

A green new deal for Europe



By Massimiliano Santini And Fabrizio Tassinari /Florence

Jim Yong Kim abruptly resigned from his post as World Bank president recently, leaving a pillar of the international financial order without leadership or direction. Kim will join a private equity firm, where he believes he can “make the largest impact on major global issues like climate change.”

True, the private sector has an important role to play in mobilising funds for upgrading business models to address the threat posed by climate change. But governments and multilateral institutions remain indispensable to securing the comprehensive economic transformation that is needed.

The scientific evidence for global warming is unequivocal. According to conservative estimates, an increase in global temperature of more than 1.5°C above pre-industrial levels by the end of the century would cause widespread environmental devastation. Increasingly severe weather conditions would destroy biodiversity and livelihoods, while straining resources. Rising sea levels would cause coastal towns to disappear. All of this would contribute to social instability and large-scale migration.

With the human population expected to reach 8.6bn by 2030 – a billion more than today – the only way to achieve our climate goals is to transform the way the world does business. And here, Europe is well-positioned to take the lead by implementing a Green New Deal.

The idea of a Green New Deal – defined as a “national, industrial, economic-mobilisation plan” that would bring about a rapid transition “away from fossil fuels and toward clean energy” – is not new. Even US President Barack Obama included the concept in his 2008 campaign platform.

Under Obama’s leadership, from 2009 to 2016, the United States led the fight against global warming. At home, this meant promoting clean and renewable energy and introducing incentives to spur carbon-reducing innovations in products and services. Internationally, the Obama administration was integral to concluding the 2015 Paris climate agreement.

But, under Obama’s successor, Donald Trump, the US has gone from climate-action leader to climate-change denier. Now, Democratic members of the new US Congress – especially freshman Representative Alexandria Ocasio-Cortez – are working to renew the push toward a green economy. Over the next two years, however, Congress will probably be largely preoccupied by a broader battle over the legitimacy of the Trump administration.

This means that Europe now has an ideal opportunity to lead the world’s green structural transformation, much as it has led on privacy rules and competition policy over the last two decades. To that end, following the European Parliament elections in May, Europe’s liberal and progressive parties and movements should work to implement a Green New Deal.

Success will require, first and foremost, broad public support for a green social contract. But, despite some momentum – for example, the Green Party’s recent electoral success in the German states of Bavaria and Hesse – this will not be easy.

As the Yellow Vest protests in France demonstrate, people will not support making the world greener if it makes their daily lives harder. And there is no doubt that the structural

transformation required by a Green New Deal for Europe would require vast funding that might otherwise be spent on programmes with more visible or immediate benefits. Political leaders advocating a Green New Deal for Europe must therefore work hard to protect citizens' interests. As French President Emmanuel Macron put it in an open letter intended to calm the protesters, "Making the ecological transition allows us to reduce spending on fuel, heating, waste management, and transport. But to make this transition a success, we need to invest on a huge scale and support our fellow citizens from the most modest backgrounds."

Beyond practical pledges, political leaders must provide a convincing and even inspiring narrative to spur climate action. Cognitive scientists, such as George Lakoff, have long argued that people are more responsive to political arguments that are framed according to their own values (as opposed to those of the person making the argument). So, if liberal and progressive forces want a majority of the electorate to support the spending required to mount an effective response to global warming, they need to frame the Green New Deal – not unlike US President Franklin D Roosevelt's original New Deal in the 1930s – in terms of security.

People need to be protected from the instability that increasingly extreme weather will create, and they need support during the transition to greener (higher-quality) employment. Meanwhile, businesses need incentives to pursue the long-term opportunities created by the economic transformation.

This unifying emphasis on long-term societal, personal, and economic security would contrast sharply with prevailing populist narratives, which frame security as an identity issue and thus tend to trigger emotional – and divisive – responses. And there is reason to believe that it could work. One of the key, albeit contested, legacies of Angela Merkel's chancellorship in Germany, for example, is her government's leadership of the Energiewende, or energy transformation, which gained traction after the 2011 Fukushima nuclear

disaster raised questions about the long-term security of supplies.

Other European countries have also demonstrated leadership on global climate action. The Danish government, for example, recently pledged to phase out the sale of all gasoline- and diesel-powered cars by the year 2030, and a broad political consensus sustains the goal of reaching a carbon neutral society by 2050.

But, to achieve a safer and more prosperous future, all of Europe – and, indeed, the world – needs to pull its weight. A transnational compact uniting Europe's liberal and progressive movements ahead of the European Parliament election can leverage the force produced by cross-partisan consensus and broaden popular support.

Europe desperately needs to take ownership of its future once again. A new vision centred on the Green New Deal can enable it to do just that. – Project Syndicate

* Massimiliano Santini is a fellow with the European University Institute and a senior economist on leave from the World Bank. Fabrizio Tassinari is Executive Director of the School of Transnational Governance at the European University Institute.