

CHAPTER V

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

Dimitris Stevis³⁸

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 Deal³⁹, 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.

(Office of Management and Budget, White House 2021). However, for these Plans to become law they must go through the process outlined here.

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.⁴¹ 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 Plan⁴² 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.

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

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 2060.⁴³ 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 standard⁴⁴ 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.⁴⁵

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 DOE⁴⁶. 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 poised 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.

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 (through 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.⁴⁷ 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.”⁴⁸ 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

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.

Bibliography

AFL-CIO and Energy Futures Initiative (2020) *Energy Transitions*. At <https://static1.squarespace.com/static/58ec123cb3db2bd94e057628/t/6011a8b83d1c6a79cf0b27fe/1611770049298/Energy+Transitions.pdf>

Bernie [Sanders Official Website] (2021). *Bernie Sanders on the Issues*. At: <https://berniesanders.com/issues/>

Center for American Progress and Tishman Environment and Design Center (2021) *Justice40 Recommendations Developed at 2 Justice40 Convenings for Environmental Justice Advocates and Scholars and National Group Representatives*. At <https://cdn.americanprogress.org/content/uploads/2021/03/16083513/Justice40-Recommendations.pdf>

Covington & Burling LLP (2021) *Inside Energy & Environment*. At <https://www.insideenergyandenvironment.com>

Elperin, Juliet, Brady Dennis and John Muyskens (2021) *Climate and Environment: Tracking Biden's Environmental Actions*. *Washington Post* at <https://www.washingtonpost.com/graphics/2021/climate-environment/biden-climate-environment-actions/>

Energy Futures Initiative (2017) *The U.S. Nuclear Energy Enterprise: A Key National Security Enabler*. At <https://static1.squarespace.com/static/58ec123cb3db2bd94e057628/t/5d2ce61d8451f60001d87364/1563223582944/The%2BU.S.%2BNuclear%2BEnergy%2BEnterprise+A%2BKey%2BNational%2BSecurity%2BEnabler.pdf>

Fichter, Michael and Dimitris Stevis (2013). *Global Framework Agreements in a Union-Hostile Environment: The Case of the USA*. Friedrich Ebert Stiftung and Hans Bockler Stiftung. <http://library.fes.de/pdf-files/id/10377.pdf>

Friedman, Lisa (May 28, 2021) *Biden's Fossil Fuel Moves Clash with Pledges on Climate Change*. At <https://www.nytimes.com/2021/05/28/climate/biden-fossil-fuels-climate-Willow.html?action=click&module=Well&pgtype=Homepage§ion=Climate%20and%20Environment>

Granwell, Alan Winston and Joshua David Odintz (2021) *Biden Administration's Made in America Tax Plan: Interaction with OECD Inclusive Framework. Part 2: Buckle Up for the Impact on International Tax Reform*. At <https://www.hklaw.com/en/insights/publications/2021/04/biden-administrations-made-in-america-tax-plan-interaction-with-oecd>

Green, Miranda (2021) *Can Biden's Justice40 Plan Deliver a Fairer Environment for People of Color?* *The Guardian* (June 2). At <https://www.theguardian.com/us-news/2021/jun/02/biden-justice40-plan-environmental-justice>

Hammond, Samuel (May 20, 2021) *How Congress Ruined the Endless Frontier Act*. At <https://www.niskanencenter.org/how-congress-ruined-the-endless-frontier-act/>

Inman, Phillip (June 5, 2021) Rishi Sunak Announces 'Historic Agreement' by G& on Tax Reform. *The Guardian*. At <https://www.theguardian.com/world/2021/jun/05/rishi-sunak-announces-historic-agreement-by-g7-on-tax-reform>

Interagency Working Group on Coal and Power Communities and Economic Revitalization (2021) *Initial Report to the President on Empowering Workers through Revitalizing Energy Communities*. At https://netl.doe.gov/sites/default/files/2021-04/Initial%20Report%20on%20Energy%20Communities_Apr2021.pdf

Luhby, Tami, Katie Lobosco, Kate Sullivan and Phil Mattingly (2021) Here's is What's in Biden's Counteroffer on Infrastructure. *CNN Politics* (May 21). At <https://edition.cnn.com/2021/05/21/politics/biden-infrastructure-proposal-counteroffer/index.html>

OECD (2021) *What is BEPS*. At <https://www.oecd.org/tax/beps/about/>

Office of Management and Budget, White House (May 2021) *Budget of the U.S. Government: Fiscal Year 2022*. At https://www.whitehouse.gov/wp-content/uploads/2021/05/budget_fy22.pdf

U.S. Congress [House Committee on the Budget] (2020) *Budget reconciliation: The basics*. At <https://budget.house.gov/publications/fact-sheet/budget-reconciliation-basics>

U.S. Congress (2019) *H.R. 109. Recognizing the Duty of the Federal Government to Create a Green New Deal*. At <https://www.congress.gov/bill/116th-congress/house-resolution/109/text>

U. S. [of America] (2021). *The United States' Nationally Determined Contribution Reducing Greenhouse Gases in the United States: A 2030 Emissions Target*. At <https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/United%20States%20of%20America%20First/United%20States%20NDC%20April%202021%202021%20Final.pdf>

U.S. Department of the Treasury (April 2021) *The Made in America Tax Plan*. At https://home.treasury.gov/system/files/136/MadeInAmericaTaxPlan_Report.pdf

U.S. Department of the Treasury (May 28, 2021) *Administration's FY2022 Budget Tax Proposals will Promote Shared Growth and Prosperity*. At <https://home.treasury.gov/news/featured-stories/administrations-fy2022-budget-tax-proposals-will-promote-shared-growth-and-prosperity>

United Mine Workers of America (2021) *Preserving Coal Country*. At <https://umwa.org/wp-content/uploads/2021/04/UMWA-Preserving-Coal-Country-2021.pdf>

United States Trade Representative (2021) *2021 Trade Policy Agenda and 2020 Annual Report*. At <https://ustr.gov/sites/default/files/files/reports/2021/2021%20Trade%20Agenda/Online%20PDF%202021%20Trade%20Policy%20Agenda%20and%202020%20Annual%20Report.pdf>

White House (January 27, 2021) *Executive Order on Tackling the Climate Crisis at Home and Abroad*. At <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/01/27/executive-order-on-tackling-the-climate-crisis-at-home-and-abroad/>

White House, Briefing Room (January 27, 2021) *Fact Sheet: President Biden Takes Executive Actions to Tackle the Climate Crisis at Home and Abroad, Create Jobs, and Restore Scientific Integrity Across Federal Government*. At <https://www.whitehouse.gov/briefing-room/statements-releases/2021/01/27/fact-sheet-president-biden-takes-executive-actions-to-tackle-the-climate-crisis-at-home-and-abroad-create-jobs-and-restore-scientific-integrity-across-federal-government/>

White House (March 31, 2021) *Fact Sheet: The American Jobs Plan*. At <https://www.whitehouse.gov/briefing-room/statements-releases/2021/03/31/fact-sheet-the-american-jobs-plan/>

White House (April 22, 2021) *Executive Summary: U.S. International Climate Finance Plan*. At https://www.whitehouse.gov/briefing-room/statements-releases/2021/04/22/executive-summary-u-s-international-climate-finance-plan/?utm_medium=email&_hsmi=122880589&_hsenc=p2ANqtz-9BDI-3NTbCzQ5aavu1rzoZyCToYi6m_BfPgqXbe_nFJAqG8UwLBVP-s7sRWCBMmwqeWYGgej2TRcL2tbYc7QjKNi7EGoNOSdVJIR9TfTTrxhfNelk&utm_content=122880589&utm_source=hs_email%601

White House (April 23, 2021) *Leaders Summit on Climate: Summary of Proceedings*. At <https://www.whitehouse.gov/briefing-room/statements-releases/2021/04/23/leaders-summit-on-climate-summary-of-proceedings/>

White House (April 28, 2021) *Fact Sheet: The American Families Plan*. At <https://www.whitehouse.gov/briefing-room/statements-releases/2021/04/28/fact-sheet-the-american-families-plan/>

White House Environmental Justice Advisory Council (2021) *Justice40, Climate and Economic Justice Screening Tool & Executive Order 12898 Revisions*. At https://www.epa.gov/sites/production/files/2021-05/documents/whejac_interim_final_recommendations_0.pdf