beyond the responses agreed upon in 2020 by EU member states, but remains a more realistic recipe to ensure political and economic stability than addressing the crisis’ fallout as an accounting exercise.

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33 On this subject, see https://www.cambridge.org/core/journals/journal-of-economic-history/article/austerity-and-the-rise-of-the-nazi-party/7FB1BC0E727F47DC790A23D2A4B70961. See also: https://link.springer.com/content/pdf/10.1007/s10272-020-0865-5.pdf
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CHAPTER III

A case for democracy: social media, fake news and censorship

Iñigo Sáenz de Ugarte

Introduction

The value of facts has been turned into another weapon in the political battle through strategies of disinformation that are flourishing in the societies of Europe and the United States. The traditional media have lost their monopoly of the role as guardians of the system with the exclusive capacity to curate the public debate. Social media have become an appealing means of dialogue for the public, but also fertile ground for the dissemination of fake news and hoaxes. The situation is aggravated by the increased polarisation of the political scene in some countries, particularly the United States, and the growing gulf between political and economic elites and the rest of society. It is time to examine certain measures intended to reverse this worrying situation and see which of them have the potential to succeed.

The power of disinformation in the United States and the role of Trump

“It can’t happen here.” For decades, the European and US democracies assumed that the lack of freedoms and demagogic rhetoric of authoritarian regimes in other parts of the world could not take root in their countries. The alternation of power meant worthless or crooked governments could be voted out. Economic development enabled the continuous progress of society, aided by the extension of the rights afforded by the welfare state. Profitable media outlets acted as a counterweight to political power and ensured the primacy of facts in public dialogue.
This description bears little relation to the events of the last five years. The presidency of Donald Trump has ramped up political tension to levels rarely seen in the United States since the Second World War, culminating in the assault on the Capitol on January 6, 2021. In Europe, polarisation is reaching unprecedented levels in some countries. Social media have become an essential tool of communication strategies, and of strategies of disinformation, about which some parties and governments have few qualms.

Trump brought with him a form of politics that was not entirely alien to American politics, but he took it to entirely new levels. From the White House, he fomented confrontation with other institutions (Congress, governors, courts or intelligence services) and social organisations (media outlets, professional associations or unions). The media and journalists were dubbed “enemies of the people”, a language common in dictatorships.

The Trump campaign made extensive use of Facebook’s capacity to segment the electorate to find voters most inclined to back their candidate. The Obama campaign had done it before them. However, it was the President’s use of his personal Twitter account that was the game changer. In November 2015, a year before the elections, he had 5 million followers. By the end of his first year in the White House that figure had reached 47 million. When Twitter permanently suspended his account in January 2021, they were close to 89 million.

What influence did those tweets have and to what extent did they condition the political debate in the country? A Gallup poll of May 2018 provides revealing data. A total of 8% of Americans had a Twitter account with which they followed Trump at the time. Only half of them said they had read most of his tweets, that is, one in every 25 Americans (Gallup, 2018).

The figures do not reflect the impact of those messages. The same survey also asked how many times they had read, seen or heard people talk about those tweets. A total of 53% said very often and 23% said quite often. Most of that knowledge came via the traditional media, which gave prominent coverage to what the President said on that social network.

Twitter was a key amplifier for Trump, though not in the way that he thought. He boasted that he used it to address the people directly, bypassing the “filter” of
the media, a long-held desire of every politician. “Public opinion doesn’t believe you anymore”, he told journalists at a press conference in 2017. “Maybe I have something to do with that, I don’t know”. The data from the Gallup poll suggest that his tweets would have had much less of an impact without the coverage provided by the media.

Journalists could not ignore the public statements of the President of the United States, be they in a press conference, an interview or a tweet. Yet certain journalistic practices, such as giving over the headline to a verbatim quote by the politician, turned them into necessary collaborators in the disinformation when Trump made factually false statements.

The Trump-media symbiosis is clear by the fact that the peak time of his daily Twitter activity was between seven and nine in the morning, according to an analysis by The Economist, when the ‘Fox & Friends’ show aired on Fox News. He would watch the programme and tweet in his style on the issues that came up.

Twitter received a great deal of criticism for allowing tweets by Trump and other Republican leaders that could be in violation of the platform’s rules of use. The company admitted that it made exceptions in the case of elected officials and governments because of “their significant public interest”. In October 2019 it clarified its policy on “world leaders”, though it acknowledged that there were no easy answers as it was an issue on which “there was no precedent”. A few months earlier, in June, it had begun to include messages along with the tweet suspected of infringing the rules, stating that it did not delete it for reasons of “public interest”.

Trump’s baseless accusations about the electoral fraud that the Democrats were allegedly preparing in the presidential election of 2020 put these criteria to the test. The situation grew more tense when the President was defeated at the polls and complained that the elections had been stolen from him. Twitter toughened up its policy, including warnings that pointed out that many of his tweets could be classified as disinformation for being contrary to the data provided by the electoral authorities. From 4 November to the end of the month, Trump tweeted 750 times. Over two thirds of those messages were about the elections or his
accusation of “fraud”. Of them, 207 – over a quarter of the total – were flagged by Twitter as suspected of being false.

Those measures had a questionable effect. Social media were full of comments and complaints about the outcome of the elections. That was also true in the case of QAnon, the conspiracy theory that claims there is a global paedophile network favouring the world’s elites against which Trump battled alone. Between July and October 2020, Twitter, Facebook and YouTube announced that they would remove all content related to QAnon. Its followers responded by posting videos and screen shots of images obtained from other forums that were much more difficult to detect by the platforms. Reddit had already erased the QAnon subforums two years earlier, which confirms that restrictive measures applied to social forums may take time to be effective, but they can get there.

The usual accusation levelled at social media that they alone contaminate the public debate to intolerable levels is countered by what happened in the United States around its elections. The threat does not only come from social media. A study by the Berkman Klein Center at the University of Harvard in October 2020 analysed the allegations of election fraud that appeared in 5 million tweets, 75,000 Facebook posts and 55,000 articles on the Internet (Berkman Klein Center, 2020). Its conclusion was that there was a deliberate disinformation campaign that had its origin in Trump and Republican Party leaders and it was primarily channelled through traditional media outlets, particularly Fox News.34

34 “Contrary to the focus of most contemporary work on disinformation, our findings suggest that this highly effective disinformation campaign (...) was an elite-driven, mass-media led process. Social media played only a secondary and supportive role”.
Surveys confirmed that reality before and after the elections. A total of 43% of Republican voters said that they were concerned about possible election fraud with mail-in ballots, according to a Pew poll of 16 September. A total of 61% of Republicans whose main sources of news were Fox News or right-wing radio stations said in a Monmouth survey in August that the fraud was a very serious matter. The outcome of the elections – with victory for Joe Biden and the decision of the courts to reject all the lawsuits against the count – did not make them change their minds. A total of 77% of Trump voters told a Fox News poll of 11 December that they believed victory at the ballot boxes had been stolen from him. A few days before Biden took office as President, 64% of Republican voters still thought Trump had certainly or probably won the elections, according to Pew Research Center.

**The effectiveness of the measures against disinformation**

The assault on the Capitol shortly after Trump had incited his followers ended up convincing the platforms of the need to take measures that would have been unimaginable a few years ago. The former President’s accounts on Twitter and Facebook were suspended, temporarily in the latter case. Facebook pledged to remove content that included the words “Stop the Steal”, Trump supporters’ war cry against the election count. A few days later, Twitter removed 70,000
accounts that shared QAnon content. These measures were a response to pressure from politicians and journalists. Trump advocates described it as an attack on freedom of speech. Other non-conservative sectors also voiced their concern about the precedent it was setting.

The First Amendment of the US Constitution, which guarantees freedom of speech, refers specifically to Congress and the government, not to private companies. What it leaves out is something very present in the contemporary world. Private social media platforms are now a basic element of the public debate. They are essential for the major political parties, as they are for small associations that struggle for their voice to be heard.

German Chancellor Angela Merkel expressed her reservations about the ban on Trump’s Twitter account. Like French politicians, she said that she would rather measures limiting freedom of speech were taken by parliaments, not by private companies. In any case, each platform has terms of use that the user promises to observe. It is in the application of expulsions for violating them where those companies find it hard to secure broad social support. What for some is a necessary ban on violent or harmful content for the public debate is for others an intolerable form of censorship. The same would apply to a law passed by parliament.

It is highly debatable that major multinational corporations such as Facebook, Google, Twitter or Amazon are affected by conventional market rules. “These corporations decide how Americans communicate with one another. They hold enormous sway over the media. Innumerable smaller businesses depend on their services. In effect, we gave these giants the power of governing” wrote Zephyr Teachout, a professor of law at Fordham University and an advocate of the state imposing the breaking up of these companies, or obliging them to divest from certain sectors.

In principle, it seems unlikely that a US Congress will pass a measure like the breakup imposed on Standard Oil in 1911 to counteract its dominant position in the market. What certainly is taking place is the spread of a highly critical attitude toward the action of the tech corporations. In a demonstration that he is ready to listen to new ideas, Joe Biden has picked Tim Wu, a professor of law at the University of Columbia, as a member of his team of economic advisors. Wu is a
well-known advocate (Wu, 2016) of putting a brake on the power of these companies and their dominant position in the market.\textsuperscript{35} Already in 2020, the Department of Justice and the attorneys general of 11 states filed a lawsuit against Google over its control of the search market. The Federal Trade Commission filed another in December, along with 46 attorneys general, against Facebook. For the first time in decades, the US political system is prepared to accept the idea that size matters and that traditional antitrust measures have become obsolete. The policy of these companies of taking over other firms of considerable size – as Facebook did with Instagram or WhatsApp – refutes the idea that one day new companies will come along to dispute their supremacy. By the time they grow big enough, they will already have bought them.

The suspension of Trump’s account by Twitter revived the debate in the United States over the reform of Section 230 of the Communications Decency Act, passed in 1996. The law affords immunity to the digital platforms over possible crimes committed by users, with certain exceptions (protection of copyright and crimes of paedophilia). Section 230 is a shield against lawsuits, as well as a tool to legally protect the companies if they decide to cut the service or an account of a user who has violated the rules.

\textsuperscript{35} “A good hard look at the mergers of the past decade is a big priority. I don’t think these oligopolies are good for employees, good for productivity, good for anything”. Statements by Tim Wu to the magazine Wired in 2019.
There is a broad consensus in the United States that the Internet would not exist as we know it if it were not for Section 230. If that is the case, it is remarkable that so many Republicans and Democrats want to do away with it or reform it to put an end to a digital immunity that has acquired hallmarks of impunity. Joe Biden said during the campaign that he was in favour of changing it, above all because of the conduct of Facebook and its passivity, or even complicity, in the face of disinformation, as well as its attacks on users’ privacy. Democrat members of Congress say that Facebook will never put a brake on extremist content because that would harm its business model. The company’s own internal data reveal that two thirds of the users who followed extremist groups did so because Facebook’s own algorithm recommended them according to their likes (similar accusations have been made in the case of YouTube). Mark Zuckerberg’s company conducted an internal study to see how polarisation influenced its public. When it saw that halting those trends would slow or reduce the growth of its number of users, it decided to drop the experiment.

The assault on the Capitol will make Democrat members of Congress try to reform Section 230. “Twitter, Facebook, YouTube and many smaller platforms gave the violent rioters (of 6 January) a platform to organise and share dangerous misinformation, while it allowed Trump to inspire and encourage insurrection and sedition against our republic”, said Democrat Congresswoman Anna Eshoo. It is hard for the two parties to agree on an alternative as they have different motivations. In any case, a reform that brings social media closer to the level of responsibility that the traditional media have for their content would be the ultimate incentive for those companies to introduce more effective mechanisms with which to reduce hate speech.

If disinformation is as old as democracy, is it possible to put a stop to that extremist discourse in the digital world? Several studies show that specific measures, generally applied because of political and social pressure, have been useful in limiting the influence of the most fanatical groups on the Internet.

Following an agonising internal debate, in 2015 the people in charge at Reddit began to remove ‘subreddits’ (communities) in which there was a proliferation of

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36 “You don’t want to be so in love with oversight that you become the Stasi, and you don’t want to be so terrified of oversight that you become a breeding ground for Nazis”, one Reddit executive told Andrew Marantz, author of the book ‘Antisocial’ (2019).
hate speech. Some were easily identifiable by their names. In others, they had to examine them in detail and analyse their content. The conclusions of the change were encouraging, according to a study by the Georgia Institute of Technology (Chandrasekharan et al, 2017). The most toxic content eliminated with the shutdown of various communities did not shift on a massive scale to other places on the platform. “Many more accounts than expected stopped using this site and, among those that remained active, there was a drastic drop, of at least 80%, in the use of hate speech”. In short, the clean-up worked both on the collective and individual plane.

It is highly likely that part of that racist, homophobic or antifeminist content shifted to other platforms. That does not disqualify the attempt. The goal for each social media company is not for hate speech to disappear on the Internet, but for it to disappear on the platforms under their responsibility, which is highly significant if they are the most popular in the United States or on the planet. What is not an effective alternative is for those big companies to ignore the problem.

Despite the widespread idea that it is impossible to put a stop to thousands of accounts on social media, there are examples that refute that. For a time, accounts related to jihadi groups such as ISIS, or simply of people who supported its goals, proliferated on social media. The terrorist group was capable of spreading its message, recruit followers and even inspire so-called ‘lone wolves’ to carry out attacks. First, it was observed that it was impossible to detect and categorise all that network of accounts on Twitter. A study by the Brookings Institute estimated that in 2015 most of that activity – and the most influential – came from a not so large group of hyperactive users, between 500 and 2,000. In September 2014, Twitter began to remove accounts carrying pro-ISIS messages, starting with the most active. The ban ran into thousands of them and there is every indication that it proved effective. “Some critics argue suspensions are ineffective because ISIS propaganda is still available on Twitter. Any balanced evaluation of current levels of suspension clearly demonstrates that total interdiction is not the goal. The qualitative debate is over how suspensions affect the performance of the network and whether a different level of pressure might produce a different result”, wrote J.M. Berger and Jonathon Morgan in the report ‘The ISIS Twitter Census’ (2015). A network is based on the number of people who decide to join it, but above that is the capacity of those
running it – or sometimes its most active users – to make those messages circulate. Without those multipliers of the message, the effect gradually diminishes. When the ISIS caliphate was defeated on the battlefield, there was nobody in a position to spread a message that attempted to deny that reality on the ground or to announce a new strategy with which to overcome defeat.

The same thing happened to the British extreme right-winger Tommy Robinson. He had as many as 1 million followers on Twitter and Facebook at one point. After being expelled from both platforms, he was forced to communicate with his followers via Telegram, where he has just 42,000. The far-right group Britain First had 1.8 million followers on Facebook. Its account was suspended and had to move to the Gab network, where just 11,000 people follow it.

The extreme right has not disappeared in the United States and Great Britain. However, the bans it has suffered on the main social networks since 2018 have reduced its capacity to communicate with its supporters and has made it harder to raise funds and call demonstrations.

The pandemic has provided new ground where social networks were able to play a negative role. The prospect of the anti-vax movement scoring a success by questioning the vaccines against COVID-19 posed a disturbing scenario. In Spain, that has not occurred. True, in a CIS poll from September 2020 only 44% were ready to be vaccinated immediately. That percentage was 82.5% in a later CIS poll, from March 2021, as for 5.4% who were opposed.

In the United States, the evolution has been no different. A study conducted by the Census Bureau drawing on answers from nearly 80,000 adults in the first half of March 2021 revealed a drop from 22% to 17% among those who probably or certainly did not intend to get vaccinated (Yeip, 2021). In just three months, those opposed to inoculation had clearly fallen in the southern states and among the Black population.

The battle against disinformation on the networks will require greater responsibility from the platforms for the content that circulates under their charge. In confirmed cases of dissemination of messages of hate or conspiracy theories about matters of public health, they must react with the suspension of the accounts that violate the terms of use. A shift is beginning to be detected in
them towards more aggressive moderation policies, as has been seen during the pandemic in relation to anti-vaccine hoaxes.

Governments can develop public strategies against disinformation – especially if there is evidence it comes from foreign governments or intelligence services – that commit to transparency and to facilitating the media’s prompt access to valuable information to counteract rumours and hoaxes. Even so, it is not feasible to succeed in making disinformation and lies disappear from the Internet if in fact it already forms part of the public discourse of many political agents or media outlets. The lie of the election fraud that left Trump without his triumph has been spread by numerous Republican members of Congress and fanned in different ways by Fox News. According to a count by The Washington Post, the Republicans have submitted 250 draft bills in the legislative chambers of 43 states, the goal of which is to put up more barriers to the right to vote on the pretext of preventing election fraud that has not been demonstrated. Those laws stand a very good chance of prospering in the 23 states where the governor is a Republican and their party controls the two chambers. Some of those measures will probably be suspended by the courts, but others will be enacted into law.

As long as political polarisation in the United States is so intense as to call into question the cleanliness of its electoral processes, the measures against disinformation on social media to maintain confidence in the democratic institutions will always fall short. If polarisation and disinformation are marking the political debate in Western societies, it is practically impossible to succeed in making them disappear from social media.
Bibliography


CHAPTER IV

A new opportunity for the gender agenda

Cristina Manzano

Joe Biden’s inauguration was full of contained emotions. Fresh in the memory of those attending the ceremony in Capitol Hill on that cold Washington morning were the images of extremists assaulting those same stairs only two weeks before. The hundreds of thousands of deaths due to the coronavirus were also very present, as well as the enormous challenges waiting for the new president in a country more divided and more polarized than ever.

Amanda Gorman was the star of one of the most moving moments of the ceremony. Seeing a young black woman recite her poem The Hill We Climb in front of the whole country sent a message of hope to millions of Americans. The US could become, again, the land of opportunities for everyone, not for just a few. Listening carefully behind her, vice president Kamala Harris. Harris symbolizes a new era in the role of women in American politics. The first woman, the first black, the first person of Indian-Jamaican origin to reach that position.

The new American Administration will be completely different for women than the previous one. President Biden’s cabinet is the most gender-balanced and diverse in the history of the country. The number of women in Congress has never been higher. The gender agenda is bound to make up for lost ground after four years of setbacks.

This article offers an overview of the trends regarding women in politics and the gender agenda in the United States, and explores different fields in which the US and the European Union could join forces in order to boost the defense of women’s rights and the fight for gender equality globally.
Madam Vice President

Kamala Harris has been, after Geraldine Ferraro and Sarah Palin, the third woman in history to be a candidate for the vice presidency, and the fourth woman, with Hillary Clinton, to be part of a presidential ticket.

Kamala Harris embodies like no one else the ideas of gender equality and diversity. As a woman, she has been a pioneer in many fronts throughout her professional career: first female to serve as California’s attorney general, second black woman ever elected to the US Senate, and now, first female vice president. As a woman of color of Indian-Jamaican descent, she has been and will be a role model for millions of women throughout the US. Probably the most repeated sentence of her acceptance speech – following the confirmation that the ticket Biden-Harris had won the election – was one that her own mother had told her: “You may be the first, but make sure you’re not the last.”

Having been brought up in the California of the seventies, in an environment of activism and fight for equal rights, Harris is very aware of the historical impact of her achievement; beyond that, the four coming years will also be fundamental as a training for a president-to-be. Given Biden’s age – by the time of the next presidential election, he will be almost 82 -, most analysts consider that this will be a one-mandate presidency.

In addition to that, Harris will play a key role as President of the Senate, a chamber that in this legislature will be equally divided along the two partisan lines.

Supporting partners

Even if spouses do not have an official role, they have traditionally assumed a supporting role for their partners, especially the First Lady. Beyond tasks historically attributed to women – decoration of the White House, menus, fashion -, since Eleanor Roosevelt First Ladies have embraced specific causes and even inspired or driven specific agendas.
Regarding women’s issues, the role of Hillary Clinton as First Lady was especially relevant. She had an active and decisive participation in the Conference of Beijing, in 1995, a turning point in the feminist cause. Her “Women’s rights are human rights” is already part of the feminist textbook. After Beijing, Clinton spurred the creation of the first White House body focused on advancing gender issues across all levels of government.

For the first time in history, the First Lady will keep her job as an educator, while maintaining her “official” obligations; for the first time in history, there will be a Second Gentleman, who has quitted his job at a law firm to support his wife. This reversal of traditional roles may have an exemplary effect on public opinion.

Just before the inauguration a controversial article in The Wall Street Journal urged Dr Jill Biden, as she presents herself – she has a PhD in Education – to drop the Dr since she is not a medical doctor. The article raised much criticism, especially from professional women, and highlighted the widespread discrimination and lack of respect that many women in academia suffer. Biden’s chief of staff, Julissa Reynoso, is also co-chair of the Gender Policy Council (see below), another proof of the First Lady’s commitment with women’s issues.

**Record figures for women in American politics**

President Biden’s cabinet will be the most gender-balanced in the history of the US. It includes 10 women (one position still pending of confirmation by the Senate nomination at the time of submitting this paper), representing 48% of the cabinet; a sharp contrast with his predecessor, who appointed four women (16%). Bill Clinton held the previous record, with nine. The Cabinet will include a Native American woman, Deb Haaland, a woman of Chinese/Asian descent, Katherine Tai, and the first woman to lead the intelligence services, Avril Haines, Janet Yellen, as Secretary of the Treasure, will hold one of the most influential positions in the Administration, leading the US economic policy. Biden’s cabinet will also be the most diverse, aiming to represent the social and racial reality of the country.

It is still soon to analyze the rest of appointments at other levels of the Administration. It can be expected, in any case, that the overall of the Biden Administration will also be more gender balanced than that of Donald Trump.
The number of women among Trump’s so-called “A-Team” – the most senior level of the president’s advisory system, that is, the most influential unelected individuals in the US government – was the lowest since the late 80s, under the Bush Administration (Dunn Tenpas, 2020).

2021 marks yet another major milestone in American politics: the largest number of women in Congress. From January 2021, 143 women will serve in the 117th Congress/legislature, 26.7% (119 in the House of Representatives, 24 in the Senate). The previous record was set in 2019, reaching 127 seats, (23.7%)37.

Of those 143 women, 105 are Democrats and 38 Republicans. Even if this latter figure may look slim, there had never been this many GOP women in the US Congress, having reached its former peak in 2006, with 30 seats; since then the numbers had declined.

Congresswoman Nancy Pelosi (D), as Speaker of the House holds the highest position in that chamber and is second in line of presidential succession, after vice president Kamala Harris.

2021 sees also a record high of women of color in Congress: 51 (9.5%), of which 46 Democrats and 5 Republicans. Moreover, women from a wider range of racial and ethnic backgrounds are members of the House and the Senate. There are now 24 black women, 13 Latinas, 9 Asian and Pacific Islander women, 2 Native American/Native Alaskan women, 1 Middle Eastern woman and 2 multiracial women. As one commentator put it: “Congress is finally starting to become more representative of the population it serves” (Conroy et al, 2020).

But the progress of female political representation is not limited to Congress and the presidential cabinet. In 2021, women hold 30.6% of the 310 available positions in statewide elective executive offices; among them, 9 state governors (6 Democrats; 3 Republicans). Women also hold 30.8% of the state legislature seats and 27 are mayors in the 100 largest cities of the country.

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37 All figures about women in US politics come from the Center for American Women and Politics (CAWP), at Rutgers: https://cawp.rutgers.edu/
An overall analysis of the above figures leads to three major conclusions: one, a slow but steady trend of an increasing presence of women in American politics; two, a noticeable gap in female representation between the Democratic and the Republican parties; three, the striking gap in gender balance in US politics in comparison to other Western democracies.

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Much has changed since Republican Jeannette Ranking won the first seat in the US Congress for a woman, in 1917. For many decades, the number of women candidates grew very slowly, until 1992, when it almost doubled. At that time, “a perfect storm of factors led to an unusual number of open-seat contests in 1992, creating a favorable political context for women” (Political Parity, 2017).

First, it was a redistricting year – when states revisit their boundaries for census purposes once every 10 years -, which leads some legislators to retire instead of running for reelection in new districts. Two, the scandal around the confirmation hearings of Supreme Court nominee Clarence Thomas and the sexual harassment allegations by his former colleague Anita Hill fostered a better environment for women candidates.

Since then, however, growth in the number of Congresswomen recovered a slow pace. The next turning point, in figures and most importantly in general awareness, was 2018. In 2016, the dramatic defeat of Hillary Clinton and the victory of Donald Trump – a man who had bragged of considering women as
mere objects, a candidate with a very conservative agenda in gender equality terms - provoked a clear revamp of the women’s movements. Soon after Trump’s inauguration, the women’s marches all across the country and beyond showed that the feminist cause was determined to fight back. Gaining ground in the political arena became therefore a major battlefield.

Among the women that won their seats in Congress in 2018, were for the first time two native-American women, Deb Haaland (appointed in 2021 Secretary of the Interior) and Sharice Davids; and two Muslim women, Ilhan Omar (from Somali origin) and Rashida Tlaib (from Palestinian origin). After surprisingly beating the incumbent, Alexandria Ocasio-Cortez, at 28, became the youngest legislator in the country. Ocasio-Cortez (from Latino origin), together with Ayanna Pressley (first black woman elected to Congress from Massachusetts), Omar and Tlaib form the informal group known as “the squad”, representing the diversity of US society and the most progressive wing of the Democratic party. They all actively advocate for social policies and reforms, such as the Green New Deal. After the 2020 election, they have been joined by Jamaal Bowman and Cori Bush.

One known fact about American politics is that, once women become candidates, they are as likely as men to get elected. The challenge, thus, is not eligibility, but to convince women to run. Perceptions of gender stereotypes, such as being more caring and collaborative as opposed to power-seeking and strong men, may make women feel they are not fit for political office. The lack of social networks that provide a good base for fundraising, a traditional lack of self-confidence or the assumption that women need to be better qualified than men have kept women out of the political race. Other structural factors, like the lack of paid parental leave - one of the very few countries in the world, and the only Western one not to have it - have traditionally conditioned women’s professional careers. All of the above factors are aggravated in the case of women of color.

And then there is incumbency. Incumbent members are far better positioned for reelection than any newcomer who challenges them, due to experience, recognition and resources, among other reasons. Since most incumbents are men, women are more likely to compete for open-seats whenever possible. Incumbency also favors fundraising. Political Action Committees (PACs), which
gather large donations, usually focus on incumbents – and it was just mentioned, mostly men -, because they are more likely to win their seats, while women rely on more small-dollar donations, which take more time and resources for campaigns and candidates (Represent Women, 2020).

Since the 80s, many movements and organizations have been created to support women in their political careers. The most prominent and successful is EMILY’s List, born in 1985 to fund campaigns for Democratic pro-choice women. EMILY’s List was an acronym for ‘Early Money is Like Yeast’ (i.e., it makes the dough rise). The saying is a reference to a convention of political fundraising that receiving major donations early in a race is helpful in attracting other later donors. With the years, the movement grew beyond fundraising to become a major player to recruit candidates, to mobilize voters and to win elections.

Between 2017 and 2018, 42,000 women reached out to EMILY’s List about running for local, state or national offices; just 920 had done it in the previous political cycle, according to the organization. In those first two years of the Trump presidency, 3,379 women were candidates in state elections, 16 were candidates for governors, and 529 were candidates for Congress (329 in 2016). Between 2018 and 2020, 60,000 women interested in running for office reached out to EMILY’s List. In total, 643 filed their candidacy for Congress in 2020, setting a new historical record.

The active role of EMILY’s List and other Democrat fundraising and support networks partly explains the huge gap between Democrats and Republicans in politics. Some shy attempts to reproduce a similar model in the GOP camp, such as The Susan B. Anthony List, led to limited results, probably because it mainly focused on promoting pro-life campaigns and candidates, women as well as men. In fact, the number of Republican women in Congress had been dropping since 2004, reaching a 25-year low after the 2018 election.

In general, more American women identify as Democrats than as Republicans. In addition to that, the hijack of the Red party by an ultraconservative agenda, a trend accelerated by Donald Trump, and their aversion to what they consider identity politics, may also help to understand the reduced presence of Republican women in US politics.
2020 saw a reverse of that trend, however. Groups like Winning for Women and New York Representative Elise Stefani’s Elevate-PAC helped to provide fundraising assistance and endorsements. As a result, the major advance in the number of women in the 177th Congress comes from the Republican camp: 16 more than in 2018.

One of the Republican women that won their seat in 2020 is Marjorie Taylor Greene, an active supporter of Donald Trump and of conspiracy theories such as QAnon, who had made incendiary comments inciting violence against Democrats before the election. In an unprecedented move, in a Congress still traumatized by the assault to the Capitol in January, the House of Representatives voted to remove Greene from her committee assignments.

In order to foster the presence of women in Parliament, some countries have introduced specific legislation; others reserve a number of seats for women; and some parties apply voluntary quotas. The absolute lack of active policies in this regard in the US, together with all the above-mentioned reasons – structural problems, different party attitudes towards identity and gender issues, lack of networks, and so on – is behind their gap with other countries and other Western democracies. While the US does not reach the threshold of 30% of women in Congress, Sweden is close to 50% (47.3%), whereas Spain, Finland and Norway are all above 40% (43.2%, 41.5%, 40.8%, respectively). As of January 1, 2021, only three countries in the world had 50% or higher female representation in their parliaments: Rwanda, Cuba, and the United Arab Emirates.

**A renewed gender agenda**

Why is it important to have more women in politics? What is their contribution?

Political science research studies throughout the last decades show that women legislators are more likely to introduce legislation that benefits women. Women in Congress tend to shift the conversation to focus more on issues such as increasing paid leave or prosecuting domestic violence. Women are also better at bringing funding back to their home districts and, overall, they are more effective and productive.
Yet, despite having the largest number of women in Congress until then, Donald Trump’s gender agenda will be remembered as one of the most regressive for women in recent decades. Access to abortion and contraceptives within Obamacare were threatened, based on religious reasons. Mechanisms to fight against pay-gap or sexual harassment were revised or terminated. A new rule to limit the overtime protections and earnings was introduced, a measure that affects mostly black single mothers. These are just a few examples of the Trump Administration’s actions that harm women in the workplace and roll back their rights.

President Biden’s gender agenda is bound to revert most of those measures. To start with, Biden has created a new Gender Policy Council within the White House, an office focused on women’s issues that existed in the Obama White House (under another name), but that Trump disbanded. Its goal is to ensure that gender equity permeates the work of all branches of government. The council will report directly to the president, sending the message of the importance its work will have in the current Administration.

Biden’s agenda for women, as stated in his electoral program, includes:

- Improve economic security: equal pay, women-owned small businesses, expanding access to education and training and strengthening pay and benefits in careers mostly filled by women.
- Expand access to health care and tackle health iniquities.
- Help women navigate work and families: access to child care and care for the elderly people and people with disabilities, and paid leave.
- End violence against women.
- Protect and empower women around the world.

The fight for the Equal Rights Amendment, a nearly century-long effort to explicitly fix gender equality in the United States constitution, is likely to recover momentum – and even reach its goal – during Biden’s presidency.

Some of the initial measures taken by the new Biden Administration clearly show a change of direction in gender-related policies.
The large stimulus package of $1.9 trillion – the American Rescue Plan – presented by President Biden to face the economic effects of the pandemic initially included the increase of the minimum hourly wage to $15; the increase was not approved by the Senate when the package was discussed and passed at the beginning of March, but was later introduced by an executive order signed by the President in April. The package does include other significant social measures such as the expansion of the Child Tax Credit, intended to reduce child poverty by 40%, and funding for affordable early childcare, aging and disability services.

The more recent and ambitious Infrastructure plan, introduced by the president at the end of March, would include $400 billion for the care economy, with initiatives to support providers of in-home care for older and disabled citizens, and to increase the salaries of those who provide that care. The plan is bound to face strong opposition in Congress, but it already represents a U-turn in social policies and a whole new consideration for what essential infrastructure means, placing vulnerable people at its center.

With the most diverse Congress in history, new political initiatives related to gender and diversity issues can be expected in the coming years. The political environment after the death of George Floyd and the expansion of the Black Lives Matter movement will put a lot of pressure on ending measures that have traditionally covered up discrimination, such as voter-suppression techniques. Recent research shows that Black and Latina state legislators were more likely than other politicians to address in their legislative work the needs of marginalized groups, poverty and social welfare (Corney et al, 2020).

In intellectual terms, black feminism has bloomed during the last four years. Mikki Kendal’s *Hood Feminism*, or Shayla Lawson’s *This is Major: Notes on Diana Ross, Dark Girls and Being Dope*, are just two titles recently published that call for giving black women and issues the space they deserve.

In fact, the advancements of women of color will be a critical benchmark to measure progress in the current legislature. The combined effect of having a Vice President who is a woman of color, and the largest and more diverse number of women in Congress, should lead to change outdated perceptions
of leadership based on gender and race, and to elevate more women of color to positions of power.

The gender agenda will have to compete, however, with the emergencies raised by the coronavirus pandemic and the very complicated domestic political landscape. The two-year slot before the midterm election in 2022 gives a certain sense of urgency to women and diversity issues. Having a Supreme Court leaning towards ultraconservative positions will introduce an additional challenge to the advancement of this agenda.

Another interesting field to follow will be foreign policy. As a Secretary of State, Hillary Clinton had introduced a number of policies to put women and girls at the center of American foreign policy, like the creation of the Office of Global Women’s Issues in 2009, and the appointment of an Ambassador-at-Large to run it. At that time, there was no equivalent post anywhere in the world. Nowadays, the so-called feminist foreign policy is being implemented in a handful of countries – Spain, among them–, whereas in many others gender equality and women empowerment have taken the form of budget targets for foreign aid, personnel parity measures or the appointment of other kinds of high-level positions.

It is widely known that Donald Trump dismantled many of the capacities, both human and administrative, of American diplomacy in general and of the State Department, in particular. Under his presidency, the Office for Global Women’s Issues was vacant for almost three years. During that time, two thirds of its staff left the Office. As of mid-March 2021, the Office is run by a senior official; no Ambassador-at-Large has been appointed yet.

On 2021 International Women’s Day, a number of Democratic Congresswomen introduced a House Resolution calling for a feminist US foreign policy in the face of ongoing threats to the status of women and girls worldwide. The resolution voices support for policies that promote gender equity including women’s access to education, health care, representation in public office, economic security and opportunity, access to rights and resources, participation in peacekeeping, military, and diplomatic missions, and freedom from gender-based violence.
In his first major speech as Secretary of State, Anthony Blinken’s only reference to women was to confirm the commitment of the US “to stand up against injustice toward women and girls, LGBTQI people, religious minorities and people of all races and ethnicities”. In the complicated process of appointments and hearings in the American political system, it is still too soon to have a good overview of specific policies and the people to implement them. But there are high expectations regarding the importance of women issues also in the US foreign policy.

**US-Europe: A common pathway**

The first priority for the new US Government is the fight against the virus, with an ambitious vaccination plan, and the economic recovery of the country. In the European Union, institutions and national governments are also devoted to the same goal. It is widely known that the coronavirus pandemic, besides health consequences, is having a deeper social and economic impact on women’s than on men’s lives. In both sides of the Atlantic, the political powers should be vocal in promoting specific policies for women to overcome the effects of the pandemic.

Putting gender equality and women’s rights in the fight against the virus and beyond should be a fundamental part of the agenda of a renewed transatlantic relation, after four strained years. It would send a clear message to the rest of the world.

This clear commitment towards the advancement of women’s rights in every aspect of domestic and foreign policy should also be part of every multilateral effort. The new US Administration and the European Union should reinforce their commitment to the 2030 Agenda and the Sustainable Development Goals (SDGs), and work to recalibrate its objectives considering the delays imposed by the pandemic. In that regard, there is a renewed opportunity to give SDG5 – gender equality and women’s empowerment – a transversal role in achieving an equitable and sustainable world.

Another multilateral field in which it is always important to remember the gender agenda is the fight against climate change, given its impact on women’s and girls’ lives. The return of the US to the Paris Agreement is a new beginning.
deployment of Green Deals (one of the pillars of the European recovery plan and future; still under discussion in the US) should pay specific attention to include women in the necessary transformations in terms of capacities and skills to achieve a carbon-neutral economy.

In terms of security, as allies, the US and Europe must keep fostering the gender agenda in NATO, both in its internal organization and in its field operations.

25 years after the Beijing Conference, gender equality has seen tremendous advancements in some countries, has suffered a backlash in recent years in others, and is still far from being a reality across the world. As the most advanced regions in this regard, the US and the European Union member states have the obligation to keep pushing forward the battle for women’s rights and equality, at home and internationally. It is a renewed opportunity for the gender agenda.
### Affordabie Care Act

<table>
<thead>
<tr>
<th><strong>Donald Trump</strong></th>
<th><strong>Joe Biden</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Tried to repeal the ACA</td>
<td>Supports expanding ACA</td>
</tr>
<tr>
<td>Promoted and expanded plans that lacked many of the protections included in the ACA, such as maternity care and mental health.</td>
<td>Supports increasing financial assistance to families through the ACA</td>
</tr>
</tbody>
</table>

### Contraception

<table>
<thead>
<tr>
<th><strong>Donald Trump</strong></th>
<th><strong>Joe Biden</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Issued rules that expanded religious and moral exemptions for employers, universities and insurers opposed to providing contraceptive coverage</td>
<td>Has pledged to ensure people with employer-sponsored insurance with no-cost contraceptive coverage regardless of their employer's beliefs</td>
</tr>
<tr>
<td>Redirected family planning funds under Title X (for low income patients) to pregnancy centers which do not provide contraception</td>
<td>Restore federal funding for Planned Parenthood</td>
</tr>
<tr>
<td>Sought to terminate the Teen Pregnancy Prevention Program and redirect funding to abstinence-until-marriage educational programs</td>
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### Abortion

<table>
<thead>
<tr>
<th><strong>Donald Trump</strong></th>
<th><strong>Joe Biden</strong></th>
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<tbody>
<tr>
<td>Finalized a rule that threatens abortion coverage both on and off the ACA marketplaces</td>
<td>Pledged that his Justice Department will stop state laws that restrict access to abortion, including mandatory waiting periods and targeted restrictions on abortion providers (TRAP) laws.</td>
</tr>
<tr>
<td>Appointed pro-life judges to the Supreme Court</td>
<td>Has pledged that his Justice Department will stop state laws that restrict access to abortion.</td>
</tr>
<tr>
<td>Pledged to make the Hyde Amendment, which would prohibit federal funding for abortion except in cases of rape, incest, or life endangerment of the pregnant person, making it a permanent law.</td>
<td>Would repeal the Hyde Amendment from congressional appropriations bills.</td>
</tr>
<tr>
<td>Reinstated and expanded the Mexico City Policy which prohibits U.S. global health funding assistance from going to foreign non-governmental organizations that perform or promote abortion as a method of family planning, even with their own funds.</td>
<td>Would rescind the Mexico City Policy, also referred to as the &quot;global gag rule.&quot;</td>
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### Maternal Mortality

<table>
<thead>
<tr>
<th><strong>Donald Trump</strong></th>
<th><strong>Joe Biden</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Signed the Preventing Maternal Deaths Act of 2018 which provides funding and new federal infrastructure to state, local, and tribal maternal mortality review committees to collect, analyze, and report data related to pregnancy-associated deaths.</td>
<td>Intends to apply the California strategy to halve unacceptably high maternal mortality rate</td>
</tr>
<tr>
<td>Implemented the Maternal Opioid Misuse (MOM) model, a program that aims to improve systems of care for low-income pregnant and postpartum women struggling with opioid use disorder.</td>
<td>Highlights the need to address the wide racial disparities in maternal mortality, particularly among black and Native American women.</td>
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</tbody>
</table>

**SEXUAL VIOLENCE**

<table>
<thead>
<tr>
<th>Rescinded Title IX Obama administration guidance aimed at protecting survivors of sexual assault on college campuses.</th>
<th>Would work to reinstate the 2011 Title IX protections for survivors of sexual assault on college campuses.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reauthorize the Violence Against Women Act (VAWA) that he first introduced and championed in 1990 and keep guns out of the hands of abusers</td>
<td>Expand the safety net for survivors of domestic and sexual violence by establishing a new coordinated housing initiative</td>
</tr>
<tr>
<td>Empower and protect young people. Biden will expand requirements for comprehensive sexual assault, stalking, and dating violence prevention education on college campuses</td>
<td>Support the diverse needs of survivors of violence against women.</td>
</tr>
</tbody>
</table>

**PAID LEAVE**

<table>
<thead>
<tr>
<th>Has called for some type of national paid parental leave and has allocated funds for it in his FY 2020 budget, but has not issued any formal proposal.</th>
<th>Guarantee up to 12 weeks paid leave for all workers.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Signed legislation granting federal employees up to 12 weeks of job-protected paid leave for the birth or adoption of a child.</td>
<td>Require employers to permanently provide up to seven days of paid sick, family, and safe leave, if they get sick with covid</td>
</tr>
</tbody>
</table>

**EQUAL PAY**

<table>
<thead>
<tr>
<th>Halted the implementation of the pay data collection rule, eroding efforts to combat pay discrimination.</th>
<th>Achieving equal pay is one of Biden’s commitments to improve women’s economic security</th>
</tr>
</thead>
</table>
Bibliography

Center for American Women and Politics (CAWP) https://cawp.rutgers.edu/


Emily’s List: https://www.emilyslist.org/


CHAPTER V

Back to Paris: Prospects for a Green New Deal and just transition in the US

Dimitris Stevis

Introduction

Climate is central to the Biden Administration, both in itself and as the rationale behind its major economic and social policy proposals. What is the likelihood that these proposals will be adopted? Do these policy proposals, if enacted, amount to a comprehensive move towards a social and ecological welfare society as envisioned in the Green New Deal (GND), Medicare for All, and other policy proposals from the progressive elements of U.S. politics? (Bernie [Sanders] 2021; U.S. Congress 2019). In the first part of this chapter, I examine the political conjuncture and the implications for Biden’s policy making prospects. My tentative answer is that the Administration has a short window of opportunity to enact some significant policies. In the second and main part I outline green policies – including climate, energy, manufacturing and infrastructure, and related finance– and transitional policies, focusing on environmental and social justice and transition from coal. I argue that, while significant, these policies may set the foundations but are arguably below a comprehensive GND and just transition. In order to make this report manageable I draw upon actual policies and proposals that have entered or are about to enter the policy process. Moreover, I focus on their implications for the European Union and its member countries.

38 The author wishes to thank Jeremy Brecher and Mijin Cha for their constructive suggestions.
Political juncture, the policy making process and overview

Politics. Biden’s climate policies, the $1.9 trillion American Rescue Act of March 11, 2021, and his proposed $2.25 trillion American Jobs Plan (now $1.7 trillion as a result of bargaining) and $1.8 trillion American Families Plan, have led some analysts to consider him as a possibly transformative president at the level of Franklin Roosevelt and Lyndon Johnson. During the 1930s Roosevelt pushed through the New Deal[^39], the foundation of the US welfare state, while in the 1960s Johnson’s Great Society brought it to what it is today. The only other significant addition to the US welfare state since has been Obama’s Affordable Care Act of 2010 towards the end of the Great Recession. Both the New Deal and the Great Society took place as a result of sustained and profound societal crises and mobilizations in the USA. Important mobilizations, such as Occupy Wall Street, followed in response to the Great Recession but were not as sustained. While the pandemic has made apparent the need for an active state, the most important mobilizations involved systemic racism. Thus, the window of opportunity for Biden is relatively narrow, given the balance of power within US politics.

During the Great Recession the Democratic Party controlled both chambers of the U.S. Congress by significant majorities. Yet, the accomplishments of the Obama Administration were relatively modest. The American Recovery and Reconstruction Act did include $90 billion for green transition initiatives but it was not followed by something more substantial, including a climate bill. The Affordable Care Act, also an important policy, was well below the universal healthcare system that many hoped for. At the 2010 midterm elections the Democratic Party lost both chambers rendering any follow-up policies impossible.

Since then, the Republican Party has moved further to the right socially, economically and politically. But opposition also comes from within the Democratic Party, some elements of which are close to fossil fuels and nuclear power and others opposed to ambitious green or social policies. At this juncture,

[^39]: The New Deal took place in two waves (1933-1934 and 1935-1936) and consisted of a number of policies. Notably, these were more beneficial for white males. The Great Society took place from 1964-1968 and addressed race as well as the environment. Key environmental policies continued to be adopted in 1969 and 1970.
the Democrats hold 50 seats in the Senate and can pass policies with the Vice-President breaking the tie in their favor. This assumes that none of the conservative Democrats opposes a particular bill. In the best of cases their consent may be purchased with side agreements or amendments to a bill. This is also likely to be the case in the House of Representatives where the Democrats have a narrow majority.

**Policy Process.**\(^{40}\) Formally, the adoption of a law requires a simple majority in the House and the Senate. However, any Senator can invoke the right to talk about a Bill as long as s/he can (‘filibuster’) in order to delay its adoption. A filibuster, in turn, needs sixty votes, out of one hundred, to be interrupted. This makes the policy making process cumbersome and risky.

Under these circumstances, how can the Biden Administration bypass the delays and possible defeat inherent in a filibuster? There are two major routes. One is that of Executive Orders (EO) signed by the President. These have become a major form of governance, but there are certain shortcomings to them. First, they only apply to the federal government. Second, while some may become difficult to reverse, most can be undone by another Order (see Elperin, Dennis and Muyskens, 2021).

A second route, already used in Biden’s $1.9 trillion American Rescue Plan, is the budget reconciliation process (U.S. Congress, 2020). Bills employing this method are not subject to filibuster, but they must be crafted to meet certain budgetary and spending criteria. On the way up to the American Rescue Act, for instance, the Senate Parliamentarian found that raising the federal minimum hourly wage to $15, an important demand of the progressive wing of the Democratic Party, was not consistent with the process and had to be removed. More recently, the Parliamentarian ruled that the Administration can use the process more than once during the fiscal year – which ends on September 30, 2021 – giving the Administration more flexibility. As of the end of May the Administration’s priorities, expressed in the Jobs and Families Plans, are reflected in its budget proposal for Fiscal Year 2022 that starts on October 1

\(^{40}\) Various analysts distinguish between law and policy, Here I focus on the main instruments of policy - Congressional Laws and Executive Orders- and, secondarily, on rules and processes to implement these Laws and Executive Orders.
What are the prospects of success? The most positive scenario is that policies adopted will shift the political debate. If the various Executive Orders produce results and the American Rescue Plan is successful and popular, it will be more difficult for conservative Democrats to break ranks. Such a positive scenario will make it more likely that the American Jobs, American Tax and American Families Plans – the cornerstones of Biden’s strategy – will also be adopted through the budget reconciliation process (about these policies see White House, March 31, 2021 and April 28, 2021; U.S. Treasury, 2021). If, and this is a major ‘if’, these reforms are adopted, then we will be witnessing the third major moment in the emergence of a more activist US state – socially, environmentally and economically. Even so, these policies do not include Medicare for All, an explicit and comprehensive climate policy, or a full-fledged Green New Deal that combines industrial/economic policy with social policy and just transition. In that sense, the Biden reforms will be similar to those of Roosevelt and Johnson, who also avoided more radical options, despite significant mobilizations and crises – partly because the obstacles were high and partly because these leaders were opposed to them. The exit from the pandemic and the lack of comparable mobilizations narrow the window of opportunity for the Biden Administration. The Speaker of the House has established July 4 as the deadline for adopting the American Jobs Act. Under the circumstances, even this short timeline may be too long. The least positive scenarios are that nothing close to these plans becomes law and the less positive scenario is that negotiations with Republicans and conservative Democrats will produce smaller plans, largely denuded of their most visionary elements.

Overview. The Administration’s policies and proposals, so far, can be organized into three categories. A first category includes organizational initiatives affecting the federal government and intended to promote the Administration’s goals. These are largely to be found in Executive Orders (see Elperin, Dennis and Muyskens 2021). At the top these include the Special Presidential Envoy in Climate and the White House National Climate Advisor. Across the Administration they involve various working groups and advisory committees such as those on environmental justice and coal communities. A second
category, also largely through Executive Orders, affects the practices of the federal government on climate policy as well as various specialized bills that deal with R&D or renewable energy, for example. One example would be the federal procurement of electric vehicles. Another would be the identification by the Interagency Working Group on Coal and Power Communities and Economic Revitalization of about $40 billion of existing funding that can be used for the transition from coal. A third category, and the major one, centers around the Administration’s signature American Jobs and American Families Plans. The first one envisioned the expenditure of $2.25 trillion over eight years, largely on physical and social infrastructure. As a result of negotiations with Republicans the amount is now around $1.7 trillion. The final amount remains to be seen. This plan will be financed through corporate tax reforms with significant global implications. The American Families Plan envisions expenditures of $1.8 trillion on education and care over the next ten years. This Plan will be financed with personal tax reforms and tax exemptions. These tax plans can be considered integral to the Administration’s vision (for brief summary see US Department of the Treasury May 28, 2021).

41 Additional infrastructure funding (as much as $350 billion, perhaps) is in the American Rescue Plan as well as the regular budget. For American Jobs Plan see White House (March 31, 2021) For a useful series on the various aspects of the American Jobs Plan see Covington & Burling LLP (2021) particularly its series “The ABCs of the AJP [American Jobs Plan].

42 The American Families Plan focuses on social infrastructure and its major impacts are largely domestic (White House April 28, 2021). Thus, the focus of this chapter is on the American Jobs Plan. However, the American Families Plan is probably as consequential in terms of deepening social welfare in the USA. Still, it does not include universal child care while its family leave provisions are modest by European standards.
### Table 1. Green and just transitions: major policies and proposals.

<table>
<thead>
<tr>
<th>Date</th>
<th>Administration</th>
<th>Proposal</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 20, 2021</td>
<td>White House</td>
<td>Notice of rejoining Paris Agreement (effective February 19)</td>
</tr>
<tr>
<td>EO 13990 January 20, 2021</td>
<td>White House</td>
<td>Protecting Public Health and the Environment and Restoring Science To Tackle the Climate Crisis</td>
</tr>
<tr>
<td>EO 14005 January 25, 2021</td>
<td>White House</td>
<td>Ensuring the Future Is Made in All of America by All of America's Workers</td>
</tr>
<tr>
<td>EO 14008 January 27, 2021</td>
<td>White House</td>
<td>Tackling the Climate Crisis at Home and Abroad</td>
</tr>
<tr>
<td>EO 14017 February 24, 2021</td>
<td>White House</td>
<td>America’s Supply Chains</td>
</tr>
<tr>
<td>March 2021</td>
<td>United States Trade Representative (Executive Office of the President)</td>
<td>2021 Trade Policy Agenda and 2020 Annual Report [carbon tariffs]</td>
</tr>
<tr>
<td>March 31, 2021</td>
<td>White House</td>
<td>The American Jobs Plan (proposal)</td>
</tr>
<tr>
<td>April 2021</td>
<td>U.S. Department of the Treasury</td>
<td>The Made in America Tax Plan (proposal)</td>
</tr>
<tr>
<td>April 2021</td>
<td>Interagency Working Group on Coal and Power Communities and Economic Revitalization</td>
<td>Initial Report to the President on Empowering Workers through Revitalizing Energy Communities</td>
</tr>
<tr>
<td>April 28, 2021</td>
<td>White House</td>
<td>The American Families Plan (proposal)</td>
</tr>
<tr>
<td>May 28, 2021</td>
<td>White House</td>
<td>Budget Proposal for Fiscal Year 2022</td>
</tr>
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</table>

Source: made by the author.
Green transition?

Green transition denotes a range of policies, including climate, energy, infrastructure and manufacturing, and related finance policies.

Climate Policies. Climate is central to this Administration – both in itself and as the rationale for a host of related policies. However, the Administration has not submitted an explicit and comprehensive climate bill nor is there one on the horizon. Here I focus primarily on the international dimension and touch upon domestic initiatives that have transnational implications. Rejoining the Paris Agreement, effective as of February 19, 2021, was the subject of one of the very first presidential actions on January 20. Executive Order 14008 of January 27, affirmed this decision and also committed the US to ratifying the Kigali Amendment (White House, January 27, 2021). Underscoring the centrality of climate policy is the appointment of former Secretary of State John Kerry as Special Presidential Envoy in Climate, supported by a host of people with long and deep experience on the subject. The Special Envoy reports directly to Biden, has a seat in the National Security Council and is considered a cabinet-level position.

A major step in this global reengagement was the virtual Leaders Summit on Climate that took place on April 22-23 and which also reconvened the Major Economies Forum on Energy and Climate (White House, April 23, 2021). On the way up to the Summit, the Special Envoy engaged various countries about raising their decarbonization goals and the US submitted its Nationally Determined Contributions commitment (U.S., 2021). Amongst the forty leaders invited were six national European leaders as well as the presidents of the European Commission and the European Council. In addition to governments, the Summit also featured participants from business, environmental NGOs, and society at large. The Summit was organized around a number of sessions. The first session was on raising climate ambition while the second revolved around investing in climate solutions. The third session was organized in four streams dealing with climate action at all levels, adaptation and resilience, nature-based solutions and climate security. Session four focused on unleashing climate innovation and the last session on the economic opportunities of climate action.
As a number of observers noted, the Summit placed a great deal of emphasis on the economic growth opportunities that climate policy could catalyze. While a number of countries committed to reducing their carbon emissions it is not clear that these reductions will materialize and that they will be sufficient. China has indicated that its emissions will peak around 2030 and decline to net zero by 2060. India has not set a target year for its emissions to peak. The USA committed to the reduction of its net emissions by 50-52% below 2005 levels by 2030. This goal is on par with the EU if one uses 2005 but well below the EU if we use 1990 as the base year. There are reasonable questions on whether the U.S. goal is feasible and adequate. In the absence of a climate policy, a national energy standard and sectoral standards, such as in transportation, most of these reductions will have to come from electricity production by shifting to natural gas and renewable energy. State and city level renewable energy standards, and the growth of the renewable energy sector, will presumably help, but it is not clear whether they will be sufficient.

Climate policy is also central to the Administration’s security approach. Amongst other, Executive Order 14008 mandates a National Intelligence Estimate and a Climate Risk Analysis by the Department of Defense. The Department of Homeland Security must also submit an annual report, with particular attention to the Arctic. The Administration’s geostrategic approach to China is also present in its consideration of carbon tariffs, as indicated in the report of the U.S. Trade Representative (USTR), an arm of the Executive (USTR, 2021). The geopolitical implications of both the EU and the USA adopting carbon tariffs are significant and are likely to meet with serious concerns in the industrializing world and, certainly, in China.

43 With respect to China, in particular, the US also wants the country to both lower its emissions and cease supporting the construction of coal plants as part of its Belt and Road initiative.

44 A renewable energy or electricity standard or portfolio will require that energy or electricity come from renewables by a certain date. Renewable energy or electricity standards have been the subject of discussion for a number of decades and have been adopted by a number of US states. It is important to note that a renewable electricity standard does not include all forms of energy use.

45 The May 20-21, 2021 communique of the G-7, takes direct aim at fossil fuel subsidies (something that intensified in G-7 countries during the pandemic), particularly those by China. It is not likely that this will change at the June 11-13 G-7 meeting which invited a few other fossil-fuel intensive countries, but not China or Russia.
The climate policies of the USA are ambitious, but they are attached to geopolitical priorities. In shaping their policies, the EU and its members will need to take this into account because U.S. priorities will affect their relations not only with China but also any country that collaborates strategically with China, including Russia.

**Energy Policies.** The Administration is strongly in favor of decarbonization and, by extension, renewable energy. The aspirational, but not formal goals, are 100% carbon-free electricity by 2035 and net-zero emissions by 2050. However, the Administration does not envision closing down any of the fossil fuel sectors. Thus, the transition is likely to be uneven and ad hoc. In this part I provide an overview of fossil fuel and renewable energy policies. I return to coal in discussing transitional policies.

**Fossil Fuels.** Amongst the earliest moves of the Administration was the cancelation of the XL Keystone pipeline, the slowing down of leases on public lands and waters, including the Arctic Refuge, and the interruption of federal subsidies to fossil fuel companies. Recent support by the Administration of oil drilling in Alaska (but not in the Arctic Refuge), allowing oil and gas leases in Wyoming as well as the continuing operation of the Dakota Access Pipeline suggest that fossil fuels remain an important part of the Administration’s energy policy (Friedman, May 28, 2021). These measures, in themselves, are not going to diminish the production of fossil fuels, because companies have stored up leases while reserves off of federal public lands are substantial. Moreover, the American Jobs Plan, discussed below, provides significant funding for carbon capture and storage (CCS) technology development, particularly for large cement, steel and chemical production facilities. Nonetheless, the Administration’s commitment to substantial emission reductions by 2030 – and the likelihood that most of these will have to come from the production of electricity in the near future- suggests that the move away from coal is likely to continue and accelerate in the foreseeable future. The move towards electric vehicles will have an impact on the demand for oil, but that is not going to be felt until the 2030s, when the industry will be well on its way to electric vehicles. Other uses of oil are less likely to be affected in the medium term. Natural gas
production and consumption is likely to grow for some time, thus making the reduction of methane emissions a critical problem.

**Nuclear Power.** In addition to CCS there is a great deal of support for nuclear energy within and close to the Administration, and it is very likely that significant amounts of resources will be used to develop new types and smaller reactors. It is worth noting that the two Energy Secretaries of the Obama Administration – Steven Chu and Ernest Moniz – were strong supporters of nuclear power as are some unions. During the second term of the Obama Administration, in fact, the Department of Energy established a labour working group which is, again, playing an important role. In 2020 the AFL-CIO, the national union confederation, and the Energy Futures Initiative, led by Ernest Moniz, produced a report supporting an ‘all of the above’ approach to energy that includes nuclear power – as well as carbon capture and sequestration (AFL-CIO and Energy Futures Initiative, 2020). Support from some unions and the private industry are strong factors behind nuclear energy, but so is government support. Nuclear power – as distinguished from coal, gas, and even oil- remains the subject of technological competition. This is all the more so because, as argued in an Energy Futures Initiative Report, commercial nuclear production is necessary for sustaining the production network behind nuclear weapons (Energy Futures Initiative, 2017).

European fossil fuel companies are not going to be treated differently than USA companies, and the impact upon them will depend on their exposure in the USA. For example, if the extraction of natural gas declines in the near future – something not likely – then Shell oil’s plastics plant in Pennsylvania will have to shut down or work below capacity. On the other hand, companies in the nuclear sector may find a less open field where new technologies are involved because of connections to national security.

**Renewable Energy.** The Administration’s focus on renewables is profound and very much associated with its green industrial policy, reflected in the American Jobs Plan. It aims at a “clean energy revolution that achieves a carbon pollution-free power sector by 2035 and puts the United States on an irreversible path to a net-zero economy by 2050” (White House, March 31, 2021. In the absence of a national renewable energy standard, this is expected to take place through incentives, disincentives, and innovations. The Plan commits $35 billion to
“establish the United States as a leader in climate science, innovation and R&D” (ibid). Out of that amount, $15 billion are to be invested in “demonstration projects for climate R&D priorities, including utility-scale energy storage, carbon capture and storage, hydrogen, advanced nuclear, rare earth element separations, floating offshore wind, biofuel/bioproducts, quantum computing, and electric vehicles,...” (ibid). A few years back, the U.S. created an Advanced Research Projects Agency on energy, within the DOE. The current administration wants to establish another one to focus on climate innovation. These funds are in addition to another $35 billion included in the December 2020 Spending Bill for R&D, a two-year tax credit for solar, a one-year tax credit for wind on land and through 2025 for offshore. The Biden Administration’s revised American Jobs Plan proposal has taken out significant renewable energy and R&D funding and had sought to insert them into a separate bill which aims explicitly at competing with China (see Luhby et al. 2021). That bill, in turn, has been criticized as losing its focus on R&D (Hammond 2021).

The Administration has also adopted a number of short-term policies. One of the earlier Executive Orders marshalled the procurement power of the federal government to convert its fleet of about 600,000 vehicles into electric vehicles. On March 29, 2021, it established a vast offshore wind energy area. The American Jobs Plan includes significant support for updating the energy grid and making it appropriate for renewable energy.

There is nothing in these policies that would discriminate against non-US companies. However, the Administration’s commitment to reshoring supply chains, particularly in critical sectors and manufacturing, will have a long-term impact, especially for those European companies that manufacture products abroad. This can be an issue for offshore wind-power manufacturers which are currently posed to benefit from the Administrations’ strong interest in offshore wind energy. Also, much of federally funded research takes place in national laboratories and agencies that are part of the Department of Energy, often classified. It is possible that non-US companies may be at a disadvantage here.

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46 The DOE’s primary focus is that of nuclear power, including the development and production of nuclear weapons and remediating nuclear sites. Less than 25% of its budget deals with other sources of energy. An important asset of the Department are the federal research laboratories under its jurisdiction.
Green Infrastructure and Manufacturing. Executive Order 14008 and the Leaders Climate Summit set the general parameters of the Administration’s climate policy, both international and domestic. It is the $2.25 trillion American Jobs Plan, now reduced to $1.7 trillion after taking out R&D and some conventional infrastructural provisions as a result of negotiations with Republicans and amongst Democrats (Luhby et al. 2021; Hammond 2021), that will have a massive impact on whether and how the U.S. accomplishes its climate as well as its geopolitical goals of reclaiming a leading role in green manufacturing and renewable energy, especially vis a vis China. If passed, its impacts will traverse the boundaries of the USA and will affect the whole global economy.

The Plan targets significant amounts in what we conventionally consider infrastructure, e.g., highways, bridges, ports, airports and transit systems, the electric grid and broadband. Whether national security factors will affect who can invest in the latter two remains to be seen. Another important priority here is a national network of 500,000 electric vehicle chargers with an eye towards raising the market share of EVs upon that of China’s. A significant goal is to “enable automakers to spur domestic supply chains from raw materials to parts, retool factories to compete globally, and support American workers to make batteries and EVs.”

The Plan also calls for significant investments in social infrastructure, including clean drinking water, building and retrofitting more than two million homes and commercial buildings and modernizing schools and childcare facilities and veterans’ hospitals. Along with the commitment of $400 billion towards revamping elder care in the country and upgrading employment in it, this Plan expands the conventional parameters of infrastructure.

Central to the Plan is the revitalization of manufacturing, the reshoring of supply chains, investment in R&D and training. The rise of China is a key motivating factor, underscored by the fact that R&D funding was moved from the Jobs Plan to a separate bill that targets China (Hammond 2021; Luhby et al. 2021). One goal is to “advance U.S. leadership in critical technologies and upgrade America’s research infrastructure through $50 billion dollars to the National Science Foundation to create a new technology directorate that will collaborate
with and build on existing programs across the government” (White House, March 31, 2021). Sectors that are considered critical include “semiconductors and advanced computing, advanced communications technology, advanced energy technologies, and biotechnology” (ibid).

Reshoring and strengthening manufacturing supply chains for critical goods is a central priority, as evident by the American Jobs Plan and Executive Orders 14005 and 14017. Federal procurement will be used to jumpstart clean energy manufacturing, but the Plan also calls for increasing access to capital for domestic manufacturers, including small business. In general, then, the American Jobs Plan includes both a significantly expanded approach to infrastructure and an industrial policy component.

European companies play a key role in the commercial and infrastructural construction sector and will definitely benefit from most of these investments. They are also major players in social infrastructure. European auto manufacturers have already moved their supply chains for the North American market and beyond to the USA and are likely to benefit from these opportunities. On the other hand, companies whose supply chains are abroad, such as the manufacturers of off-shore wind installations, will have to adjust their production chains. European corporations operating in the USA are not likely to be excluded unless issues of national security and cutting-edge technology intersect. It is to be expected, however, that US-owned companies are likely to be first in line if the US is to catch up and become a leader in key technologies in existing industries, such as EVs and renewables. This is all the more likely in the realm of informatics, artificial intelligence, biotechnology and anything in which the national research laboratories and National Science Foundation (NSF) are involved.

**Financing the Policies.** The American Jobs Plan envisions one-time expenditures of about $200 billion a year over 8 years, to be funded through earnings from increased corporate taxes and tax reform over the next 15 years. The American Families Plan envisions expenditures of about $1.8 trillion over the next ten years to be funded through higher personal taxes on those making over $400,000 a year and $800 billion in tax cuts. The Made in America Tax Plan (U.S. Department of the Treasury, April 2021; see also U.S. Department of the
Treasury May 28, 2021) presents the most authoritative outline of the financial strategy of the Administration with respect to corporate taxation. This has important domestic and international implications. In terms of fossil fuels, the Tax Plan calls for eliminating tax preferences and making sure that polluting industries pay for environmental clean-up. But its implications are much larger. The primary sources of income will be by raising corporate tax to 28% (from 21% but down from 35% in 2017). In addition, the Plan calls for: Discouraging Offshoring by Strengthening the Global Minimum Tax for U.S. Multinational Corporations; Ending the Race to the Bottom around the World (though various measures) and Enacting A Minimum Tax on Large Corporations’ Book Income. Central to the Administration’s finance policy is a global minimum corporate tax, now envisioned at 15%, and now endorsed by finance ministers of the G-7 (see Inman 2021). The increase of the corporate tax rate will certainly have an impact on European companies in the U.S, but no more so than U.S. companies. The other goals are intended to diminish the attractiveness of tax heavens or countries that use tax policies to entice foreign corporations, which includes some EU members. It is worth noting that the USA has reengaged the OECD’s Inclusive Framework on taxation both with respect to Base Erosion and Profit Shifting, and with respect to the taxation of revenues from the digitalization of the economy, where the US enjoys an advantage (OECD, 2021; Granwell and Odintz, 2021).

In the meantime, U.S. government agencies are working on a Climate Finance Plan whose outlines were announced on April 22, 2021 and include: Scaling-Up International Climate Finance and Enhancing its Impact; Mobilizing Private Finance Internationally; Ending International Official Financing for Carbon-Intensive Fossil Fuel Based Energy; Making Capital Flows Consistent with Low-Emissions, Climate-Resilient Pathways; and Defining, Measuring, and Reporting U.S. International Climate Finance (White House, April 22, 2021). Acting independently, the Federal Reserve Board has established its own Supervision Climate Committee.

Both the American Tax Plan and the outlines of the Climate Finance Plan have significant implications for European companies, countries and the EU. If the envisioned corporate taxation policies are implemented, they will reorganize the global financial system in significant ways because the U.S. wants other countries to also adopt a common global tax for overseas operations. The EU has to
address this issue in light of the fact that some European countries will be affected by stricter tax-avoidance practices.

Just transition?

Social and Environmental Justice. The Administration does not have a comprehensive just transition policy, but social and environmental justice priorities are woven throughout its policies and proposals. The American Jobs Plan envisions the construction of more than one million climate friendly and affordable homes, the modernization and expansion of public schools and childcare facilities, and the upgrading of veterans’ hospitals. More importantly it calls for $400 billion dollars to be spent on the elder care economy, including the upgrading of the jobs in that sector. The American Families Plan envisions expenditures of about $1.8 trillion on education, and direct and indirect support for children, families and workers.

The Administration’s focus on workers’ rights is stronger than any other Administration in history. The envisioned Protecting the Right to Organize Act aims to stem the decline of unions and labour rights in the USA. A stronger labour movement will allow unions to negotiate better collective agreements with management as well as have a stronger voice in US politics. Another April 26, 2021, Executive Order sets up a Task Force on Worker Organizing and empowerment to advance this priority. To underscore its commitment, a recent Executive Order mandated a minimum hourly wage of $15 for all federal contractors – covering around 5 million workers. Notably, the $15/hour minimum wage, long a demand of unions, was left out of the American Rescue Plan as inconsistent with the budget reconciliation process.

Environmental justice is central to the Administration. For example, with respect to energy the Administration calls for both remediation and repurposing of abandoned buildings, as well as for locating “next generation industries in

47 A just transition indicates an environmental transition away from environmentally harmful practices, done in a just way. Environmental justice requires the empowerment and protection of vulnerable communities. This may take place through a variety of policies but it may not include an environmental transition.
distressed communities." In dealing with R&D it calls for the elimination of racial and gender inequities. With respect to manufacturing it highlights the needs of rural and indigenous communities. And with respect to workforce development, it targets underserved communities. All of these provisions aim to realize the commitment to “Make it in ALL of America”, a complement to “Making it ALL in America.”

The Justice40 strategy reflects this commitment to making environmental justice central. Justice40 calls for 40% of benefits, from both existing and future federal investments, to go to marginalized communities (White House January 27, 2021 [Executive Order 14008, section 223]; White House March 31, 2021). The recommendations for its implementation, submitted in mid-May (White House Environmental Advisory Council 2021) reflect ideas worked out during December 2020 and January 2021 in a process that involved some of the environmental justice people now working for the Administration (Center for American Progress and Tishman Environment and Design Center, 2021; for an insightful overview see Green 2021). The recommendations intend to translate the environmental justice goals into specific policies, suggest an economic and climate justice screening tool and propose revisions of Executive Order 12898 of 1994 that institutionalised environmental justice within the US government.

What are the implications of these policies on the EU and European companies? In general, these are positive developments that will bring the USA closer to the social and ecological welfare state that is being debated in Europe. On the other hand, stronger labour standards will have an impact on many European companies whose labour practices in the USA are patently inferior to those in their home countries (Fichter and Stevis, 2013). The United Autoworkers, for instance, have been trying to unionize Daimler, VW, Nissan, Faurecia, Siemens and others for decades with no success because European and Japanese companies purposefully locate in anti-union Southern states. The unionization of the renewable energy sector, where European companies such as Iberdrola, Orsted and Vestas, play a major role, remains a key challenge for US labour unions. A non-unionized but growing renewable energy sector can be considered a defeat for the Biden Administration, which considers stronger

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48 This has generated an important debate because it also calls for placing prototypes of various technologies in abandoned plants– and thus poorer areas– possibly reproducing inequities.
unions a cornerstone of its policies. If the Administration is successful in upgrading labour laws, then that would be a good opportunity for US, European and global unions to collaborate in regulating multinationals, in the US, Europe and beyond. The environmental justice provisions are not likely to affect European companies any differently than US companies, but they will all be affected if federal funds are involved.

**Coal Transition.** The revised American Jobs Plan includes provisions that would be considered central to a just transition. These include employment in the capping of thousands of orphan oil and gas wells and abandoned mines and Workforce Development, including “a $40 billion investment in a new Dislocated Workers Program and sector-based training” (White House March 31, 2021). Additional provisions target women and underserved communities and demographics. These provisions, coupled with the proposals of the Interagency Working Group on Coal and Power Communities and Economic Revitalization (2021) provide the outline of a just transition policy.

The Working Group’s interim report, made public in mid April, sets the agenda for further planning and is based on the utilization of already committed resources. The report identifies twenty-five impacted coal regions across the country, existing programs in various departments that can be used immediately, and sets up some long-term procedures and goals. It is worth noting that coal-mining employment during 2019 was around 50,000 workers. The Appalachian region, in Eastern USA, historically the bastion of coal-mining, has long fallen behind Wyoming in terms of output. However, the human and environmental legacies in the Appalachia are more profound, including more unionized workers, many retired miners, and more affected communities.

This provides context for the proposal by the United Mine Workers Union which largely exists in the Appalachian region. The union has opened the door for a ‘just transition’, albeit refusing to use and, in fact, dismissing the term (United Mine Workers of America, 2021). The Mine Workers’ proposal has three components: Preserving Jobs; Creating New Jobs, and Preserving Families and Communities. With respect to preserving jobs, the position paper focuses on CCS and other measures that extend the life of coal, such as the reshoring of basic steel and other metals industries that use metallurgical grade coal. With respect to creating new jobs, it proposes building out the renewable supply-
chain manufacturing as well as various other uses of existing mines and reclamation. With respect to families and communities it includes short and long-term programs related to income, training, taxes and community development, and funding these programs through taxing retail electric power sales – a regressive form of taxation. In general, the three components of the proposal are consistent with the Working Group’s vision – a synergy that is probably the result of side negotiations. What is missing from the Mine Workers’ proposal is a transition from coal. Nonetheless, the CCS compromise – along with the promotion of nuclear power in other fora- may be enough to persuade Senator Manchin of West Virginia to support the American Jobs Plan and allow it to pass through budget reconciliation.

While not mentioned in the Mineworker plan, one lifeline for US coal could be its exportation. In 2019 the USA lagged significantly behind Australia, Indonesia and Russia, but it is the fourth major exporter by value at about $10 billion. Only the Netherlands seems to be a major European importer of US coal. It is not clear, at this point, whether the Administration will support that export option given its concerns over carbon leakage and carbon tariffs.

Conclusions

As noted in the beginning of the chapter, the Administration’s green visions are substantial, given the parameters of US politics. Business and the Republican Party object to the ambition of these proposals, particularly changes in the taxation system, the broadening of infrastructure, and the funding of social infrastructure. The window of opportunity for the Biden Administration is narrow and most likely will be closed by the end of this summer.

The more progressive wing of the Democratic Party argues that the program is not ambitious enough, certainly not at the level of the Green New Deal and Medicare for All, and there is no comprehensive climate plan proposed. The American Jobs and Families Plans, as they currently stand, envision additional budgetary expenditures of about $350 billion a year over 8-10 years, some of them not permanent. Combined these are significantly smaller than the military, social security and medical budgetary shares. Nonetheless, these are substantial commitments and their foci, as well as the associated taxation proposals, will have long term implications for the USA, the EU and the rest of the world.
Comparatively, these are new expenditures and, thus, more ambitious than EU’s Green Deal. But here it is worth noting that the Administration’s climate related policies are overwhelmingly based on green growth in certain sectors and an ‘all of the above’ energy strategy, rather than a comprehensive climate policy and a systematic socioecological reorganization of the US political economy. The decision to electrify vehicles, rather than reorganizing the US around public transportation, is a telling example. The results, provided that the policies are adopted and implemented, will be profound but, also, well below the social and environmental challenges that they are intended to address.

The just transition commitments of the Administration are still modest, while the strategy does not appear in its international climate initiatives. This suggests that just transition is less important than climate and green industrial policy. Comparatively, the just transition policies of the USA, by any name, are as narrow as those of the EU, focusing largely on coal and only marginally addressing the production and use of natural gas and oil. However, it is possible that a combination of environmental justice provisions, such as Justice40, combined with other transitional policies, will expand the scope of U.S. just transition in the future, again provided that the Biden Administration’s Plans are adopted.

I would like to close by stating that the pivot of the USA towards climate policy, the associated green growth strategy, and the articulation of both strategies around the geopolitical rise of China will have profound implications on the EU and individual countries. The European Union will have to choose between the need for a less contentious multilateral system over one that is articulated around hegemonic competition. That is necessary given the precarious future of the USA’s climate and other policies, in light of the deepening ideological polarization within the USA, the tentative commitment of the mainstream wing of the Democratic Party, and the strong possibility of a shift back to an even more nativist Republican politics, starting with the 2022 Congressional elections. As in the EU and around the world, green and just transitions in the USA are the arenas of political contestation rather than technical adjudication.
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CHAPTER VI

Green Deal and just transition: A new European hallmark.

Cristina Monge

The European Green Deal as a sign of Europe’s post-Covid identity

The Von der Leyen Commission heralded the arrival of a European Union ready to resume leadership of the battle against climate change. Just 10 days after taking over as President of the Commission, Von der Leyen went to COP25 in Madrid to announce a European Green Deal.

Before the pandemic appeared, as the European Green Deal was being conceived and drawn up, environmental affairs had leapt to the top of Europeans’ concerns. The figures from the Eurobarometer 2019 spoke volumes: 93% of EU citizens saw climate change as a serious problem, and 79% saw it as a very serious problem (European Commission, 2019). A total of 92% of those surveyed thought it was important that their country’s government set ambitious targets to increase the use of renewable energy and 89% believed governments should provide support to improve energy efficiency. In the same vein, 84% called for more public financial support for the transition to clean energies and 92% supported measures to reach climate neutrality by 2050.

In addition, there were demonstrations driven by young people, grouped into initiatives such as Fridays for Future or Extinction Rebellion, that championed political action based on scientific knowledge, as well as an accumulation of scientific evidence warning that the time remaining to halt the worst effects of climate change amounted to barely a decade.
Against this backdrop, the new Commission was determined to recover leadership of matters relating to the struggle against climate change and announced as much at COP25. The presentation of the European Green Deal\(^\text{49}\) reads as follows:

“Climate change and environmental degradation are an existential threat to Europe and the world. To overcome these challenges, Europe needs a new growth strategy that will transform the Union into a modern, resource-efficient and competitive economy, where:

• there are no net emissions of greenhouse gases by 2050
• economic growth is decoupled from resource use
• no person and no place is left behind”

The EU’s intention to take the international lead on this matter was confirmed in the Next Generation EU Recovery and Resilience Facility (COM2020, 456 final)\(^\text{50}\), where it states:

“The EU is leading the global response, working closely with the United Nations (including the World Health Organisation and the International Labour Organisation), the G20, the G7, the International Monetary Fund and the World Bank. In doing so, the EU and its Member States will need to leverage their collective strength on the global stage.”

Yet if we look at the opinion of the experts, we also find the need to continue advancing. The European Green Deal Barometer, compiled by the Institute for European Environmental Policy (IEEP) and GlobeScan, identifies the challenges to implementing the European Green Deal and provides policy recommendations to tackle them\(^\text{51}\). A total of 33% of respondents say the lack of commitment by the Member States is the greatest obstacle to the Green Deal’s implementation, followed by inadequate governance mechanisms (25% of respondents) and unequal progress across EU Member States (24% of respondents). Only 13% say that adequate progress has been made on

\(^{49}\) Available at https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en

\(^{50}\) Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions. Europe’s moment: Repair and Prepare for the Next Generation.

\(^{51}\) The European Green Deal Barometer is based on the Think2030 survey, which consulted sustainability experts from governments and regulators, NGOs, academia, research institutes and the private sector. Available at https://think2030.eu/european-green-deal-barometer/
preserving and restoring biodiversity and 14% on sustainable and healthy agriculture.

**Strategic Guidelines**

The European Green Deal covers a good part of the entire economy under the following headings: “Clean energy”, “Sustainable Industry”, “Building and Renovating”, “Sustainable Mobility”, “Biodiversity”, “Farm to Fork” and “Eliminating Pollution”. To put it into practice, it outlines a proposal for investment and financing tools, in the framework of a just and inclusive transition, which have since been included in the long-term European budget and the Next Generation programme, as we shall see later.

Of all the goals put forward, probably the most widely reported so far is the one on energy. The EU aims to be climate neutral by 2050, although the intermediate targets must be determined in the Climate Law proposed by the European Parliament and currently at the negotiation and drafting stage. The chart below shows the comparative effort required to undertake this transition in Europe, the United States and China:

![Figure 1: Sources of energy: Europe, the United States and China](image)

Source: Author’s own creation based on data from IEA World Energy Balances

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Furthermore, the Green Deal provides for financial support and technical assistance to help the people, companies, and regions most affected by the transition to a green economy.

The Deal also envisages the adoption of a new plan for adapting to climate change that activates public and private investment, giving a special role to solutions based on nature. In addition, it considers increasing efforts so that investors, insurance providers, cities, and citizens can have access to information and data to develop tools that enable integrating climate risk into their practices.

One of the most interesting aspects of the plan conceptually is the acknowledgement of the interconnection among economic, social, and environmental objectives. Hence the Green Deal opts for acting at all political levels via different tools that take in regulation, standardisation, investment, innovation, reforms within the Member States, dialogue with social partners, and international cooperation, among others. All with a view to ensuring no-one is left behind and working with the Member States to align the EU’s efforts with national legislation and policy to secure an effective implementation of the measures, as the Commission communication states.

Figure 2: Communication from the Commission COM (2019) 640 final.
The criticism that the European Green Deal drew from the sectors most committed to environmental policy was related to the need to anchor the objectives to what the science says, rate its effectiveness in ensuring that temperature increase does not rise above the 1.5°C threshold, or its contribution to reducing social inequality.\footnote{See, among others, the statements by Ska Keller, president of the European Greens: https://www.greens-efa.eu/en/article/press/la-crise-climatique-exige-des-actions-immédiates-et-un-nouveau-modele-de-developpement/, or the stance of the environmentalist organisation Greenpeace: https://www.greenpeace.org/eu-unit/issues/climate-energy/2517/european-green-deal-misses-the-mark/}

Another widely noted weakness was the absence of an adequate budget. The EU’s long-term budget takes a high-beam financial view, while the Next Generation tool covers the next three years.

The European Green Deal also left a series of debates unresolved, including: the customary one on the compatibility between growth and sustainability; the contradiction of continuing to finance gas despite it being a fossil fuel; nuclear energy, with the risks it entails; and the model of governance to be used\footnote{A fuller description of this criticism can be found at Monge, C., El pacto verde europeo es la luz al final del túnel, esGlobal.org, available at https://www.esglobal.org/el-pacto-verde-europeo-es-la-luz-al-final-del-tunel/}. It would be no surprise if these debates, particularly the one on financing gas, of which Europe is an importer, swiftly evolve in line with new technologies.

*Echoes of Roosevelt’s New Deal and a look at the Green New Deal of the United States*

The green transition goes far beyond technology or economic measures. It is a programme of social change that requires major agreement. Hence the coining of the expression “Green New Deal” to give a name to the agreement needed to make it possible.

There are clear echoes of Roosevelt’s New Deal. Roosevelt rose to the two greatest challenges of the 20th century: The Great Depression and international fascism. During his tenure (1933 – 1945), he laid the foundations for the creation of the US welfare state and the start of long-lasting economic recovery.
This reference already featured in a report by the New Economics Foundation, which named the agreement in that way for the first time. The presentation of the report said: “The global economy is facing a ‘triple crunch’. It is a combination of a credit-fuelled financial crisis, accelerating climate change and soaring energy prices underpinned by an encroaching peak in oil production. These three overlapping events threaten to develop into a perfect storm, the like of which has not been seen since the Great Depression. To help prevent this from happening we are proposing a Green New Deal.”

In the United States, with the precedent of a relatively similar proposal from Bernie Sanders in 2016, the expression made the leap to the political debate in February 2019 thanks to Alexandria Ocasio-Cortez and Democrat Senator Ed Markey, who from the outset linked the idea of a green transition to job creation and reducing inequality55. On the Republican side, the proposal was met with belligerent opposition from then President Trump and from other conservative leaders56.

Green transition and just transition in Next Generation EU

It was against this backdrop that the pandemic arose, and with it came a moment of concern about the green transition remaining a priority. The Next Generation EU programme was a positive response to this doubt raised by Covid and by the reaction of certain Members States, such as Poland and Hungary, who were in favour of relegating the transition and sticking to traditional growth policies, particularly regarding the burning of coal and the use of fossil fuels.

The green transition, an overarching concept in recovery policies

The idea of a green and just transition is conceived within the Next Generation EU programme as a lever for favouring recovery that speeds up the dual green and digital transition. The goal is to strengthen Europe’s competitiveness, its resilience, and its position as a global player. In other words, the Next

55 See https://assets.documentcloud.org/documents/5729033/Green-New-Deal-FINAL.pdf
56 In the words of President Trump: “I think it is very important for the Democrats to press forward with their Green New Deal. It would be great for the so-called “Carbon Footprint” to permanently eliminate all Planes, Cars, Cows, Oil, Gas & the Military - even if no other country would do the same. Brilliant!”
Generation EU programme takes economic recovery to be a sum of digitalisation and green transition.

To finance the necessary operations, and for the first time in its history, the idea of temporarily raising the cap on own resources to 2% of the EU’s gross national income was raised. Thus, the Commission will utilise its solid credit rating to borrow 750 billion euros in the financial markets and allocate the money to Next Generation EU.

The funds from the Next Generation EU programme will be invested across three pillars, divided into 500 billion euros in grants and 250 billion euros in loans to Member States. All that will be channelled through EU programmes. As stated in the Next Generation EU Recovery and Resilience Facility (COM2020, 456 final), this “… means there is full transparency and democratic accountability for the European Parliament and Council”.

The first pillar is support for the Member States in their investments and reforms to address the crisis; the second consists of kickstarting the EU economy by incentivising private investment; and the third is about learning the lessons of the crisis, investing in the health sector and in international cooperation and humanitarian aid. Hence the name of the facility as a mechanism of recovery, transformation, and resilience.

The overarching idea of the European Green Deal is to be Europe’s growth strategy, from which the principle of “do not harm” is derived. In other words, public investment in the recovery must respect the principle of “do no significant harm” and will be made following the priorities of the European Semester, the integrated National Energy and Climate Plans (NECPs) and the just transition plans. On this point, it is particularly interesting to underscore that while the idea is for 37% of the funds to go specifically to the green transition, 100% of those funds must respect the principle of doing no substantial harm to the environment.

Next Generation EU encapsulates this commitment to the green transition as a major means of job creation. To be precise, it anticipates that meeting the climate and energy targets by 2030 could add 1% to GDP and create nearly 1 million new green jobs. Meanwhile, it is estimated that strengthening the circular
economy may create at least 700,000 new jobs between now and 2030, as well as help the EU to reduce its dependence on external suppliers and increase its resilience in the face of global supply problems.

**Figure 3: EU Budget powering recovery**

Source: COM(2020) 442 final

**Main sectors in restructuring**

**Energy**

Energy is one of the main areas the green transition is looking to support. To that end, as the Communication states, the new Strategic Investment Facility will invest in key technologies for making the transition to clean energy, such as technologies for the development of renewable energies and energy storage, clean hydrogen, batteries, carbon capture and storage, and the necessary infrastructure. Next Generation EU also gives a central role to the European Battery Alliance and the Clean Hydrogen Alliance.

**Cities / Buildings / Renovation**

Particularly important among the European recovery policies is the renovation of buildings with a view to energy efficiency. Already considered a priority in the
European Green Deal, in October 2020 the Commission approved its strategy for the refurbishment and renovation of buildings and offices, *A Renovation Wave for Europe – greening our buildings, creating jobs, improving lives*\(^57\).

In Europe, homes and offices are responsible for around 40% of energy consumption and 36% of greenhouse gas emissions, which is why the strategy seeks to improve the energy performance of European buildings. The goal is to renovate 35 million buildings and create as many as 160,000 additional green jobs in the construction sector between now and 2030. This would double renovation rates in the next 10 years, moving from 1% of buildings renovated every year to 1.2% in 2023-2025 and 2% in 2030.

The strategy will prioritise action in three areas: combating energy poverty; the renovation of public buildings such as schools, hospitals, and administrative buildings; and the decarbonisation of heating and cooling.

**Mobility**

Another major vector in this transition is mobility. In the Commission’s view, its restructuring is a source of job creation via the production and introduction of sustainable vehicles and ships, as well as alternative fuels.

The Connecting Europe Facility, InvestEU, and other funds will support financing aimed at the installation of 1 million charging points, the renovation of city and company fleets with clean vehicles, sustainable transport infrastructures, and the transition to clean urban mobility.

**Biodiversity**

As the pandemic has demonstrated and numerous scientific reports have sought to explain, protecting and restoring biodiversity and natural ecosystems is vital to improving our resilience and preventing the appearance and spread of outbreaks in the future.

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\(^57\) Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, COM(2020)662 final.
This helps us appreciate the importance of the EU Biodiversity Strategy for 2030 and the EU’s future forest strategy. Through the InvestEU initiative, on natural capital and the circular economy, at least 10 billion euros will be mobilised over the next 10 years.

**Agriculture**

The Common Agricultural Policy and the Farm to Fork Strategy are aimed at helping to accelerate the green transition in the agricultural and livestock sector. To that end, the Commission has proposed increasing the budget allocated to the European Agricultural Fund for Rural Development by 15 billion euros.

This is strategic in the just green transition policies as a whole in that it affects both the use of land – the trigger for many other processes – and because of its impact on the demographic challenge and the challenge of territorial balance.58

**The idea of justice at the heart of the green transition**

Aware that transitions of the scale and ambition described here always claim victims, the Commission has boosted the Just Transition Fund with an extra 32.5 billion euros.

The funding must serve to “alleviate the socio-economic impacts of the transition, foster professional retraining, help SMEs to create new economic opportunities and invest in the clean energy transition”.

Particularly relevant is the introduction of the so-called Just Transition Mechanism, which will contribute to mobilising 100 billion euros, at least, in the period 2021-2027. The Just Transition Fund (JTF) is the new financial tool in the cohesion policy area whose goal is to lend support to the regions that face serious socio-economic challenges arising from the process of transition to climate neutrality. It uses three instruments: The Just Transition Fund, a specific

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58 For a closer look at these aspects, see the papers on the subject drawn up by the Institute for European Environmental Policy, available at [https://ieep.eu/publications/the-cap-unchained-series](https://ieep.eu/publications/the-cap-unchained-series)
scheme in the InvestEU programme, and public sector loans with the EIB to raise additional investment.

**Execution in the hands of the Member States**

The Recovery and Resilience Facility (RRF) that supports the 27 Member States is equipped with 672.5 billion euros to help finance the reforms and investments undertaken by the EU countries since February 2020.

The allocation for each Member State has been calculated on the basis of demographic indicators, GDP per capita, average rates of unemployment over the last five years, and the economic harm caused by the pandemic. While 70% of the funds are granted according to these criteria until the date of their approval, the remaining 30% will be determined in 2022 according to the economic developments of 2020 and 2021.

To be able to benefit from the RRF the Member States must submit national recovery and resilience plans including detailed strategies to address the specific challenges of each Member State identified in the European Semester reports. These plans must also meet the following conditions:

- Devote at least 37% of total expenditure to investments and reforms that support climate action goals.
- Allocate a minimum of 20% of expenditure to support the digital transition.
- Respect the principle of doing no significant harm to the environment in all investments and reforms.
- Propose strong measures to protect the Union’s financial interests, especially to prevent fraud, corruption, and conflicts of interest.

Comparing the plans submitted by the Member States enables an analysis of the budget percentages allocated to each pillar, always complying with the established criteria. While it is still early to make an assessment, some are already voicing their concern about the scant ambition and limited transformation capacity that the first plans being released appear to have

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59 The European Environment Bureau, for example, has spoken out on the matter.
A special mention, given its capacity to condition the rest of the sectors, goes to the EU’s sustainable finance taxonomy, which will guide the investment in Europe’s recovery with a view to ensuring it is in tune with long-term ambitions. To this end, a sustainable finance strategy is being drawn up that is due to appear in the next few months\textsuperscript{60}.

Meanwhile, in order to guarantee that environmental and social interests are fully integrated into business strategies, the Commission has pledged to present a new initiative on sustainable business governance in 2021.

**Outlook**

*How green is the recovery being?*

A new study by the University of Oxford and UNEP\textsuperscript{61} analyses the decisions countries are taking with their expenditure on aid, recovery and stimulus to tackle the economic consequences of the Covid pandemic. The study shows which countries are embarking on a “green” recovery after Covid, which have opted to support the polluting industries of the past, and which can still choose a sustainable recovery. Despite the fact that given its time frame it does not incorporate the European funds as they were not included in national budgets then, it is interesting to see how the vast majority of the Member States are among the leaders of green investment in recovery, which confirms the possibility that the EU can exercise decisive leadership and drive other countries.

*The Paris Agreement and COP26 (Glasgow, November 2021)*

Initially scheduled for November 2020 in Glasgow, COP26 was postponed because of the pandemic and is set to be held from 1 to 12 November in the Scottish city. Although we do not know the content of the texts to be negotiated yet, it should be highlighted that preparatory meetings are already being held

\textsuperscript{60} While at the time of writing this report some States have still to submit their plans to the Commission, an initial assessment of their contribution to the green transition can be found at: https://www.greenrecoverytracker.org/

\textsuperscript{61} UNEP (2021), *Are We Building Back Better? Evidence from 2020 and Pathways for Inclusive Green Recovery Spending*
between the Biden administration and European Union chiefs, as well as initiatives among public institutions, companies, and civil society, calling for an alliance between the United States and Europe to raise the ambition of the commitments immediately\textsuperscript{62}. 

On this point, we must note the importance acquired by Biden’s victory in the United States and his return, on the first day of his term of office, to the Paris Agreement, which Trump had chosen to quit. Moreover, the appointment of John Kerry as representative in the negotiations and at the summit, a person with considerable experience in these fields, is a sign of commitment, one that was followed by the announcement of emissions reduction goals, as detailed below.

In the same vein, worthy of special mention is Joe Biden’s calling of a mini-summit of 40 world leaders to prepare COP26, as both George W. Bush and Barack Obama had done on previous occasions. Among those invited were the leaders of China, Xi Jinping, of Russia, Vladimir Putin, as well as Latin American and Saudi leaders, European Commission President Ursula Von der Leyen, German Chancellor Angela Merkel, French President Emmanuel Macron, Spanish President Pedro Sánchez, and British Prime Minister Boris Johnson. Together, they represent 17 countries responsible for 80% of global emissions, as well as leaders from other nations that suffer the effects of climate change or have shown a readiness to combat it.

The summit, which was held online on 22 and 23 April 2021, was a key moment for gauging the states’ ambitions regarding the setting of greenhouse gas emission reduction targets and funding the transition. Throughout the meeting, Biden showed willingness to return to the Paris Agreement by exercising international leadership and distancing himself from the policies of his predecessor. He announced the commitment to reducing CO\textsubscript{2} emissions by between 50 and 52% in 2030, compared to 2005 levels. Along with these announcements, several political, economic, and business leaders placed the emphasis on taking the green transition as an opportunity to create jobs, while

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\textsuperscript{62} These include an initiative promoted by Pascal Canfin, a French liberal MEP close to Macron, to make a call to tighten transatlantic ties in the struggle against climate change. Taking part are NGOs, CEOs of the main European companies, and so on.
labour organisations stressed the need to make the transition “without leaving anyone behind”. Beyond specific commitments and announcements, the summit marked Biden’s resumption of climate leadership and was a good lever with which to trigger greater ambition ahead of COP26 in Glasgow.

It would also be crucial to revisit the possibilities of agreement between the European Union and China on reducing emissions, a matter that has been under discussion for some time. At the summit called by Joe Biden, China reaffirmed that its CO₂ emissions will peak before 2030 and carbon neutrality will be achieved by 2060. However, from a geostrategic point of view, the White House is faced with the contradiction of having to strike a deal with China to redirect the climate crisis while maintaining its strategy of containment of the Asian giant to prevent its rise as a global power.
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CHAPTER VII


Raquel Jorge Ricart

Introduction

Global technological governance today is an ecosystem of national strategies, regulations and policies that are not always characterized by an integrative approach – in their internal coherence or regarding international cooperation among countries –, jeopardising the future of multilateralism when it comes down to this increasingly important technological and digital layer. The challenge of the Fourth Industrial Revolution is both to govern technologies themselves – such as robotics, artificial intelligence, the future 6G, or quantum computing – and to prove capable of managing the speed, scope, and impact of these technologies, for which there is no precedent in History, on forms of political, economic, social and even cultural organisation.

The United States is a clear favourite in the global technological contest, although there are indicators to suggest that if we are to speak of technological leadership in general, the prior and necessary step is to exude leadership in each of these technologies. This is vital to understanding the United States’ attitude towards China and its relevance for the European Union (EU) and its Member States.

The adoption rate of digital technologies in US firms varies. On the one hand, 78% of manufacturing companies in the United States have adopted at least one technology (in the EU, that only occurs in 66% of the companies within the sector). The gap widens in digitalised companies from the construction sector, which accounts for 61% of the total in the United States, a low percentage when compared to the 73% of Chinese firms – but, in turn, high in comparison with
the 40% of construction companies in the EU that have gone digital. That said, despite this US leadership in both the construction and manufacturing sectors, it is in the infrastructure sector where the United States still leads over companies in the EU, although by a much narrower margin (just 11%). The difference in the service sector is also slight (13%).

The same pattern of leadership “by sectors” is repeated in the United States when it comes down to adopting specific technologies. The implementation of the Internet of Things is way higher and around 59% of US companies from the manufacturing and infrastructure sectors incorporate it. The figure is lower in construction and services (43% and 49%, respectively), but it continues to be comparatively high. The degree of penetration of the Internet of Things in EU companies is almost half, to be precise 32% in manufacturing companies, 39% in infrastructure firms, 21% in construction, and 29% in services. The adoption rate of robotics, 3D printing, platforms and virtual reality is lower in US companies, but close to the rate of companies from the EU (and in 3D printing for construction the EU beats the United States). However, despite the similarity of these technologies, the adoption rate of artificial intelligence in the United States is once again way superior to the European rate, with a difference of nearly 20%.
Table 1. Adoption rate of technologies according to type of company in 2020 (%)

<table>
<thead>
<tr>
<th>Adoption of technology according to type of company</th>
<th>UNITED STATES</th>
<th>EUROPEAN UNION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Big Data</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Start-up</td>
<td>50%</td>
<td>52%</td>
</tr>
<tr>
<td>Scale-up</td>
<td>42%</td>
<td>45%</td>
</tr>
<tr>
<td><strong>Blockchain</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Start-up</td>
<td>12%</td>
<td>10%</td>
</tr>
<tr>
<td>Scale-up</td>
<td>22%</td>
<td>12%</td>
</tr>
<tr>
<td><strong>Internet of Things</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Start-up</td>
<td>38%</td>
<td>36%</td>
</tr>
<tr>
<td>Scale-up</td>
<td>35%</td>
<td>40%</td>
</tr>
</tbody>
</table>

Source: Compiled by author based on European Investment Bank (2020)

However, this leadership by technology and sector does not mean that every company is adopting it at the same rate. As can be seen from Table 1, the degree of adoption of technology in Big Data, blockchain and the Internet of Things is not the same for new start-ups as it is for scale-ups. To be precise, while the United States leads the implementation of these technologies in general in scale-ups (companies that already exist and now aim to step up their digitalisation maturity), its start-ups are not quite so quick when it comes to integrating the Internet of Things or Big Data as European ones are. This allows more room for manoeuvre for the EU’s strategy of digital sovereignty.

Yet the differential value of the United States is the integration of the “culture of technology” into the very organisational architecture of companies. A total of 55% of the companies working with artificial intelligence (AI) already
have a roadmap that prioritises the creation of value throughout that organisation thanks to AI. 43% of these companies have a clearly defined vision and strategy for AI. Meanwhile, 60% of people in senior management positions have received training in strategizing AI. These figures shrink, sometimes by as much as 30%, in companies from the EU.

Despite these virtues, the United States still faces two major challenges to which it does not always provide a comprehensive response, or if it does, it is not quite coordinated, or lacks a view that looks to the long term. The first is managing the challenges posed by Big Tech companies. It is not only a matter of regulation. There is a long list of trends – not only geopolitical or economic, but also sociological – that are important for the EU and its Member States, both for defining Union strategies on technology sovereignty more effectively and for understanding how to turn technology into a differential value, not just as an economic and political asset, but as a social one and for wellbeing too. The second pillar is US policy towards China, which looks set to continue under the new Biden-Harris Administration. This is significant because, if it does not address certain particularities and risks – especially in terms of governance tools – it could leave the United States in a position of considerable vulnerability, with significant consequences – both direct and indirect – for the European Union.

**Big Tech: domestic policy trends of “variable geometry”**

Over the last few years, there has been a great deal of talk about major technological companies – the so-called Big Tech – as the actors which have benefited the most from the shift of modern capitalism since the 1980s towards a system of decentralisation (with the Washington Consensus and the Bretton Woods agreement) and from the drawdown of certain Welfare State’s protection mechanisms which started at the end of the 2000s. However, a thorough and holistic analysis of the matter shows that if we are to understand these trends, we must first demystify them. This is pertinent for understanding the impact on the European Union.

The Big Tech companies are in large part what they are today thanks to the active industrial policy of federal and state governments in the United States, as well as the waves of federal assistance in the 1980s addressed to the companies that already existed back then, such as Microsoft, IBM, or Apple.
Furthermore, a historic analysis of the evolution of modern capitalism shows that monopolies are nothing new: The Robber Barons at the end of the 19th century – with John P. Morgan in banking, Rockefeller in oil and Andrew Carnegie in steel – are now the Big Tech Barons in the 21st century, with Jeff Bezos (Amazon), Sergey Brin and Larry Page (Alphabet), Jack Ma (Alibaba), or Mark Zuckerberg (Facebook) at the forefront.

From the 1960s the deployment of technological development has had its ups and downs and come in waves. Yet, despite the investment and federal support, the government was unable to assimilate the phase of the 1990s, marked by the democratisation of technology with cheaper Intel microprocessors and the birth of the Internet.

Figure 2. Evolution of the Big Tech Bang

Source: Centre for Research on Multinational Companies (2020)

In the 1970s, companies focused on a first phase of development of hardware equipment, with IBM at the forefront. Microsoft and Apple appear in 1974 and 1976, respectively. The second stage – that of software – begins in the early 1980s, with Microsoft on the top of the list. It is in 1994, with the birth of the Internet, when the “third wave” starts: the “era of digital platforms”. It is no coincidence that the birth of the Internet occurred at the same time as the creation of such important companies at present times, as Amazon (1994), Tencent and Alphabet (1998), and Alibaba (1999). Facebook would appear in 2004.
However, the fact that the government was not capable of including the management of these technological developments on their agendas does not mean they stopped investing in them. In fact, in this Big Tech Bang – as it is known in the United States – the federal and state governments have never stopped buying\textsuperscript{64} millions of dollars of debt of these companies and supporting them through public investment.

These investments in Big Tech, which have increased threefold with the start of the COVID-19 pandemic and the victory of Joe Biden and Kamala Harris in the presidential elections, have gone hand in hand with legal proceedings against Google and Facebook, led by the Federal Trade Commission and in 46 states for allegedly failing to comply with antitrust rules.

These two situations are not mutually exclusive. However, they represent a paradox. The new Biden-Harris administration is not going to be as permissive with Big Tech as the Obama administration was, but that does not mean that they are going to put firewalls around their companies, as the European Commission has aimed to do\textsuperscript{65} with the launch of both the DSA and DMA.

\textit{An agenda on Big Tech halfway}

Neither technology policy nor the regulation of Big Tech are on the top of the new government’s list of priorities. Negotiations with Big Tech are part of the agenda within some Committees at the House of Representatives, but other more pressing issues eclipse this issue. That said, there are three major trends in the United States that may have significant implications for the EU in the short term.

\textsuperscript{64} In the first half of 2020 alone, via BlackRock, an intermediary company, the Federal Reserve bought 25 million dollars of Apple bonds, another 4 million from Amazon, and around 18 million of Microsoft. The California Public Employees Retirement System owns over 1 billion dollars of Facebook’s value, and this similarly happens with the State Board of Administration of Florida (in this case, with Amazon), or the State of Wisconsin Investment Board with Alphabet, the mother company of Google.

\textsuperscript{65} In December 2020, in the interests of European technology sovereignty, the European Commission introduced two new regulations on businesses’ responsibility for their content (the DSA, or Digital Services Act) and the limitation of market power by these platform “gatekeepers” (with the DMA, Digital Markets Act).
First, Kamala Harris, former Attorney General of California – Silicon Valley’s home –, has affirmed that her program aims to give consumers greater privacy, limiting the compiling and use of personal data for behaviour profiling. Harris oversaw the Consumer Privacy Act (CPA) in California, the strictest privacy law in the entire country and which is closer to the European Union’s General Data Protection Regulation (GDPR). Biden stated that the United States should “establish [data] standards not unlike those the Europeans are adopting on privacy matters“. However, the review of the EU-US Privacy Shield -which the EU Court of Justice declared invalid in July 2020- does not depend so much on Vice President Harris, but rather on the Democrat forces in both the Congress and Senate. And this is not an easy task, given that they have limited power and their initiatives may not be as successful as expected.

Second, algorithmic transparency for personalised ads became a residual issue during the Trump administration. Prior to the 2017 presidential elections, a coalition of Democrat and Republican representatives – including John McCain – sent out a warning on this matter. Discussions revolved around the risks coming from allegedly Russian interference in elections. Now, the debate has shifted, and the focus is put onto the regulation over Big Tech companies. While this issue might be reinforced with Biden and Harris, still the US government has some caveats regarding the requirements on accountability and auditing of trained data which are contained within the EU’s White Paper on Artificial Intelligence.

Third, Biden is looking to revoke Section 230 of the Communications Decency Act of 1996, which exonerates digital platforms from all responsibility derived from the content uploaded by users. Trump had this goal as well, though due to different reasons66. There has not been too much talk on the subject again since the CEOs of the Big Tech firms testified before Congress in July 2020. There is a silent, though latent, trend. Unlike other CEOs, Mark Zuckerberg (Facebook) showed some interest in revoking Section 230, arguing that the companies are not capable of controlling the huge amount of countless

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66 Biden criticises Section 230 because he believes platforms do not work hard enough to stop the waves of disinformation and hate speech (based on the principle of social justice), while Trump accused the digital platforms of unilaterally moderating content and restricting conservative messages.
information flows. While this trend could be seen as positive, the truth is that no one has come up with another alternative.

The EU and its Member States should have in mind this silence of nearly a year and the lack of alternatives from a procedural point of view. Given the absence of a whole-of-government strategy in the Biden administration, the EU can proceed with its legal cases against the Big Tech companies unilaterally with less geopolitical tensions. In the event this whole-of-government US strategy is eventually created, it certainly could put the EU in a spot over its diplomatic relations. However, silences are not usually for nothing, and high-level strategic plans might likely appear soon.

The strengthening of the Office of Science and Technology Policy (OSTP) in the White House within the President’s Executive Office is a sign that a government strategy might become a reality in the short term. Plus, the appointment of former Big Tech staff\(^{67}\) to positions of power, as well as experts from the social sector and critical scholars, might make all of them be interested in creating a robust, holistic, and comprehensive approach to this matter.

This again is relevant for the EU because, while the Union has further strengthened its regulatory power in just a year – with the European Data Strategy, the White Paper on Artificial Intelligence, the Digital Services Act (DSA) and Digital Markets Act (DMA), the Cybersecurity Package, or the Digital Compass –, the EU still lacks the development of a properly holistic institutional architecture which tackles Big Tech in a coordinated and consistent way between the Commissioners for Competition and Internal Market – preventing delays in the decision-making process, as occurred – and, especially, with the necessary creation of a Technology Ambassador, who could work under the umbrella of the European External Action Service.

\(^{67}\) Key former employees of Big Tech companies have entered the Biden-Harris administration, such as Jessica Hertz (a former associate counsel at Facebook) or Cynthia Hogan (Vice President for Public Policy at Apple). Some Internet service providers were on the list of 10 donors that contributed most to the Democrat Party campaign for the elections of 2020.
Significant satellite trends

Regulatory power is not enough. The European Union must be cautious about another three trends, which have a different nature:

a) Social perception on the Big Tech companies by the US public opinion: According to a recent poll, 75% of society is concerned about the power big technological platforms are amassing in the country. A total of 60% believe that government action – with laws, regulations, and sanctions – should be stepped up. However, despite raising awareness, agencies in the United States have not yet promoted federal programmes of digital literacy and skills addressed to the public. This aspect has also been lacking in the EU so far, though it has been reinforced with clear metrics with the recently released 2030 Digital Compass.

b) Support for small businesses and start-ups: Biden has announced the SSBCI – a new State Small Business Credit Initiative – with 10 billion dollars in venture capital investment programmes for small businesses, and 3 billion for companies led by women. The EU must pay attention to the promotion of these programmes, although Biden’s focus is more state-oriented and, among its goals, it does not seek to create ecosystems of innovation between large and small businesses, as the EU indeed does mark out.

c) Digital taxes: US Treasury Secretary, Janet Yellen, has announced that she is to resume talks in the OECD to finalise the proposal for a multilateral digital tax model which is underway in Paris. Mnuchin, the previous US Treasury Secretary, suspended the talks68. The United States’ return to the debate in the OECD is beneficial because the EU is leading the way and it is unlikely there will be a turning back on what has already been discussed and negotiated.

Still, there are multiple internal trends in relation to Big Tech in the United States. Some aspects have clearer measures, while other trends are still silent or latent. The EU must remain attentive to them all, due to the reasons mentioned.

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68 The Trump administration disagreed with the proposal to increase the GILTI tax on intangible assets located abroad, by which companies can locate intellectual property in other countries to pay less. Biden has proposed raising the GILTI tax to prevent tax evasion.
above. On some aspects, it is possible to find common ground, as is the case of the EU-created DSA and DMA for the regulation of Big Tech companies. Indeed, the European Commission asked Jason Furman, former adviser in the Obama administration, to assess the adequacy and effectiveness of both regulations.

However, there are other matters in which the EU can still play no part, but it should remain attentive. Some firms, particularly the small ones, are leaving Silicon Valley and moving to Austin, Texas, and other cities in the US, with a view to creating a new, more accessible and less monopolised Silicon Valley. In view of this so-called “techodus”, will the Biden-Harris administration encourage more companies and more diverse, thus benefiting the EU; or will the move prove insufficient?

**United States’ policy on China: impacts on the European Union**

The Biden-Harris administration has declared that it will adopt a policy of “strategic patience” with China. Trump’s aggressive approach to trade policy will continue, but a more sustained effort to engage in dialogue and negotiation will be made, compared to the previous era. On technology and digital matters, some points of the US stance on China are more clearly defined (such as the control of exports or the proposal of an Alliance of Democracies by groups of countries according to the technology). However, there are other aspects that are less clear, or to which, despite the precision, the EU must pay careful attention given the risks and opportunities they entail.

If US policy on China in the technology and digital world could be summed up in a phrase, it would be this: high levels on trade, low levels on geopolitics. In trade, the impact on the EU is clearer because it is based on major “umbrella” strategies, with which the EU can more accurately identify the paths of possibility it might have with China; or with the United States itself in its interaction with China as a triad. However, when it comes down to technological geopolitics, the United States has been imprecise and put forward proposals in a scattered manner, or issue-by-issue. The absence of an overarching and firmly anchored strategy could put the European Union in a position of vulnerability to which it must respond in an effective manner, and on its own.
### Table 3. Ecosystem of technology strategies by the United States

<table>
<thead>
<tr>
<th>Document</th>
<th>Technology</th>
<th>Explicit or implicit mention to China</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Strategy on Critical and Emerging Technologies (October 2020)</td>
<td>Advanced computing, conventional weapons, engineering equipment, manufacturing, sensing, aeronautical engineering, agriculture, AI, autonomous systems, biotechnology, CBRN, telecommunications and networking, Big Data, energy, human-machine interface, quantum information science, semiconductors, microelectronics, space.</td>
<td>Explicitly (1 mention)</td>
</tr>
<tr>
<td>Clean Network initiative (June 2020)</td>
<td>Telecoms operator, app stores, mobile apps, cloud, submarine cable, fibre optics of 5G networks.</td>
<td>Explicitly (“malign authoritarian actor”)</td>
</tr>
<tr>
<td>National Cyber Strategy (September 2018)</td>
<td>Cybersecurity</td>
<td>Not aimed at China, though it is named along with other countries.</td>
</tr>
<tr>
<td>Revision of National Strategy for Quantum Information Science (it is not a national strategy per se)</td>
<td>Quantic computing. Major focus on international cooperation.</td>
<td>Not mentioned.</td>
</tr>
<tr>
<td><strong>Halfway</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>There is no National Strategy for Artificial Intelligence. There is a Defense Department strategy, strategies on R&amp;D, Vision Documents, and others – but no whole-of-government national strategy.</td>
<td>There is a National Strategy to Secure 5G Implementation Plan, but it was completed recently (January 2021). It has a more executive than strategic character.</td>
<td>There is no National Strategy for submarine cables.</td>
</tr>
</tbody>
</table>
Trade: clarity and strategic approaches

The United States is developing various national strategies, some aimed explicitly at China (such as the “Clean Network” ⁶⁹) and others that are more thematic (such as the first National Strategy on Critical and Emerging Technologies⁷⁰). While the Administration has created an ecosystem of thorough strategies⁷¹, the fact is that the global high-tech companies have no plans to take sides one way or the other. On the contrary, they would rather form part of both, despite the extra cost and the complexities that may arise, according to a Brookings survey to 158 tech company executives.

Similarly to public opinion, corporate opinion too is an important factor when it comes to understanding how governments decide which pathway is best to take. A total of 42% of both Chinese and US executives agree that the dynamic of the global technology industry in 10 years’ time will be marked by a worldwide duopoly with major players from both countries, though they think the US and China will only compete with one another in the territories of third countries – and not between their own territories.

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⁶⁹ The Clean Network was a programme announced by US Secretary of State, Mike Pompeo, under the Trump administration. It seeks to safeguard the most sensitive information of the country’s companies from “aggressive intrusions by malign actors, such as the Chinese Communist Party”, explicitly mentioned as such. The initiative, which has not been revoked by the Biden-Harris administration so far and nor has there been any statement against it, includes measures that clearly exclude Chinese mobile apps from online stores, cloud-based systems, or submarine cables that could be subverted for intelligence purposes. The same goes for the measure to exclude “untrusted” suppliers in the United States and in its allied countries, to which it encourages to join the Clean Network initiative.

⁷⁰ There are three goals to this National Strategy: To make the United States a technology leader, a technology peer, and a technology risk manager. To that end, two pillars are pursued: Build an Industrial Base of National Security Innovation and protect the technological advantage, raising the priority of research and development in the federal budget and supporting the development of venture capital funds, as well as greater public-private collaboration, at both federal and state and local level.

⁷¹ From the design of advanced semiconductors and manufacturing, software, 5G networks and other technologies as a way of competing with China to imposing restrictions on the technologies that can be exported to China, or including Chinese firms on the blacklist of firms that can buy US technology or receive US investment.
Despite agreeing on that, where Chinese and US executives differ is on the way in which they, as an industry, will cope with the political tension between China and the United States in the next five years. While 53% of US firms say that they will regionalise supply chains – with diverse supply lines and industrial networks for different markets and regions –, Chinese firms (59%) would opt for regionalising the go-to-market strategies of products.

Another matter is the optimism of executives in charge of major companies when asked about which technological sectors they believe Chinese companies will lead in 2025. The opinion is greatly divided: while some senior management figures believe that the United States will lead in quantum computing, electric vehicles, or semiconductor chemicals, some say that China will be at the forefront of AI, cloud services, or robotics. These differences illustrate the need for effort by the public sector to create a unified and common vision through mission-country policies, or MOPs.

This approach, then, raises questions about the effectiveness of US government trends with China, and subsequently the EU’s role in this regard. Biden and Harris are going to maintain the Trump administration’s policy of export control. However, it proved ineffective and even counterproductive because it offered no alternative to the export restrictions on China. The United States remains dependent on rare earth metals located in Chinese territory.

Over the last few months, there have been signs that the Biden-Harris administration is aiming to promote a multilateral export control model - not just a unilateral one as until now. As already occurred with technologies protected by the Clean Network Initiative, this could extend to Artificial Intelligence, cybersecurity, quantum computing, or the Internet of Things. A second route is the possible strengthening of the interdepartmental industrial policy analysis teams centralised under the National Economic Council. However, it is a complex measure and requires greater definition.

For the European Union, these two possible transformations are important because they would force it to further define the European technology sovereignty developed recently. In December 2020, the EU and China
announced an investment agreement – the CAI\textsuperscript{72} – that, despite causing controversy and drawing considerable criticism of European diplomacy for signing it, highlighted the EU’s determination to further its interests and values. In the event the US begins to promote a “multilateralism of measures”, the EU can go into the negotiations with a much more robust support baseline, on its own, to mark out what its permissible limits in the agreements are.

However, while the EU may have a greater voice and influence in possible negotiations with the United States with respect to Chinese matters, it does not mean that the EU has all capacities at hand to be sovereign, at least for the time being. The EU only produces 10% of the advanced components for data processing on a global level, something that the Digital Compass is looking to remedy. It is also highly dependent on critical raw materials, such as graphite, lithium, and rare earth elements, many of them located in Chinese territory. As the EU’s 2020 Foresight Report states, in the year 2030 the EU will have to multiply lithium supplies for its green technologies by 18, and by 60 in the year 2050. The EU must take into account that the United States needs similar resources and will look to China as a supplier.

\textbf{Geopolitics: disjointed measures to be remodelled}

Despite the completeness of the trade dimension, the fact is that the United States has not been capable of exerting geopolitical influence in the technological realm in third countries in order to surpass China in the way it had expected. Neither the United States nor the EU have implemented plans to secure influence and placement of leaders in the highest spheres of decision-making bodies in international organisations, which are determining the future of the governance of data and key technologies, such as the International Telecommunications Union. China is \textit{certainly} doing significant efforts in this regard. There is work to be done here; another matter is whether the EU and United States do it separately or together, as they have done in previous candidacies for the IMF or OECD.

\textsuperscript{72} The agreement introduces seven points: Rules against the transfer of technology; new obligations on the modus operandi of Chinese public companies; greater transparency in public subsidies; commitments from China on environmental and labour standards; protection of the current opening up of the Chinese economy to prevent a possible reversal; a mechanism for state-to-state conflict resolution; and the elimination, or at least the reduction, of quantitative restrictions, the limits controlling shareholders, and joint ventures in a group of sectors.
Meanwhile, the current trends in the United States to give technology a truly geopolitical dimension with a clear view on China are based on two main axes. First, Anthony Blinken, the new US Secretary of State, has begun talks with its allies on a series of alliances depending on the specific technology, under a “modular approach”, as one administration official has called it. Several groups of “techno-democracies” would include most of the industrial countries from the G7, plus certain others. The idea is to call these alliances “Democracy 10” or “The Tech 10”. While an alliance on Artificial Intelligence would include Israel, as it is a leader in the field, a coalition on technology exports would include India, to ensure that China cannot import Indian products.

Some have positively rated this modular proposal of thematic alliances for its flexibility and dynamism. Others, however, criticise it for diminishing the power of the multilateral organisations with alliances promoting a dialectic of “democracies vs non-democracies”, and which might endanger and call into the question the stable, post-Second World War international system.

A second trend is the strengthening of institutional architecture. A new Senior Director for Technology and National Security within the National Security Council has been appointed, and the Office of Science and Technology Policy (OSTP) in the White House has been boosted. Next steps would likely include new lines of work within the Office of Technology at the State Department to give technology a diplomatic dimension.

What is the impact for the EU? On the one hand, it warns the EU about the need to give its technology sovereignty a geopolitical angle beyond the Commissioners for Competition and Internal Market, as well as to ensure that technology permeates the European External Action Service (EEAS). First, with a Technology Ambassador – not just a Special Envoy, but a representative with a broad team and mandate. Second, making technology diplomacy impregnate both mandates and goals of every department within the EEAS, from civilian-military relations to humanitarian technology. On the other hand, proposed US-led “Tech 10” modular alliances could create issues within the EU’s plans if only a small number of Member States is invited to join these coalitions.
Still, there is something positive for the EU in the United States’ geopolitical strategy towards China, albeit indirectly. The World Trade Organisation has faced stagnation and deadlock in the last few years because of disputes among both Chinese and US rivals. However, Ngozi Okonjo-Iweala, the new WTO President, who is quite pro-American and whose appointment was possible thanks to the US vote, could turn the WTO’s goals towards new fronts, such as putting a greater focus on developing countries. The EU could make the most of this drive to continue channelling its cooperation programmes – for example, with the recently released EU Digital4Development framework.

Conclusions

US trends regarding Big Tech and towards China have implications – some more explicit than others – for the present and future activity of the European Union and its Member States. The content of these trends is as important as the way in which the architecture, the institutional structure of these trends, is built up. Many of them are fragmented, uncoordinated, imprecise, or only halfway.

In some cases, this scenario facilitates the European Union forging its own path of technology sovereignty, but in others it raises the need for the Union to reconsider certain issues. First, the scope of its mandate and goals. Second, the need to reconfigure the existing institutional architecture on a European level and transfer it to each Member State, with a view to affording greater coherence to the EU’s internal public policies, with a much more political, or politicised, view of the subject.

All these trends have a common thread: In the United States the definition of “critical technology” is too broad and tends to be used lightly. At a time of growing global competition for technological leadership, it is going to be essential to clearly define the playing game of those technologies that the United States is going to be capable of leading or developing. Using technologies is not enough; what is paramount is to properly connect all these nodes, which often end up being dispersed. In this regard, the EU must remain alert to the cycles of development of public policies that the United States makes, both the public policies on technologies themselves, and the sector-based public policies which promoted through these technologies.
A second challenge for the United States to which the EU must pay attention is China. In the United States, the pieces of trade, competitiveness, industrial, economic, and foreign policy do not quite fit. Speeds are different, and mechanisms and figures are dispersedly created, what often increase resources unnecessarily. The EU is making progress on this, but it must remain alert to the trends in the United States to define and develop its own, more solid community strategy of technology sovereignty, both inwardly and outwardly. The present and future of the new era of interdependence will depend on overcoming this vision of the “sum of the parts” to move to one in which technology policy is a single, unique framework of policy making— and not a corollary to others.

**Policy recommendations**

Given US trends, the EU has the opportunity to address new lines of policy and institutionalisation.

**With regards to US domestic trends on Big Tech**

1. The European Union must accompany its recent package of regulations with the development of a unique institutional architecture that addresses Big Tech issues in a coordinated and coherent manner, overcoming the current dual-hat structure (between the Commissioners of Competitiveness and Internal Market), in order to reduce decision-making delays.

2. Creation of a follow-up mechanism for the evaluation and assessment of the effects of Big Tech on the EU’s technology sovereignty objectives. This monitoring system may be based on the “traffic light model” (based on three colours: green, amber, and red) to have a standardized methodology which allows annual, biannual or quarterly assessments.

In addition to other tools that can be included, there are aspects that need to be monitored in this mechanism. On the one hand, economic and financial indicators that allow calculating the impact of large non-EU technology companies in EU territory, such as the annual impact assessment, economic competitiveness, or the creation of commercial companies. On the other hand, the impact of Big Tech activities on the
development of social, green and digital public policies that has been established in the new EU Digital Compass (Digital Compass).

3. Incorporation of specific questions on the "social perception about Big Tech companies" within the new Annual Eurobarometer, which was announced with the launch of the 2030 Digital Compass. This would allow to step up societal awareness on this matter, as well as to increase its visibility on local and regional media, alongside the national ones.

4. Promotion of entrepreneurship with investment programs of public-private capital at the EU level. The Government of Spain has established a similar mechanism in the context of the National Artificial Intelligence Strategy (from December 2020). It would be recommendable to extend these plans to technologies other than artificial intelligence. Similarly, programs and funds should be as well promoted from the EU’s funding framework (in addition to the ones which are existing at the Member State level).

On US trends with regards to China

1. Creation of a Technological Ambassador, which would work under the umbrella of the European External Action Service. It requires a mandate, its own department or another form of institutional architecture suitable for this, as well as its own resources that allow it to have sufficient independence to coordinate and impregnate other sections with this technological and digital approach. Likewise, this Technological Ambassador should not be a Special Envoy on a Special Mission or an Ambassador-at-Large, but should have a permanent character, its own team, and specific competences.

2. A narrower definition of “critical technology”. Although the first-ever EU’s 2020 Foresight Report points to these critical technologies, the truth is that a clear and closed definition of what “critical” means is not stipulated.

3. The EU should participate in ad hoc alliances on technologies that are being created, but its priority should be to gain ground and gain
influence in the long existing international organizations, where the US is losing strength and China is gaining it.

4. The European External Action Service should create diplomatic corps specialized –or, at least, trained- in technology and digital policy, in the same way that it has already been done with cultural, scientific, or economic diplomacy. It could mean, either a reinforcement of training and professional retraining in this area, or the creation of Special Offices on Technology in EU Embassies, with a greater strategic nature in this matter.

Bibliography


CHAPTER VIII

How to deal with China’s quest for global supremacy.
Possibilities for expanded US-EU cooperation under the Biden administration.

Alexandre Muns

Introduction

China is the world’s second biggest economy in terms of the volume of its nominal GDP. It currently stands at $14.3 trillion dollars, representing 16.3% of the world’s GDP. That of the United States is $21.4 trillion, 24.4% of global GDP, and the European Union sits at $13.57 trillion after the departure of the UK and its $2.83 trillion. These figures highlight that China has surpassed the EU but cannot soon overtake the US as the world’s biggest economy. The US still has an advantage of 8 points over China in terms of share of global GDP in nominal terms (24.42% to 16.34%).

China has the right to seek to lead the world in the production and export of goods and services with a higher technological content. As wages have risen in China, some of the production of labor-intensive goods has shifted to poorer countries such as Vietnam, Cambodia, Bangladesh, Myanmar, Sri Lanka and even Mexico. But China is pursuing its strategy in clear violation of the World Trade Organization’s (WTO) rules, such as the provision of massive state subsidies, forced technology transfers for foreign investors, dumping, and widespread theft of Western technology. For years dumping of Chinese steel

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73 The EU’s own figure for its volume of nominal GDP in 2019 including the UK is $16.4 trillion.
75 Other Chinese practices which are also illegal under international and WTO rules, or at a minimum an abuse of its market power are: designing its bidding processes to entice Western firms to set up R&D centers in China; requiring that goods and services sold in China conform to standards and regulations exclusively decided by its government; forcing multinationals and even the biggest Western technology corporations (Google, Apple, Twitter, Facebook) to restrict their operations in China and censoring the content they provide.
and other products in Western markets at below-production prices has taken place in order to acquire a higher market share.

China applies its own anti-dumping duties on Western exports. On at least two occasions, the WTO has ruled that these Chinese actions violate its norms. In February 2015, a WTO panel concluded that Chinese anti-dumping duties applied in 2012 on European and Japanese imports of stainless-steel tubes were illegal. On June 19, 2020 Beijing dropped a four-year case at the WTO aimed at forcing the EU to recognize it as a market economy. In an interim ruling, the WTO decided that the fact that China joined the WTO in 2001 did not automatically allow it to be considered a market economy in trade negotiations. This ruling allows the EU to continue to apply anti-dumping duties on Chinese exports which are deemed to be sold at below-production prices. Between 2003 and 2019, the United States filed 23 complaints against China’s trade practices before the WTO’s Dispute Resolution System. The WTO ruled in the US’s favor in 20 of the 23 cases, with the other 3 pending a decision\textsuperscript{76}.

The Made in China 2025 strategy launched in 2005 does not hide its leadership’s ambition of global economic and technological supremacy. Made in China 2025 specifically calls for a target of 40% of Chinese components by 2020 and 70% in 2025 in its production of goods. Ten sectors receive special emphasis under the Made in China 2025 strategy. They are Information Technology (IT), robotics, green energy and green vehicles, aerospace equipment, ocean engineering and high-tech ships, railway equipment, power equipment, new materials, medicine and medical devices, and agricultural machinery. But China lags behind the West in most of these sectors. That is why the Chinese Communist Party adopted this strategy.

China has also pegged the yuan to a basket of currencies that includes the dollar. When the dollar depreciates, China purchases US Treasury bills to shore it up. China ranks behind only Japan in ownership of US debt.

Trade flows between China and Western powers, emerging powers, and the least-developed countries (LDCs) have skyrocketed since Deng Xiaoping began

\textsuperscript{76} Schott, Jeffrey J. & Euijin, Jung. “In US-China Trade Disputes, the WTO Usually Sides with the United States”. Peterson Institute of International Economics. March 12, 2019.
to liberalize economic policy in the 1980s and especially since the second half of the 1990s. China has reversed what was a deficit with the US and the EU in the late 1990s into a huge surplus in the balance of trade in goods. In 2001, the year China joined the WTO, its trade surplus in goods with the US was $83 billion\textsuperscript{77}. By 2017 the surplus had skyrocketed to $375 billion. Despite Donald Trump’s tariffs and the ensuing trade war unleashed in 2018, the US trade deficit with China dropped only slightly in 2019 to $345 billion and to $310 billion in 2020.

Beijing has undertaken significant investments in developed as well as emerging and developing countries in a wide array of sectors. China’s investment projects come with strings attached and often do not uphold minimal environmental, labor, corporate-governance, and anti-corruption standards. It is thus engaged in a competition with Western powers and the traditional development banks to curry favor among emerging and developing countries and employs its investments to advance its foreign policy and security goals.

China is also forging its own international institutions which compete with the traditional institutional framework that emerged after WWII. The Asian Infrastructure Investment Bank (AIIB) and The Belt and Road Initiative (BRI) are the most prominent. Headquartered in Beijing and launched in 2016, the AIIB’s membership has grown from 57 countries at its founding to 103 by the end of 2020\textsuperscript{78}. It has $100 billion dollars in capital and seeks to finance infrastructure that is green, technology-enabled and that fosters regional connectivity. By 2017 China had already invested $1.21 billion in projects under its BRI.

Beijing has scaled up its infiltration of Western institutions and companies and cyberattacks. China is also engaging in an aggressive foreign and security policy. It seeks 90% of the South China Sea in defiance of the Hague Tribunal Permanent Court of Arbitration’s clear and definitive ruling in August 2016 against its claim\textsuperscript{79}. How should the West deal with this challenge, and how can the US and the EU work together to address it?

\textsuperscript{77} See https://www.census.gov/foreign-trade/balance/c5700.html.

\textsuperscript{78} As opposed to most EU member states, the US and the UK are not members of the AIIB. Author’s note based on AAIB website.

\textsuperscript{79} The Court established that China’s claims of historic rights within the so-called nine-dash line, which Beijing employs to geographically encompass 90% of the South China Sea, were without legal foundation. The panel also ruled that China’s activities within the Philippines’ two-hundred-
The transatlantic economic relationship remains the deepest one in the world by far. The US and the EU account for 33% of international trade flows and 46% of global GDP. The stock of US Foreign Direct Investment (FDI) in the EU is three times bigger than its stock of FDI in all of Asia. The EU’s stock of FDI in the US is more than eight times bigger than its stock of FDI in China and India combined. Between 2000 and 2019, the stock of US FDI in the EU rose 500%, and the stock of EU FDI in the US expanded 300%. Either the EU or the US is the largest trade and investment partner for almost all other countries in the global economy.\(^{80}\)

**US domestic actors’ attitudes regarding China**

The Republican Party will presumably remain more hawkish regarding China than the Democrats. GOP elected officials, conservative think-tanks, and media outlets view China as the biggest threat to US national security and global leadership. Even if Trump himself fades (unlikely in the near term), Republicans give him (and themselves) credit for standing up to China and adopting aggressive measures, such as the tariffs and bans on Chinese officials and corporations. Moreover, Republicans insist that China must be held accountable for its handling of the “Wuhan virus” and feel that it cost Trump’s reelection. The Biden administration, in its first encounter with a Chinese delegation in March in Alaska, brought up Beijing’s cyberattacks, claims on the South China Sea, and human-rights abuses. But Joe Biden will not escalate the current confrontation with China unless Beijing moves aggressively against Taiwan or in the South China Sea. Tariffs on Chinese exports will not be dropped, but the trade dispute might be channeled through the WTO. In Congress both parties will be tough on China, as senators and congressmen need to show their constituents that they are protecting US jobs, corporations and technology from China’s cyberattacks and hacks. The House of Representatives, which has a Democratic majority, in December of 2020 enacted legislation that allows Chinese companies to be expelled from US stock markets if they do not fully comply with US auditing rules.

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Labor unions will welcome China’s fulfilment of the Phase I agreement signed in January 2020 if Beijing does indeed purchase US manufacturing, agricultural, and energy products. Business organizations such as the US Chamber of Commerce want a more level playing field for US corporations on Intellectual Property and technology transfers but reject the Republicans’ confrontational approach towards China. Technology companies remain keen on doing business in China and will accept Beijing’s restrictions as long as they can have a piece of its market. Some pension funds in the US are divesting themselves of stock in Chinese corporations. More than 190 groups representing Uyghur and Tibetan causes are pressing US multinationals to withdraw their sponsorship of China’s 2022 Winter Olympic games.

New trends

Trade Wars

The US and China concluded in January 2020 the Phase I agreement resolving some disputes and committing China to the purchase in 2020-2021 of $200 billion in US exports of manufacturing, energy, and agricultural products. It went into effect on February 14, 2020. As a result of the agreement, some of the tariffs were lowered by both sides and additional tariffs threatened by the Trump administration did not come into force. In 2020, China acquired $100 billion of the target of $173.1 billion of US exports spelled out in the Phase I agreement.

The Biden administration will not expand the trade war with China launched under Trump, which it heavily criticized, but the existing US tariffs will remain in place for the time being. This stands in stark contrast to the announcement on March 5 that the US and the EU are suspending for four months their respective tariffs on exports authorized by the WTO as a result of the 17-year-old dispute over Boeing and Airbus’ illegal subsidies.

Additional curbs on Chinese investment in Western technology firms

The Trump administration expanded the scope of the prohibitions of investments or acquisitions by Chinese companies of US or Western technology firms. It pressured its allies to ban Huawei as a provider of hardware for public 5G networks, even threatening to curtail intelligence cooperation with those
countries which did not comply. The list of Chinese companies that are partly or totally barred from doing business with the US government or face curbs in the US market has grown. The US includes in this list technological and other companies which it considers to be directly controlled by the Chinese government or military. Corporations such as CNOOC and chip manufacturer SMIC could be added to the list.

The Obama administration blocked the purchase of US or Western technology firms with US assets or operations by Chinese companies or hedge funds on several occasions. At the recommendation of the Committee on Foreign Investment in the United States (CFIUS), Obama vetoed the acquisition of US tech giant Qualcomm by Singapore-controlled Broadcom. In December 2016, Obama banned the sale of German semiconductor equipment manufacturer Aixtron to Fujian Grand Chip Investment Fund LP, which is part-owned by the Chinese government. In January 2016, the acquisition by a consortium of Chinese investors of Philips’ $3.3 billion lighting business, Lumileds, was also blocked.

Chinese cyberattacks and hacking

The fifteen biggest hacks of the 21st century include the theft of or access to the personal information databases of 3 billion Yahoo accounts (2013-2014), LinkedIn’s 165 million users (2016) and eBay’s 145 million users (2014). In 2020, the Russian Foreign Intelligence Service (SVR) placed malware in Orion software packages sold by Texas technology company SolarWinds Corporation. Various US federal departments and ministries and corporations of six other countries (including Spain) are among the 18,000 SolarWinds customers that were spied on between March and June of 2020. Chinese hackers pursued the breaches created by the SVR.

Tightening of travel restrictions

On December 2, 2020, the Trump administration toughened regulations on travel to the US by members of the Chinese Communist Party and their

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immediate family. The media’s coverage of large-scale Chinese infiltration of and theft by its citizens, researchers, and academics of US economic and technological secrets and know-how has hardened public opinion in the US against China. The fact that the COVID-19 virus originated in Wuhan, added to the controversial handling of the outbreak by the Chinese leadership, especially in the first weeks, has further turned public opinion in many Western countries against Beijing. In the US, 73% of respondents had a negative view of China in a 2020 Pew Research poll\(^\text{82}\). The same survey showed strong majorities and a substantial spike in those harboring a negative opinion about China in many developed democracies. Of the 14 countries polled, the lowest percentage of respondents having a negative view of China was recorded in Italy and Spain (62% and 63%, respectively), while in the other countries it was over 70%.

*Infiltration of US political institutions*

Two recent cases feature well-known US politicians who have admitted their direct or indirect exposure or ties to the Chinese government. Eric Swalwell, a member of the House Intelligence Committee (Democrat from California) admitted that the FBI had to alert him to the fact that he was pursuing a romantic relationship with a known Chinese spy who was subsequently convicted. Former Democratic Senator Barbara Boxer acknowledged she had received payments from the Chinese surveillance company Hikvision’s US subsidiary. The state-owned China Electronics Technology Group is Hikvision’s controlling stakeholder.

*Analysis of these trends*

The Biden administration is committed to a tough policy towards China but will not ramp up the trade war. The EU’s institutions, companies, and public opinion do not perceive China’s quest for supremacy in the same way that the US does. A survey conducted by the European Council on Foreign Relations in 11 European countries revealed that most voters prefer neutrality in a conflict between the US and China or Russia\(^\text{83}\). A very practical example which highlights this divergence of opinion is the handling of Chinese acquisitions of companies,

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assets, and properties. Foreign (which includes Chinese or Russian) citizens cannot directly purchase their way to Legal Permanent Residency (LPR) and ultimately US citizenship. This contrasts with the approach in most EU countries. Wealthy Chinese and Russian nationals can purchase their way to residency and citizenship of the EU simply by buying a property.

Hence, the conclusion is that the EU and most of its members accept growing Chinese influence domestically if they can continue to trade with and invest in China. This split between the US and the EU is a welcome development for the Chinese leadership, which emboldens it to expand the scope of its nefarious activities. Partly as a response to the Trump administration’s abandonment of the Transatlantic Trade and Investment Partnership (TTIP) negotiations upon taking office in January 2017, the EU Council decided in a decision in April of 2019 that the negotiating directives for the TTIP were obsolete and no longer relevant. The TTIP negotiations were conducted between 2013 and 2016.

Conclusions

Relations between the US and China have deteriorated sharply. There will be no global stability until China becomes a responsible stakeholder in global governance. It has the chance to be one, given its membership of the International Monetary Fund (IMF), the World Bank Group (WBG), WTO, and other multilateral institutions. Its investments in emerging and LDCs can contribute to their growth and prosperity. But they must conform with international environmental, labor, corporate, governance, and anti-corruption standards. The US and EU must forge a common approach, stick to it, and react based on China’s policies.

Biden’s Plan for a Clean Energy Revolution and Environmental Justice seeks $1.7 trillion in federal funding over the next decade. It calls for an additional $5 trillion by the private sector and states. Its aim is to rebuild and renovate transportation and energy infrastructures, federal and state buildings, and schools. Biden seeks to not only mitigate the impact of climate change on American citizens’ lives and their infrastructure and buildings: he wants to lead the world in the manufacturing and export of green technologies and clean energy and thereby create well-paying jobs in the US. The Biden administration’s ambitious climate-
change goals—including the elimination of all carbon emissions by 2050—are perfectly aligned with those of the EU.

Biden wants to link foreign and security policy on climate, pandemics, migration, and relations with China to its impact on the US population. But his idealism of leading a green and inclusive multilateralism is combined with a warning that he will be tougher on China and Russia than previous Democratic administrations.

**General and specific recommendations**

Two overarching philosophies should guide US-EU relations under the new Biden administration. These overarching principles also greatly ease the adoption of a common approach with regards to China. They can thus be viewed as two general recommendations.

The first can be summed up as “Do no harm and do not escalate”. It entails not applying any tariff, non-tariff trade barrier (NTB), penalty, sanction, or other punitive measure by the US on the EU or any of its member states and vice-versa. Obviously, a corollary of this principle is to de-escalate existing trade, investment, and other disputes, which are relatively minor compared to the common threats faced by both the US and the EU.

The second overarching principle, with regards to China, is not to adopt significant unilateral measures regarding China without consultations. Just as the EU should have consulted with the US before ratifying its recent Comprehensive Investment Agreement (CAI) with China, the US federal government should not move to restrict Chinese companies from doing business with the US without prior consultations with EU institutions. A positive example of cooperation is the decision announced on March 22 by the US, the EU, Canada, and the UK to jointly apply sanctions on Chinese officials deemed guilty of carrying out atrocities against the 1 million Uyghurs locked up in Xinjiang’s camps.

More specific recommendations are:

1) Cooperation battling the COVID-19 pandemic and in the distribution of the vaccine
The US and EU should discourage lawsuits that can be brought by companies and private individuals or victims’ associations against China over COVID-19. China, for its part, must be transparent about its handling of the pandemic in its first months and provide assurances that it will handle future pandemics differently. The Chinese leadership could create a compensation fund for COVID-19 victims around the world.

These steps by China are necessary in light of American’s very negative view of the way China has handled COVID-19. About two-thirds of Americans (64%) say China has dealt badly with the pandemic.

Cooperation must also take place in the increased production of more vaccines and treatments against COVID-19 and research to better understand it. The US, EU, China, and other leading powers should pool their resources, especially to ensure that the vaccine can be distributed in Africa, Latin America, and South Asia. This looks very unlikely, as China is seeking to gain leverage in developing countries by providing its vaccines as the US and Europe prioritize immunizing their own populations.

2) Coordination at the WTO

The US and the EU should work together and use WTO mechanisms and other international institutions to exert pressure on China regarding its trade practices. The US and the EU should also push for a revival of the Doha Round. Launched in 2001, the WTO’s Doha Round has failed because of the insistence on reaching an agreement in all sectors. There is progress in many sectors but not enough in agriculture, where countries’ positions are far apart. The single undertaking is the policy that requires an agreement in all sectors. It should be abandoned in favor of sectorial agreements where they are possible, such as in manufacturing, services, public-sector bidding, and others.

Both the US and the EU consider that official Chinese prices and costs for its products are not reliable, as opposed to those of real market economies. The US and EU can thus coordinate their anti-dumping measures regarding Chinese exports based on a WTO ruling. This development also allows the EU to scale up its efforts to limit negative Chinese trade practices. On June 16, 2020, the EU
made public an unprecedented move to block Beijing’s subsidies to exporters. The EU has also announced measures to protect European companies from Chinese takeovers. These examples highlight how the US and the EU can step up their cooperation within the rules-based multilateral institutional system to curb unfair or illegal Chinese trading practices, without resorting to unilateral measures.

3) Coordination of policies regarding China at international institutions such as the UN, the WBG, and regional development banks

The IMF and the WBG modified their Articles of Agreement to reflect China’s great weight in the world economy. In particular, China’s quota at both institutions was substantially raised and is now the second highest after that of the US.

The US and the EU thus have an opportunity to demand China to employ the criteria of development banks when investing in other emerging or LDCs. Specifically, we are referring to labor, environmental, climate-change, energy-efficiency, corporate-governance, and anti-corruption standards and regulations.

The US and EU should push China to become a member of the Government Procurement Arrangement within the WTO, the Paris Club of official creditors, and the Development Assistance Committee. Beijing’s absence from these international institutions enables it to carry out investments in emerging and LDCs that do not meet international norms.84

Adopting common policies between the US and the EU regarding China is facilitated by the fact that growing majorities of its public have negative views of China. The aforementioned Pew Research Center study published in October of 2020 reveals that in all 14 countries surveyed most of the population has a negative opinion of China. The current negative perception of China in Australia, the UK, Germany, the Netherlands, Sweden, the US, South Korea, Spain, and

Canada is the highest since Pew started conducting this polling over a decade ago.

4) Coordination for ongoing negotiations by the OECD on a digital services tax

The US has opened a window of opportunity for the resumption of negotiations. However, it is very unlikely that the 143 countries convened by the Organisation for Economic Co-operation and Development (OECD) will agree on a digital services tax. The EU and the US should first come to an agreement between themselves.

5) Avoid negotiating and concluding separate trade and investment agreements with China

The recently concluded EU-China investment agreement is a good example. Despite the Biden administration’s pleas, the EU ratified the agreement before Biden took office. Another example of what not to do to upset the West’s unified stance against China is Boris Johnson’s decision to create a pathway for UK citizenship for citizens of Hong Kong in the wake of the suppression of the territory’s freedoms.

6) Align the EU’s Green Deal with Joe Biden’s proposed Plan for a Clean Energy Revolution and Environmental Justice

The targets for both plans are remarkably similar. They both call for zero carbon emissions by 2050. In June of this year the European Commission will unveil its own objectives for cutting greenhouse emissions in transportation, construction, industry, and agriculture. The European Green Deal is expected to invest 350 billion euros between 2020 and 2030.

But in this alignment of policies and targets both the Biden administration and the EU must be realistic. There is still considerable opposition in the US to sacrificing a booming oil and natural gas sector that has allowed the US to achieve energy independence in production of fossil fuels. The EU, for its part, needs to forge a common energy policy that at least diminishes its worrying long-term trend of growing demand for foreign energy (50% currently). Germany’s determination to continue to build the Nord Stream 2 pipeline from Russia under the Baltic Sea will remain an irritant in transatlantic relations. US
sanctions on Russia include companies linked to its government and military, some of which are involved in the Nord Stream 2 project.

The EU needs to lessen Russia’s ability to undermine a common energy policy. Given considerable opposition to fracking, coal, and even nuclear power in much of Europe, natural gas must be adopted as the natural bridge to a carbon-free economy.

7) Join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)

The Trans-Pacific Partnership (TPP) was originally negotiated by the Obama administration and 11 countries with a Pacific Coast. The TPP was a new-generation trade agreement. It contained the traditional reductions in tariffs and market-access measures of traditional trade agreements. But it also set out clear regulations and standards regarding workers’ rights and labor standards, environmental standards, corporate-governance standards, anti-corruption criteria, and a mechanism to settle investment disputes.

After Trump rejected submitting the TPP to Congress for ratification, the remaining members renegotiated the agreement without the US. The CPTPP entered into force in December 2018.

The US and the EU should join the CPTPP. It would provide a template for global trade in goods and services with strong labor, environmental and anti-corruption rules, investments, bidding on public contracts, and intellectual property rights that China could not ignore.
Annexes

Table 1. WTO disputes between China and the United States, 2002-18

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Sources: World Trade Organization (WTO); US Trade Representative (USTR) Trade Policy Agenda and Annual Report (various issues).
Obtained from website of Peterson Institute for International Economics
Bibliography


The remaking of the multilateral order and the European open strategic autonomy

Mario Telò

The second Great transformation and the dilemmas of the EU within it

The remaking of the multilateral order and the European open strategic autonomy must be situated within the context of the economic and political global change. It is a « longue durée » transformation of the world order (in the understanding of Fernand Braudel) comparable to some extent with the global change of the liberal order analysed by the historian Karl Polanyi in *The great transformation* (1944).

Is the global context allowing new actors like the EU to emerge? The multilateral legacy (founded in 1944-47 by the initiative of the USA) which allowed the European Community to make its first steps is challenged, on the one hand, by global economic change, and on the other by an unprecedented multipolar distribution of global power.

Let’s start with global economic change. In 2007 the economic power relations between the West and the Rest changed compared with the previous 5 centuries after the geographic discoveries. The GDP of the Rest overcame the GDP of the West as the outcome of decades of emergent economic power.

Second major change: among the BRICS (Brazil, Russia, India, China and South Africa), the Chinese primacy is out of question. China is already the first world economy in parity purchasing power (PPP) and will become the largest economy in terms of GDP within a decade (see figure 1).
In this dramatic economic power shift within the process of consolidation of a multipolar world, China is also the number one import and export power, as well as the first trade partner for 100 countries including most of the EU’s member states. This is an unprecedented historical reality which demands innovative analysis and smart policy-making: an authoritarian regime (with poor human rights record) is the first global economy, a highly internationalized, interdependent and technologically advanced country. Whatever we may think about the authoritarian regime, no country in world history improved the life of hundreds of millions of people within a few decades.

As for the political dimension of the global order, an unprecedented multipolar distribution of power is about to consolidate, one that is heterogeneous, asymmetric and recently bifurcating.

Why heterogeneous? Because, contrary to the 19th century multipolar system, the units are very diverse as for their demographic, territorial and economic/trade resources, as well as their soft and hard power. Why asymmetric? Because the USA is and will remain for some decades ahead the single superpower (see figure 2).
Such an asymmetry in military capacities and defence budgets is essential. With the single exception of the EU, there is a new and generalized race to rearmament according to SIPRI Report 2020. However, there are few doubts that the United States, Europe’s main ally, still is and will remain for decades ahead, by far, the main superpower. The rhetoric about China’s strengthening military competitiveness does not stand against statistic data showing that China’s defence budget (209 billion dollars in 2020), in spite of increasing, still is 4 times lower than that of the United States.

On the other hand, research and recent experiences tell us that the USA’s evident military supremacy does no longer mean the absolute advantage of the past: neither the capacity of coping with new security challenges, nor of stabilizing the constructive global hegemony of the times of Roosevelt and Kennedy, not even of Clinton.

However, the realist consequence of the USA’s military supremacy for the EU strategic autonomy, is that, for the purposes of European nuclear and non-nuclear security, the EU needs to combine its own economic and political objectives with a ‘new transatlantic deal’, at least, for the coming 20 years (and
still benefit from NATO’s Article 5). This does not necessarily mean “NATO first” forever. Part of the comments to the “strategic autonomy” concept say that it will not be an easy agenda to combine the three corners of the triangle: the transatlantic alliance, the support of a revival of multilateralism and an enhanced leading role for the EU within it.

In this context, what is new – see the discourse of Merkel, Macron, Borrell and other leaders – is that the EU cannot only rely on the USA for its comprehensive and long term security. This is not only because some interests are clearly diverging: look for example at the application of the secondary extraterritorial sanctions (Helm-Burton law) or at Boeing-Airbus controversy. The historical change is deeper according to the best scientific literature which allows to talk about a coming “great transformation”: the declining role of the US on the one hand is structural (Keohane 1984 and 2004) and the transatlantic rift regarding several strategic interests as well as the model of society (the notion of the welfare state, the death penalty, the right to bear arms, etc.) are long term trends (Habermas 2005), which of course does not delete the relevance of many shared values and liberal principles.

One of the main reasons of the success of the concept of “strategic autonomy”, even before the Trump administration, are the EU’s citizens’ perceptions of global instability: the Eurobarometer shows how citizens no longer trust the US like they did before for their security, and are worried about the oscillations in the United States’ will (and capacity) to lead global cooperation and the necessary changes, as a consequence of American domestic politics.

All in all, given the size and scope of the great transformation, the EU is at the crossroads as is the West in its relations with the rest: it must look for a wise balance between continuity and discontinuity.

**What kind of ambition for a new US leadership?**

Trump’s defeat was a reason for hope for many Europeans: a new moment for transatlantic dialogue has emerged and bringing the US back into the multilateral game is in the EU’s interest as well as in the general interest of all
players (Baldwin et al, 2020)\(^{85}\). However, a majority of the international scientific community share the conclusion that whether we like it or not, the grand US hegemony is over. In the scientific debate, hegemonic stability entails both cultural influence and readiness to provide the world with international common goods (the standard model is the US combination of the decades after WW2 of the generous Bretton Woods monetary system –pillar of the 30 Golden years–, overwhelming military might and export of the American way of life).

Which new model for the USA’s new global policy? Former Trade Secretary Robert B. Zoellick in his recent book\(^{86}\) mentions five main traditions as of America’s role in the world: a) the special importance of America; b) the roles played by trading, transnational, and technological relations in defining ties with others; c) changing attitudes towards alliances and ways of ordering connections among states; d) the need for domestic public support, especially through Congress; e) the belief that American policy should serve a larger purpose (Zoellick, 2021).

John Ikenberry, very close to security advisor Jackie Sullivan, offers the intellectual background for a new ambition of global leadership in his recent book *A World Safe for Democracy* (2020): the return to internationalism should be accompanied by a more realistic compromise with national interests, averting (for reasons of internal consensus) the Obama administration’s excessive commitment to free trade and multilateralism. Biden and Blinken will have to choose between domestic consensus and multilateral commitment, and this enhanced weight of domestic politics *de facto* is a reality that is worrying for the European allies.

After a few months, it is already evident that the Biden administration is proposing to the EU its own way of reviving NATO, and looking at QUAD consolidation as a complementary and prominent feature of US foreign policy in the Indo-Pacific area. Both are difficult tasks. Firstly, the EU may not accept to play the role of junior partner within NATO as in the past. Secondly, Australia, India, Japan, and the United States have different interests in the region: for

\(^{85}\) Richard Baldwin et al., “Getting America Back in the Game: A Multilateral Perspective”, in TACIT Papers, No. 1 (December 2020), https://repository.graduateinstitute.ch/record/298858
example, India’s reluctance to pursue a full military alliance and its eagerness to make room in the Indo-Pacific for Russia mean uncertainties for the group’s future prospects.

Relations with allies serving the “democracy export” purpose will increasingly address dilemmas to EU foreign policy. The unipolar dream of the George W. Bush era is gone, but the pleas in favour of a renewed US primacy as leader of a democratic block have as background a distinctive compromise between national interest and a defensive conception of internationalism, far from the 1944-45 multilateral commitment and even far from Obama’s recognition of the consolidated multipolar power structure.87 This is a first challenge for the EU.

A trend towards a global bifurcation and its costs

The second challenge is the divergent reaction to the emergence of China. As a consequence of the two factors mentioned above, the multipolar global order is increasingly bifurcating between the United States and China: trade wars, technological digital competition, split of supply chains, upgrading of mutual threats and political rhetoric.

After the hard verbal confrontation in the US-China meeting in Anchorage on March 2021, the anonymous “The Longer Telegram: Towards a new American China’s strategy” piece88 published by the Atlantic Council is fostering transatlantic debate. Is a serious reduction of global production chains and complex interdependence possible, or is it too late for containing China’s economy in an effective way? How to cope with the risk of multiplying ineffective reciprocal sanctions? A second Cold War is not an abstract scenario: it is a matter of everyday decisions and openly considered as inevitable by relevant scholars on both sides (Yan Xuetong 2020, Graham Allison 2018).

The EU’s interest is in avoiding two pending risks. Both, sticking to the status quo or provoking a hard bifurcation, may dramatically weaken the multilateral organizations; firstly, WTO, WHO and UN, but also the G20, and their variously binding agendas. The two risks converge in items such as: a blockade of UN

87 See the recent book by J.Ikenberry, A world safe for democracy, Yale univ Press 2020
88 Inspired by George F. Kennan’s famous ‘long telegram’ in 1947 which outlined the containment strategy of the US vis-à-vis the USSR in the Cold War era.
reform under the Guterres agenda; the revision of WHO governance; the WTO’s new director general commitment for subsidies reform, investment facilitation, domestic services regulation and Appellate body revival; and the G20’s role in health cooperation, vaccination and vaccine production  


How does the EU cope with this strong trend towards a new bifurcation?

The EU way. A large alliance for a new multilateralism.

The scenario wished by the idea of open strategic autonomy is not about cosmopolitan dreams, not even about an idealistic design of a new UN treaty. The current multilateral framework is in transition between, on the one hand, a very critical legacy of the past, dramatically affected by efficiency and legitimacy deficits (UNSC paralysis, WTO deadlock, WHO poor performance during the pandemic). On the other hand, researchers observe the multiple, multi-level, multi-actor tendencies of multilateral resilience and even renewal: multiplying networks of civil society, emergence of new actors, new regimes (COP21), new opportunities and ways for multilateral governance, notably the consolidation and expansion of various types of regional organization in every continent. The EU as a regional organization is not an isolated case; cooperation with many like-minded countries (Canada, Japan, South Korea, Australia, etc.), regional entities, including ASEAN, the African Union and MERCOSUR, makes of multilateralism an alive and diverse reality, a matter of the free activities of thousands of networks of civil society.

The non-European world is not only a valley of fierce lions, a field of hard Hobbesian competition. Multilateral institutions are not only resilient: they interplay with new multilateral demands coming from new actors, bottom-up.
The EU’s future as a multilateral entity is directly linked to the survival and reform of a multi-layered, multi-actor, multilateral network, as much as the future of multilateralism is to a large extent dependent upon the EU’s driving role.

The EU looks to many as better off than other Western democracies: it has its card to play

It is right to point out the current EU stability and innovation, notably after the historical approval of the Recovery Plan in 2020-2021. Not only the EU survived the worst economic crisis since 1929 by opting for further integration, but it did so in the face of the dismantling of many policies by the President of the superpower which was crucial to the foundation of the European community in the 50s and 60s: the United States. Moreover, the EU was able to successfully cope with the internal populist wave, including Brexit (as well as 2019 parliamentary election, defeat of populists in France, Spain, Portugal, Greece, Germany and Italy), by taking new steps in its unity and integration process. Brexit was sad news, but nobody can ignore that it created the conditions for PESCO (EU Defense union) in 2018 and, a historical step, the Recovery plan in 2020-21, funded by common debt and the EU budget. The EU is not only a regional entity, not only an actor, but also a distinct type of incipient international power. By power I mean what the main Italian political philosopher of the 20th century, Norberto Bobbio, said (1999): being able of changing the other’s behaviour even against its will. Young Europeans should be made more aware of such historical achievements.

The EU is a strange, distinctive kind of power, a civilian power: still a military dwarf, who will not use military tools as main instruments of foreign policy, but diplomacy, trade arrangements, cooperation, currency and cultural influence, including the culture of regulating markets by high standards, regulating globalization and, hopefully, also the digital technology. The precise conceptualization of the EU’s “open strategic autonomy” is on the agenda90.

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90 M.Telo’ & D. Viviers, Europe, China, USA. Alternative Visions of a changing world, Bruxelles, Académie Royale 2021; N.Tocci, European Strategic Autonomy: What It Is, Why We Need It, How to Achieve It, IAI papers, March 2021
A “remaking of the multilateral order scenario” needs however a more convergent political will among EU members states, and a more assertive agenda, notably for its external relations.

In the described context, we should verify to what extent the EU has good cards to play, in spite of internal divisions. The single EU way, on the basis of a new mix of self-confidence and realism, is both a definition and a concrete operationalization of the “open strategic autonomy” stressed for several years by the EU Council and recently by the High Representative Josep Borrell. With which instruments? The Commission’s DG Trade, on February, published a policy paper with the title “An Open sustainable and assertive trade policy strategic autonomy.”

**How to deal with China?**

If the EU’s first interest is containing the current trend towards a strategic confrontation and keeping it away from ending in calamitous Cold war, negatively affecting the EU’s role (as well as of numerous state and regional actors) and risking to transform Europe into a playing field between the United States and China, this priority should be underlined and strongly asserted as a founding element for the open strategic autonomy.

Strategic autonomy is the opposite of “going alone”. With reason, the Franco-German 20 November 2020 Declaration (Le Drian-Maas) asserted the European alternative to Cold war; that is the perspective of a new “Alliance for multilateralism”, whereas the Cold war scenario would divide the current and potential multilateral coalitions for common goods and weaken multilateral regimes and organizations: firstly, the UN and the Antonio Guterres strategy for a serious UN reform, but also the WTO, COP 26, WHO and G20.

The EU’s main role is that of bridge-maker, regime building at global, regional and interregional levels leading the process of multilateralizing multipolarity. Combining it with the objective of “bilaterializing multilateralism” would give the feeling that for the EU multilateralism is an instrumental tool, while it is a value, a way of life and a fundamental strategic choice.
How to deal with China? Trump tried the hard way, the trade wars and the political confrontation aiming at an internal collapse of the PRC regime. Since his failure became quickly evident, scholars are exploring two avenues: either a pluralist multilateralism as a mirror of a consolidated multipolarity, making room for China and other non-Western actors, their economy and culture (Qin Yaqing 2020, Dani Rodrick). The EU is suggesting an alternative way combining dialogue and transformation: it is realist and ambitious on the same time. Realist because it is matter of fact that not only Western states (Switzerland and Brazil among them), but all the Asia/Pacific states, including the most important democratic entities – Japan, Korea, Australia and New Zealand through the recent Regional Comprehensive Economic Partnership (RCEP) – as well as many other partners are signing agreements with China. Even the United States, notwithstanding rhetoric and trade wars, have recently signed an arrangement with China: the “Phase One deal”.

This is the context of the EU-China “Comprehensive agreement on investments” (CAI) signed on December 30th, 2020. It is a controversial decision, but the opposite of ingenuousness: a comprehensive European policy rebalancing bilateral relations while making of the EU a proactive player with all relevant actors in Asia/Pacific.

However, the EU looks equally aware that, if its realism is not combined with strong demands of transformation and WTO revival, the objective risk is sticking to a conservative and status-quo oriented scenario of coexistence of various and vague forms of multilateralism.

Secondly, since “the status quo is not an option”, defending multilateralism is only possible by reforming it91. That’s why the EU is politically obliged to promote various functional coalitions. For example, if it is confirmed that China is in favour of strengthening COP 21 towards COP 26, but is not ready to reform the WTO, Europe must look at a potential convergence with the United States as the main partner of a transatlantic deal for a stronger WTO.

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Is this open approach to trade compromising too much about the value of human rights international protection, and is it too “naïf” in dealing with authoritarian regimes like China and Russia? By virtue of its Treaty, the EU must put human rights and democracy promotion at the top of its agenda. However, which is the best way to defend human rights and promote democracy?

The UN Secretary-General Antonio Guterres mentioned several times the “Helsinki process”. In 1975, when the CSCE was established as the outcome of the famous Helsinki conference, the idea of its promoters, from Helmut Schmidt to Olof Palme, among others, was to change the authoritarian Eastern European regimes through dialogue and a cooperation based on security, economy, culture and human rights. The Ostpolitik carried out by Willy Brandt inspired this innovative approach, which had its roots in John Maynard Keynes’ (1919) book *The economic consequences of peace*.

The USSR and the broader Soviet bloc were totalitarian systems, much more than Russia and China currently are. Macron argued rightly that some comments risk applying to these authoritarian regimes an old and anachronistic Cold war conceptualization; while they, and notably China, are much more integrated in the global interdependent economy and also in the multilateral system. Changing the authoritarian regimes by way of human rights promotion is a priority, but this can only be achieved through a more binding dialogue and cooperation. The 1989-91 historical change was not the outcome of the US rearmament but of the EC/EU dialogue policies, strengthening all the opposition groups and movements within the central and eastern European countries. The EU should play its distinctive language of power with assertiveness, remembering that Brandt’s Ostpolitik was successful because it was strong enough to resist the criticisms levelled at it of ‘West-betrayal’ at the service of the USSR.

**The challenge of regionalizing global governance**

No power is a true power without showing a capacity of being recognized as a global actor and as a regional security provider: the EU is far from being

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92 EU representation within multilateral organizations
UNSC: 1 permanent + 2 or 3 rotating
UN General assembly: EU observer and 27 MS
represented in many multilateral organizations. The EU’s formal recognition by international organizations will be an essential step.

Secondly, research is clear about one point: market power and trade power are the most effective levers of the EU in achieving international influence. Unfortunately, the foreign policy of its countries is not coordinated enough with the assertive trade and investment arrangements negotiated by the Commission.

The successful trade negotiations with China, Vietnam and MERCOSUR (including a Bolsonaro-led Brazil, who was forced to make a U-turn regarding his electoral program of leaving COP 21) clearly show that, when it acts in this way, in spite on internal controversies and external time-consuming obstacles, the EU reaches its objectives; when it does not use these levers and only pleads for human rights in rhetoric ways, the EU fails.

On the forced labour of the Uyghurs in Western China, through the CAI, the Commission obtained, after 7 years of hard negotiations, unprecedented concessions from China (the commitments for “sustained endeavours for labour rights, against forced labour”). The communication deficit about EU’s achievements is astonishing: the major communist country accepted the perspective of liberalizing workers’ association against forced labour; and a monitoring process is created for this crucial “sustainable development chapter” of the Agreement.

CAI is an interregional treaty like many others signed by the EU in the context of its “comprehensive concept of external relations” according to the Lisbon treaty and the demands of the European Parliament.

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Interregionalism is part of the EU’s existential interest in a regionalized global governance. However, its recognition within the global institutions cannot progress as an isolated demand by an EU that represents only 5% of the global population. Why only the EU? Misunderstandings by the Ashton team of this sensitive issue had high costs in the period 2010-2012. The EU has an interest in fighting for: a) a positive interplay between interregional arrangements and multilateral organizations and regimes; b) a formal recognition of the main regional organizations by the UN and the other global entities. Contrary to 1945, these organizations are not limited to Panamericana and Arab League but are consolidated in every continent: ASEAN, African Union, Mercosur and other regional organizations share multilateral procedures, rules and aims. None is interested in a new Cold war: all regional and interregional entities would be victims of a bifurcation between two camps, pro-China and pro-USA.

The remaking of multilateral organizations and the role of civil society

Open strategic autonomy is a concept that combines a distinctive language of power (based on trade, market power, association treaties) with institutional transformation towards a “new multilateralism”.

The EU’s policy supports a two-track strategy: a) UN reform b) Bretton Woods institutions reform.

a) UN reform: regionalization, more binding and more legitimate. UNSC is paralyzed by great power rivalry. Antonio Guterres’ second mandate (if approved) should further regionalize UN decision-making inspired by Kofi Annan’s vision: permanent invitation of the regional organizations’ presidents at the UNSC; memoranda of understanding between the UN and every multilateral regional organization according to the various competences, etc. These reforms don’t demand a (difficult) Treaty change, and may enhance the legitimacy and efficiency of UN policy.

b) Consistently with this project of regionalization, the troubled WHO may also be regionalized: its poor degree of efficiency (mainly provoked by nationalist attitudes) can only improve through an enhanced role for regional committees.
As for the WTO, institutional reform will provide an excellent opportunity for transatlantic convergence and in finding agreement with China. Prioritizing the US over China at the WTO is logical given our shared interest in clarifying opaque chapters which benefit China in unfair ways: the status of developing country; digital regulation; subsidies limitation; state aid to companies; IPR, etc. The new WTO Director general (Ngozi Okonjo-Iweala, first African woman to lead the organization) should be interested in implementing this historical reform.

As detailed solutions to trade governance are concerned, the bilateral and interregional arrangements signed by the EU with Japan, MERCOSUR, China, Canada, Vietnam, South Korea, Mexico and other countries and regions, these entail sophisticated chapters (among them the ‘level playing field’, measures for true reciprocity, the “sustainable development” chapters including provisions on labor rights, climate change, etc.), suggesting bottom-up concrete improvements for a global multilateral revival at the level of the WTO. Multilateralizing bilateralism is an aim for the EU consistent with open strategic autonomy.

This strategic endeavor runs parallel to particular policy objectives confirming the coherence of the EU’s policies with respect to the UN:

- Iran Deal, stopping nuclear proliferation. Europe is the first actor that is interested in fighting the spread among countries of the idea that only nuclear power can guarantee non-interference from great powers.
- Post-war reconstruction in Libya. Only a united Europe (notably the Southern states) under the leadership of the EU HRVP can provide stability in Libya (with a national government under the UN umbrella) and stop Russia and Turkey from making the Mediterranean a Russian-Turkish sea.
- Eastern Mediterranean. A multilateral UN conference including all the relevant parties may contain Turkey’s expansionism.

What about the drivers? A successful peace policy and sustainable development policy may strengthen European unity: integration starts outside the EU while open strategic autonomy starts with internal unity. It can also widen and deepen the internal legitimacy of the EU through the mobilization of youth and civil society organizations. We can’t underestimate the emergence of a new ‘multilateralism from below’.
Figure 3. Multilateral networks at the level of governments and non-governmental organizations. (Source: Annuaire UAI, Brussels)

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<td>NGO (and GNGOS)</td>
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Transnational Private Associations and networks: 40300

Conclusion

In the context of a great transformation, a military downgrading of competition and conflict is not inevitable. Even Graham T. Allison in his book, too shortly summarized as announcing a war, “a coming Thucydides trap”, shows that institutionalizing international life by a rule-based and stronger multilateral framework in history has provided a realistic alternative to a shift towards a global military conflict between the declining and the forthcoming superpowers. The EU, provided it can develop a successful open strategic autonomy, may be at the center of these multiple new multilateral tendencies.
2021 REPORT US TRENDS THAT MATTER FOR EUROPE

Bibliography


Reflections and Proposals: US and Europe *

On US Democracy and Populism

• In its transition from America First to Democracy First, the US is going through a period of profound uncertainty. The extent to which congressional Democrats take up President Biden’s plans for the renewal of US democracy remains to be seen. In the leadup to the November 2022 mid-terms and the 2024 presidential elections, the ability of the Biden-Harris Administration to pass democratic and economic bills in the Congress will be tested. The success or failure of these attempts at reform will largely depend on various factors such as the unity within the Democratic party in Congress, the capacity of the Democrat Senate majority to change Senate rules, or the evolution of the post-Trump GOP.

• If the bridges in the Senate are blown up and US democracy proves dysfunctional once again, US democracy might pay a high price not only at home, but also abroad, where autocratic China and Russia are watching.

• An important lesson learned at home from the 4 year-period of Trump’s populism is that expressing moral outrage at the radical right’s provocations, or warning about the perils of “fascism,” is an insufficient response. As the 2020 presidential election results showed, four years of moral excoriation of Trump as sexist, racist, and xenophobic did not affect his standing among minority voters. The Democratic Party should have focused on a progressive economic message, centred on issues that retain popularity across the US political spectrum, and less on “culture wars”. This might be now the case with Biden’s democratic agenda, as Democrats are placing greater emphasis on actually providing an “economics of belonging”.

1 The following conclusions and proposals have been drawn from the previous chapters as well as from the discussions held in the US Trends expert meetings and seminars.
• The defeat of Trump in the 2020 elections is a considerable blow for the radical right across and beyond Europe, but one that will not make their signal issues disappear - whether it is Catalan nationalism in Spain, anti-Muslim and anti-immigrant sentiment in France, British Euroscepticism, or Eastern Europe’s “illiberal” democracies. The rise of the radical right should be understood not simply as an American import but also as an autochthonous European dynamic.

• Abroad, the US and the EU should move forward to a common, new paradigm for the defence of democracies. A more realistic approach on democracy promotion is needed: one based on the combination of “sticks and carrots” with the search of mediation, shared solutions, and, overall, a specific, case-by-case treatment. The “leading by example” principle should lead to a strengthened dialogue on issues that include the roots of national populism and polarisation, digital democracy or fake news. A revitalised Transatlantic Legislators’ Dialogue between members of the European Parliament and the US Congress could act as a great catalyst of the transatlantic relationship.

• As a result of a sanctions-led policy, the US and Europe risk engaging in a never-ending War of Sanctions - as a new version of the Cold War with its vicious circle of continuous escalations and de-escalations. The sanctions-led approach could prove to be inefficient in some cases – not changing course or modifying the behaviour of the authoritarians – or even to be counterproductive, for example, by triggering retaliation. Relying uniquely on sanctions as a main tool for the promotion of democratic values does not look like the best way for the US and Europe to adapt to the needs of a multipolar world where robust, large-scale cooperation on vital issues is required.

On Media and Disinformation

• The battle against disinformation on social networks will require greater responsibility from the platforms - Google, Facebook or Twitter, to name just a few - for the content that circulates under their charge. In confirmed cases of dissemination of messages of hate or conspiracy theories about matters of public health, they must react with the suspension of the accounts that violate the terms of use. A shift is beginning to be detected in them towards more
aggressive moderation policies, as has been seen during the pandemic in relation to anti-vaccine hoaxes.

- Governments can develop public strategies against disinformation – especially if there is evidence it comes from foreign governments or intelligence services – that commit to transparency and to facilitating the media’s prompt access to valuable information to counteract rumours and hoaxes. Even so, as long as political polarisation in the United States continues, the measures against disinformation on social media to maintain confidence in the democratic institutions will always fall short. If polarisation and disinformation are marking the political debate in Western societies, it is practically impossible to succeed in making them disappear from social media.

On Climate and Energy

- The Administration’s green visions are substantial, given the parameters of US politics. Business and the Republican Party object to the ambition of these proposals, particularly changes in the taxation system, the broadening of infrastructure, and the funding of social infrastructure. The window of opportunity for the Biden Administration is narrow.

- Although the American Jobs and Families Plans combined are significantly smaller than the military, social security and medical budgetary shares, they are substantial commitments and their foci, as well as the associated taxation proposals, will have long term implications for the US, the EU and the rest of the world. Comparatively, these are new expenditures and, thus, more ambitious than EU’s Green Deal. Nonetheless, the US and Europe face common challenges: they need to face up to the more massive transitions on the horizon, starting with automobile production and moving on to Industry 4.0 and beyond.

- The Administration’s climate related policies are overwhelmingly based on green growth in certain sectors and an “all of the above” energy strategy, rather than a comprehensive climate policy and a systematic socioecological re-organisation of the US political economy. The just transition commitments of the Administration are still modest, while the strategy does not appear in its
international climate initiatives. Comparatively, the just transition policies of the US are as narrow as those of the EU, focusing largely on coal and only marginally addressing the production and use of natural gas and oil. However, it is possible that a combination of environmental justice provisions combined with other transitional policies will expand the scope of US just transition in the future, provided that the Biden Administration’s Plans are adopted.

- The pivot of the US towards climate policy, the associated green growth strategy, and the articulation of both strategies around the geopolitical rise of China will have profound implications on the EU and individual countries. The Europeans will have to situate their climate and green economy policies in relation to the geopolitical priorities of the US and China and look for their own place under the sun. The EU will also have to choose between the need for a less contentious multilateral system over one that is articulated around hegemonic competition.

- A rollback of Biden’s climate policies cannot be ruled out, in light of the deepening ideological polarisation within the US, the tentative commitment of the mainstream wing of the Democratic party, and the strong possibility of a shift back to an even more nativist Republican politics after the 2022 midterms.

- The EU should accelerate the approval and implementation of the European Climate Law, increasing the emissions reduction target in line with the investment effort envisioned in the framework of the EU Next Generation program. Facing the November 2021 COP26 in Glasgow, the EU will have to ensure compliance, guaranteeing that the necessary mechanisms are implemented.

- The Next Generation EU funds have the instruments to carry a just ecological transition forward, but it also requires a great effort to invest in the private sector, to engage civil society, and ensure transparency and good governance on the part of the Member States.
On Technology

- The US is a clear favourite in the global technological contest, although technological leadership would require leading in every one of the technologies. This includes use of digital technologies in US firms - not only in the construction and manufacturing sectors, but also in infrastructure. Adopting specific technologies is a key component of leadership, i.e., the implementation of the Internet of Things, or the adoption rate of Artificial Intelligence, robotics, 3D printing, platforms and virtual reality in US companies. The differential value of the US still is the integration of the “culture of technology” into the very organisational architecture of companies.

- The US faces two major challenges to which it does not always provide a comprehensive response or a long term view. One is managing the challenges posed by the Big Tech companies. Another challenge is US policy towards China. If the Biden-Harris administration does not address certain particularities and risks, the US could end up in a situation of considerable vulnerability.

- US trends regarding Big Tech and towards China have implications for the present and future activity of the EU and its member states. The content of these trends is as important as the way in which the architecture of these trends, is mounted. Many of them are fragmented, uncoordinated, imprecise, or only half measures.

- The European Union should forge its own path of technology sovereignty. The EU needs to reconfigure the existing institutional architecture on a European level and transfer it to each member state, with a view to affording greater coherence to the EU’s internal public policies, with a much more political view of the subject.

- The EU must remain alert to the cycles of development of public policies that the US makes, both the public policies of the technologies themselves and the sectoral public policies promoted through the momentum of the technologies. The EU must remain alert to the trends in the US to define and develop its own, more solid community strategy of technology sovereignty, looking both inside and out.
On the Gender Agenda

- Some of the initial measures taken by the new Biden Administration clearly show a change of direction in gender-related policies. There is a renewed opportunity for the gender agenda. With the most diverse Congress in history, new political initiatives related to gender and diversity issues can be expected in the coming years.

- The advancements of women of color will be a critical benchmark to measure progress in the current legislature. The combined effect of having a Vice President such as Kamala Harris, who is a woman of color, and the largest and more diverse number of women in Congress, should lead to change outdated perceptions of leadership based on gender and race, and to elevate more women of color to positions of power.

- The two-year slot before the midterm election in 2022 gives a certain sense of urgency to women and diversity issues. Having a Supreme Court leaning towards ultraconservative positions will introduce an additional challenge to the advancement of this agenda.

- Abroad, the US government is committed to stand up against injustice toward women and social and ethnic minorities. There are high expectations regarding the importance of women issues in the US foreign policy. That is the case with the promotion of gender equity including women’s access to education, health care, representation in public office, economic security and opportunity, access to rights and resources, participation in peacekeeping, military, and diplomatic missions, and freedom from gender-based violence.

- Putting gender equality and women’s rights in the fight against the virus and beyond should be a fundamental part of the agenda of a renewed US-EU relation, after four strained years. A clear commitment towards the advancement of women’s rights in every aspect of domestic and foreign policy should also be part of every multilateral effort. The new US Administration and the EU should reinforce their commitment to the 2030 Agenda and the Sustainable Development Goals (SDGs), and work to recalibrate its objectives considering the delays imposed by the pandemic. In that regard, there is a
renewed opportunity to give SDG 5 – gender equality and women’s empowerment – a transversal role in achieving an equitable and sustainable world.

On Trade and US-EU-China Relations

• Relations between the US and China have deteriorated sharply. There will be no global stability until China becomes a responsible stakeholder in global governance. It has the chance to be one given its membership of the IMF, WBG, WTO and other multilateral institutions. Its investments in emerging and Less Developed Countries can contribute to their growth and prosperity. But they must conform with international environmental, labor, corporate governance and anti-corruption standards.

• The US and EU must forge a common approach, stick to it and react based on China’s policies. Two overarching principles should greatly ease the adoption of a common US-EU approach with regards to China. The first can be summed up as “Do no harm and do not escalate”, which entails not applying any tariff, non-tariff trade barrier, sanction or other punitive measure by the US on the EU or any of its member states and vice-versa. The second principle is not to adopt significant unilateral measures regarding China without consultations. On the first principle, the prospects seem promising after the agreement reached by the US and the EU on June 15, 2021 to end their long-running dispute over the Boeing-Airbus subsidies.

• Cooperation must also take place in the increased production of more vaccines and treatments against Covid-19 and research to better understand it. The US, EU, China and other leading powers should pool their resources, especially to ensure that the vaccine can be distributed in Africa, Latin America and South Asia.

• The US and the EU should work together and use WTO mechanisms and other international institutions to exert pressure on China regarding its trade practices. The US and the EU should also push for a revival of the Doha Round. The US and EU can thus coordinate their anti-dumping measures regarding Chinese exports based on a WTO ruling. This development also allows the EU to scale up its efforts to limit negative Chinese trade practices.
The US and the EU should coordinate policies regarding China at international institutions such as the UN, the World Bank Group and regional development banks. The US and the EU thus have an opportunity to demand from China that it employ the criteria of development banks when investing in other emerging or Less Developed Countries. Specifically, we are referring to labor, environmental, climate-change, energy-efficiency, corporate-governance and anti-corruption standards and regulations. They could also coordinate positions for ongoing negotiations by the OECD on a digital services tax.

In the future, the US and the EU should avoid negotiating and concluding separate trade and investment agreements with China. The EU-China investment agreement signed in December 2020 before the Biden administration took office is a good example.

The US and the EU should align the EU’s Green New Deal with Joe Biden’s proposed Plan for a Clean Energy Revolution and Environmental Justice. But in this alignment of policies and targets both the Biden administration and the EU must be realistic, given the opposition in the US to sacrificing the oil and natural gas sector and the EU’s need to forge a common energy policy that diminishes its long-term trend of growing demand for foreign energy (of which the Nord Stream 2 pipeline from Russia under the Baltic Sea is an example).

The US and the EU should join the Trans-Pacific Partnership (TPP). The TPP would provide a template for global trade in goods and services with strong labor, environmental and anti-corruption rules, investments, bidding on public contracts and intellectual property rights that China could not ignore.

On Multilateralism and EU’s Open Strategic Autonomy

The Europeans have their card to play on the global stage. The EU has shown stability and innovation, notably after the historical approval of the EU Next Generation and the EU Recovery Plan. It has survived the worst economic crisis since 1929 by pursuing further integration, also running against the many dismantling policies decided by President Trump. Moreover, the EU was able to successfully resist the impact of the internal populist wave, including Brexit, by taking new steps in its unity and integration process.
In the context of the current great transformation, a military downgrading of competition and conflict is not inevitable. Re-institutionalising international life by a rule-based and stronger multilateral framework could provide a realistic alternative to a shift towards trade wars or military conflict. The EU, provided a successful “Open Strategic Autonomy”, may be at the center of the multiple new multilateral tendencies.

Partly as a response to the four previous years of US retreat of the global stage, the conceptualisation of EU’s “Open Strategic Autonomy” - stressed for several years by the EU Council and recently notably by the High Representative and Vice President Josep Borrell - is back on the agenda. The remaking of the multilateral order scenario will require, however, a convergent political will among EU member states, and a more assertive agenda, notably for its external relations.

Market power and trade power are the most effective leverages of the EU in achieving international influence. Unfortunately, its foreign policy is not coordinated enough with the assertive trade and investment arrangements negotiated by the Commission.

Containing the strong current trend towards a US-China strategic confrontation and averting it from ending in calamitous Cold war, should be strongly asserted as a founding element for the Open Strategic Autonomy.

The EU’s formal recognition by international organisations would be another essential step. The EU is far from being represented in many multilateral organisations or recognised as a global actor and a regional security provider.
Vicente Palacio

Vicente Palacio is Director of the Foreign Policy Department at Fundación Alternativas. He was Advisor on Transatlantic Relations for the Ministry of Foreign Affairs of Spain, and Political Advisor for the Secretary of the State for Latin America and Cooperation (2018-2020). He is Professor at the Master of Geopolitics of the Carlos III University of Madrid. Previously he was Associate Professor of International Relations at the School of Global and Political Affairs of the Instituto de Empresa (IE) and the Diplomatic School. He earned a PhD in Philosophy at Complutense University in Madrid and was Visiting Fellow and Visiting Researcher at the Department of Government in Harvard University. He is the author of "After Obama, The United States in No Man’s Land" (Catarata, 2016). He is a frequent contributor to Spanish and International journals and media.

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Cristina Manzano

Cristina Manzano is director of esglobal (www.esglobal.org), the leading digital publication on global affairs in Spanish. She is also a columnist for El País and El Periódico de Cataluña. She holds a BA in Communication Science (Journalism) from Universidad Complutense de Madrid, and took postgraduate studies at the University of Maryland (US), thanks to a Fulbright scholarship. She is a Board
Dimitris Stevis

Dimitris Stevis is Professor of World Politics and Codirector of the Center for Environmental Justice at Colorado State University. He has recently co-edited *The Handbook of Environmental Labour Studies* (Palgrave Macmillan, 2021), *Environmental Justice in the Anthropocene: From (Un)just Presents to Just Futures* (Routledge, 2021), *Just Transitions: Social Justice in the Shift Towards a Low-Carbon World* (Pluto Press, 2020) and *Labour in the Web of Life* (special issue of *Globalizations* 15(4) 2018). Also, he has co-authored *Mapping Just Transition(s) to a Low-Carbon World* (Just Transition Research Collaborative, United Nations Research Institute for Social Development, 2018) and has authored *Labour Unions and Green Transitions in the USA: Contestations and Explanations* (Adapting Canadian Work and Workplaces to Respond to Climate Change, 2019) and a number of articles and chapters.

Cristina Monge

Political scientist and PhD at the University of Zaragoza, where she teaches sociology. Her areas of interest are sustainability and democratic quality, and especially governance for ecological transition—a subject she works on at research centres such as Globernance, BC3 and itdUPM, and as an advisor to Ecodes.

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Raquel Jorge Ricart is a Fulbright Fellow (Washington, DC - Elliott School of International Affairs, GWU). She is an expert in foresight as well as in technology and digital policy, and its implications on global order, security and foreign policy, and public policies. Raquel Jorge has worked on policymaking projects at the Harvard University’s Berkman Klein Center for Internet & Society, and at a firm in the United Kingdom working on policy advisory for international organizations, on humanitarian affairs, cooperation, security and defense, and cities. Raquel Jorge advises organizations on foreign policy as well as on technology, and she is a regular contributor to think tanks and media.
Alexandre Muns

Dr. Alexandre Muns is Professor at OBS and EAE Business Schools, consultant and author of 7 books. Regular contributor to leading Spanish-language media outlets -- newspapers, radio and TV. Since 1997 taught International Economics, International Economic Institutions, European Integration and International Trade at leading Spanish universities. Served as speechwriter and assistant to the presidents of the World Bank Group and Inter-American Development Bank in Washington D.C. and in the same capacity to the president of the European Bank for Reconstruction and Development in London. Last book deals with the impact of technology on the workforce. A dual US-Spanish citizen who resides in Washington, D.C.

Mario Telò

## Sessions

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Participants of the 2021 US Trends working group (in alphabetical order):

*Participants of the working group only took part in the working group sessions listed above in an exchange of ideas. The views expressed in the report don’t necessarily reflect their own views.

Belén Becerril. Deputy director, Royal University Institute for European Studies – CEU.

Carlota García Encina. Senior Analyst for the US and Transatlantic Relations, Elcano Royal Institute.

Álvaro Imbernón. Advisor, State Secretariat for the European Union – MFA.

Raquel Jorge Ricart. Technology policy advisor and consultant.

Manuel Lejarreta. Secretary general, Fundación Consejo España-Estados Unidos.

Cristina Manzano. Director, Esglobal.

Cristina Monge. Professor, Universidad de Zaragoza.

Juan Moscoso del Prado. Director of Global Affairs, Deusto Business School.

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Joaquín Roy. Jean Monnet Professor and Director of European Union Center of Excellence, University of Miami.

Iñigo Sáenz de Ugarte. Deputy director, elDiario.es

Dimitris Stevis. Professor and Codirector of the Center for Environmental Justice, Colorado State University.
Jorge Tamames. Managing Editor, Política Exterior.

Mario Telò. Professor, ULB-Bruxelles and LUISS-Rome.

Juan Tovar. Professor of International Relations, Universidad de Burgos.

### Related events

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<td>- Guest panelists: David Wasserman (US House Editor, The Cook Political Report) and Roger Hickey (Institute for America’s Future).&lt;br&gt;Available at: <a href="https://www.youtube.com/watch?v=4ywLuGTyP4E&amp;t=1503s">https://www.youtube.com/watch?v=4ywLuGTyP4E&amp;t=1503s</a></td>
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<td>- Available at: <a href="https://www.youtube.com/watch?v=Cx4D0IA5oNo&amp;t=4029s">https://www.youtube.com/watch?v=Cx4D0IA5oNo&amp;t=4029s</a></td>
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<td>8 February 2021</td>
<td><strong>US and China: can they live together? Challenges for the EU.</strong>&lt;br&gt;Special guest: Javier Solana, Secretary General of NATO (1995-1999) and EU High Representative (1999-2009)</td>
<td>- Available at: <a href="https://www.youtube.com/watch?v=qFlx4PqnoA">https://www.youtube.com/watch?v=qFlx4PqnoA</a></td>
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<td>20 April 2021</td>
<td><strong>Global Britain in the Biden era: UK’s post-Brexit strategy and the EU</strong>&lt;br&gt;Special guest: Melinda Bohannon, Director of Strategy, Foreign Commonwealth and Development Office.</td>
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