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THE EUROPEAN GREEN DEAL AND THE NEW DEAL

ABSTRACT. The 2019 European Green Deal and the New Deal share a name: but are there more substantive connections between these two 'deals'? By recalling the significance of the New Deal in the historical context of the United States in the 1930's, this study explores the ways in which both reforms seek to transform the constitutive values of the state and of the marketplace. Both deals also challenge economic orthodoxy and widely-held cultural values that shift blame onto individuals to distract from systemic failures. These parallels – as well as some key differences – can help us to better understand the significance of what Green Deal has, and has not, achieved.

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1. Introduction

The European Green Deal (EGD) communication,¹ adopted by the newly inaugurated Von der Leyen Commission in autumn 2019, has had a remarkable impact.² Four years from its adoption, the numerous legislative reforms, soft law acts, and policy initiatives that have stemmed from it have transformed the Union in very concrete ways,³ especially the rapid deployment of renewable energy under the 'Fit for 55' initiative.⁴ Further transformations adopted under the EGD are set to come into force in the near future, from changes to criminal law, to the reform of wastewater management, to the electrification of transportation. It would be easy to say that this transformation is simply unprecedented. However, this would ignore the fact that there is some precedent, which the Commission deliberately chose to allude to right in the title of the EGD: the New Deal, a program of reforms adopted under US President Franklin Delano Roosevelt in the 1930's. One could say that choice to use the word

¹ Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions, The European Green Deal (2019) COM(2019) 640 final.

² Maria Cristina Carta, 'Il Green Deal europeo. Considerazioni critiche sulla tutela dell'ambiente e le iniziative di diritto UE' [2020] Eurojus 54; Alfredo Moliterni, 'Il Green Deal europeo e le sfide per il diritto dell'ambiente' [2021] Rivista quadrimestrale di diritto dell'ambiente 4; Jerzy Jendrośka, Moritz Reese and Lorenzo Squintani, 'Towards a new legal framework for sustainability under the European Green Deal' (2021) 19 Opolskie Studia Administracyjono-Prawne 87; Angela Festa, 'Verso l'obiettivo climatico del 2030: su alcuni sviluppi attuativi del Green Deal europeo attraverso norme vincolanti. Il pacchetto "Fit for 55%" [2024] Eurojus 117.

³ Numerous examples can be found, including in the sector of waste: revisions of the Shipments of Waste Regulation 1013/2006 and Ship Recycling Regulation No 1257/2013 have set new limits to limit the possibility to export European waste to facilities where it will be handled in an environmentally damaging manner, while revisions to the Packaging and Packaging Waste Directive 94/62/EC, Radio Equipment Directive 2014/53/EU and Ecodesign Directive (EU) 2018/2002 aim to prevent waste across a broad range of sectors. Other concrete examples of environmental changes brought about by the Green Deal include transversal reforms to chemicals, food packaging, drinking water and pharmaceutical legislation to assess, monitor and prevent exposure to new chemical hazards like pharmaceutical by-products, endocrine disrupters, and microplastics.

⁴ By 2022, it was clear that all Member States were on course to meet the 2030 renewable energy target of 32% of power from renewable sources, set out in the 'Fit for 55' communication. See SolarPower Europe, *European Market Outlook for Solar Power 2022-2026* [2022], available at https://www.solarpowereurope.org/insights/market-outlooks/eu-market-outlook-for-solar-power-2022-2026-2> accessed 22 May 2024. This allowed the Member States to raise their ambition to at least 42.5% energy production from renewable sources by 2030, aiming for 45%, in the revision of the Renewable Energy Directive 2018/2001/EU.

'Deal' was simply copying the Americans, who were using the title 'Green New Deal' for a proposed package of infrastructure investments before the EGD came into being.⁵ Yet these Green New Deal proposals have not been successful, while the EGD has. It is argued, indeed, that the EGD actually reflects the spirit and scope of the original New Deal, and that exploring these parallels offers us insight into what the normative values at the core of the EGD actually are and why it has had such a far-reaching impact.

It should be clarified at the outset that the 2019 European Green Deal is a Communication of the Commission: as such, it is non-binding in nature. Nonetheless, it constitutes soft law, which can have important functions in the process of creation and interpretation of secondary law in the Union;⁶ some soft law can even have normative functions, albeit in limited circumstances. Nevertheless, the EGD set out a uniquely ambitious agenda for policy and legislative reform, and it has unified these reforms over time. Thus, the EGD can be understood as not just the 2019 communication, but this broader season of reform, unified by the aims that it sets out and the underlying values. The EGD describes these as 'deeply transformative policies' that aim to 'mainstream sustainability in all EU policies'. To achieve its aims, the EGD proposes not only mobilizing public and private finance, research and innovation, but a new legal principle: Do No Significant Harm.⁷

This brief study will aim to explore these historic parallels so as to shed light on

⁵ In particular Thomas Friedman, later taken up by congresswoman Alexandra Ocasio-Cortez. The Commission also referenced the New Deal, more directly, in its 2018 Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee: A New Deal for Consumers (COM/2018/0183 final); however, it is argued here that the EGD is a better reflection of the scope and nature of the original New Deal.

⁶ On the functions of communications as soft law, Linda Senden, *Soft law in European Community law* (Hart 2004); David M Trubek, Mark Nance and Patrick Cottrell, "Soft law", "hard law", and EU Integration' in Gráinne De Búrca and Joanne Scott (eds), *Law and new governance in the EU and the US* (Hart 2006) 65; Mariolina Eliantonio and Gaia Lisi, 'EU Environmental Soft Law in the Member States: A Comparative Overview of Finland, France, Germany, Italy, the Netherlands, Slovenia and the UK' [2020] SoLaR Working Papers; Morgan E Harris, 'The evolving functions of the Commission's communications in environmental matters' [2023] Il diritto dell'Unione europea 195.

⁷ On Do No Significant Harm (DNSH) and how it has affected the activities of Union institutions, see Manuel Beltrán Miralles and others, 'The implementation of the "Do No Significant Harm" principle in selected EU instruments: A comparative analysis' [2023] Publications Office of the European Union, available at https://publications.jrc.ec.europa.eu/repository/bitstream/JRC135691_01.pdf> accessed 22 May 2024.

the impact of the European Green Deal. First, the study will offer a brief introduction to what the New Deal was and its context. Second, the parallels between the New Deal and the European Green Deal will be explored. Last, some conclusions will be offered.

2. The New Deal (1933-1937)

Both the origins and the starting point of the Great Depression are hotly debated among historians and economists.8 Some find the origins of the Great Depression in the punitive regime of war reparations imposed on Germany following its defeat in the First World War, and the monetary impact of the war debt imposed on Germany by the allied parties.9 But other factors were in play. The market for agricultural products in the United States had been in crisis since the early 1920's, unable to guarantee economic security to farmers, with low prices variously attributed to abusive practices by banks and middlemen. These underlying structural weaknesses were certainly exacerbated by a new financial market targeted at the general public. Brokers and banks promoted investments on margin, poorly understood by a new middle class. The financial and banking sectors also lacked any regulatory guardrails. Compounding this was a protectionist approach to international trade¹⁰ and the extreme vulnerability of the working class to economic disruptions: without any unemployment protections, housing security, health care, or retirement provisions, they were at the whims of the market and its boom-bust cycles.¹¹ Whatever its causes, historians agree that an uncontrolled stock market was only one factor that led to the Depression, and that the reasons for the depth and length of the suffering that followed can be found outside of Wall Street.

⁸ David M Kennedy, *The American people in World War II: freedom from fear* (OUP 1999) 10-42. For a macroeconomist's perspective, Barry Eichengreen, 'The Origins and Nature of the Great Slump Revisited' [1992] 45 The Economic History Review 213.

⁹ Bernake explores the monetary causes of the depression in Ben Bernake, *Essays on the Great Depression* (Princeton University Press 2000) 5-37.

¹⁰ Exemplified in the Smoot-Hawley Tariff act of 1930, which was widely understood to be counterproductive, given that the United States ran a trade surplus not a deficit and the tariff would cut off producers from foreign markets: Amity Shlaes, *The Forgotten Man: A New History of the Great Depression* (Harper Collins 2007) 95-97.

¹¹ Kennedy (n 8) 24.

The first responses to the economic crisis following the crash of 1929 failed to recognize the radical transformations that were needed to address all its underlying causes. President Herbet Hoover, elected in 1929, clung to the gold standard and balanced budgets even as the Great Depression deepened and suffering spread, following the economic advice of his Secretary of the Treasury Andrew Mellon and the macroeconomic orthodoxy of his time. In fact, it was commonly held that that economic downturns were a normal part of the economic cycle, and that only by raising tariffs, allowing deflation and the liquidation of industry, would the private sector adjust its production to meet changing demand.¹² The prevailing economic views of the time were thus against any intervention by the state. If mass unemployment was physiological to the economic cycle, as painful as it might be to the workers and their families, it was for the good of the marketplace. Fiscal austerity, and more *laissez faire*, were the cure.¹³

The human suffering that this cure entailed was undeniable, yet the prevailing culture and racial conflicts made it even worse. Public institutions held that handouts were morally corrupting, that they would encourage only idleness and entitlement.¹⁴ These views kept the government from intervening directly in the marketplace as a provider of food, employment or other basic social protections, in the belief that it would undermine the sound moral judgment of the population. These views – that accepting charity was a moral failure – were widely internalized by destitute men as well, who even refused help that was offered out of shame. Indeed, some historians argue that widespread hardship in the United States did not lead to populist uprisings, as it did in Europe, due to these feelings of shame in unemployed men, who blamed themselves for their inability to provide for their families.¹⁵

¹² Ibid 51.

¹³ Originating in the French Physiocrat school in the eighteenth century, the idea markets function properly when property rights are guaranteed and there is no outside interference in their workings, which is at the core of the *laissez faire* approach to market regulation, was taken up by Adam Smith in his 1776 work *An Inquiry into the Nature and Causes of the Wealth of Nations*.

¹⁴ Kennedy (n 8) 172.

¹⁵ As Kennedy describes, 'Indeed, contempt for the Depression's victims, ironically enough, often lodged most deeply in the hearts and minds of the victims themselves. Social investigators in the 1930s repeatedly encountered feelings of guilt and self-recrimination among the unemployed, despite the transparent reality that their plight owed to a systemic economic breakdown, not to their own personal shortcomings. The Depression thus revealed one of the perverse implications of American society's vaunted celebration of individualism. In a culture that ascribed all success

Besides clinging to the gold standard, the initial response of President Hoover to the Great Depression left the underlying structure of industry intact. To combat unemployment, he relied upon strictly voluntary agreements with industrial leaders and agricultural middlemen to ease some of the suffering mass layoffs and deflation brought. These informal agreements included commitments to limit the hours of workers while leaving wages intact so as to preserve the employment of as many people as possible.¹⁶ Voluntary agreements were also made to not employ children or married women. These commitments were not made out of concern for child labour: they were primarily so that children and women would not compete with heads of families – i.e. men – for jobs, which would thus ensure that more families would avoid total destitution. This voluntary approach was a means to address the moment of crisis without fundamentally questioning the non-interventionist approach of the state or the *laissez faire* logic of the market. After all, these agreements were voluntary and temporary, a way to pre-empt the growing unrest, unauthorized strikes and sit-downs that may have threatened the continued existence of American capitalism.¹⁷

While the voluntary approach worked for a time, it was soon revealed to be wholly inadequate, as industrialists turned their backs on their commitments and began to cut wages and close more factories. Agricultural prices dropped even further in 1931, leading to food shortages in the cities even as produce rotted unpicked in the countryside. Farms were foreclosed upon and families made homeless. The newly evicted migrated to become day labourers in California, or else fled to urban centres like Chicago where charity soup kitchens would at least prevent starvation.

Whatever its starting point, by the time Franklin Delano Roosevelt took office in March 1933, the economic crisis was only deepening, and it was clear that a far more radical approach was needed. Over the next four years, he enacted a series of legal and policy reforms, what we now refer to as the New Deal. What made the New Deal reforms so revolutionary is that they brought about a fundamental transformation in

to individual striving, it seemed to follow axiomatically that failure was due to individual inadequacy.' Ibid 174. ¹⁶ Ibid 52-56.

¹⁷ Howard Zinn argues that the New Deal reforms of Roosevelt were intended not to reform capitalism, but 'to reorganize capitalism in such a way to overcome the crisis and stabilize the system; also, to head off the alarming growth of spontaneous rebellion in the early years of the Roosevelt administration – organization of tenants and the unemployed, movements of self-help, general strikes in several cities.' Howard Zinn, *A people's history of the United States* (Harper New York 2017) 392.

the role of the state and in the role of the marketplace, giving rise to a new value and integrating it into the actions of both public and private actors: guaranteeing a core of social and economic rights for all.¹⁸

It started with the National Industrial Recovery Act (NIRA), a massive bill adopted within the first hundred days of Roosevelt's presidency. The NIRA continued with the voluntary approach adopted by his predecessor, though, by empowering the President to adopt 'sectoral codes of conduct' applicable to entire industries. These codes would determine minimum wages, maximum working hours, and other conditions of employment. The drafting of these codes of conduct, as well as their enforcement, was however delegated to industry associations and representatives, allowing them to selfgovern and thus avoid legal regulation.

The NIRA also created the first public infrastructure investment agency, the Public Works Administration (PWA). The PWA was given \$3.3 billion in funding to be spent within its first year (\$78 trillion today). To do so, the NIRA massively expanded the powers of the federal government to collect revenue and to use it to provide a minimum social safety net, and not just in times of crisis. Other public works agencies worked alongside the PWA: the Civilian Conservation Corps and the Tennessee Valley Authority in 1933, followed by the Work Progress Administration (WPA) in 1935, which received a further \$5 billion in funding (\$112 trillion today). These agencies put millions of unemployed men back to work building roads, electrical grids, dams and aqueducts, and electrifying the countryside for the first time. The employment enabled men (and some women) to earn their wages instead of receiving handouts, which helped them to regain a sense of dignity and to avoid starvation while modernizing the nation's infrastructure. The WPA alone employed 8.5 million people over its lifetime.¹⁹

Massive public spending, like that of the WPA, was only possible because President Roosevelt was willing to challenge the macroeconomic economic orthodoxy

¹⁸ Not all historians agree; cfr. Zinn: ibid 386-406. Nonetheless, the outcomes of the New Deal reforms are clear, whatever the broader political intentions behind them were: a redefinition of the role of the federal government in the provision of social services (albeit at an arguably insufficient level) and the imposition of regulation on the operations of the marketplace, from banks to factories to agriculture, in view of social objectives.

¹⁹ Including the grandfather of the author, who spent several years building roads in remote areas of Western states before enlisting in the Navy at the outbreak of WWII.

of the time, including the gold standard.²⁰ By freeing the US dollar from the gold standard, he was able to spend on deficit, as advocated by the great economist John Maynard Keynes at the time.²¹ Moreover, the New Deal rejected *laissez faire* economics and the idea that economic depressions were a normal and even beneficial readjustment of production. By 1935, the voluntary approach set out in the NIRA was also abandoned and the federal government took on a greater role in regulating employment conditions directly,²² including wages and working conditions for the first time, recognizing the right to labour organization and collective bargaining.²³ Legal reforms set limits on the excesses of the financial and banking sectors. They also established the power of the federal government to buy agricultural products directly, as well a right of farmers to create cooperatives so that they could negotiate prices as a block. All these reforms, in essence, integrated greater social objectives into the workings of the marketplace for the first time.

With the New Deal, Roosevelt used a moment of great crisis to address some of the structural issues that led to the Great Depression and worsened its effects. Over the course of the 1930's, he set in place the basic social welfare institutions that provide a minimum social safety net in the United States to this day. It was more far-reaching than it needed to be to get through the economic crisis of the 1930's: indeed, the historian David Kennedy speculates that Roosevelt saw the crisis as a chance to reshape the United States from the ground up. He argues that it was reactionary forces and poor political decisions that closed the window of opportunity for the New Deal by 1938, sooner than Roosevelt would have wanted.²⁴

Certainly the New Deal could have gone further. For one, it left intact the deeprooted racial inequality found throughout the United States.²⁵ Black, Mexican and Chinese Americans were segregated within WPA projects, if they were even admitted,

²⁰ Kennedy (n 8) 75-82.

²¹ Ben Bernake and Harold James, 'The Gold Standard, Deflation, and Financial Crisis in the Great Depression: An International Comparison' in Ben Bernanke, *Essays on the Great Depression* (Princeton University Press 2000) 70.

²² This part of the NRA was later ruled unconstitutional *in Schechter Poultry Corp v United States* [295 U.S. 495 (1935)] for delegating excessive regulatory powers to the executive branch.

²³ This was set out in the Wagner National Labor Relations Act of 1935.

²⁴ Kennedy (n 8) 323-362.

²⁵ Notable is Roosevelt's decision to not challenge racial politics in southern states, leading to the failure of efforts to make lynching a federal crime: ibid 342-344.

and given lesser wages. Social benefits created under New Deal reforms, like Social Security and housing assistance, excluded African-Americans by direct and indirect means, such as exempting persons engaged in certain categories of employment and enforcing red-lining.²⁶ Some argue that the New Deal entrenched and even increased economic inequality along class and racial lines.²⁷ Yet by affirming the value of social protections and the role of the state – and employers – in providing them, it set in motion the struggle to expand social rights, including to marginalized groups, that continues to this day.

3. The New Deal and the European Green Deal

Exploring the parallels between the New Deal and the European Green Deal could offer insight into the EGD's underlying values and reveal whether the connection between the two 'deals' is more than just a shared title.

As mentioned, the New Deal represented not just a series of reforms and investments, but something more substantial: a shift in the fundamental role of the State. Its normative core can be understood in terms of a category of norms that Dworkin refers to as 'policy', which he defines as, 'a kind of standard that sets out a goal to be reached, generally an improvement in some economic, political, or social feature of the community.'²⁸ What the New Deal did was it shifted the normative 'policy' of the United States to embrace certain fundamental social and economic rights objectives for the first time, rights such as freedom from hunger, access to dignified employment, collective bargaining, minimum wages and minimum working conditions, housing.

Within the European Union, it can be argued that Dworkin's category of 'policy' describes the Union's 'values' as set out in Article 2 of the Treaty on European Union (TEU). The values of the Union have a constitutive function, as they are identity-

²⁶ Richard Rothstein, *The color of law: a forgotten history of how our government segregated America* (Liveright 2017) 154-157.

²⁷ Zinn (n 17) 404-407.

²⁸ Ronald Dworkin, *Taking Rights Seriously* (Harvard University Press 1977) 22.

forming, not just policy-informing.²⁹ For the Court of Justice, the very existence of the Union, 'is based on the fundamental premise that each Member State shares with all the other Member States, and recognises that they share with it, a set of common values on which the EU is founded, as stated in Article 2 TEU.'³⁰

Like the New Deal, the European Green Deal can be seen as fundamentally shifting these underlying values by increasing the weight of environmental objectives within the purposes of the marketplace and of the state, and by shifting the distribution of responsibility for sustaining environmental actions away from consumers and towards producers.

3.1. The EGD: a challenge to economic orthodoxy?

At its core, the EGD seeks to reform the notion of sustainability as it has been understood in the internal market to date. Indeed, the Green Deal communication states that, '[I]t is essential to increase the value given to protecting and restoring natural ecosystems, to the sustainable use of resources and to improving human health.'³¹ It is true that environmental objectives are not new to the Union, nor is the insertion of non-market objectives and values within the operations of the internal market, including environmental values.³² What has changed is their relative weight compared to other objectives: it is argued that the EGD gives greater weight to environmental objectives within the internal market, just as the New Deal did for social objectives. This has been reflected in the numerous legal instruments – soft law, legislative proposals, international

²⁹ Ana Maria Guerra Martins, 'Equality and Non-Discrimination as an Integral Part of the EU Constitutional Identity' in Thomas Giegerich (ed), *The European Union as Protector and Promoter of Equality* (2020) 25; Stefan Kadelbach, 'Are Equality and Non-Discrimination Part of the EU's Constitutional Identity?' idem 13.

³⁰ Opinion 2/13, para. 166-167; see also Case C-896/19 *Repubblika v Il-Prim Ministru* [2021] ECLI:EU:C:2021:311, para. 62-6; Case C-156/21 *Hungary v European Parliament and Council of the European Union* [2022] ECLI:EU:C:2022:97, para. 124-127; Case C-157/21 *Republic of Poland v European Parliament and Council of the European Union* [2022] ECLI:EU:C:2022:98, para. 142-146, 264-266. On the latter, see Luke Dieker, 'The conflict over the Polish disciplinary regime for judges – an acid test for judicial independence, Union values and the primacy of EU law: Commission v. Poland' [2022] Common Market Law Review. Comparative constitutional studies can be used to shape the interpretation of European values; on this practice and its limits, see Sergio Bartole, 'Comparative Constitutional Law – an Indispensable Tool for the Creation of Transnational Law' (2017] 13 European Constitutional Law Review 601.

³¹ EGD, para. 4.

³² Bruno de Witte, 'Non-market values in internal market legislation' in Niamh N Shuibhne (ed), *Regulating the Internal Market* (Edward Elgar Publishing 2006) 62.

actions – that have followed in the last four years.

Before the Green Deal, the legitimacy of actions to protect and restore natural ecosystems was recognized in the Union's primary and secondary law, in decisions of the CJEU,³³ and in soft law. There were even some communications broadly similar to the Green Deal, such as the 2010 Communication 'Europe 2020: A strategy for smart, sustainable and inclusive growth'.³⁴ This communication, a response to the 2008 economic crisis, set among its ambitions that of promoting a 'Resource efficient Europe', under which the Union aimed to 'decouple economic growth from the use of resources, support the shift towards a low carbon economy, increase the use of renewable energy sources, modernise our transport sector and promote energy efficiency.'³⁵ Indeed, reading the Europe 2020 communication, we find environmental objectives placed alongside numerous other economic and social objectives. This three-legged stool model of sustainability sees the three objectives as potentially in conflict, envisaging that trade-offs are needed and that one will take precedence over the others at various moments.³⁶

Instead of this model of 'sustainable growth' that puts environmental objectives on equal footing with social and economic objectives, the Green Deal seeks to give a more central role to environmental objectives. Indeed, recognizing the deep interdependence of the three 'limbs' of sustainability, the Green Deal emphasizes the need to integrate environmental objectives into areas of law and policy where they had previously been marginal at best, stating clearly that '[a]ll EU policies should contribute

³³ See, *inter alia*, the case Case C-281/16 Vereniging Hoekschewaards Landschap v Staatssecretaris van Economische Zaken [2017] ECLI:EU:C:2017:774, where the CJEU recognized the validity of including a cultivated area in a polder that had potential for restoration within a Site of Community Interest, even if the land was currently under cultivation and of little ecological value.

 ³⁴ Europe 2020: A strategy for smart, sustainable and inclusive growth (2010) COM/2010/2020 final.
 ³⁵ Ibid.

³⁶ On the uncertain role of environmental objectives in the internal market prior to the EGD, see Nicolas de Sadeleer, 'Environmental Measures as an Obstacle to Free Movement of Goods in the Internal Market' in Eléonore Maitre-Ekern, Carl Dalhammar and Hans C Bugge (eds), *Preventing Environmental Damage from Products: An Analysis of the Policy and Regulatory Framework in Europe* (Cambridge University Press 2018) 6. For criticism of 'three-legged stool' model of sustainability, see Sumudu A Atapattu, Carmen G Gonzalez and Sara L Seck, 'Intersections of Environmental Justice and Sustainable Development: Framing the Issues' in Sumudu A Atapattu, Carmen G Gonzalez and Sara LSeck (eds), *The Cambridge Handbook of Environmental Justice and Sustainable Development* (Cambridge University Press 2021) 1.

to preserving and restoring Europe's natural capital.'37

There is a clear parallel here with the New Deal and its aim of integrating social objectives where they had previously been seen as not just extraneous, but an outright interference in the functioning of the market.

Nonetheless, the EGD does not go as far as many would hope when it comes to shifting the premises of the European economy. Advocates of de-growth, for one, would wish to see a re-thinking of the very need for development and economic expansion, which they argue is incompatible with planetary boundaries.³⁸ Others do not question the need for development, but how it is measured, arguing that the metric of the Gross Domestic Product (GDP) should be set aside in favour of more holistic indicators of well-being that encompass environmental and social dimensions.³⁹ It could be argued that belief in growth and the GDP are the gold standard of our times, which the European Green Deal leaves intact. Nonetheless, it does enshrine environmental values in a more profound way into the economic logic of the European market, which could possibly leave space for a less growth-oriented approach to development.⁴⁰ Still, the EGD arguably sets out a statement of policy that demands a greater integration of environmental objectives within the internal market.

³⁷COM/2010/2020 final 13.

³⁸ Inter alia, see Giorgos Kallis and others, The case for degrowth (Polity Cambridge 2020).

³⁹ The beyond GDP movement was brought into mainstream economics in Joseph E Stiglitz, Amartya Sen and Jean-Paul Fitoussi, 'Report by the Commission on the Measurement of Economic Performance and Social Progress' [2009]. See also Joseph E Stiglitz, Jean-Paul Fitoussi and Martine Durand, *Beyond GDP: Measuring What Counts for Economic and Social Performance* (OECD Publishing 2018).

⁴⁰ Marinus Ossewaarde and Roshnee Ossewaarde-Lowtoo, 'The EU's Green Deal: A Third Alternative to Green Growth and Degrowth?' [2020] 12 Sustainability 9825; for analogous considerations in relation to the proposed (but never adopted) Green New Deal in the United States, see Riccardo Mastini, Giorgos Kallis and Jason Hickel, 'A Green New Deal without growth?' (2021] 179 Ecological Economics 106832. This is the approach that the recent update of the famous report *The Limits to Growth*, by the Club of Rome, supports: see Sandrine Dixson-Declève and others, *Earth for all: a survival guide for humanity: a report to the Club of Rome (2022), fifty years after The limits of growth (1972)* (New Society Publishers 2022).

3.2. Shifting the responsibilities for environmental protection from consumers to producers

There is no doubt that certain forms of consumption have high environmental costs, yet it is unclear who should be held responsible for such externalities: the consumers who purchase harmful goods and services, the producers who offer them, or the distributors who facilitate their circulation in the internal market. If we take the example of fast fashion, it is clear to see how each of the three parties may bear some responsibility, yet until recently, the burden of transforming of the internal market towards sustainability has been seen by many as the primary responsibility of consumers. Placing the onus on the consumer to drive the 'greening' the marketplace was supported by economic theories, which attributed environmental externalities associated with the consumption of goods and services only in small part to the producer of those goods or their distributors, with the majority attributed instead to the downstream consumer.⁴¹ A much-cited 2010 article by the economist Peattie clearly sets out this distribution of responsibilities: 'Developing more environmentally sustainable consumption and production systems depends upon consumers' willingness to engage in "greener" consumption behaviors.^{'42} In other words, production systems cannot be expected to change if consumers are unwilling (for whatever reason) to choose less environmentally impactful products. This implies that it is the responsibility of consumers to push corporate managers and shareholders to improve the sustainability of their operations, while public authorities should take a step back and let market dynamics play out.⁴³

In line with this view, transforming consumer culture towards sustainability has been a priority within the EU,⁴⁴ resulting in public awareness campaigns to shift consumer preferences and efforts to guarantee consumer protections to help consumers make choices informed by the environmental impacts of the goods and services on

⁴¹ João Rodrigues and Tiago Domingos, 'Consumer and producer environmental responsibility: Comparing two approaches' (2008) 66 Ecological Economics 533.

⁴² Ken Peattie, 'Green Consumption: Behavior and Norms' (2010) 35 Annual Review of Environment and Resources.

⁴³ For detailed analysis of the role of consumers, corporations and public institutions in the 'greening' of the internal market prior to the Green Deal, and the prevalence of a 'voluntary' approach, see Sandra Eckert, *Corporate power and regulation: consumers and the environment in the European Union* (Palgrave Macmillan 2019).

⁴⁴ This priority is expressed clearly in the 2008 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the Sustainable Consumption and Production and Sustainable Industrial Policy Action Plan (2008) COM(2008) 397 final.

offer.⁴⁵ Indeed, the idea behind eco-labels⁴⁶ and voluntary sustainability reporting⁴⁷ is that they should enable consumers to make more pro-environment choices based on complete and accurate information. In part, this focus on demand and on the consequent need to foster a culture of green consumption has been consciously cultivated by the same companies that produce environmentally harmful products, in the belief that shifting the burden of responsibility onto the consumer would help them to prevent demands for greater regulation.⁴⁸

⁴⁵ On consumer protections in the EU, the literature is vast, and there has been contrasting tendencies towards harmonization and deregulation over the past decade. See, *inter alia*, Ludwig Krämer, 'The Origins of Consumer Law and Policy at EU Level' in Hans-W Micklitz (ed), *The making of consumer law and policy in Europe* (Hart 2021) 13; Vanessa Mak, 'Two levels, one standard? The multi-level regulation of consumer protection in Europe' in James Devenney and Mel Kenny (eds), *European Consumer Protection. Theory and Practice* (Cambridge University Press 2012) 21; Mel Kenny and James Devenney, 'European consumer protection: theory and practice' idem; Raffaele Torino, *Lezioni di diritto europeo dei consumatori* (Giappichelli 2010). On the integration of sustainability objectives into consumer law in Europe, see Evelyne Terryn, 'Can Consumer Law Become Sustainable?' in Hans-W Micklitz and Christian Twigg-Flesner (eds), *The Transformation of Consumer Law and Policy in Europe* (Bloombury-Hart 2023) 159; Felix Ekardt and Jutta Wieding, 'Environmental Protection by Means of Consumer Law? Sustainability and Civil Law: The Example of Climate Protection' in Klaus Mathis and Avishalom Tor (eds), *Consumer Law and Economics* (2021) 299: Bert Keirsbilck and Evelyne Terryn, *Consumer protection in a circular economy* (Intersentia 2019). The challenges in applying voluntary labelling schemes to products containing palm oil are illustrative: see Pamela Lattanzi, 'Olio di palma ed etichettatura degli alimenti' in *Studi in onore di Luigi Costato*, vol 2 (Jovene 2014) 239.

⁴⁶ Regulation (EC) no 66/2010 of the European Parliament and of the Council of 25 November 2009 on the EU Ecolabel (2009) OJ L 27/1. It should be pointed out that the EU's ecolabel scheme does not apply to food products. The possibility of extending the ecolabel scheme was studied by the Commission but ultimately rejected due to technical issues and potential opposition; see EU Ecolabel for food and feed products – feasibility study (2011) ENV.C.1/ETU/2010/0025. The problem is discussed in Giuseppe Spoto, 'Tutela del consumatore, etichette a semaforo e informazioni "negative" (2018) XII Rivista di diritto alimentare 28; Silvia Bolognini, *La disciplina della comunicazione business to consumer nel mercato agro-alimentare europeo* (Giappichelli 2012) 189.

⁴⁷ Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups (2014) OJ L 330/1.

⁴⁸ Numerous examples of responsibility-shifting public relations campaigns created by corporations can be found, including the triangle recycling symbol (Davis Allen and others, 'The Fraud of Plastic Recycling: How Big Oil and the plastics industry deceived the public for decades and caused the plastic waste crisis' (Center for Climate Integrity 2024), available at <https://climateintegrity.org/uploads/media/Fraud-of-Plastic-Recycling-2024.pdf> accessed 22 May 2024) and the idea of the so-called 'carbon footprint' (Mark Kaufman, 'The carbon footprint sham' (Mashable 2021), available at <https://mashable.com/feature/carbon-footprint-pr-campaign-sham> accessed 22 May 2024). For a recent expression of this deliberate shifting of the responsibility from consumers, see Dharna Noor and Oliver Milman, 'Fury after Exxon chief says public to blame for climate failures' (The Guardian, 4 March 2024), available

Kaplan refers to corporate leaders' insistence on a voluntary self-regulation as an effort to privatise environmental governance. He finds it to be motivated by a desire to maintain control over environmental regulation and argues that its success to date has been facilitated by the absence of strong public actors.⁴⁹

Placing the primary responsibility on citizens as consumers is based on trust in marketplace dynamics as well as the power of corporations and industry to self-regulate in response to market signals.⁵⁰ If this approach were valid, then consumer and competition protections guaranteed under the Treaties, starting from Article 12 of the Treaty on the Functioning of the European Union (TFEU), should be sufficient to enable the greening of the internal market, if this is what consumers actually desire.⁵¹ Belief in the functioning of this system has, until recently, led to a largely voluntary approach when it comes to improving the sustainability of companies in Europe. Some companies voluntarily participate in reporting schemes like the Carbon Disclosure Project,⁵² or undertake carbon offsetting activities. There are a few notable exceptions of more incisive regulation, like the Emissions Trading System (ETS)⁵³ and Ecodesign directive.⁵⁴

at <https://www.theguardian.com/us-news/2024/mar/04/exxon-chief-public-climate-failures> accessed 22 May 2024.

⁴⁹ Rami Kaplan, "Rather Than Follow Change, Business Must Lead this Transformation": Global business's institutional project to privatize global environmental governance, 1990–2010' (2023) 45 Organization Studies 161.
⁵⁰ Eckert (n 43).

⁵¹ In reality, there are numerous reasons that consumer law has failed to effectively allow consumers to express their non-market values through their consumption choices: see Cristina Poncibò, 'A modernisation for European consumer law?' in Devenney and Kenny (n 45).

⁵² The Carbon Disclosure Project relies on companies voluntarily filling in a questionnaire about their annual emissions and impacts, on the premise that doing so will make executives, shareholders and the public aware of the climate impact of the company and eventually motivate them to improve their sustainability over time. See the data and documentation available at https://www.cdp.net accessed 22 May 2024.

⁵³ The ETS system is built on the premise that market forces can be harnessed to push European companies to reduce their greenhouse gas emissions. Regulation (EU) 2023/957 of the European Parliament and of the Council of 10 May 2023 amending Regulation (EU) 2015/757 in order to provide for the inclusion of maritime transport activities in the EU Emissions Trading System and for the monitoring, reporting and verification of emissions of additional greenhouse gases and emissions from additional ship types (2023) OJ L 130/105.

⁵⁴ Directive 2009/125/EC of the European Parliament and of the Council of 21 October 2009 establishing a framework for the setting of ecodesign requirements for energy-related products (recast) (2009) OJ L 285 10. This is currently under revision, with a definitive text expected to be adopted before the upcoming European Parliament elections. The proposed revision is Proposal for a Regulation of the European Parliament and of the Council

We can find a clear historical parallel here in the New Deal. The initial response to the Great Depression relied on voluntary agreements between the state and economic actors, including banks, corporations, industrialists, and agricultural intermediaries, who were asked to exercise self-restraint in the interest of the common good. Such an approach, while it worked for a time, was largely inadequate, as companies either hid actions contrary to their public promises or else abandoned these promises when they came to impact their profits beyond what they were ready to bear.

When it comes to sustainability, the voluntary approach has also been shown to be ineffective for multiple reasons. For one, the environmental costs of goods and services voluntarily disclosed by companies can be far less than their actual impact. This is particularly the case when reports exclude certain categories of emissions, such as their so-called scope 3 emissions, those that are caused by the use of their products by consumers.⁵⁵ For another, many of the claims of sustainability, carbon offsetting and climate-neutrality have been revealed to be wholly misleading.⁵⁶ Even when consumer pressure works and companies make commitments to invest in renewables or reduce their greenhouse gas emissions, these commitments can be radically revised when leadership changes, as happened when Wael Sawan took over control of Shell from its previous CEO Ben van Buerden in January 2023, as shareholders have the ultimate say.⁵⁷ Thus, consumer protections and voluntary disclosures have failed to achieve their

establishing a framework for setting ecodesign requirements for sustainable products and repealing Directive 2009/125/EC (2022) COM(2022) 142 final.

⁵⁵ Greenhouse gas emissions are typically accounted for in three categories: scope 1 emissions are those directly emitted by the producer during the production process, such as coke burned during the production of steel, or methane emissions from leaky oil wells; scope 2 emissions are those produced upstream of production, such as by the producers of electricity used to power the production process; scope 3 emissions are those produced downstream of production through the consumption of the product, including by the consumer. For oil and gas producers, their scope 3 emission far outweigh their scope 1 and 2 emissions, so any commitments to a 'net zero' target that exclude this category of emissions can be deceptive. This was at issue in the case successfully brought against Shell: *Vereniging Milieudefensie v Royal Dutch Shell plc and ors*, ECLI:NL:GHDHA:2021:134. On the case, see Otto Spijkers, 'Friends of the Earth Netherlands (Milieudefensie) v Royal Dutch Shell' (2021) 5 Chinese Journal of Environmental Law 237; Chiara Macchi and Josephine Zeben, 'Business and human rights implications of climate change litigation: Milieudefensie et al. v Royal Dutch Shell' (2021) 30 Review of European, Comparative & International Environmental Law 409.

⁵⁶ Patrick Greenfield, 'Revealed: more than 90% of rainforest carbon offsets by biggest certifier are worthless, analysis shows' *The Guardian* (London, 18 January 2023) https://www.theguardian.com/environment/2023/jan/18/revealed -forest-carbon-offsets-biggest-provider-worthless-verra-aoe> accessed 22 May 2024.

aims of permitting consumers to exert pressure on companies to effectively 'green' the internal market.

The EGD sets out a change in policy to address the failures of this voluntary approach to integrating environmental objectives into corporate decision-making.

For one, it acknowledges that the power of consumers is vastly unequal to that of producers. The distribution of responsibilities in the Green Deal reflects this fundamental inequality and shifts the onus onto producers through a combination of incentives and regulations, including extended producer responsibility schemes. An example can be found in the sector of forestry. Under Article 4 of the 2010 Timber Regulation,⁵⁸ timber and wood product importers had a duty to exercise due diligence to prevent illegally harvested wood and its derivatives from entering into the EU market. However, it is known that most deforestation occurs not to provide wood and paper, but commodity products such as beef, coffee, rubber, cocoa, soy, palm oil.⁵⁹ Until recently, the onus was on consumers to choose deforestation-free products, relying on ecolabels or corporate sustainability commitments. However, the 2010 Timber Regulation has now been replaced by the Deforestation Regulation,⁶⁰ which entered into force in June 2023 and will become applicable starting in December 2024. The Deforestation Regulation sets strict rules on importers of cattle, cocoa, coffee, oil palm, rubber, soya and wood products and their derivatives, products that are at risk of being produced through deforestation. Importers must not only exercise due diligence, but they must certify that their imported products are 'deforestation-free', otherwise they cannot be sold in the internal market and sanctions will be applied. In this way, it reduces the place of the complex and ineffective governance mechanisms for timber,⁶¹

⁵⁷ The shift back to its focus on increasing oil and gas production following the appointment of CEO Sawan led to the resignation of the former head of renewables production Thomas Brostrom in June 2023; see Ron Bousso, 'Exclusive: Shell CEO comes under pressure from within on renewables shift' *Reuters* (27 September 2023) <https://www.reuters.com/sustainability/shell-ceo-comes-under-pressure-within-renewables-shift-2023-09-27/> accessed 22 May 2024.

⁵⁸ Regulation (EU) No 995/2010 of the European Parliament and of the Council of 20 October 2010 laying down the obligations of operators who place timber and timber products on the market (2010) OJ L 295/23.

⁵⁹ Nguyen Tien Hoang and Keiichiro Kanemoto, 'Mapping the deforestation footprint of nations reveals growing threat to tropical forests' (2021) 5 Nature Ecology & Evolution 845.

⁶⁰ Regulation (EU) 2023/1115 of the European Parliament and of the Council of 31 May 2023 on the making available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010 (2023) OJ L 150/206.

and that of voluntary certifications for other products like palm oil and cocoa.⁶² While there are some elements of the Deforestation Regulation that can be criticized (particularly the way it defines 'deforestation-free' according to the national law applicable where the product is grown, and given the complexities in recording source data where products are prevalently grown by smallholders),⁶³ it certainly represents a shift away from the prior voluntary, consumer-centred approach.

We find this shifting of responsibility from consumers to producers across all areas of EU environmental law, from waste and packing, to chemicals and wastewater, transport and energy, biodiversity and climate change. Article 25 of the proposed Sustainability Due Diligence directive states clearly that 'Member States shall ensure that, when fulfilling their duty to act in the best interest of the company, directors of companies [...] take into account the consequences of their decisions for sustainability matters, including, where applicable, human rights, climate change and environmental consequences, including in the short, medium and long term.'⁶⁴

To be clear, the responsibility of the consumer has not been eliminated: in fact, initiatives to promote green certifications in the financial sector,⁶⁵ to combat

⁶¹ Council Regulation (EC) No 2173/2005 of 20 December 2005 on the establishment of a FLEGT licensing scheme for imports of timber into the European Community (2005) OJ L 347/1. For an evaluation of the impact of the FLEGT regulation, see the conclusions of Fitness Check on Regulation (EU) No 995/2010 of the European Parliament and of the Council of 20 October 2010 laying down the obligations of operators who place timber and timber products on the market (the EU Timber Regulation) and on Regulation (EC) No 2173/2005 of 20 December 2005 on the establishment of a FLEGT licensing scheme for imports of timber into the European Community (FLEGT Regulation) (2021) SWD(2021) 328 final.

⁶² Laila Berning and Metodi Sotirov, 'The coalitional politics of the European Union Regulation on deforestationfree products' (2024) 158 Forest Policy and Economics 103102.

⁶³ For example, see Patricia Figueiredo, 'The EU's deforestation law was cheered here. Brazilian experts and farmers are skeptical' *Euronews* (31 August 2023) https://www.euronews.com/my-europe/2023/08/31/the-eus-deforestation-law-was-cheered-here-brazilian-experts-and-farmers-are-skeptical> accessed 22 May 2024.

⁶⁴ Proposal for a Directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (2022) COM(2022) 71 final. A compromise on the proposal was reached on March 19, 2024. The compromise would reduce the applicability of the directive to European corporations with over 1,000 employees and global turnover over €450 million, or foreign-based corporations with annual turnover over €450 million in the European Union, a significant increase from the Commission's initial proposal of 500 employees and €150 million in turnover. The proposal currently awaits formal adoption by the European Parliament and the Council.

⁶⁵ Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (2020) OJ L 198 13.

greenwashing,⁶⁶ to promote sustainability reporting,⁶⁷ all aim to enhance consumers' ability to accurately express their values through their consumption choices. But this has become secondary. Instead, the Green Deal shifts environmental governance away from the privatized model described by Kaplan, instead giving public powers the power to create and enforce rules, forcibly redistributing the responsibility for pursuing these common values in a way that better reflects the value of equality.

Certainly the integration of environmental objectives into the European marketplace has met with considerable opposition, especially in the months leading up to June 2024 elections of the European Parliament. This resistance has targeted proposals in matters affecting the agricultural sector in particular, leading to the failure of the proposed Sustainable Use Regulation,⁶⁸ the rejection of the proposal to extend the scope of the Industrial Emissions Directive to more types of intensive zootechnic installations,⁶⁹ and the elimination of specific obligations to restore agricultural biodiversity in the proposed Nature Restoration Regulation.⁷⁰ It has led to the proposal

⁶⁶ Proposal for a Directive of the European Parliament and of the Council amending Directives 2005/29/EC and 2011/83/EU as regards empowering consumers for the green transition through better protection against unfair practices and better information (2022) COM(2022) 143 final; Proposal for a Directive of the European Parliament and of the Council on substantiation and communication of explicit environmental claims (Green Claims Directive) (2023) COM(2023) 166 final.

⁶⁷ Proposal for a Directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (2022) COM(2022) 71 final.

⁶⁸ Proposal for a Regulation of the European Parliament and of the Council on the sustainable use of plant protection products and amending Regulation (EU) 2021/2115 (2022) COM(2022) 305 final. This proposal would have strengthened regulations over the use of pesticides and herbicides, such as by prohibiting aerial spraying in favour of targeted delivery, and created obligations to Member States to reduce the quantity of plant protection products over time. This was forcefully opposed by agricultural lobbies. Despite the fact that a trilogue compromised was approved by the European Parliament on 22 November 2023, Commission president Ursula Von der Leyen announced on 6 February 2024 that the Commission would formally withdraw the proposal.

⁶⁹ Proposal for a Directive of the European Parliament and of the Council amending Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) and Council Directive 1999/31/EC of 26 April 1999 on the landfill of waste (2022) COM(2022) 156 final. As it stands, Member States must require emissions authorization under the Industrial Emissions Directive 2010/75/EU for installations with over 40,000 chickens, 2,000 pigs or 750 sows. The revision would have reduced this threshold to about 10,000 egg-producing chickens, 500 pigs or 300 sows, and included cattle for the first time. However, this compromise text agreed upon in trilogues leaves the previous thresholds largely intact, including the exemption of beef and dairy lots from the need for emissions authorization.

⁷⁰ Proposal for a Regulation of the European Parliament and of the Council on nature restoration (2022) COM(2022) 304 final. Article 9 of the Commission's proposal would have required Member States to set in place

to suspend environmental conditionality requirements in the PAC, and delayed perhaps indefinitely the revision of chemicals regulation under REACH.⁷¹

While these setbacks are disappointing, they should not come as a surprise. Even the New Deal faced opposition, setbacks and delays. However, by affirming that new values – whether they be social or environmental – have a place in the market, and that it is the states' task to pursue them, these deals have set in motion a process that will continue to evolve, albeit imperfectly, long after. The question is whether enough progress can be made in the short term to avoid crossing the planetary boundaries that would render all further progress in vain.⁷²

4. Conclusions

Mark Twain is credited with saying that history may not repeat itself, but it does rhyme. When we look at the underlying objectives and approach of the New Deal and the European Green Deal, there seem to be clear parallels between the two. Both seek to transform the marketplace by integrating previously extraneous values into its underlying structure. Both seek to change the role of the state in pursuing the values, including through public investment and new areas of regulation. Both do so by moving away from forms of voluntary co-operation towards models of governance in which the public authorities have a greater part to play. Both address the fact that progress has been stalled by a culture that blames individuals rather than systems for crises, be it a social and economic crisis in the case of the New Deal, or an environmental crisis in the case of the EGD.

The recent setbacks in Europe may raise fears that the momentum of the EGD

restoration measures to enhance agricultural biodiversity and showing increasing trends in several indicators of agricultural biodiversity. The compromise text weakened these obligations, yet still gave rise to enough opposition to. See Morgan E Harris, 'The Nature Restoration Regulation: Prospects for Reviving Europe's Biodiversity' [2024] Diritti Comparati blog https://www.diritticomparati.it/the-nature-restoration-regulation-prospects-for-reviving-europes-biodiversity/ accessed 22 May 2024.

⁷¹ Antonia Reihlen and others, 'Waiting for REACH: The negative impacts of delaying reform of EU chemical laws' [2023] EEB Report.

⁷² Will Steffen and others, 'Sustainability. Planetary boundaries: guiding human development on a changing planet' (2015) 347 Science.

will further slow, if not come to a complete standstill. It is helpful to recall that the New Deal also was slow, despite the urgent needs of so many. Negotiations over many reforms dragged on for years; some were never completed, while others were enacted only to be annulled in the courts. By the end of 1937, the United States' economy was recovering as wartime production increased, making the kind of social reforms Roosevelt still intended to pursue less urgent and therefore easier to oppose. The New Deal he envisaged was never fully realized, yet this does not detract from the remarkable progress it achieved.

This suggests that, despite recent setbacks, if European leadership can hold fast to the values that underpin the Green Deal and the project of European unification, and if the peoples of Europe continue to demand change and to welcome it, even when it affects their lives,⁷³ then the project of the Green Deal will be able to continue over the next five years and beyond. In many ways, it is a New Deal for our times, with all the challenges that entails.

⁷³ As Baute shows, the perception that the regulatory framework fairly distributes the costs and responsibilities for the pursuit of environmental objectives is key to guaranteeing public support: Sharon Baute, 'European solidarity in the green transition: Evidence from a conjoint experiment' [2023] Sciences Po LIEPP Working Paper No 156.