appropriate delivery and monitoring mechanisms. Debates over climate policy have been dominated by concerns over the supposed burden of regulation on businesses, a tendency deepened by industry associations that highlight the risks of climate action to international competitiveness and jobs. Climate policy has been delegated to a handful of directorates general within the European Commission without any central coordination until the recent creation of an executive vice president for climate action. Policymakers have struggled to push climate strategies laterally toward other units and achieve buy-in across the whole commission. This siloed approach has failed to unleash the transformational change that would be required for a climate-neutral transition.

Ultimately, one of the most intractable difficulties has been contending with the national interests represented in the European Council. Member states continue to have a high degree of autonomy on energy, taxation, and land-use policies, three key areas for climate action. National sensitivities over energy security and fears about competitive advantage have diluted policy ambitions.

Contentious political dynamics will likely be a further drag on the EU's capacity to deliver the transition required. Some national governments have recently shown more assertive opposition to climate action. At the June 2019 European Council meeting, the Czech Republic, Estonia, Hungary, and Poland refused to sign on to a long-term target of achieving climate neutrality by 2050, then Poland still held out alone in December 2019, demanding more detailed guarantees of financial aid from the EU.[10] These countries are seeking compensation for regions and industries immediately affected by the ongoing transition, such as coal mining. If the EU gives in to blocking behavior, such payments to the immediate losers from the transition could rapidly deplete the public funds available for the whole enterprise. The EU will need a grand bargain that creates a social safety net for citizens who lose out in the short term, but it must concentrate public investment and compensation primarily on creating economic incentives for decarbonizing production and moving the climate agenda forward.

The Makings of an Effective EU Climate Policy

The EU's Paris Agreement commitments to reduce emissions are not enough to avert catastrophe in time. The EU has to act more urgently and effectively. The technocratic methods of the past will not suffice anymore. Addressing climate change requires accommodating diverse interests in a democratically inclusive way. To gain the necessary political support, Brussels must not depoliticize climate action and make it more technocratic. Given the high stakes and the profound impact on Europe's whole population, any such attempt would result in certain deadlock. There is no alternative to building public support for climate action and to strengthening democratic engagement. Politicians must show that the transition will be fair, or it will not be sustainable politically.

The strong interplay between EU and national politics makes governing even more complex, especially on an issue as technical and contentious as climate action. To deal with this, the EU needs to build deeper connections between various levels of government and facilitate more effective engagement with citizens.

Setting priorities is vital for climate action to work politically, because the sequencing of measures is what enables people to see how they will be affected. But sequencing is made harder with so many actors, parties, and institutions that hold veto power at various points. An example from France is instructive on this point. The country experienced a backlash from badly sequenced measures when the government hiked fuel taxes without compensating by reducing other taxes for rural dwellers and the poor. The result was the *gilet jaunes* (yellow jackets) movement, whose demonstrators protested about the costs falling on them rather than those who could better afford them. A similar situation could easily arise if the EU ignores the social implications of its reform measures.

To build the strongest possible consensus among voters, other stakeholders, and institutions on a clear set of guiding principles for climate action, the EU needs to adopt binding action plans, including firm timelines for implementing these goals. Specifically, the EU must ensure that the policies it enacts are fair, durable, trusted by the public, positively reinforcing, innovative, and visionary. To that end, Brussels' climate action should:

Promote fairness by making sure that the climate transition is just and serves the broad public interest.

If the climate transition is not clearly fair and if climate measures look set to reinforce existing inequalities, it will not gain public support. The transition must also meet economic and social justice objectives so that the burden does not fall disproportionately on the poor and most vulnerable. Emphasizing fairness is the way to keep the EU countries—poorer and richer regions—together and prevent populists from driving a wedge between citizens. Already new dividing lines are appearing, with some EU member states from Eastern Europe claiming that climate change is a Western European concern. Moreover, disinformation campaigns are already spreading climate denial in the region to try to maintain European dependence on Russian natural gas. But hotter summers and changing rain patterns are already affecting farming in Central Europe, so a key argument is that inaction on climate change will not serve the interests of the people of the region. Explaining the enormous cost of not doing anything is instrumental to winning public support.

Another critical part of building and sustaining public support for implementing green policy measures is sequencing them right (for example, raising taxes on corporate jets before tractor fuel) as part of an overall green deal that convinces people that the burden will be shared fairly over the medium term and that such measures will ultimately serve their own long-term interests and those of future generations. Badly sequenced and poorly designed policies would reinforce both inequalities and unsustainable economic practices. Policies that impose costs on more affluent constituencies should precede policies that impose costs on poorer citizens that are less able to afford them.

A new social contract between European states and their citizens will be needed to ensure that the overall transition is fair, a challenging prospect at a moment when trust in government is low. The EU could help by creating plans that hold governments accountable.

Personnel and funding are also key considerations. The new European Commission has an executive vice president, Frans Timmermans, who is in charge of many of the relevant policies. But much will depend on having adequate funding, which will be determined by negotiations on the EU's long-term budget known as the multiannual financial framework, loans from the European Investment Bank, and new sources of finance. Moreover, EU climate action needs to be reinforced with national commitments. Much of the job will be concerned with getting the European Council, the European Commission, and the European Parliament aligned on the sequencing of measures.

Craft policies with staying power that can be sustained over changes of government.

A great strength of EU policymaking is that European governing institutions still largely base policy on advice from independent scientific experts. The EU will need to implement effective, evidence-based climate change policies consistently over several decades, and the transition to a more sustainable economic system will not happen if this policy course changes with every election. In implementing other large-scale transnational projects, such as the EU single market and the euro, Brussels successfully kept politicians' eyes on the prize. The EU achieved this by setting out fairly comprehensive plans—although not comprehensive enough in the case of the euro—and providing positive incentives to help poorer regions and communities adjust.

The EU's medium- and long-term decarbonization targets, for instance, need to be part of a comprehensive plan that sets out how the overall economic adjustments will be funded, so that people can see how the deal works for them as a whole. If companies and workers have a better sense of what they will gain and lose in the overall transition to carbon neutrality, they are more likely to keep supporting change than if they hear about it one measure at a time.

Earn public trust by closely monitoring the implementation and enforcement of climate policy provisions.

To maintain accountability and public consent to unpopular climate change measures, further mechanisms will need to be developed to monitor the progress of the EU as a whole toward carbon neutrality, as well as that of specific countries and regions.[11] Developing such mechanisms is vital because that would let people see that climate measures are having a real impact and that governments are committed to action, not only rhetoric.

The EU already has legal and financial instruments that are much more binding than the UN and relevant international agreements on climate change. It can apply positive and negative conditionality through the EU budget, EU law (and infringement proceedings when governments fail to apply it properly), and naming-and-shaming tools such as the European Semester reports on economic governance. All these instruments will be needed for the climate transition, preferably under an independent monitoring body that is nonpolitical and trusted by the public. The EU needs to close the implementation gap by using these tools and relying less on soft and market-based measures in future.

Set positive incentives by creating forward-looking policies that reinforce the ecofriendly goals of reform and prevent public funds from being wasted.

The EU has to avoid being seen chiefly as a compensator of economic losses stemming from climate action, especially in the short term. The political temptation to focus on such compensation is great because the need for action is urgent and every country has to agree to the overall deal. This dynamic creates a huge collective action problem because many EU decisions and funding require unanimity among members. There are perverse incentives for the countries least affected by climate change to block collective action and refuse to accept key commitments as a way to extract rents from the EU budget for their support—as the Polish government is doing at the moment.

The European Commission has already proposed the creation of a Just Transition Mechanism (JTM) of some 100 billion euros, in addition to the EU budget.[12] This fund is necessary, but it needs to be guided by two key principles to avoid misallocating resources. First, it must reward contributions to the transition to a greener European economy, not blocking behavior. The quickest way to do that would be for the EU to create a condition that countries that do not sign on to the 2050 goal or other main climate policy objectives will not be eligible for major parts of the funds. As an EU diplomat warned at the December 2019 European Council meeting, "The JTM is not an ATM."[13]

Second, funding should not be spent first on compensating short-term losers from the first climate change measures that are enacted. Otherwise, rent-seeking entrepreneurs could, for example, buy up end-of-life coal-fired power plants expecting to be paid from public funds to close down those plants, including under the Energy Charter Treaty.

If the EU rewarded such behavior, it would create a constituency of lobbyists clambering to gobble up public money as compensation for each and every stage of the economic transition. Doing so would also divert funds from more productive investments designed to create new economic opportunities, and it would destroy social trust by leaving few resources to compensate those affected by later stages in the transition. More fundamentally, a compensation-focused approach would increase public resistance to any policy changes for which citizens are not immediately compensated. Both governments and citizens need to replace the mentality that someone must compensate them for their losses with the idea that they are contributing to the creation of a better-functioning economy that serves everyone.

A focus on short-term transactionalism and incrementalism is dangerous because the European Green Deal needs to be an overarching, visionary social contract and a comprehensive plan for the decades ahead. Incrementalism is also dangerous in the European Council, where EU members' heads of state and government meet several times a year. If the EU keeps lurching from one European Council summit to the next with short-term deals that kick the can down the road, as it has for the last decade on the euro, then it will waste time and erode public trust in the European Green Deal. It would also create completely the wrong political culture to achieve a fair transition.

Effective climate action depends on transferring all resources as rapidly as possible from the unsustainable brown economy into the circular green economy to produce new jobs and economic opportunities. The goal is not just to forcibly shut down so-called dirty industries for the sake of shutting them down but to create a set of incentives for market players to shift resources into more sustainable industries of their own accord and thus create new, more sustainable forms of economic value.

To bring things back to the point of fairness, the costs of the economic transition cannot place too heavy a burden on citizens who have limited lobbying power and whose losses may come down the road and be hard to calculate, while others whose losses are short-term and visible pay little. There does need to be a social safety net for those who fall into poverty as a result of the transition. But publicly funded compensation should directly spur on the transition to sustainability and create new economic opportunities for those who have lost out, not just give them money. For example, offering reskilling programs and new climate-neutral jobs in regions where carbon-intensive jobs are lost would be better than merely paying people off.

Inspire and model policy innovation by encouraging policymakers to be inventive and design policies that can be adopted in other parts of the world.

The EU has a great opportunity to promote policy innovation and experimentation regionally and locally across Europe. There is a need for authorities that can monitor progress effectively and report on policy successes and failures. The task of decentralizing the generation of energy from renewable sources is a notable example. If successful, the EU and its member states can then share their experiences with other parts of the world and exchange best practice on the climate transition. The success of the European Green Deal will be marked not only by reducing carbon emissions in the EU but by helping other countries incorporate cleaner production cycles and sustainable development.

Help lead the diplomatic charge to sustain and deepen multilateral efforts to address climate change.

It would be a disaster for Europeans to try to enact a climate transition on one continent only. Well-meaning sustainability policies in Europe have already caused dirty forms of production to be outsourced and every kind of waste (from household to nuclear) to be dumped elsewhere in the world. For example, Spain has closed down its coal-fired power stations, but it is buying electricity from such stations just across the Strait of Gibraltar in Morocco. The carbon emissions and pollution continue, just a few more kilometers away.

The EU needs to focus on fostering a global climate transition now. EU markets and investment have great potential to foster the global transition to a greener economy. EU trade policy and regulations could start pricing the environmental costs of all parts of production cycles, a step that could kickstart a worldwide change in economic incentives in favor of sustainability. Such a push needs to go beyond just a border carbon adjustment on imports by factoring in all the environmental and human costs in production cycles.

Frans Timmermans' job as the EU's international envoy involves building partnerships with countries that are ready and willing to lead global efforts to transition to carbon neutrality. He will need to work with others—most notably Josep Borrell, the new EU High Representative for Foreign and Security Policy—to help tackle the geopolitical effects of climate change. This is a hard job because the EU's usual ally on matters of international governance—the United States—currently has an administration that denies human-caused climate change. The EU cannot wait until after the next U.S. presidential election in November 2020 to plan how to ratchet up climate action with other willing countries at the next major UN-sponsored climate change conference, which will take place that same month.

Developing a More Inclusive European Climate Debate

Empowering voters to weigh in, enlisting the help of national and local authorities, and leveraging the European Parliament all would help increase the odds that EU climate action embodies the aforementioned principles and is seen as democratically legitimate.