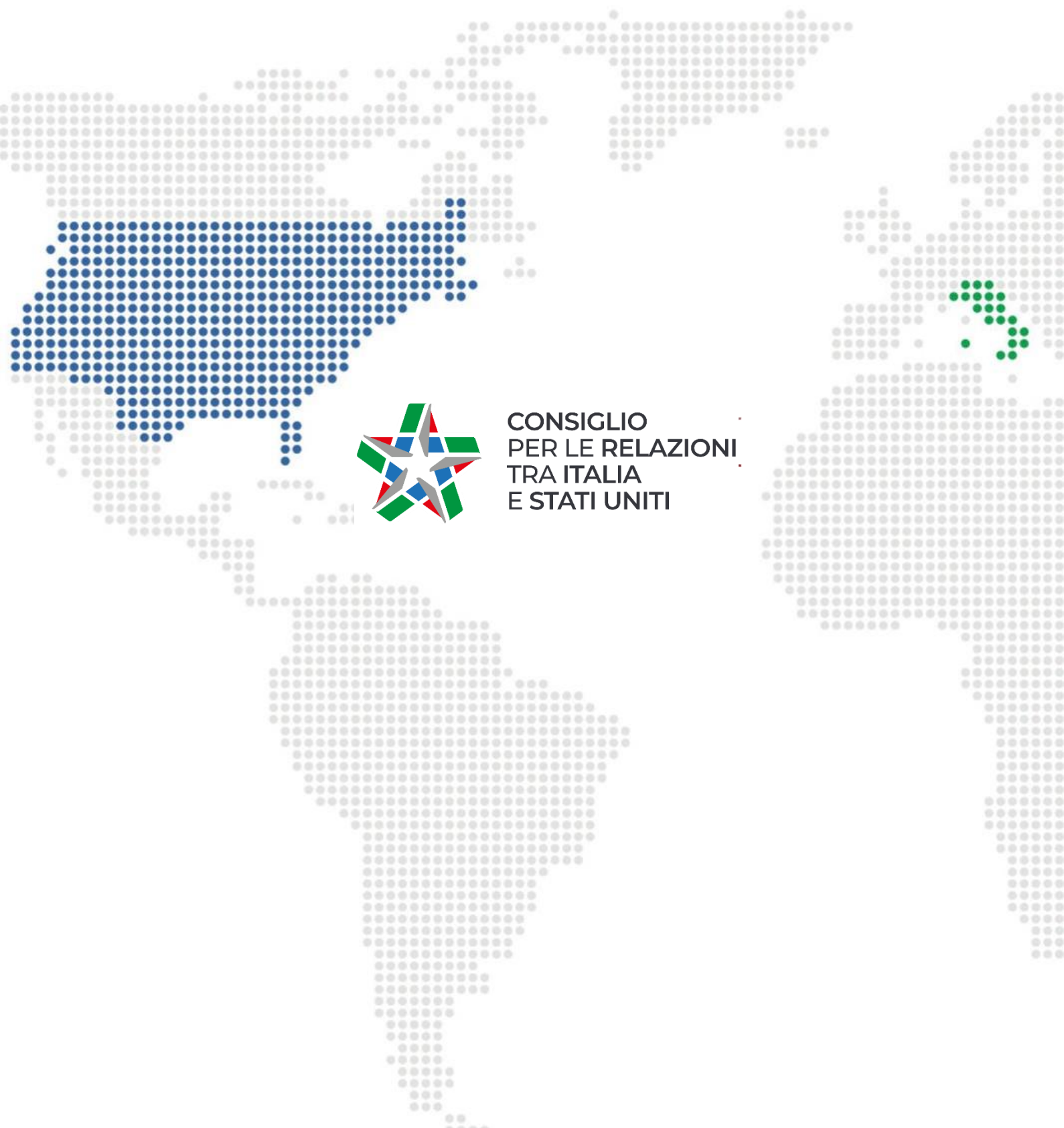


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“HOW BIDEN CAN RESTORE MULTILATERALISM UNILATERALLY”

(Project Syndicate - December 31, 2020)



Joseph E. Stiglitz, a Nobel laureate in economics and University Professor at Columbia University, is Chief Economist at the Roosevelt Institute and a former senior vice president and chief economist of the World Bank. His most recent book is *People, Power, and Profits: Progressive Capitalism for an Age of Discontent*.

After four years of the Trump administration undermining global governance arrangements, President-elect Joe Biden will certainly have his work cut out for him. Nonetheless, there are several actions the new administration can take immediately to reaffirm America's commitment to multilateral institutions and the rule of law.

NEW YORK – There is so much to celebrate with the new year. The arrival of safe, effective COVID-19 vaccines means that there is light at the end of the pandemic tunnel (though the next few months will be horrific). Equally important, America's mendacious, incompetent, mean-spirited president will be replaced by his polar opposite: a man of decency, honesty, and professionalism.

But we should harbor no illusions about what President-elect Joe Biden will face in office. There will be deep scars left from the Trump presidency, and from a pandemic that the outgoing administration did so little to fight. The economic trauma will not heal overnight, and without comprehensive assistance at this critical time of need – including support for cash-strapped state and local governments – the pain will be prolonged.

America's long-term allies, of course, will welcome the return of a world where the United States stands up for democracy and human rights, and cooperates internationally to address global problems like pandemics and climate change. But, again, it would be foolish to pretend that the world has not changed fundamentally. The US, after all, has shown itself to be an untrustworthy ally.

True, the US Constitution and those of its 50 states survived and protected American democracy from the worst of Trump's malign impulses. But the fact that 74 million Americans voted for another four years of his grotesque misrule leaves a chill. What might the next election bring? Why should others trust a country that might repudiate everything it stands for just four years from now?

The world needs more than Trump's narrow transactional approach; so does the US. The only way forward is through true multilateralism, in which American exceptionalism is genuinely subordinated to common interests and values, international institutions, and a form of rule of law from which the US is not exempt. This would represent a major shift for the US, from a position of longstanding hegemony to one built on partnerships.

Such an approach would not be unprecedented. After World War II, the US found that ceding some influence to international organizations like the World Bank and the International Monetary Fund was actually in its own interests. The problem is that America didn't go far enough. While John Maynard Keynes wisely called for the creation of a global currency – an idea later manifested in the IMF's Special Drawing Rights (SDRs) – the US demanded veto power at the IMF, and didn't vest the Fund with as much power as it should have.

In any case, much of what Biden will be able to do in office depends on the outcomes of run-off elections for Georgia's two US Senate seats on January 5. But even without a willing partner in the Senate, the president has enormous sway over international affairs. There is plenty that Biden will be able to do on his own, starting immediately.

One obvious priority will be the post-pandemic recovery, which will not be strong anywhere until it's strong everywhere. We cannot count on China to play as pronounced a role in driving global demand this time around as it did in the aftermath of the 2008 financial crisis. Moreover, developing and emerging economies lack the resources for the massive stimulus programs that the US and Europe have provided to their economies. What is needed, as IMF Managing Director Kristalina Georgieva has pointed out, is a massive issuance of SDRs. Some \$500 billion of this global “money” could be issued overnight if only the US Secretary of the Treasury would approve.

Whereas the Trump administration has been blocking an SDR issuance, Biden could give it the green light, while also endorsing existing congressional proposals to expand the size of the issuance substantially. The US could then join the other wealthy countries that have already agreed to donate or lend their allocation to countries in need.

The Biden administration can also help lead the push for sovereign-debt restructuring. Several developing countries and emerging markets are already facing debt crises, and many more may soon follow. If there was ever a time when the US had an interest in global debt restructuring, it is now.

For the past four years, the Trump administration has denied basic science and flouted the rule of law. Restoring Enlightenment norms is thus another top priority. International rule of law, no less than science, is as important to the US's own prosperity as it is to the functioning of the global economy.

On trade, the World Trade Organization offers a foundation upon which to rebuild. As of now, the WTO order is shaped too much by power politics and neoliberal ideology; but that can change. There is a growing consensus in support of Ngozi Okonjo-Iweala's candidacy to serve as the next director-general of the WTO. A distinguished former Nigerian finance minister and former vice-president of the World Bank, Okonjo-Iweala's appointment has been held up only by the Trump administration.

No trade system can function without a method of adjudicating disputes. By refusing to approve any new judges to the WTO's dispute-settlement mechanism to succeed those whose terms have retired, the Trump administration has left the institution inoperative and paralyzed. Nonetheless, while Trump has done everything he can to undermine international institutions and the rule of law, he also has unwittingly opened the door for improving US trade policy.

For example, the Trump administration's renegotiation of the North American Free Trade Agreement with Mexico and Canada largely did away with the investment provisions that had become among the most noxious aspects of international economic relations. And now, Trump's Trade Representative, Robert Lighthizer, is using the time he has left in office to call for "anti-dumping" sanctions against countries that give their companies an advantage by ignoring global environmental standards. Considering that I included a similar proposal in my 2006 book, *Making Globalization Work*, there now seem to be ample grounds for a new bipartisan consensus on trade.

Most of the actions I have described do not require congressional action and can be carried out in Biden's first days in office. Pursuing them would go a long way toward reaffirming America's commitment to multilateralism and putting the disaster of the past four years behind us. Most of the actions I have described do not require congressional action and can be carried out in Biden's first days in office. Pursuing them would go a long way toward reaffirming America's commitment to multilateralism and putting the disaster of the past four years behind us.

"IT'S EUROPE'S TURN TO REJECT TRUMP" (Project Syndicate – December 28, 2020)



Joschka Fischer, Germany's foreign minister and vice chancellor from 1998 to 2005, was a leader of the German Green Party for almost 20 years.

Although Donald Trump will soon depart from the White House, his toxic legacy of America-first nationalism and isolationism will continue to dominate the Republican Party. The worst thing European leaders could do now is to sit back and resume their previous subordinate role within the transatlantic relationship.

BERLIN – Despite all his whining and wailing, Donald Trump's presidency will end on January 20, 2021. He will be history; but, sadly, his political legacy will endure. With almost 75 million Americans voting for him (and 82 million for Joe Biden), Trump mobilized an extraordinary and unexpected level of support among a base that will continue to steer the Republican Party toward his brand of nationalist isolationism.

Like a revenant, Trumpism will haunt US politics for a long time to come, and some version of it will be on the ballot again in 2024 – that much is already clear. To vanquish Trumpism, Democrats needed to muster a "blue wave" of electoral victories all the way down the ballot. They didn't.

The idea that Trump himself will run again is unlikely, given his age. But younger populist heirs are already jostling to claim the mantle. From both a European and transatlantic perspective – each of which has an existential interest in America remaining committed to multilateral cooperation – Biden’s election represents victory in a decisive battle, but not in the war.

We here in Europe must not forget that, after four years of Trump’s incompetence and mendacity – with more than 300,000 Americans dead from COVID-19 – almost half of US voters decided they wanted four more years of the man. That disturbing fact has far-reaching implications for the future of European policymaking.

Europeans could make no greater mistake than to lean back comfortably and cede responsibility for the transatlantic relationship to the Biden administration. Biden and his advisers may be infinitely more competent than Trump, but the future of transatlanticism will depend in no small measure on what Europe – and particularly Germany – does in the coming years.

While the Trump years forced European leaders into a defensive crouch, Biden’s election requires the opposite: a proactive push for transatlantic renewal. Restoring the relationship requires that Europe act like an “adult” and co-equal vis-à-vis the United States, moving beyond the Cold War-era subservience that still endures 30 years later.

For example, European countries’ disproportionately small share of the burden of military spending within NATO is simply inexplicable to most Americans (and not just Trump supporters). This point of contention should be resolved as quickly as possible, not least because it would be in Europe’s own interest to bolster its defense.

But Europeans must make clear to the Biden administration from the start what Europe can and cannot do. America is a global power with global interests and unrivaled military capabilities. Europe, by contrast, consists of many small- and medium-size countries, each of which has only limited ability to project power and influence (perhaps with the exception of the two nuclear powers, France and the United Kingdom, and the UK will first need to find its feet outside the European Union).

Past experience with military missions outside of Europe has shown that the perspective of a global power differs fundamentally from that of a small- or medium-sized power. European voters recognize this, and it will have a strong bearing on whether they accept such missions in the future.

In the context of the transatlantic relationship, Europe’s role is to defend NATO territory and its precarious periphery. In Eastern Europe, this concerns primarily the Baltic states (all NATO members), the war in eastern Ukraine, and other “frozen conflicts” in Europe’s neighborhood. Resolving these – or at least achieving some sort of stabilization – will require a much more forceful European diplomatic response than we have seen so far.

Moreover, mass migrations and the fight against terrorism will force Europe to deepen its engagement on the southern shore of the Mediterranean, in the Middle East, and in West Africa. The eastern Mediterranean is increasingly becoming a new hotspot, owing to tensions between EU and NATO members (Cyprus, Greece, and Turkey) and the unresolved conflicts in the Western Balkans. Europeans should focus primarily on these challenges, and on developing capabilities needed to manage them; that in itself would strengthen European security, and thus Europe’s contribution to NATO.

As for world politics, Europe must leave this domain to the global superpowers – a title it cannot claim for itself. This is particularly true when it comes to China. The EU needs to establish a close mutual understanding with the US on this issue, particularly where common values are concerned. The US and the EU should pursue policy coordination as equals; but, again, there will need to be clarity about what European voters will accept – and thus what European governments can do. For example, NATO should not be made into a security organization for East Asia, as that would simply overstretch it.

In the area of trade policy, a new set of shared strategic interests will emerge, both vis-à-vis China and in the transatlantic region. The reduction or even elimination of trade imbalances will remain a high priority.

Meanwhile, storm clouds are gathering on the digital-policy front. Europe, an important market for US tech giants, is insisting on its digital sovereignty and introducing comprehensive regulations to protect European data and privacy, and to rein in the power of the biggest digital platforms. Here, differing interests within the transatlantic sphere are threatening to collide. If Europe and America can agree on common rules, they can set the global standard more or less by default. But with China making its own bid for leadership over digital governance standards, time is running out.

Even with Biden in the White House, there will be no going back to the comfortable old dependencies that long defined the transatlantic relationship. After four years of Trump, Europeans know what is at stake. Likewise, continuing to harbor any illusions about China would be both naive and dangerous. There is no better alternative to a renewed transatlanticism. By spurning Trump and electing Biden, America has delivered. As Americans say, the ball is now in Europe’s court.

“A FAIRER WAY TO HELP DEVELOPING ECONOMIES DECARBONIZE”

(Project Syndicate – January 6, 2021)



Kenneth Rogoff, a former chief economist of the International Monetary Fund, is Professor of Economics and Public Policy at Harvard University.

CAMBRIDGE – With US President-elect Joe Biden’s incoming administration promising a fresh, rational approach to climate change, now is an ideal time to make the case for a World Carbon Bank that would transfer and coordinate aid and technical assistance to help developing countries decarbonize. The proposed Green New Deal in the United States and the European Commission’s European Green Deal have laudable environmental goals but are too inward-looking. When an entire building is burning, to concentrate firefighting resources on one floor would only delay, not prevent, its destruction.

According to the International Energy Agency (IEA), almost all the net growth in carbon dioxide emissions over the next two decades will come from emerging markets. Although China recently pledged to achieve zero net emissions by 2060, it is sobering to consider that it accounts for half of the world’s coal output and half of its coal consumption.

India, too, is highly dependent on its plentiful coal reserves, and will likely remain so despite strong advances in solar power. For all the fanfare accompanying the 2015 Paris climate agreement, the share of clean energy in global energy investment is still only around 34%, almost exactly the level five years ago. Wind and solar account for only 8% of global energy. The IEA estimates that allowing existing power plants to operate for the remainder of their expected lifespans in their current form would by itself cause global temperatures to rise by 1.7 degrees Celsius relative to pre-industrial levels.

Right now, the most widely discussed approach to encouraging developing economies to cut their CO₂ emissions is a carbon border tax on imports from countries without adequate carbon-pricing systems. The European Union is currently considering such a measure, and the Climate Leadership Council (whose members include incoming US Treasury Secretary Janet Yellen) also has advocated it.

Economists almost universally favor carbon taxes (Europe’s carbon-pricing system is a clumsier version) so that producers and consumers take account of how their actions affect the global commons. A border-tax adjustment is aimed at prodding developing economies to introduce their own carbon taxes. The policy is conceptually sound, but is too static and difficult to implement.

For starters, developing economies have neither the resources nor the technology to transform themselves overnight. Part of the reason advanced economies have been able to mitigate their CO₂ emissions is that global manufacturing has migrated to emerging markets that have invested heavily in energy.

The average age of coal plants in Asia is 12 years, compared to 43 years in advanced economies. Given that the lifespan of a coal plant is about 50 years, and coal is one of the few natural resources that China and India possess in abundance, the cost to developing Asia of decommissioning its coal plants is huge. And then there is Africa, where the number of people lacking access to electricity has risen during the COVID-19 pandemic, to almost 600 million.

The gap between the developing world’s ability to deal with climate change and the ambitious plans being discussed in advanced economies is just another example of the huge disparity in wealth and resources between the Global North and the Global South. In response to the COVID-19 crisis, for example, advanced economies marshaled fiscal and credit support in 2020 averaging over 16% of GDP, compared to 6% in emerging markets and 2% in developing economies, according to the International Monetary Fund (IMF). And this wide gap does not take into account the potential for pandemic-related debt build-ups to morph into a full-blown developing-country debt crisis over the next couple of years, making decarbonization even more difficult.

Global carbon pricing is an essential part of any long-term solution to the climate crisis, but advanced economies need to provide the developing world with a carrot and not just a stick. This should come in the form of highly concessional financing, combined with technical expertise and sharing of best practices – all guided by a World Carbon Bank.

The IMF, the World Bank, and regional development banks have an important role to play, but their mandates are too diffuse for them to deal effectively with the climate challenge on their own. Meanwhile, those who think that government-to-government assistance should not play any role in climate solutions need to bear in mind that state-owned firms, which are not terribly responsive to economic incentives, increasingly dominate the global coal industry.

Is it too optimistic to think that inwardly focused advanced economies will ever be willing to earmark large amounts of aid – at least \$100-200 billion per year – to help the developing world meet climate goals? The response to the COVID-19 crisis so far offers little encouragement; the G20's Debt Service Suspension Initiative has delivered a few billion dollars of relief to 40 very poor countries, but that pales in comparison to the trillions that rich countries have spent on their own citizens. An enhanced carbon tax or pricing regime could be one source of sustainable funding over the longer term, but the problem is too urgent to wait for this to fall into place.

The goal of achieving zero net CO₂ emissions by 2050, which the EU has adopted and the US is likely to do soon, is praiseworthy. But not-in-my-backyard, or NIMBY, environmentalism is no way to solve a global problem.

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