The Biden Administration’s Geo-Economics: A Challenge for Europe

Abstract:
On 20 January 2021, Democrat Joe Biden Jr. was inaugurated as the 46th President of the United States. Democrats now control the White House and enjoy majorities in both chambers of Congress, the House of Representatives and the Senate. However, they will not have a free hand to govern – as many political observers in Europe falsely expect. Because Democrats do not command the qualified majority (of 60 votes) needed to avert blockades in the normal legislative process, Republicans will be able to block the Biden administrations’ ambitious legislative agenda with the same obstructionist strategy that prevented most of Barack Obama’s initiatives. While many of President Biden’s social and economic priorities — such as improving health care, the Green Deal, and tax increases — can be thwarted by congressional Republicans, there is a bipartisan consensus in the United States on foreign policy vis-à-vis rival states. The United States will continue to use economic resources for geo-strategic goals — especially against China and Russia. America’s geo-economics will also force its allies in Europe and Asia to rethink and choose strategically.

Bottom-line-up-front: The geo-economic rivalry between the United States and China will affect European interests and should as well give the Europeans reasons to think more geo-strategically. In order to improve its capacity to act and defend its interests and values, the European Union should move from the illusion of unanimity towards a more realistic consensus-finding in the form of qualified majority voting in foreign and security policy. The views contained in this article are the authors’ alone and do not represent the views of the University of Bonn.
Unsurprisingly, Biden assembled a cabinet that includes the various factions of his donor base, but is generally moderate. Thanks to the Democrats’ control of the Senate, the president’s personnel decisions can be approved swiftly, without the Republicans’ blocking options, thereby maintaining the Democrats’ intraparty arithmetic.

However, in the absence of a Democratic supermajority in the Senate (where the Democrats face the “nuclear option” and the possible obstruction of Republicans in the normal legislative process, the comprehensive legislative programs aimed at climate change, financial regulatory reform, and a universal health care program face massive opposition. This is no doubt precisely why the Biden administration is likely to pursue a strategy of incrementalism, with the goal of making policy gains in small steps, and making the failure of Republicans in the Senate more or less certain.

To be sure, Biden has 36 years of work experience in the Senate and is known for his ability to work in a bipartisan manner. But his legislative cooperation and successes were a long time ago – they were at a time when consensus was still possible and was rewarded by voters and interest groups. A partisan Republican blockade of his legislative agenda could force the Biden administration to go it alone, seeking to pass legislation with the support of only one party.

However, this scenario is unlikely to come about, as the Democratic-controlled Senate would likely be able to override the Republican filibuster. But the Biden administration would need to focus on legislative priorities that have a broad base of support, such as infrastructure and economic stimulus, in order to pass legislation that could help the United States emerge from the pandemic.

The human and economic losses of the COVID-19 pandemic are particularly severe in the United States. By the beginning of 2021, there were already more than 350,000 deaths caused by COVID-19. Because of the increasing number of confirmed cases, the Centers for Disease Control and Prevention have recommended further restrictions on personal and economic life. The tightening of these restrictions imposes travel restrictions and shop closures, will continue to weigh on the US economy. The scale of the crisis so far is unprecedented: the pandemic has caused both a demand, supply and financial shock.

The crisis has also highlighted the importance of economic policy, and the need for the US government to take strong action to support the economy. The Biden administration has already proposed a $1.9 trillion economic stimulus package, which includes direct payments to Americans, expanded unemployment benefits, and increased spending on infrastructure.

The Biden administration will try to revive this initiative, which was already difficult because of the lingering growth of the US economy, better recognition and geopolitical position, becoming all the more urgent now. In the growing competition in the Asia-Pacific region, the first thing to do is to correct Trump’s strategic mistake, which was to abandon US TPP participation and leadership in one of its first acts in office in 2017.

While the United States under the leadership of the Trump administration was busy retreatting economically into the national snail house, China’s sweeping new economic stimulus and its progressive economic reforms and investments to reorder world trade and financial flows, easily take place within two years. Despite all the means of the US government, it could not even succeed in completing its Regional Comprehensive Economic Partnership (RCEP) initiative. The RCEP was signed at an ASEAN virtual summit in November 2015. China’s RCEP initiative includes the ten ASEAN countries as well as Australia, Japan, South Korea and New Zealand, but not the United States. The RCEP agreement makes clear that even America’s Asia-Pacific allies are skeptical of Washington’s demands and policies and economically “decouple” from China. With the RCEP, which is pushed by China and comprises 2.1 billion people and about a third of the world’s economic output, tariffs are reduced in the region, trade rules are established, and last but not least, the trend towards regional value chains is reinforced.

Finally, in order to guide the world towards a more sovereign and live less dependent from the goodwill of others.

The China-Asia relationship is more complex than often thought. China’s economic rise has not been matched by a rise in political influence, but rather by a rise in political assertiveness. The US-China relationship is characterized by both cooperation and competition, with each side seeking to pursue its own interests and objectives. In recent years, the US-China relationship has become even more complex and dynamic, with both sides taking steps to increase their economic and political engagement, while also working to manage their differences.

The potential for conflict between the United States and China is significant, but the prospects for cooperation are also substantial. The two countries are each other’s largest trading partners, and there is a strong economic and strategic relationship between them. The US-China relationship is likely to be one of the most important and complex relationships in the world in the coming decades.