Trump 2.0 and the Inflation Reduction Act

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Trump's First Term and Withdrawal from the Paris Agreement

Donald Trump was elected U.S. President in 2016, with a climate policy centered on opposing environmental measures. He questioned the reality of climate change, advocated for cuts to environmental investments, and supported the fossil fuel industry. In June 2017, Trump announced the U.S. withdrawal from the Paris Climate Agreement, citing the accord's unfair economic impact on the U.S., particularly on coal and oil industries. Trump also significantly cut the Environmental Protection Agency's budget, reducing support for the Green Climate Fund and international climate research. This not only increased pressure on other countries to reduce emissions but also indirectly allowed China and the European Union to step in as leaders in global climate governance.

Despite these policies, U.S. carbon emissions did not significantly increase during Trump's term, primarily due to reduced economic activity during the COVID-19 pandemic. Meanwhile, state governments and businesses continued to advance emission reduction measures. Initiatives such as the formation of the U.S. Climate Alliance and investments in clean energy demonstrated the autonomy of local governments and the private sector.

Trump's Second Term and Challenges to the Inflation Reduction Act

In 2024, Trump secured a second term as president, further intensifying his anti-environmental stance. He criticized the Inflation Reduction Act (IRA), introduced by the Biden administration in 2022, calling it a waste of resources and a driver of inflation. He planned to cut green energy subsidies, including the elimination of tax credits for electric vehicles and unallocated IRA funds. Additionally, Trump advocated for expanding fossil fuel extraction and exports to revitalize the traditional energy sector.

With Republicans gaining full control of Congress, Trump's policies could pose significant threats to the IRA. However, the act has already attracted substantial investments in clean energy and generated economic and employment benefits.

While modifications to the IRA may occur, its core impacts are unlikely to be fully reversed. Trump's support for traditional energy could lead to short-term increases in carbon emissions and weaken the U.S.'s leadership in global climate negotiations.

Background, Content, and Effects of the Inflation Reduction Act

The IRA is a landmark piece of legislation by the Biden administration addressing climate change and energy transition, with a total budget of $437 billion. Its policy goals include reducing carbon emissions, promoting renewable energy development, improving energy efficiency, and creating jobs. The act allocates $369 billion to support clean energy technologies such as wind power, solar power, and electric vehicles, with tax credits extending for up to 10 years.

As of 2023, the IRA has shown initial success. U.S. inflation rates have dropped significantly, and the act has driven the construction of 950 million solar panels, 120,000 wind turbines, and 2,300 energy storage facilities. Additionally, private sector investments in clean energy have reached $80 billion, enhancing the stability of domestic supply chains. However, the act still faces challenges in terms of funding allocation, social equity, and policy stability.

Conclusion

The IRA uses market-driven approaches to promote clean energy development. While it faces risks, it has laid the foundation for U.S. carbon reduction and energy transition. Trump's policies may slow the pace of the transition, but his first term demonstrated that the global and domestic consensus on climate change cannot be completely reversed by changes in U.S. policy. Even if progress slows, the market forces driving renewable energy and the efforts of states, cities, and businesses will continue to propel the U.S. forward in addressing climate change.