ANALYSIS ON THE FUTURE STRATEGY OF THE WHITE HOUSE DURING BIDEN ADMINISTRATION



Table of Contents

1. Continuity and Change: Europe, Asia			
And the Incoming Biden Administration	3		
		Expectations Going Forward	7
		2. What to Expect on Energy and Environmental Policy	
from the New U.S. Administration?	9		
Significant Changes in Policy Priorities and Norms of Conduct	9		
International Dimensions of Climate Change PolicyPolicy	10		
Domestic Climate Legislation	11		
Regulatory Approaches	12		
Sub-National Climate Policy	13		
The Path Ahead	13		

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Continuity and Change: Europe, Asia and the Incoming Biden Administration

Key Challenges

On January 20, 2021 Joe Biden will be sworn in as America's forty-sixth President. He will be taking the helm of a deeply divided country, as the United States works through the COVID pandemic and the attendant economic and social pressures that continue to fuel domestic polarization and will surely impact his policy agenda. President Biden will assume leadership of a nation scarred by the incessant partisanship of the past four years. Hence, domestically the new administration's overarching challenge will be to heal as much as possible the internal divisions and restore a degree of consensus and compromise – a task made more challenging by the fact that Democrats remain polarized between their progressive left and the party's traditional liberal wing. Likewise, restarting the U.S. economy after over a year of the "Great Suppression" will dominate Biden's agenda. On the other hand, and notwithstanding the polarization at home, on the plus side for the incoming Biden administration the Democratic Party will at least for the next two years control all levers of government, including the executive and both houses of Congress. This will afford the Biden administration a degree of latitude on foreign and security policy that would have been unattainable had the GOP managed to hold the line in the Georgia run-off and preserved a majority in the Senate.

The last four years have witnessed not only deepening polarization at home – arguably the United States has not lived through such domestic turmoil since the 1960s – but also a number of changes in U.S. relations with China, which the 2017 National Security Strategy identified as the country's principal global competitor, as well as further deteriorations in Washington's relations with Moscow. In addition, the past four years have seen continued friction within NATO over defense spending targets and policy priorities. The direct and at time blunt approach taken by the Trump team has prompted charges of "transactionalism," with the administration often blamed for straining the traditional



allied comity. The Trump presidency also witnessed a partial undoing of the policy agenda of the Obama years. The United States pulled out of the Paris Climate Accord and the JCPOA. The administration argued neither was in America's interest, alleging that the climate agreement constrained the country's self-sufficiency in energy, and that the Iran deal would prove ineffective in blocking Iran's path to nuclear weapons.

The Biden administration is taking charge in arguably the most difficult moment in international relations since the end of the Cold War, with challenges to the U.S.-led global order coming from a revisionist Russia determined to revise post-1990 settlement, and a surging China intent on replacing America as the new hub of global economic and military power. Both states seek to position themselves as military near-peer competitors of the United States, with Russia's military modernization program aimed at leveraging the relative power imbalances along NATO's eastern flank. Meanwhile the European allies – with few exceptions – remain reluctant to reverse the past two decades of de facto disarmament, despite several previous U.S. administrations' calls to not only increase defense spending as a percentage of GDP, but most importantly to field usable exercised military capabilities. Ten European NATO members have increased defense spending to meet the 2% benchmark, and NATO Secretary General Jens Stoltenberg has predicted that by 2024 it will increase by another \$400 billion; still, in comparison, the United States has increased its defense spending by 20% since 2017, though future spending remains uncertain as the cost of the COVID pandemic has put budget projections in question.

If Europe continues to insist on business as usual when it comes to national defense, Russia's investments in military capabilities, though modest compared to the U.S. defense budget, will continue to tilt the balance in the European theater against NATO. Even more significantly, the military modernization pursued by communist China, especially its break-neck pace of naval expansion and modernization (the PLAN is already bigger in terms of the number of vessels it fields, though in terms of capabilities it is no match for the US fleet) will make the Indo-Pacific the key strategic theater of great power competition at a time when the U.S. military is no longer structured to fight two major theater wars simultaneously. In addition, growing PLAN naval power projection capabilities and its increased presence in the High North will continue to make the Arctic an area of increasing geostrategic interest for the new administration – continuing the trend manifest during the Trump era. In a nutshell, the challenge posed by China and Russia will remain an enduring problem set for the Biden team that will carry over from the Trump era, while the focus on great power competition will continue to shape U.S. foreign and national security priorities.

The Biden administration is also inheriting a deteriorating situation in secondary theaters, which the Trump administration has sought to downgrade on its list of strategic priorities, especially in MENA and Afghanistan. Instability in the Middle East is again rising rapidly, especially as Iran seems intent on moving full-speed towards acquiring a nuclear weapon, with a real risk of war in the region surging quickly to the top of the agenda of the incoming U.S. administration. Likewise, the question of whether the United States should maintain its current level of commitment in Afghanistan, or continue to reduce its presence there as was the intent of the Trump administration, will present decision points for the Biden team, as available resources need to be prioritized accordingly to



its key strategic objectives. Here the legacy of the Trump administration will need to be reassessed. The Biden administration will need to decide where it stands on the guiding assumption of the Trump team that in light of the resurgence of great power competition Washington needs to downgrade secondary theaters in terms of priorities.

Priorities

Transatlanticism will remain one of two key regional pillars of U.S. national security going forward. Europe will likely be seen not so much as differentiated from the Indo-Pacific theater as was the case during the Trump administration, but rather as part and parcel of the larger global problem set, compelling the new administration to achieve a degree of consensus on China and Russia with America's NATO allies. The Trump administration had a European agenda that put a premium on bilateral relations with eastern flank countries – the relationship with Poland merits a special mention here, but the same was true of other flank countries from the Baltic to the Black Sea. In contrast, the incoming administration's foreign policy team has already signaled that it will pay greater attention to the EU as a whole, working closely with western European countries, especially Germany and France. Hence, it is fair to anticipate that while after January 20th the emphasis is likely to shift, the new administration is sure to continue working closely with the European allies. In fact suggestions from the Biden team that the United States will come back to the Paris Accord and return to the JCPOA should be seen as a clear message to the Europeans that nurturing the transatlantic alliance will be a key priority for President Biden. If allied capitals respond positively to these signals, one can expect progress in U.S. relations with Europe. Blocking the Nord Stream 2 project, which has been a goal of both the Obama and Trump administrations, would go a long way toward generating bipartisan support in Congress for a new transatlantic opening. Here Berlin's role going forward will be critical.

Another key priority for the Biden administration will likely be working in tandem with European and Asian allies and partners to push back against China's global power ambitions. The Biden team has indicated its determination to pursue a tough line on China. Members of his staff have been vocal in their criticism of Beijing's treatment of Hong Kong, and singled out its mercantile trade practices, treatment of the Uighurs, and the continued theft of intellectual property while pressuring western companies doing business in China for intellectual property in exchange for market access. A point of contention in transatlantic relations is likely to be the Comprehensive Agreement on Investment signed by the EU and China just weeks before the new U.S. administration takes office. Since this agreement must be ratified by the European Parliament, it is not certain that the CAI is a done deal, and consultations between the Biden administration and the European Commission will likely play an important role in hammering out a joint U.S.-EU approach to China. Here is an opportunity to approximate a transatlantic consensus on China that is currently lacking, especially when it comes to the hard security dimension of great power competition.

It is still too early to judge the foreign policy team that the President Elect is putting together, but so far we are seeing liberal internationalists coming to the fore again, replacing



Trump's conservative nationalist team. As both liberal internationalism and conservative nationalism are inherent in the tradition of U.S. foreign and security policy, the tone will change and the agenda will likely expand to reflect the priorities of the new team. One key difference between the outgoing and incoming administrations will be the latter's renewed emphasis on global climate change, with John Kerry, the President-Elect's close friend and longtime collaborator, re-entering the executive as an as yet undefined "climate envoy" for the Biden administration. It remains to be seen how John Kerry's duties will mesh with those of the incoming Secretary of State Antony Blinken (now technically outranking his old boss) and what role Kerry will play on the National Security Council where reportedly he is expected to attend all top meetings, with the assumption that he will have direct access to the President. There have been reports that Kerry is recommending a new opening to China, with the climate as the lead item on the agenda. Another priority tied to the return of John Kerry to the executive may be an effort to resuscitate the Iran nuclear deal where, again, then-Secretary of State Kerry was instrumental in driving the process.

In effect, thus far the Biden foreign policy team looks much like a third Obama administration, especially where the key NSC and State positions are concerned (in fact, some observers have gone so far as to call it the "third Obama administration" judging by the personalities considered for appointments). Still, there is a fundamental difference: this administration will be coming in at a time when the "unipolar moment" is behind us, and the United States is confronting two near-peer competitors when it comes to the military, and one near-peer economic competitor.

For the Biden team, much like for its predecessor, the United States' competition with China will be unlike any the country has experienced in the past, for America has never confronted an adversary that had more than 40 percent of its GDP. The PRC's economy, although still nominally smaller than the United States', in terms of PPP is already several trillion bigger than America's. And so while there is some speculation in Washington today about a "détente" with China, the challenge Beijing poses to the United States and its allies will not go away. Hence, just as much as the NATO alliance will be a key priority for Biden, alliances in Asia will be critical to the United States going forward, the more so as the Pacific theater is much less structured when compared to the elaborate and bureaucratized alliance structure in the Atlantic.

It is fair to assume that the Biden team will continue see communist China as the top national security challenge to the United States, and the Indo-Pacific as a critical region that U.S. national security policy simply must address, if for no other reason than the scope of the problem set the PRC presents. Like the Trump administration, the incoming Biden team seems to agree that the United States cannot contain China, as it did the former Soviet Union and the Warsaw Pact. From the beginning, the Trump administration insisted that for the United States and its allies to preserve and maintain the liberal international order, including its democratic values, it needed to outcompete the Chinese in critical technologies, rebalance global trade flows, and win the attendant – and increasingly intense – ideological competition with China. It is therefore reasonable to stipulate that this principal driver of policy will remain, even if the approach of the Biden team to the legacy of globalization of the past three post-Cold War decades will likely change, with



an emphasis on renewed multilateralism in dealing with the PRC. The fracturing of the old assumptions about global free trade that began in earnest in 2016 is likely to continue, including the ongoing debate in the United States about de-coupling our critical supply chains from China and creating diffused regional supply chains, with redundancies built-in to address the weaknesses in the current system. The COVID pandemic has exposed the danger of relying on China for supplies, as the United States and its allies found themselves scrambling for basic provisions and safety equipment in a crisis.

In Asia the Biden administration is likely to continue to work closely with the "troika" to include Australia/New Zealand, Japan, and South Korea, with greater support for the security of Taiwan than was already manifest in the Trump administration likely to continue. The military dimension of the challenge posed by China in the Indo-Pacific is likely to continue to gain ever-greater attention, especially in light of China's naval expansion, which is seen as a concerted effort by Beijing to transform the PLAN into a blue-water navy (the Chinese navy is already numerically bigger than the U.S. Navy, although no match in terms of capabilities for the American fleet), and China's geostrategic assertiveness in the South China Sea in clear violations of UNCLOS. In short, we can expect that the Indo-Pacific hard security dimension of U.S. strategy under the Biden administration will remain a sticking point in transatlantic relations. Indeed, Europe thus far has sought to skirt the military aspect of U.S. competition with China, calling the PRC a "strategic challenge" while continuing to view Beijing as an economic opportunity, unsurprising given the amount of European investment in China and Beijing's growing investment in Europe, the BRI, and the 17+1.

Finally, an important item on the agenda of the Biden administration will be ensuring that the Europeans not only maintain their defense spending commitments but that Europe fields real exercised military capabilities to ensure that deterrence against Russia holds. It is worth keeping in mind in this regard that complaints about European disarmament are not new, nor were they specific to the Trump administration. A number of U.S. defense secretaries working for Democratic and Republican Presidents alike had raised the question of inadequate defense spending by the allies. Hence, seeing as the new administration has signaled its commitment to multilateralism, the idea of "strategic autonomy" widely discussed in Europe is unlikely to find greater favor in Washington in 2021 than it did in previous years, even if the tone in which the Biden administration communicates with the allies becomes less blunt.

Expectations Going Forward

The challenge of long-term cross-domain strategic competition with China and Russia will remain the centerpiece of American grand strategy, especially as the digital revolution, AI, and new technologies redefine the sinews of economic and military strength. A major challenge for the incoming Biden administration will be assessing accurately the extent to which the past four years of the Trump administration have permanently changed the dynamic of transatlantic discourse, and where there can be a return to the previous mode of engagement. In fairness to both sides, the rapid change in power distribution across the globe and the deteriorating international security environment will likely play



a greater role in the tenor of transatlantic relations during the next four years than the memory of particular friction points from the past.

The principal change we can expect from the incoming Biden administration will likely be one of style – especially in transatlantic relations. The core national security challenges that confronted the Trump administration will remain, and quite possibly become even more urgent going forward. The unfolding great power competition confronting the United States will continue to be the key foreign and national security policy problem sets for the incoming Biden administration. Hence, the emerging framework of the Biden admiration's foreign and security policy will be one of continuity as far as the key hard security challenges are concerned, but also with added agenda items reflecting its liberal internationalist position, such as climate change. The Biden administration's preferred approach, i.e., multilateralism, will mean that the incoming policy team will likely revisit the Iran nuclear deal and frame solutions to other problems, again on a multilateral basis. On the questions of climate change and Iran, Europe has already registered considerable readiness to engage fully with the incoming U.S. administration. On the other hand, on the thorny issue of confronting the military security dimension of great power competition, especially when it comes of China, much work remains for the Americans and Europeans to see eye to eye. Reaching a consensus on China as not only an economic and ideological challenge for the West, but also a hard power competitor is likely to remain the most difficult task for transatlantic relations going forward, and (unlike in the Indo-Pacific) will likely test the limits of multilateralism in the next four years.

The increasingly deteriorating global security environment will not change just because the United States has a new administration. If anything, the COVID pandemic has deepened the extant economic and social problems at home, as well as national security challenges confronting America and its allies and partners. Last but not least, the pandemic compressed power transition timelines and increased risk levels. The inevitable "COVID bill" that is coming due if not now then for certain in the next fiscal year has already injected a significant degree of uncertainty about defense budget allocation and other foreign and national security-related spending.

In the final analysis, much of what the transatlantic relationship will look like will depend on two key factors: (1) whether the U.S. and Europe can reach a consensus on China, i.e., on the nature of the threat it poses to us all; and (2) the extent to which Europe will resource its defense. The coming months will show how much give-and-take on these issues is possible across the Atlantic.

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What to Expect on Energy and Environmental Policy from the New U.S. Administration?

In the November 3, 2020 U.S. election, the Democrat team of Joe Biden and Kamala Harris defeated incumbent Republican President Donald Trump and Vice President Mike Pence, signaling a major change in the executive branch of the U.S. government. And, as a result of a runoff election for the two Georgia Senatorial seats on January 5, 2021, the Democrats will take control of the Senate. With the Democrats haven won both of these seats, the Senate will be tied 50-50, with the Democrat Vice President (who serves as president of the Senate) breaking the tie, thereby turning Senate control over to Democrats. In the House of Representatives, Republicans gained a relatively small number of seats, so Democrats have maintained their control of that body.

There will be numerous changes — many rather significant, and some quite dramatic — in U.S. climate change policy under the Biden administration. But in a variety of ways it will be an uphill battle, just to return to the pre-Trump status at the time President Obama departed the White House, let alone to move beyond that point.

Significant Changes in Policy Priorities and Norms of Conduct

Mr. Biden and Ms. Harris will be inaugurated on January 20th, 2021, and will immediately face an unprecedented set of national challenges. As the <u>Biden-Harris transition website</u> indicates, the greatest challenges – and top policy priorities – are: the pandemic, the economic recession, racial justice, and climate change (listed by President-Elect Biden in that order).

The failure of Mr. Trump to be re-elected to a second term brings a dramatic change in leadership at the very top. For the first time in four years, honesty and civility will be hallmarks of behavior, as will fundamental trust in expertise, including in the realms of science, economics, and law. The dozens of political and behavioral norms that have been abandoned by President Trump and his administration will be respected once again.



Democratic norms will be restored, racism denounced, and diplomatic relationships will be reestablished with allies. There will be a turn away from xenophobia and hostility toward immigrants, and perhaps some movement toward free trade.

I focus in this essay on anticipated changes in public policies regarding climate change, both in the international and domestic domains. Four years ago, it was rather straightforward for me to predict what the newly-elected Trump administration would bring in the climate change realm, as <u>I discussed in the New York Times</u> and <u>in my blog</u> in November, 2016. This time, however, it is a bit less obvious, because of the moving parts.

I caution readers to beware of advocates on either side making predictions at this very early date about the new administration's future climate policy initiatives. Predictions from those who advocate particular policies are likely to be infected with some degree of wishful thinking. That may be true not only of professional environmental advocates, but also of academics, like myself, who would like to claim some degree of objectivity. The best I can offer is that I have "no skin in the game," and so I will try to offer what I hope is an objective assessment of what I honestly believe is most likely to emerge over the next two to four years.

International Dimensions of Climate Change Policy

Because climate change is a global commons problem, international cooperation is necessary in order to constrain (if not suppress) free-rider incentives. On January 20th (inauguration day) or shortly thereafter, Mr. Biden is likely to initiate the process of rejoining the Paris Agreement (from which Mr. Trump withdrew the United States on November 4th, the earliest date permitted by the Agreement). Thirty days after the necessary paperwork is filed with the United Nations, the United States will again be a Party to the Agreement. That's the easy part. The hard part is coming up with a quantitative statement of how and how much U.S. emissions of greenhouse gases (GHGs) will be reduced over time.

This "Nationally Determined Contribution" (NDC) will need to be sufficiently ambitious to satisfy (at least to some degree) both domestic green groups and some of the key countries of the international community. This essentially means that the NDC will need to be more ambitious than the Obama administration target of a 26-28 percent reduction in GHG emissions by 2025, compared with 2005. And it will need to compare favorably with the targets now being announced by other major emitters. For example, the European Union is coming close to enacting a new target to cut its emissions 55% below their 1990 level by 2030. And China recently said it will achieve carbon neutrality (zero net emissions) by 2060.

If significant ambition is one necessary condition for the new Biden NDC, the other necessary condition is that it be credible, that is, truly achievable given existing and reasonably anticipated policy actions. The only way that both of these necessary conditions can be achieved is with aggressive new domestic climate legislation.



Domestic Climate Legislation

Even with a Democratic-controlled Senate with the one-vote margin, meaningful and ambitious climate legislation will be difficult, if not impossible, because of the 60-vote total required by Senate rules to pass legislation. The "budget-reconciliation process," whereby only a simple majority is needed to pass legislation, rather than the 60 votes required to cut off Senate debate, will be available only if every Democrat supports the given legislation.

Under these circumstances, it will be challenging, to say the least, for Democrats to enact President-Elect Biden's climate plan, including its \$2 trillion in spending over four years with the goal of making all U.S. electricity carbon free in 15 years. Keep in mind that the Obama administration's major climate legislation – the American Clean Energy and Security Act of 2009 (the so-called Waxman-Markey bill) – failed to receive a vote in the Senate, despite the fact that Democrats (and independents who caucused with Democrats) then held a total of 59 seats. On the other hand, climate change is now taken more seriously by the public and receives considerably greater attention in political circles than it did twelve years ago. It is fair to say that the prospects over the next two to four years for comprehensive climate legislation – such as a truly meaningful carbon-pricing system – are not very good.

But other legislation that would help reduce GHG emissions in the long term appears more feasible. That includes a post-COVID economic stimulus bill, which might have a green tinge, if not a fully green hue. The <u>Obama administration's stimulus package</u> enacted twelve years ago in response to the Great Recession included some \$90 billion in clean energy investments and tax incentives. Another candidate will be a future infrastructure bill, something both parties seem to recognize is important to upgrade aging U.S. infrastructure. This could include funding for improvements in the national electricity grid, which will be necessary to facilitate greater reliance on renewable sources of electricity generation.

Finally, there are possibilities for less ambitious, but bipartisan climate legislation, with stringency and scope much less than what Biden's climate plan calls for. The key approaches here might involve tax incentives, that is, nearly every politician's favorite instrument – subsidies. This may fit well with President-Elect Biden's moderate approach to governing and his stated desire to work with both parties in Congress. Specific bipartisan options could include policies targeting wind and solar power, carbon capture and storage/utilization, nuclear power, and technology initiatives.

But such modest, bipartisan initiatives are unlikely to satisfy either the demands of domestic climate policy advocates or international calls for action. Because of this, the new administration – like the Obama administration – may have to opt for regulatory as opposed to statutory approaches.



Regulatory Approaches

The new President, under existing authority, could "quickly" take actions through executive orders (Oval Office directives) in a number of areas to reverse many of Trump's regulatory rollbacks. For example, new oil and gas leasing on federal lands could again be prohibited, and the White House could attempt to block the Keystone XL pipeline from being completed. More promising, the President could direct that the Social Cost of Carbon (SCC) be revised, presumably returning it the Obama administration's use of global (not just domestic) damages and a 3% (rather than 7%) discount rate in the calculations, thereby increasing the SCC from about \$1 to about \$50 per ton, and directing federal agencies to use the revised SCC in their own decision making.

Presumably the new administration will move to reinstate and move beyond the Obama administration's ambitious <u>Corporate Average Fuel Economy</u> (CAFE) standards. Also, there is the possibility of using the authority of the <u>Securities and Exchange Commission</u> (SEC) to use financial regulation of publicly-traded companies to raise the cost of capital for fossil energy development, or to set <u>standards for disclosure of climate-related corporate information</u>. Likewise, the <u>Commodity Futures Trading Commission</u> (CFTC) has itself begun to <u>explore options via its Market Risk Advisory Committee</u>.

Regulatory approaches under existing statutory authority through rulemaking often appear to be an attractive option, but using new regulations under existing legislation rather than enacting new laws raises another problem – the courts. Rulemaking entails lengthy notice and comment periods, extensive records, and inter-agency consultation, and the rules are subject to potential litigation. The Obama administration promulgated its <u>Clean Power Plan</u> after the Senate failed to deliver on the administration's <u>comprehensive climate legislation</u>. But the Clean Power Plan was subjected to a stay by the U.S. Supreme Court even before Trump entered office. Then Trump arrived, and <u>killed the regulation outright</u>.

The real challenge to the regulatory approach is that new regulations are much more likely to be successfully challenged in federal courts in 2021 than they were during the Obama years. This is partly because there are now 228 Trump-appointed federal lower-court judges. But more importantly, the Supreme Court now has a 6-3 conservative majority, which is very likely to favor literal reading of statutes, giving executive departments and agencies much less flexibility to go beyond the letter of the law or to interpret it in "innovative ways." In particular, it is possible that the Supreme Court will move to modify or even overrule the critical <u>Chevron Doctrine</u> (1984), under which federal courts defer to administrative agencies when Congress was less than explicit in a statute on some issue (such as whether carbon dioxide can be regulated under sections of the Clean Air Act of 1970 intended for localized air pollutants).

There is also talk of a <u>"whole of government" approach to climate change</u>, in which the White House pushes virtually all departments and agencies to put in place changes that are supportive of decarbonizing the economy. This would be beyond or instead of the focused statutory and regulatory policies described above. Of course, the critical question



is what such an approach could actually produce in terms of short-term emissions reductions and/or long-term decarbonizing of the economy.

Sub-National Climate Policy

Even if relatively little can be accomplished with climate policies at the Federal level over the next two to four years, the new administration will not be hostile to states and municipalities taking more aggressive action. Indeed, as I have written about previously in my blog and elsewhere, climate policies at the state level (California) and regional level (the Regional Greenhouse Gas Initiative in the northeast) have become increasingly important, particularly during the four years of the Trump administration. Bottom-up evolution of national climate policy may continue to evolve from the Democrat-leaning states in the recent election – the Northeast, Middle Atlantic, Upper Midwest, Southwest, and West Coast (and Georgia!) – which together represent more than half of the U.S. population and an even larger share of economic activity and GHG emissions.

The Path Ahead

The new administration may find creative ways to break the logjam that has prevented ambitious national climate change policies from being enacted (or, if enacted, from being sustainable). My greatest source of optimism is that the Biden-Harris team, in sharp contrast with the Trump-Pence administration, will embrace scientific and other expertise across the board – whether that means the best epidemiologists and infectious disease experts designing an effective strategy for COVID-19, or the best scientists, lawyers, and economists designing sound climate policies that are also politically feasible.

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