Corporate controlled or socially controlled industrial policy? A case study of the Biden Administration's efforts to shift power through industrial policy

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Executive Summary

President Biden entered office with an unorthodox economic agenda. The old neoliberal playbook—that the economy grows best when private companies face minimal government intervention—had grown stale, and in its place came a more active state charged with creating good jobs and economic opportunity for all Americans. A central plank of this pre-distribution agenda was a clean energy industrial policy meant to decarbonize the economy, lower costs for families, create good jobs for workers, and support equitable economic growth.

That industrial policy could also be a tool for shifting power was not obvious. Industrial policy generally requires the government to work through the titans of industry and finance to achieve national objectives. Yet factions inside the administration, along with allies in the labor and racial justice movements, set out to test a different theory: that the state could use its funding, rulemaking, convening, and bully pulpit authorities to build the countervailing power of workers and communities even as it channeled hundreds of billions of dollars through private firms. Power-shifting was never the overarching emphasis of the clean energy industrial policy, and the policy itself was not a preordained plan. It was an experiment, run under time pressure, by people who had come into government with relationships to the movements they were trying to strengthen. Drawing on interviews with former White House and agency officials, this paper documents that experiment. It traces the toolkit the administration inherited from the Bipartisan Infrastructure Law and the Inflation Reduction Act, the movements it sought to empower, and the three terrains on which it tried to shift power—place, industry, and project. My premise throughout is that in a market economy, industrial policy tends to expand corporate power unless countervailing power is deliberately built into the design.

What the administration tried, and what it achieved

At the place level, the Justice40 initiative committed 40 percent of the overall benefits of certain federal investments to disadvantaged communities, and agencies self-organized into a Thriving Communities Network that created community-led intermediaries, such as the Thriving Communities Technical Assistance Centers—institutions funded by government but deliberately situated outside government. Energy communities, defined as places where a sizable part of the local economy was linked to fossil fuels, also received special attention. The bills created incentives and set asides for these places. Moreover, multistakeholder governance models were tested, including special task forces and advisory councils. In the end, more than 75 percent of clean energy projects were located in economically distressed places. But a project reaching a county is not the same as a community securing power within it.

At the industry level, the administration offered incentives to unionized firms, tested tripartite convening through the Battery Workforce Initiative, and made extensive use of the bully pulpit and convening power to encourage industry to work with labor unions. Union density in the renewable energy industry rose for the first time, and the National Tri-Trade Solar Agreement established a pathway in a sector that previously lacked one. However, the Battery Workforce Initiative largely failed to persuade the private sector to cooperate with labor. Finally, no signature initiative was launched to strengthen the power of racial equity stakeholders within any clean energy industry.

At the project level, the focus of most of the money, the Department of Energy mandated Community Benefit Plans for all grant and loan program applicants. The results surprised even their designers: more than half of DOE awardees committed to negotiating formal labor or community agreements, or already had them in place, and

those commitments covered 74 percent of all funding. For projects over $50 million, more than half included a commitment to a binding labor, tribal, or community agreement. Companies reported a real shift among executives, and clean energy firms have continued to use community benefit plans for projects without federal funding. The tax credit “adders” and Direct Pay option did parallel work through the tax code and survived into the One Big Beautiful Bill Act.

Beneath all of this lies a fundamental tension in taking a power-shifting approach to industrial policy: communities can be given a voice, but not necessarily a veto.

Where it fell short

The Biden industrial policy was weakest in its use of sticks. Enforcement and investigative authorities were never mobilized as industrial policy tools. The Administration declined to mandate union neutrality on all projects due to legal risks, and focused on incentives and persuasion instead. Whether DOE could have enforced Community Benefit Plan commitments after an award was made remains unresolved due to the Trump administration canceling all Community Benefit commitments. Community Benefit Plan mandates were weakened by DOE counsel, who treated pre-award plans as business confidential, removing a critical source of leverage groups needed to negotiate stronger commitments from companies. The Biden administration took no aim at making structural changes to corporate governance in clean energy industries, such as government equity stakes or worker representation on boards. Finally, the White House–with its array of policy councils and implementation offices–was not well organized to manage industrial policy implementation. This diffuse accountability resulted in confusion and frustration amongst both agency staff and external stakeholders. These lessons begin with two assumptions: First, that industrial policy is a long-term project, measured in decades. Definitive conclusions from the Biden experience are limited by the fact that this policy had barely two years of implementation before it was unwound. Yet industrial policy is back in vogue among policymakers on both sides of the aisle. Whether it expands or rebalances corporate power will be settled by early design choices. Second, that power shifting through governance and implementation can play an important part in helping America shift towards a more egalitarian democracy and equitable economy. What follows is written for those inside government designing that policy and for those outside pushing them to do it better.

Lessons and Recommendations

1. Industrial policy tends to expand corporate power unless countervailing power is baked into the design.

Industrial policy always serves multiple public goals—technological, economic, and social—and requires coordination between the state and the private sector, making corporate capture a real risk. Building countervailing power into the design corrects the market's tendency to prioritize private profit over public benefit. The state is one source of that power, but it should not be the only one: locating countervailing power within civil society creates the feedback loops that help a democracy keep policy accountable to the public rather than overly responsive to business leaders or technical specialists.

- Use both carrots and sticks. An incentive-only policy cannot align private and public interests on its own.
- Support institutions that are not pure profit maximizers—publicly owned or managed entities, nonprofit ownership forms, and hybrids—as the Greenhouse Gas Reduction Fund, Direct Pay, and the Loan Programs Office's SEFI program began to do.
- Make applicants visible before awards. Public notification of intent to apply and facilitated matchmaking would give labor and community groups leverage when they can still use it.
- Consider an enforcement agenda up front: the state has several enforcement-like powers available including pausing or clawing back funds for violations of an agreement, creating dispute resolution mechanisms, or using investigative powers to put pressure on corporations.

2. Use every lever to build civil society's power to shape industrial policy: funding, technical assistance, capacity building, and the bully pulpit.

Many racial justice and community development groups were not advocates of industrial policy, and when invited to shape it, some reasonably declined. Government should still reach out proactively to these stakeholders, to help groups make informed decisions about engagement, and strengthen their capacity to do so. This is necessary to achieve the industrial policy's shared prosperity goals. It aligns movements' expertise, relationships, and social capital with national goals, distributes gains from the policy to traditionally excluded groups, limits harms from over burdening these groups; and builds trusted messengers who can carry public support for the policy.

- Deploy technical assistance fast, routed through place-based rather than national organizations.
- Simplify application and compliance to enable broader organizations to participate; this may require legislation.
- Prioritize giving flexible, last-mile funding to underrepresented groups, which former officials identified as the most potent power-shifting tool at the place-based level.
- Use narrative and convening power deliberately, but do not make government the permanent convener—outside groups can sometimes curate better and faster.
- Treat the tax code as power-shifting terrain, not only as a place to raise revenue.

3. New state capacity must be built, and institutions redesigned, to durably shift power from corporations and to build the power of workers and underrepresented groups.

Workers, racial minorities, and underserved communities are rarely the focus of an agency's authorizing statutes or flagship programs, and most agencies lack the structures needed to build and sustain trusted relationships with grassroots organizations. Political appointees serve that function for a time, but that is not durable capacity.

- Issue executive orders early and pair them with sustained White House guidance and convening power; keep task forces small and focused rather than insisting on whole-of-government approaches. Personnel is policy—process alone will not change policy or results. Personnel should be drawn from the ranks of the social movements policymakers seek to shift power to.
- Refine co-governance practices in light of real legal and ethical constraints: anti-corruption oriented open meeting rules, administrative law, and procurement as well as the oversight risks in a hyperpartisan environment.
- Multistakeholder public institutions can and should be built—Technical Assistance Centers competitively sited outside government, ad hoc Regional Rapid Response Teams, & statutory bodies like the Appalachian Regional Commission all serve as models that can be built off of. These institutions could bring locally-anchored civil society organizations together with federal, state, and local governments, helping rebuild trust in government.
- The regional offices of federal agencies can be put to better use. They hold deep relationships with state, local, and tribal leaders but rarely play a strategic role advising headquarters. Furthermore interagency coordination at the regional level is too rare, and could help local organizations better blend and braid federal resources.
- Consider regulatory, investigative, and enforcement agencies, rather than funding agencies, as convenors of industry and civil society; the power dynamic in the room is different.
- Take up corporate governance directly: equity stakes, public benefit corporations, employee ownership, and cooperatives all remain untested here.

4. Power-shifting and industrial policy implementation involve trade-offs. Confront them early and communicate them continuously.

Power-shifting can build more enduring support for a policy and serve as a structural bulwark against corporate capture. It can also slow implementation. Critics on both the left and the right argue that the administration attempted an everything-bagel industrial policy, and there is truth to the critique that speed and consultation pull against each other. But those critics miss that the voters most contested in recent elections are not primarily asking the government to build more. They want to see their needs prioritized over corporations and the ultra-wealthy.

- Distinguish the strategy-setting phase of an industrial policy–where high-level goals and targets are defined–from the tactical implementation phase. Calibrate stakeholder engagement for different stages so implementation faces fewer veto points.
- Industrial policy implementation is iterative. It requires coordination mechanisms–often government led–between government, the private sector, and civil society during both strategy-setting and tactical-implementation.
- Government must establish clear lines of authority for choosing among conflicting goals—and for explaining those choices to stakeholders, which is how trust survives a disappointing decision.
- Require both labor and equity commitments. Letting companies earn credit for one or the other pushed them to choose, when requiring both would have strengthened labor-community coalitions.

5. Movement groups face both opportunity and risk in working closely with government.

Federal funding earmarked for worker- and community-based groups can help organizations grow in ways philanthropy cannot sustain, and much of the so-called capacity limitations these groups face are simply a lack of reliable resources. But federal funds carry heavy compliance burdens, can compromise an organization's independence—or its perceived independence—when the money flows only under one party, and can put a target on an organization's back when the political winds shift. The community development field already lived through this sorting once after the 1970s, when organizations that had combined advocacy and service delivery had to make a choice.

- Service delivery and advocacy can be in tension with one another. Organizations may face a real or perceived trade off between accessing federal funding and preserving the capacity to pressure allies in government when necessary.
- Consider ways to develop objective criteria for community-led organizations. Unions have elections and legal oversight; racial justice and community development groups do not. Federal certification has done this work before through Community Development Corporations, Community Action Agencies, Community Health Centers, and CDFIs. Industries and movements can also create their own certification systems.
- Build trust and shared analysis between likely future policymakers and movements before the next window opens. Distinct audiences and constraints entail some structural tension—but collaborative muscle can be developed in advance.

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Introduction

President Biden entered office with an unorthodox economic agenda. He recognized that the old neoliberal playbook, which argued the best way to grow the economy is for private companies to face minimal intervention by government, had grown stale. Instead President Biden argued government should play a more active role in creating good jobs and economic opportunity for all Americans. A key plank of this "pre-distribution" oriented economic policy was an industrial strategy, anchored around growing U.S. economic and technological leadership in key industries of the future–primarily clean energy and advanced computing. The coalition backing a revival of industrial policy included economic populists who had a vision of a pro-working class, pro-equity, anti-neoliberal version of industrial policy. These economic populists saw industrial policy as a tool to both reform and revitalize America's democracy and design a more equitable economy.

That industrial policy could be a tool to help pro-distribution, pro-democracy populists gain power in American society was not obvious, especially since industrial policy often requires the government to work through the titans of industry and finance to achieve its national objectives. Therefore, factions inside the Biden administration, with their allies in labor and racial justice movements, set out to test a new theory of industrial policy. This paper examines the Biden administration's experiment by analyzing Biden clean energy industrial policy and the levers it used to shift power through industrial policy. The paper also offers lessons for future power-shifting oriented policymakers to consider.[1]

The first section will review the goals of the Biden administration's clean energy industrial policy and the policy toolkit used to implement it. The second section will describe the various terrains policymakers focused on for power shifting, which included place-based, industry-level, and

[1] As part of the Empowering Democracy Initiative, this paper uses the initiative's specific stylized definitions of power, power shifting, and pro-democracy. The initiative asked authors to focus on power shifting at the organizational and collective level, as opposed to shifting power to individuals within a particular social group. The initiative also asked authors to focus on growing collective and organizational forms of power for groups who want to build a more responsive and egalitarian democracy in the U.S.

project-level interventions, and the organized groups who were to be the beneficiaries of planned power shifting. The third section brings sections one and two together in a set of case studies of how policy levers came together to shift power at the place, industry, and project levels. The fourth and final section will offer lessons for policymakers and advocates on the how-tos of power shifting through industrial policy. This section assumes that power shifting through governance can play an important part in helping America shift towards a more egalitarian democracy and equitable economy. This was a highly uncertain policy experiment from the outset, and therefore this paper approaches the topic with both a critical eye and humility, with the goal of aiding the development of further conversations on the role power shifting through governance can play in building a strong, multiracial democracy in America.

I. The Rationale for a Clean Energy Industrial Policy

A. The goals of the clean energy industrial policy

The Biden clean energy industrial policy sought to counter climate change by decarbonizing the economy in a way that lowered costs for families, created good jobs for workers, and supported equitable economic growth. This agenda included both deploying clean energy technologies and expanding domestic production of clean energy components. The policy had a set of distinct domestic policy goals.[2] On the environmental side, the policy was part of the administration's overall goal to reduce greenhouse gas (GHG) emissions in an equitable manner and put the U.S. on track to meet its 2050 Paris Accord commitments. On the economic side, the industrial policy would support strong and inclusive economic growth through an accelerated clean energy transition and strengthen America's global economic competitiveness. The Biden-era industrial policy was an aspirational set of ideas–not a detailed "plan"-and policymakers developed many different programs and initiatives to try to reach these varied aspirational goals.

The benefits of the clean energy industrial policy would not necessarily just be lower costs, good jobs, and healthier communities. Some officials, but not all, saw the added potential for industrial policy to be a power-shifting and power-building project as well–in line with the demand of the

[2] The industrial policy also had a strong national security and foreign policy component to it as well, to advance U.S. energy security and global economic competitiveness. Part of the rationale for reshoring clean energy supply chains through industrial policy was to make sure the energy transition did not leave the U.S. overly dependent on other nations, including on geopolitical rivals. The national security and foreign policy aspects of the policy will not be examined in this paper.

racial justice and worker power advocates who were part of the coalition that helped elect President Biden and their allies in the community development movement. During both the campaign and the presidential transition, racial justice and worker power advocates had secured commitments from the incoming administration to maintain a sustained focus on racial equity and worker power across all its policies. In the first weeks and months in office, a series of early executive orders (EOs) on equity, Justice 40, and worker power laid out the administration's commitment to design policy with input from underserved communities, disadvantaged groups, and worker representatives.[3] This focus on increased input reflected the demands of some racial justice-centered groups like Demos, PolicyLink, and Race Forward post-2018, underscoring the importance of "co-governance" in building a multiracial democracy and countering inequality.[4] These organizations argued that communities, especially those who are historically marginalized, should help set priorities, design programs, allocate resources, and/or monitor implementation. They called for more than the typical consultations or notice and comment that executive agencies usually conduct and instead co-design policy with marginalized groups. They argued that consultation should be sensitive to who had power and who lacked power, and designed to help lift up the voices of those who lacked power to overcome the structural exclusion of some groups from the standard administrative law procedures.

On the presidential transition, personnel teams intentionally hired appointees who had ties to the racial justice, labor, and community development movements. The personnel teams also sought to staff agencies with people capable of adopting the more progressive co-governance style[5] reforms discussed above to overcome structural forms of exclusion from federal policy. As one interviewee put it, "grappling with the long histories of oppression and extraction across the

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[3] The three initial executive orders were Exec. Order No. 13,985, 86 Fed. Reg. 7009 (Jan. 25, 2021) on *Advancing Racial Equity and Support for Underserved Communities Through the Federal Government*; Exec. Order No. 14,008, 86 Fed. Reg. 7619 (Feb. 1, 2021) on *Tackling the Climate Crisis at Home and Abroad;* and Exec. Order No. 14,025, 86 Fed. Reg. 22,829 (Apr. 30, 2021) on *Worker Organizing and Empowerment*.
[4] Exemplary writings from this perspective include Race Forward's Report Co-Governing Toward Multiracial Democracy available at: https://www.raceforward.org/reports/governing-racial-equity/ co-governing-toward-multiracial-democracy and Demos' Policy Brief Economic Democracy Explained: Community Control over Institutions through Co-Governance (September 2023) available at https://www.demos.org/policy-briefs/community-control-over-institutions.
[5] Co-governance encompasses a range of perspectives–some leaning more towards robust participation for communities, others leaning more towards greater power-sharing or shared decision making. In this paper, progressive co-governance is used to describe the power-shifting or power-sharing end of the co-governance spectrum.

different communities in our society" was an animating driver for some Biden officials.[6] The result was a set of inside/outside relationships, as well as a values alignment, between administration officials and movement groups in worker power, racial justice, and community development spaces. These networks had the potential to work together to shape strategy, policy, narrative, and communications.

In conclusion, power-shifting to racial justice, labor, or community development groups was never the overarching emphasis of the clean energy industrial policy overall, nor was the industrial policy a pre-ordained, highly detailed plan from the outset. Some officials sought to drive the benefits of the industrial policy to these stakeholders or to prevent the industrial policy from harming or overburdening these stakeholders. But benefits and harm reduction to individuals are not the same as power shifting at the organizational or institutional level. The very idea of whether the administration should emphasize institutional power shifting through implementation would remain a contested question throughout Biden's time in office. Nonetheless, this paper focuses on the actions taken by officials who did believe in power-shifting, and tried to work alongside leaders in these respective movements to try to govern in a way that built the power of these movements.

B. The industrial policy toolkit

Industrial policies often weave together a set of supply and demand-side tools to shape a particular industry or market. In the clean energy industrial policy, on the supply side, the policies would provide subsidies and other incentives to private companies who develop, make, and sell clean technologies. Those subsidies could be grants, loans, or tax credits. On the demand side, it would provide subsidies and incentives to consumers– either directly through tax credits, loans, or grants or indirectly through states or nonprofits–to lower the cost of adopting clean energy technologies. It also included an emphasis on public procurement and federal spending as a demand-side lever. This became known as the Biden administration's "modern American industrial strategy," which would use public investment to catalyze private investment at greater

[6] As former NEC Director Brian Deese noted in one of his speeches describing the Biden industrial policy: "past efforts to build fast often entailed discrimination and subjugation—running roughshod over already disadvantaged communities and places" and "our generation must do better" as the federal government makes a historic public investment in infrastructure and manufacturing. Deese, Brian. Speech "On a Modern American Industrial Strategy" given at the Economic Club of New York (April 20, 2022).

speed and scale, and help that private investment to reach all regions, all communities, and all workers. That is, the goal was to craft markets towards distributed gains and equitable outcomes. While the demand side tools included a number of power-shifting policies, this paper will focus primarily on the supply side incentives.[7]

While originally packaged as one large legislative package called “Build Back Better”, ultimately the bulk of the funding and authorities to implement the clean energy industrial policy were split across two very different bills which passed almost a year apart from each other–the Bipartisan Infrastructure Law (BIL) and the Inflation Reduction Act (IRA). The BIL, which passed in November 2021, was designed to be bipartisan, and needed to clear a 60-vote threshold in the Senate. That means that authorities that could have been added to bolster power-shifting were hard to negotiate, and were often left on the cutting room floor of the legislative process. For example, during negotiations over an infrastructure bank and a national industrial bank, Republicans refused to attach high environmental or social governance standards or design multistakeholder oversight bodies which would create advisory board seats for workers, underserved communities, or environmental interests. The BIL’s funding was primarily designed to go through state or local government, with some programs carrying Davis- Bacon labor standards intended to pay union wages and other programs focused on addressing equity issues for communities of color, such as lead pipe removal funding. On the flip side, the IRA, which passed in August 2022, was from the start a party-line bill.[8] This allowed the IRA to include policies intended to shift power. However, since the Reconciliation process was being used to pass the bill, legislators faced procedural hurdles limiting their ability to grant new authorities or place new programs at agencies. This led to a bill that relied heavily on funding (and existing programs that allocated funding) as the primary power-shifting tool, rather than through new regulations or structural changes to agencies. Labor and racial justice stakeholders–including the environmental justice movement–were actively involved in negotiating the provisions that became the IRA, some of which were being developed as soon as the Democrats took control of the House in 2018. As

[7] This paper does not examine the Greenhouse Gas Reduction Fund, which created a network of nonprofit and state-led clean energy financial institutions to provide affordable financing to clean energy projects in low- and moderate-income communities. Many advocates saw this program as an opportunity to shift power within financial markets. There was a recognition that private, for profit, financial institutions would not, on their own, offer affordable products at scale to support clean energy deployment in low- and moderate-income communities or to finance community-controlled or publicly controlled clean energy assets.

[8] While some of the pieces of the IRA were bipartisan, the overall bill was designed to only need Democratic votes to pass.

a result, some IRA programs were designed intentionally to benefit members of these movements. That said, the vast majority of IRA funding flowed through the private sector, and the administration began to publicly sell its industrial strategy as "government-enabled, private sector led."[10]

Once the BIL and IRA both passed, Democrats and the Biden administration rallied around elevating these as signature accomplishments of the Democratic trifecta. However, for both the racial justice and labor movements–two important, core constituencies of the Democratic Party–these bills had not been their highest priority legislative asks. Democrats failed to pass the American Families Plan through reconciliation, which would have expanded social safety nets and strengthened the rights of care workers. Congress also failed to pass the PRO Act to improve worker protections–and voting rights reforms to address discriminatory voting laws. Those failures are important to note because it added friction to efforts to work with racial justice and workers movements to power shift through industrial policy. Clean energy industrial policy was not the highest priority policy for racial justice stakeholders. Especially for the environmental justice leaders within the civil rights movement, much of their focus was on equitable climate action, not industrial policy per se. For the labor movement, industrial policy was a priority for building and industrial unions, but not other large parts of the labor movement, like the service sector or educational unions. Once these bills passed however, clean energy industrial policy implementation became a top priority for the Biden administration. Furthermore, given the executive orders described above, the Administration remained committed to making sure racial justice and worker-rights stakeholders benefited from the implementation of clean energy industrial policy.

The executive branch had several distinct levers it could pull to implement industrial policy and each of these could be used to enact a power shifting agenda as well. First was funding, since the legislation created new grants and tax credits that could go to government, nonprofits, and industry. Rules would need to be written for each funding program, including designing applications for awarding the funds and rules to manage the use of funds. Second, government procurement was a central part of the industrial policy–leveraging the government's role as a large purchaser of goods to advance equity, workers' rights, and climate goals. That meant new procurement regulations, guidance, and spending plans needed to be developed. Third, the

[10] For example, see a much-cited Goldman Sachs analysis which noted that "[t]he U.S. Inflation Reduction Act (IRA) will spur about $3 trillion investment in renewable energy technology."

administration could use its regulatory and enforcement authorities to support power shifting. Finally, the executive branch's bully pulpit and convening power were important tools to be wielded to shift narratives and power.

The IRA was in many ways the center of the clean energy industrial policy, and its new authorities were concentrated at the Department of Energy (DOE) and the Treasury Department. Racial justice, labor advocates, and community economic development advocates–three key targets of the power shifting policy–historically lacked structural power in either of these agencies. Racial justice and community development groups had stronger ties to the Environmental Protection Agency (EPA), while worker advocates had stronger ties to the Department of Labor. Therefore, getting the Administration to use the levers described above creatively and in service of racial justice or worker justice advocates faced some structural hurdles. DOE and Treasury both lacked a history of conducting outreach to these groups or designing policy development processes that worked alongside these advocates. Implementation would therefore be a test case, in some instance, of combining interagency relationships and expertise to augment the ability of the Energy Department and Treasury Department to support power shifting in implementation. Importantly, power shifting was also not the central goal for each agency and each program. A real tension existed inside the administration between those who focused on delivering *benefits to members* of these movements, and those who wanted to *shift power to the movements* and their constituent organizations.

Clean energy industrial policy implementation also was affected by the administration's efforts to design administrative tools to encourage more inclusive and equitable economic development systems at the state and local level. For example, the Office of Management and Budget (OMB) developed new uniform guidance, which allowed local governments to add local hire and underserved contractor requirements to federally funded projects. These rules helped support jobs and economic opportunity for underserved communities and could be a tool to help redistribute economic power at the local level. The DOL-led Good Jobs Initiative was another innovative administrative tool, which focused on supporting job quality and equitable career pathways through government spending. DOL provided technical assistance, grants, and contracts to help federal agencies improve job quality through funding and procurement programs.[11] This cross-agency support was invaluable to DOE as they built the community benefits plan framework discussed below.[12]

The White House had an important role to play in overseeing government-wide implementation of the clean energy industrial policy and coordinating externally with key stakeholder groups. Clean energy industrial policy implementation was spread across several White House offices. Two implementation offices were set up in the White House–separate and apart from the main policy councils–one for the infrastructure bill and one for the climate one. This institutional separation meant that there were three policy councils–the domestic, climate, and economic councils–all with equities related to clean energy industrial policy–and two implementation offices. Responsibility for implementation of the various movement-facing executive orders was similarly fragmented. While the Domestic Policy Council (DPC) led on implementation of the racial equity EO, the climate-equity focused Justice 40 commitments in the climate EO were led by the Climate Policy Office (CPO), the Council of Environmental Quality (CEQ), and OMB. According to interviews with former administration officials, the J40 work–despite its emphasis on racial justice–maintained little connectivity with DPC's equity team. For labor groups, industrial unions and building trades were the unions most focused on industrial policy implementation. Those advocates had successfully pressed the incoming administration to create a deputy on the National Economic Council (NEC) to focus on labor issues. In addition, unions had high levels of access to all policy councils, as well as to the President's closest advisors themselves. This came from decades of deep relationships President Biden had built with labor over the years, and his desire to be the most pro-labor president since FDR.

In interviews with former administration officials–both those in the White House and those at agencies–the frustration with how the White House was managed was palpable. Interviewees noted the White House failed to organize itself in a coherent or streamlined manner to manage implementation of the clean energy industrial policy or engagement with racial equity and labor stakeholders interested in shaping that policy. As one interviewee from an implementing agency shared, "everyone in Biden's White House was empowered to veto everyone else's stuff, which

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[11] The Good Jobs Initiative would ultimately be codified in an Executive Order titled *Investing in America and Investing in American Workers*. Exec. Order No. 14,126, 89 Fed. Reg. 73,559 (Sept. 11, 2024).
[12] Jones, Betony. *Tying Labor Standards to Clean Energy Incentives: How Biden's Department of Energy Tackled Climate Industrial Policy*. Roosevelt Institute Working Paper (October 2025). https://rooseveltinstitute.org/publications/tying-labor-standards-to-clean-energy/. Hereinafter Jones, Labor Standards Report.

made it impossible at times to get things done." While high-profile critics blamed an everything-bagel liberalism for slow policy implementation, it was to some insiders a more quotidian internal management failure that hindered rapid implementation and effective coordination with external stakeholders. The White House failed to develop a shared understanding of goals and priorities across the interagency or accountability structures and management processes to oversee implementation of those goals. Implementation was going to surface competing priorities, and needed a mechanism to confront tradeoffs, make choices, and communicate decisions to external stakeholders. Instead, at times agencies felt like White House policy advisors would try to "distract stakeholders with little wins, when they were upset about big things."

II. <u>Power-shifting goals and methods</u>

The prior section laid out the tools the administration had available to implement industrial policy. In this section, I look more closely at some ways these tools were combined in order to shift power to worker organizations, racial justice groups, and to a lesser extent to community development advocates.

Power shifting through industrial policy is not obvious. Industrial policy often requires the government to funnel resources and support to private corporations. The Biden administration, in fact, touted its industrial strategy as being "government-enabled, private sector-led." Yet prior to the 2020 election, progressives had envisioned an approach to industrial policy that reasserted the state's power over industries, and resulted in more "pre-distribution" in the economy.[13] Industrial policy would be an antidote to neoliberalism's trickle-down economic model, and reassert the state's role in shaping markets and drive "middle-out" economics.[14] Therefore, the power-shifting attempts in the Biden administration were highly experimental and highly contested both internally (between administration officials) and externally (in both the general public and inside the Democratic Party).

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[13] For an example of these ideas see: Tucker, Todd. *Industrial Policy and Planning: What It Is and How to Do It Better*. Roosevelt Institute Report (July 2019). Available at: https://rooseveltinstitute.org/publications/industrial-policy-and-planning/

[14] See for example Hanauer, Nick and Goldstein, David. "A New Economics Takes Hold." Democracy: A Journal of Ideas (Spring 2024). Available at: https://democracyjournal.org/magazine/72/a-new-economics-takes-hold/

The two primary movements the administration attempted to shift power to were quite different from one another, including in size of their bases, trust the base had in leadership, geographic distribution, and capacity to implement the IRA- and BIL- version of a clean energy industrial policy. Worker organizations–particularly unions–are democratically organized. National labor laws regulate how unions are formed and managed–and give members the right to vote for their leaders. There are other worker formations–worker centers or tradeswomen groups–that lack the legal recognition of a union–but are still part of the broader labor movement. Individual unions have their own distinct geographic reach, sectoral focus, and membership base. There are also national federated structures–the AFL-CIO–which can provide a united voice for most unionized workers, and other federated structures like state federations and building trades councils, that organize union members at different geographic and industrial levels. Unions are self-funded through dues paid by their members and are not restricted from political engagement in the same way other nonprofits are. While unions play an important role in electoral politics, that role varies by state given varied levels of union density nationwide. Public for unions is at historic highs these days, but union density is still at historic lows of about 10 percent of workers.[15]

In the racial justice and community development field there is a distinction between community-led groups that organize and advocate on behalf of communities (groups I will refer to as advocates) and groups that focus on delivering projects, programs, and services to communities (groups I will refer to as developers). Sometimes the same organization does both, but often the two functions are separated. Advocacy often requires pressuring elected leaders outside the electoral process and does not focus on elections as the sole moment to generate or wield power. In the racial justice and community development field, there is also a lack of agreed upon methods for measuring whether an organization represents “a community” or a particular constituency. So, while unions are organized on a membership model, membership structures are rarer in the racial justice and community development organizations. Community development organizations sometimes place residents, neighborhood associations, or similar membership organizations on their boards, to make sure they are governed by or accountable to the communities in which they work. Some national coordination exists in both these fields, for example, the NAACP and the Leadership Conference for Civil Rights play important roles in organizing and coordinating actions across the racial justice movement.

[15] For a good summary of trends in union density and organizing, see Bauer, Lauren and Cole, Tia. “Six facts about union density in the United States.” Brookings Institution. (May 22, 2026) available at https://www.brookings.edu/articles/six-facts-about-union-density-in-the-united-states/?utm_source=chatgpt.com

The racial justice groups the administration often worked with on industrial policy specialized in different issue areas, such as economic, environmental, or civil rights. In interviews with former officials, they noted that for some racial justice groups, equitable job access and minority contracting were a primary demand for BIL and IRA implementation. The environmental justice movement had a particularly important relationship to the clean energy industrial policy, given the J40 commitment the President had made during his campaign. The environmental justice movement's history is tied to civil rights and environmental racism. Many of its leaders come from organizations rooted in a specific place or region, giving it a somewhat decentralized and place-based orientation. There are organizations that play a leading role in coordinating between environmental justice organizations. Prominent examples include WE ACT for Environmental Justice, the Deep South Center for Environmental Justice, and the Climate Justice Alliance. The environmental justice movement had successfully led a racial reckoning inside the climate and environmental movement prior to the IRA's passage, pushing mainstream climate organizations and funders to place racial justice concerns at the center of the environmental and climate agenda.[16]

As noted earlier, for many members of both the racial justice and labor movements, industrial policy was not their first order ask of the administration, especially legislatively. Therefore, when the IRA passed, and suddenly a large-scale clean energy industrial policy became possible, movement groups had to assess what the industrial policy could offer them, evaluate whether a pivot in strategy was worth it to them, and then move quickly to influence industrial policy design and implementation. There would be a tension here that plagued power-shifting oriented implementers' ability to move from theory to practice on power shifting: government officials were being pushed to move with the urgency of a 2-year political cycle while movements faced capacity constraints figuring out if they would or could pivot, and if so how.[17]

With this background on the organizations and movements who were the focus of the power shifting, this section describes three different levels at which the administration tried to shift power to these groups: at the place, industry, and project level.

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[16] For news articles covering this issue see Colman, Zach. "Environmental Groups' Greatest Obstacle May Not Be Republican Opposition." *Politico*. Available at: https://www.politico.com/news/magazine/2021/02/05/environmental-movement-racial-reckoning-green-diversity-465501

[17] One former official noted that the government also faced capacity gaps when agencies tried to implement these bills with equity and worker power at the center.

A. Power-shifting at the place level

Economic growth in the U.S. has always been unequally distributed across states and regions. However, post-global financial crisis–with increased attention to income inequality and the hollowing out of the Rust Belt–commentators started to also focus on the growing inequities in economic growth between places.[18] These commentators noted that the income, wealth, and economic inequality between places deserved greater attention from policymakers in Washington. Some argued this approach would improve aggregate growth, while others saw it as improving the fiscal efficiency of some federal programs. Others advanced a political economy view that economic anxiety was contributing to a declining trust in democracy. Overall, this revival of interest in a federal role in place-based economic development led the Biden administration to have a concerted focus on supporting economically distressed parts of the country.

Clean energy industrial policy–whose goal was to help accelerate the transition away from fossil fuels–posed a distinct, acute, and potentially existential challenge to places whose local economy and tax revenue were heavily dependent on the fossil fuel industry. This included places where a sizable part of the local economy, local employment, or the local tax base was linked to fossil fuels, especially to coal. A new federal geographic designation–"energy community"–was established, with a methodology for identifying them and a published list of federally recognized energy communities.[19] From a power-shifting perspective, this work aimed to increase the power of the people in energy communities over federal "just transition" policies, as well as give them enhanced access to federal support to accelerate or ease the economic transition. The White House created an interagency working group on energy communities charged with conducting outreach to these communities, holding listening-sessions, and organizing and directing federal support to community-defined priorities. The Department of Energy was charged with running the working group, and they appointed a senior career official to serve as its executive director.[20] The

[18] For an example of this literature see Moretti, Enrico. *The New Geography of Jobs* (2012) and Austin, Benjamin; Glaeser, Edwar; and Summers, Lawrence. "Saving the heartland: Place-based policies in 21st Century America" from *Brookings Papers on Economic Activity*. (Spring 2018)

[19] For an in-depth summary of the Interagency Working Group on Energy Communities, including the Rapid Response Teams, see Dalbey, Matthew and Raimi, Daniel. *Meet Them Where They Are: Lessons Learned from the Federal Interagency Working Group on Energy Communities*. Resources for the Future (2024). Available at: https://www.rff.org/publications/reports/meet-them-where-they-are-lessons-learned-from-the-federal-interagency-working-group-on-energy-communities/.

[20] The official was based outside of Washington, at DOE's National Energy Technology Lab.

Director of the National Economic Council and the Secretary of Energy co-chaired the working group. With this structure, career agency staff with deep institutional knowledge had day-to-day operational responsibilities, and the co-chairs functioned as a board that set strategic priorities and secured resources for the working group's initiatives. In legislative negotiations, some set-asides and incentive programs were negotiated to encourage companies to invest in these regions, which resulted in an expanded definition of energy community. For example, the clean energy tax credits in the IRA included an energy communities bonus credit, which increased the tax credit up to 10 percent if a project was sited in an energy community. The interagency working group also made extensive use of the federal government's convening power to shift power to these communities. Convenings were designed to include local government and civil society leaders and help introduce them to potential private sector and philanthropic investors. A few sites were given interagency SWAT teams called "Rapid Response Teams" (RRTs). RRTs were a set of designated personnel across multiple agencies who would devote 12-24 months to support a locally designed plan. Eventually, 6 RRTs were established nationwide, including in Pennsylvania, Wyoming, and the 4 corners region (Arizona, Colorado, New Mexico, and Utah).

Although not initially conceived of as a place-based program, the J40 initiative became one in practice. Through an early executive order, the Biden administration committed that 40% of the overall benefits of certain federal investments—including clean energy and infrastructure programs—would flow to disadvantaged communities (DACs). The push for J40 had been led by environmental justice and environmental groups who called for centering communities facing greater pollution burden, climate impacts, and inequality burdens in any climate or infrastructure policies.[21] As noted earlier, responsibility for J40 was split across three different White House offices. In addition to the J40 commitment, environmental justice communities received heightened focus through a White House-led interagency council and an external advisory council made up of environmental justice leaders. The White House Environmental Justice Interagency Council was chaired by CEQ, and the White House Environmental Justice Advisory Council (WHEJAC) was housed inside EPA. As a Federal Advisory Committee (FACA), the WHEJAC was charged with advising the interagency council and the CEQ chair, and had to operate under the strict open meeting rules of a FACA. It was composed of prominent community leaders and academics. Similar to Energy Communities, DAC was a new federal designation paired with a

[21] For example, see Earth Justice's press release announcing the Equitable and Just National Climate Platform in 2019, available at: https://earthjustice.org/press/2019/environmental-justice-and-national- environmental-groups-advance-a-historic-joint-climate-

mapping tool to identify which counties qualified as DACs. DACs were ultimately defined as low-income communities facing at least one additional pollution, health, or economic burden.[22] Justice 40 communities received preferential funding for a range of federal programs, including some statutory preferences in the IRA.

In addition to this work on J40, some agencies self-organized into the "Thriving Communities Network." The leaders of this effort came from racial equity and community development-oriented staff at the agencies implementing BIL and IRA. The group ultimately created an interagency MOU to organize their work, and largely operated independent of any of the White House policy councils or offices. They used a combination of existing and new funds to establish a new federally funded network of technical assistance centers–the Thriving Communities Technical Assistance Centers (TCTACs)–in each EPA region. Ultimately, 18 organizations received over $177 million in multiyear awards to help J40 communities navigate and apply for federal programs.[23] Leading EJ organizations like the Deep South Center for Environmental Justice ran some of these centers. A grantmakers' network was also created–the EJ Grantmakers program–to make it easier for small, community-based nonprofits to access federal funding.[24] They were nonprofits, educational institutions, or consortiums of them with experience working and building trust with underserved communities. While TCTACs were first conceived during BIL implementation, using appropriated dollars, most of the funding for TCTACs came from a large and flexible IRA appropriation to EPA's environmental justice program. The IRA also created a large, flexible environmental justice grant pool for community-led projects.[25]

B. Power-shifting at the industry level

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[22] The definition of DAC did not end up using any racial criteria to define a DAC. This was in part to avoid a hostile Supreme Court invalidating the J40 program as the unconstitutional use of race in a government program.

[23] Tejada, Matthew S. "The Power of EJ Money for Health, Wealth, and Resilience." in *Environment: Science and Policy for Sustainable Development*, 67:4, 43-51 (2025).

[24] See Tejada (2025) for further details. As Tejada notes "The EJ Grantmakers, similar to the TCTACs, established a nationwide network of partnering organizations—a hub-and-spoke system that reached every corner of our country. This approach supported the establishment of a program that provided true national coverage while relying on organizations with established local ties and trust to communities with a real deficit of trust in their government. This again further lowered the barrier to entry for thousands of communities to start receiving federal support."

[25] See Tejada (2025) for a summary of these programs.,

Industrial policy was an opportunity to shift power within an industry to workers or to unionized firms. Clean energy companies seemed like the ideal target for a strategy, as a new industry with less entrenched labor/management practices and in need of attracting a skilled workforce. A few approaches were tried here. One was providing incentives and support to unionized firms, including through government procurement programs. The administration worked closely with industrial unions to establish a Made in America office within OMB to oversee new legislatively mandated domestic content requirements for federal procurement and spending, appointing a former labor official to be its first director. Second, specific funding programs tried to support unionized plants.[26] The IRA's Auto Conversion grants provided resources to existing internal combustion engine plants to convert the plants to produce electric vehicles. The administration tailored the program to support existing plants instead of new greenfield projects. One key goal was to keep already unionized auto plants, especially in the Midwest, open, and disrupt the prior trend of auto companies building new greenfield plants in right-to-work states.

Convening and bully pulpit authorities were also tested. The Department of Energy experimented with tripartite-style arrangements in its Battery Workforce Initiative. Led by the Office of Energy Jobs, it aimed to establish national training standards and industry-recognized credentials for the battery sector, given it was a nascent and emerging industry. It brought battery manufacturers and labor unions together to develop job standards and competencies as well as health and safety standards that could be aligned across multiple employers. These industry-level standards would make it easier for companies, unions, and workforce development stakeholders to recruit and train workers in this emerging industry. These standards would also emphasize the importance of job quality (including worker health and safety), to move the industry towards centering workers' needs, not just management's bottom line. DOE ran the initiative in partnership with DOL. This allowed DOL to align its apprenticeship requirements and funding as a carrot to help implement the initiative's findings. In practice, the department had difficulty getting the employers to work with labor unions, although they were willing to share information with other firms. According to one of the initiative's leaders, while the initiative succeeded in creating national training standards, it was unable to achieve its more ambitious goal of fostering more labor-management partnerships.[27]

[26] Unions also supported passage of programs that would have supported their broader industry, not just unionized plants. The manufacturing production tax credit (45X) and the EV tax credit were two examples of programs aimed at firms, but received backing from unions as well.

[27] See Jones, Labor Standards Report.

Notably, no signature initiatives were launched to raise the power of racial equity stakeholders within particular industries. While the Treasury Department attempted to run a broader racial wealth gap effort through its annual Freedman Bank's Forum–and emphasize minority entrepreneurship and access to capital–the effort never aligned fully with the administration's broader industrial policy. Environmental justice advocates continued to have concerns with some of the clean energy industries that were part of the industrial strategy, including carbon management technologies and hydrogen projects, which they criticized as extending harmful high-pollution industries in underserved communities. Both of these industries had bipartisan support and received targeted support in the BIL. The WHEJAC offered a high-profile venue for advocates to raise their concerns and air outright disagreements with the administration's policies publicly.[28]

C. Power shifting at the Project Level

The bulk of the federal industrial policy funding was project-level funding, in the form of grants, loans, and tax credits. The Department of Energy oversaw most of the competitive programs, while the Treasury Department administered the tax credits. The Department of Energy used its administrative authority to create a Community Benefit Plan (CBP) requirement for clean energy grant and loan programs.[29] These plans could be worth upwards of 20% of the score in a competitive grant application, which was a meaningful amount. The process was slightly different for Loan Program Office (LPO) loans where CBPs were reviewed within the risks section of an application.

CBPs included a description of a company's strategy on community and labor engagement, workforce and job quality, benefits to J40 communities, and equitable economic opportunity. To evaluate the applications, the agency hired experts in these four areas, including people with ties to these stakeholder groups and experience working with these movements. Some of these hires were at the agency itself, while others were external reviewers hired to evaluate competitive grant

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[28] See for example Chemnick, Jean. "The caveat to Biden's environmental justice legacy." *E&E News*. (October 07, 2024). Available at: https://www.eenews.net/articles/the-caveat-to-bidens- environmental-justice-legacy/

[29] For an in-depth overview and evaluation of DOE's CBPs, see Betony Jones and Joe Peck. "The Receipts: The Untold and Underappreciated Outcomes of Biden's Clean Energy Strategy." Roosevelt Institute Working Paper. (April 2026). Hereinafter Jones and Peck.

applications. This can be seen as a form of power shifting–giving allies of movements greater authority to influence who might receive these funds. In some program offices, DOE staff and consultants had the positional authority to elevate worker and community concerns to agency decision-makers or to applicants. This was a departure from past DOE approaches, which had internal reviewers focus purely on the technological, scientific, and business feasibility, rather than a more stakeholder capitalism approach of considering labor, community, and environmental issues. To justify this non-statutory, administrative requirement, the DOE relied on research showing that addressing environmental, social, and labor issues upfront in a project de-risks project delivery, helps deliver projects on time and on budget, and increases the social license of the company.

To help applicants develop CBPs, the department hosted webinars and conducted roadshows to explain how to prepare a CBP. They wrote guidance documents with examples that elevated *enforceable agreements* with unions, racial justice, and community-based groups, not just vague commitments. DOE emphasized tangible and concrete benefits needed to be in these plans, not just a list of meetings and engagement strategies. Rather than invest in public parks or local youth programs, DOE emphasized that companies should tie the CBP to the project itself. DOE's bully pulpit was also actively used to get companies to engage with community groups or unions. Senior leaders at DOE would encourage corporate leaders to work with these types of stakeholders and had staff on hand who could help broker introductions if companies lacked relationships with these groups. Legal constraints prevented the agency from mandating anything more than voluntary commitments from companies in the CBPs, but plans that included a legally-enforceable agreement like a Project Labor Agreement (PLA) or a signed collective bargaining agreement (CBA) received more points in the scoring process.[30] Here, DOE was careful to stay within the bounds of federal ethics rules, never requiring companies to work with specific organizations. Instead, its role was to be a bridge builder and a connector.

For the tax credits–which for the most part a company can claim by right if it follows the IRS rules for qualifying–the legislative branch did much of the heavy lifting on power shifting although administrative actions further bolstered this shifting. The bulk of clean energy deployment funding in the IRA was in the form of tax credits. A set of "bonus" credits added a multiplier to a company's tax break for activities that aligned with the industrial policy's shared prosperity goals, including

[30] See Jones and Peck and Jones, Labor Standards Report for further details.

paying a prevailing wage, using registered apprentices, investing in an energy community, or investing in a low-income community (which was a designation that included almost all J40 communities). These were commonly referred to as the tax credit "adders." The Direct Pay program, authorized in the IRA, allowed non-taxpaying entities like state and local governments or nonprofits to be eligible for certain IRA tax credits. Instead of receiving a tax credit, the applicant received money from the IRS. This was another IRA program that supported shifting power away from private industry, as it created alternatives to private sector-owned or financed clean energy projects.[31]

Tax credits have an important difference from grants. Companies have the right to access the tax credit when they file their taxes. Treasury or the IRS do not have to ex ante approve the funding, in the same way a grant or loan needs prior approval from the government. A company just claims the tax credit, keeps paperwork on file showing they complied with all the tax credit's requirements, and then reduces the amount they send back to the government at tax time. Tax filings are also private, and so the names of companies (or entities in the case of Direct Pay) intending to claim, or actually claiming, a specific tax credit are not public. As a result, the main enforcement lever is the tax audit process. Tax guidance would set the rules of the road that companies, their lawyers, and accountants would follow for the next decade.[32] Therefore, how the ex-ante tax guidance was written was critical, if racial justice, labor, or community development stakeholders were to shape these project financing tools. The regulations for the registered apprenticeship and prevailing wage tax credits ultimately incentivized companies to sign PLAs– by massively simplifying compliance if a company signed a PLA.[33] Labor unions worked extensively to try to influence this design.

Some Treasury staff conducted proactive outreach to labor and community groups to try to help them design and use these programs, but this outreach was uneven. Treasury faced structural obstacles to designing these policies collaboratively with racial justice, labor, or community

[31] LPO also had a financing program–the State Energy Financing Institutions (SEFI)--available to state or tribal financing authorities to offer loans to clean energy projects that state entities were financing. Under the IRA, this program had approximately $40 billion in loan authority, and offered another opportunity (like the GGRF) to grow a blended finance industry for clean energy and create sources of capital for nonprofit and publicly owned clean energy projects.
[32] Tax guidance can take the form of regulations, information letters, technical advice memorandum, and other guidance documents. Once regulations are issued, the IRS can issue memorandum or private letter rulings to offer clarity to taxpayers on matters as questions arise.
[33] Rather than setting up a compliance system to track if contractors were paying prevailing wages or using registered apprenticeships, the existence of a PLA was sufficient to receive the tax credit bonuses.

development stakeholders. The agency does not have an office charged with public engagement or stakeholder outreach. Its most robust and established stakeholder relationships are with the financial industry–which can pay an army of lobbyists to build relationships with the agency–and Congress–who funds and authorizes the agency. This absence of an institutional outreach and engagement function makes it hard for the agency and its staff to develop relationships with racial justice or labor organizations. These relationships exist if individual staff at Treasury bring them into their roles, or if the groups have a pressing policy priority at Treasury. During the Biden administration, Treasury's American Rescue Plan implementation team and IRA implementation team had to each create and run their own separate outreach and engagement efforts. According to one former official, this structural deficit feeds an elitist culture at the agency, and economists and lawyers dominate internal debates. Second, implementation at Treasury became narrowly defined as writing tax guidance and ensuring compliance. Emphasis was not put on last-mile strategies to drive uptake of the socially-oriented tax credits. As one official put it, "Treasury did not have to engage with the people they were designing for." This same official put some blame on the White House for not solving the problem of determining which administration priorities–equity, labor, reshoring manufacturing–should get prioritized.

D. Conclusion: A summary of the industrial policy power-shifting tools

Whether at the place, group, or industry level, the administration experimented with different tools to power shift through industrial policy. In some cases, the administration and Congress worked together to legislate new power-shifting tools, as was the case with the socially-oriented tax credits that advocates and agencies could then work together to implement. In others, they worked together to secure funding for priorities of labor and racial justice advocates, as was the case with the auto conversion grants at DOE and environmental justice programs at EPA. These programs still left a lot of flexibility for administration officials to design how they would use these funds.[34]

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[34] The EPA environmental justice programs went from approximately one million dollars a year pre-2020 to billions of dollars. The newly created Community Change grants program alone had over $2 billion available in highly flexible funds for community-led projects at the local level. The grants could go directly to community groups, they did not have to flow through local government to a nonprofit, although the program did require partnership with a local or tribal government or another CBO or academic institution. Some of these programs included grants for project implementation while others focused on equitable governance and meaningful community engagement. For further information see: https://www.epa.gov/system/files/documents/2024-03/overview-of-the-community-change-grants-program.pdf

In areas where the administration lacked direct statutory mandates, staff creatively leveraged administrative authorities to shift power. They created *new institutional intermediaries* that were outside of government and led by organizations with deep, trusted ties to the environmental justice movements–like the TCTACs. These institutions, by design, were community-led and supported disadvantaged communities' ability to access federal programs. Federal staff built *new state capacity* by hiring experts in racial justice and worker power who designed and implemented CBPs that shifted power between companies and workers, racial justice, and community development advocates so these groups could shape corporate behavior. This new state capacity *tested tripartite governance* of programs, like the Battery Workforce Initiative. Finally, the *bully pulpit* was used extensively by senior administration officials and cabinet secretaries through speeches, trainings, guidance, trips, 1:1 meetings, and other convening powers. That work enhanced the legitimacy and recognition of workers and minority groups as important stakeholders who should be shaping industrial policy implementation.

In some instances, a “whole of government” approach was tested–to get agencies to work together to shift power. The EOs on workers, equity, J40, and energy communities all provided a high-level signal to agencies to both directly engage these groups in policy design and implementation and to address their concerns in all the agencies’ activities. The White House’s positional authority could then be used to push government-wide changes, which helped political appointees nudge staff who may have resisted new or novel approaches. The standing meetings for the interagency councils were a venue for White House staff to pressure agencies to deliver on these commitments.

The next two sections of this paper look more closely at what lessons future policymakers or advocates might try to draw from this experiment in power-shifting industrial policy.

III. Evaluating the results

In this section, we look for early evidence of success or failure in shifting power from the two to three years the Biden administration spent implementing this clean energy industrial policy.

At the place level, there was some evidence of success when measured by funding. Over 75% of projects were located in economically distressed places. The ability of worker rights, racial justice, or community development advocates to actually secure more power or resources for themselves, however, is not the same thing as a project reaching their county.[35] Clean energy industrial policy also sought to shift the geographic coalitions around climate action. It is hard to draw decisive conclusions on this question, as the 2024 election has prompted larger debates amongst Democrats around the strategies the party needs to deploy to secure electoral power and the role climate policies should play in those electoral strategies. Some see evidence of place-based realignments on clean energy in the fact that one-third of the IRA tax credits survived in the One Big Beautiful Bill Act–including the various adders discussed above and Direct Pay. This was in part due to lobbying pressure members of Congress received from deeply red states. On the flip side, the Trump administration has launched an all-out war on wind and solar energy, abandoning those Republicans who called for an "all of the above" energy strategy, and the administration has faced little pushback from its party or its base from this attack on renewables.

Energy communities' results varied. Former administration officials thought groups in Appalachia had a lot of success securing federal funding to invest in community-aligned priorities. Two potential reasons for this success included prior investments in state capacity and in local nonprofit capacity. First, the Appalachia Regional Commission (ARC) has been a longstanding hybrid federal-regional, multistakeholder institution that brings government leaders across the region together with civil society and federal officials. This suggests that federal bodies that are place-based and multistakeholder could play an important role supporting more responsive and accountable federal programs. Second, the Appalachian energy communities had benefited from the POWER initiative–set up by the ARC in 2015 to support economic opportunity in coal communities. Energy communities–and the importance of addressing their unique challenges in the energy transition–have also sustained ongoing recognition in climate policies, with states like Wyoming setting up energy community offices.

From the J40 and broader environmental justice work, some potentially successful models for racial equity-oriented power shifting emerge. First is securing large amounts of funding for both technical assistance and community-led grants from Congress. Second was the effort to create extra-governmental organizations like TCTACs and the Thriving Communities grant makers, which could offer TA and long-term capacity building and distribute programmatic grants. These organizations were designed to be place-based–embedded in specific regions of the country,

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[35] One area for further work includes educating policymakers on how they would measure or track power shifting, to be able to track if a policy or action was successful in power shifting.

tailored to the needs and capacities of specific regions, and embedded in regional social networks. Third, WHEJAC gave environmental justice leaders the ability to quickly reach senior leaders at a range of federal agencies, and get their questions answered in a timely fashion. The overall J40 commitment–of committing 40% of the *benefits* of certain federal programs to underserved communities–faced a lot of criticism for delivering process and engagement, not results, to pollution-burdened communities.[36] By never having a precise definition of benefit (including not allowing dollars awarded to qualify as a benefit), it became hard for administration officials to offer clear direction to companies as the companies negotiated benefits with J40 stakeholders, or for government officials to communicate benefits that resulted from a project, or for stakeholders to hold government officials accountable for meeting the J40 commitment. Benefits distribution is often evidence of power having shifted–when a stakeholder group sees its specific needs being addressed by policy. How to determine who had legitimacy to speak on behalf of J40 communities was also unclear, given a lack of standards around identifying authentic community leaders. Finally, creating the DAC map of J40 communities paradoxically made them attractive for industrial policy investments, when residents in some of those communities wanted to halt industrial developments, especially for controversial technologies like carbon capture, hydrogen, and nuclear.

The ultimate power–which some advocates and communities seek–is the power to say no to a development. Herein lies a fundamental tension in a power-shifting approach to industrial policy. The community can be given a voice, but not necessarily a veto.[37] Industrial policy wrestles with how we as a country build and operate a set of strategically important industries or technologies. That means the federal government wants to see projects built–be it a transmission line, a wind farm, or a battery processing plant. Of course, in a democracy the government wants the process used to both be a fair process and be perceived to be a fair process. While the Biden administration launched permitting reform plans that both emphasized pre-engagement with communities and streamlined the process, in some instances that meant the process could result in a project moving forward despite community opposition. That is always going to be a tension in the system–someone may feel they have lost something at the expense of the national interest.

[36] A full discussion of the Biden administration's broader J40 effort is outside the scope of this paper. An example of research on this question includes Walls, Margaret A.; Hines, Sofia; and Ruggles, Logan. "Implementation of Justice40: Challenges, Opportunities, and a Status Update." Resources for the Future. (January 2025).

[37] Tribal communities pose a distinct set of legal, policy, and ethical questions when it comes to free, prior, and informed consent that this paper does not address, but is an important issue to confront, especially in mining policy discussions related to clean energy industrial policy.

At the industry level, some evidence of success in power shifting exists. The first increases in union density in the renewable energy industry occurred during the Biden administration.[38] The National Tri-Trade Solar Agreement between the International Brotherhood of Electrical Workers, the International Union of Operating Engineers, and the Laborers' International Union of North America created a project labor framework to facilitate compliance with the Treasury Department's prevailing wage requirements on utility-scale solar projects. Jones and Peck found an increase in non-union registered apprenticeships compared to union-led ones, suggesting "effects on union job growth were contingent on the surrounding institutional and policy ecosystems."[39] Measuring the effectiveness of the tax credit bonuses for prevailing wage and apprenticeships needs further study, given the procedural hurdles to researchers gaining access to the Treasury and the IRS data that could inform these studies.

Arguably the key to growing union density is increasing union members, and that requires unions to invest in organizing and a legal environment that supports workplace or sectoral organizing. The administration did not require union neutrality as a prerequisite for receiving federal funding. Such a move would have surely been a violation of the NLRA (which governs workplace organizing), and the White House was wary of seeing "Joe Biden's name in the footnote that overturns the NLRA," as one former official put it. Ultimately, this was a political calculus. While many experts say the NLRA is so broken that even the pro-labor left should want it thrown out, there was concern that incumbent labor leaders and rank-and-file members would have seen it as a betrayal of the labor movement to be responsible for the law's formal demise. Finally, the co-determination efforts DOE attempted, like the Battery Workforce Initiative, largely failed at convincing the private sector to work cooperatively with labor unions to shape the emerging battery industry.

The administration did make extensive use of the bully pulpit and convening authority to raise the stature and profile of unions or advance union campaigns. For example, the President and Vice President met with Chris Smalls–the lead organizer of the first successful unionization drive at Amazon–at the beginning of the "hot labor summer" in 2022. In 2023, Joe Biden became the first

[38] As Jones and Peck note "union representation increasing from 11 percent to 11.7 percent [in the energy sector]. In 2024, 34 percent of the net new energy jobs were covered by collective bargaining agreements. Jones and Peck (2026).
[39] Jones and Peck (2026).

president to walk a picket line when the UAW called for a strike against the Big Three automakers as part of their contract negotiations. Guidance documents, programmatic rules, and even simple transparency requirements in industrial policy funding programs were leveraged by campaign organizers, paired with a pro-worker NLRB that acted as a strong watchdog over anti-union activities by management. For example, when workers at an electric bus company in Georgia waged an organizing drive, they leveraged several EPA program rules to help them win the election drive.[40] The Department of Energy provided applicants with warm introductions to union leaders in the hopes that companies would agree to negotiate neutrality agreements, PLAs, or other labor-management partnerships. In interviews with business leaders, Jones and Peck found that CBPs increased firms' willingness to consider unions and moved executives to be union curious after having been trained in union hostility throughout their careers.

At the project level, CBPs showed some promising evidence as a tool to nudge companies to adopt higher road business practices. From an unpublished analysis Workshop conducted of almost 450 DOE awardees, evidence of both job quality and democratic engagement gains from CBPs included 25% of awards having a community or workforce agreement, and 30% of those projects having oversight from a community advisory committee. 40% of projects included local hire strategies as their leading equity strategy. Jones and Peck published an in-depth analysis of a set of DOE projects and found that over half of DOE awards included commitments to negotiate a formal labor or community agreement, or already had an agreement in place (Table 1).

[40] For media stories covering this effort and how the Biden administration's Invest in America programs contributed to the successful union drive, see Weisman, Jonathan. "Flush with federal money, strings attached, a deep south factory votes to unionize." *New York Times.* (May 12, 2023) and Mehta, Gautama and Goldstein, Luke. "Unionized workers at Bluebird hit the next hurdle: a contract." *The American Prospect.* (July 12, 2023).

Table 1: Binding Labor and Community Agreements in DOE-Funded Project (Source: Jones and Peck (2026))

Type of Binding Agreement	Percent of Selectees	Percent of Total Funding	Detail
Any legally binding labor or community agreement	52% 110 selectees	74% $91B	● 110 major projects either had in place or committed to negotiate formal agreements. ● 32 projects committed to both community and labor agreements. ● Average award size with agreements: $824M ● Average award size without agreements: $323M
Project Labor / Collective Bargaining Agreements	39% 91 selectees	68% $88B	● Labor agreements were concentrated in high-dollar projects. Average award size: $962M ● 55 selectees (over $50B) had in place or committed to labor agreements for construction ● 49 selectees (over $40B) had collective bargaining agreements in place for operations or pledged neutrality and/or card check ● 17 loan-funded projects and 74 grant-funded (or credit) projects committed to or had labor agreements.
Community / Tribal / Good Neighbor Agreements	24% 51 selectees	8% $10B	● Community, tribal, or good neighbor agreements were more common in grants and smaller-dollar projects. Average award size: $186M

Despite current federal hostility to CBAs, local community, labor, and environmental advocates continue to consider CBAs and community benefit policies as a way to shift power from corporations. Community benefit policies are an active part of state policy discussions around clean energy development and data center build-out. National organizations like the NAACP have created community benefit toolkits and development standards for tech companies and utilities to abide by in data center build-out. Utility-scale clean energy developers have kept community engagement teams, and community benefit frameworks are being promoted as a way to overcome local permitting issues.

IV. Conclusion: Lessons for the Future

Industrial policy is back in vogue with policymakers on both sides of the aisle.[41] This paper seeks to contribute to the public debate on how industrial policy can be aligned with efforts to rebalance power between government, business, and civil society in the interest of supporting democratic renewal in America. One such contribution is the effort to document and synthesize what some of the power-shifting strategies were. In this concluding section, I offer some lessons on power shifting and power sharing drawing from this case study of the Biden era clean energy industrial policy. These lessons begin with the assumption that industrial policy is a long-term project, whose outcomes are intended to be measured in decades or longer. In that regard, definitive conclusions about the success and failure of the Biden clean energy industrial policy are limited by the fact that the policy had barely two years of implementation before it was unwound by the Trump administration.[42] Nonetheless, the case studies above offer some insights on ways governments and advocates could work together to support power shifting through industrial policy.

The first three lessons in this section focus on how policymakers, movement groups, and their allies can work together to curb corporate power, to strengthen movement groups and civil society, and to redesign state capacity. Doing any of this will have tradeoffs – for movements and for policymakers–and there will always be tension between the priorities and tactics of elected leaders and policymakers and movement groups, advocates, and their bases. The last two lessons focus on those trade-offs and tensions, in the hopes of helping sharpen the efforts of those who believe power-shifting is necessary to strengthen American democracy and of those who believe that policy can and should support that power-shifting. Overall, this conclusion aims to help those who sit on the inside developing policy and those who are on the outside pushing policymakers to deepen their mutual understanding and co-strategize to overcome these tensions in the future.

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[41] A sign of how normalized industrial policy has become is a [2026 report]() published by the World Bank to guide policymakers on crafting industrial policies.

[42] The second Trump administration unwound many of President Biden's policies, not just the clean energy industrial policy. The political economy lessons–not just the policy lessons–of the Biden industrial policy are therefore hard to measure. 2026 saw a large anti-incumbency wave in elections around the world in the wake of the post-pandemic cost of living crisis. In addition, the authoritarian actions of the Trump administration make it hard to assess the durability of the Biden administration's policies. Put bluntly, just because an action was rolled back by the Trump administration does not in and of itself indicate that effort failed, from either a policy or political economy perspective, given that the Trump administration has operated outside the bounds of many democratic laws and norms.

1. ***In a market economy, industrial policy tends to expand corporate power, unless countervailing power is baked into the design. Building countervailing power into the design of the industrial policy helps correct for the market's tendency to prioritize short-term profit maximization over long-term public benefits. The state itself needs to be redesigned to be a source of countervailing power. Countervailing power must also be built inside civil society, to help mitigate against private capture of the public sector.***

Industrial policy will always have multiple public goals–technological, economic, and social–and institutional or structural mechanisms are necessary to keep those goals in dialogue and dynamic tension with one another.[43] In a market economy, industrial policy requires coordination between state agencies and the private sector, making corporate capture of industrial policy a real risk. Building countervailing power into the design of the industrial policy helps correct for the market's tendency to prioritize short term profit maximization over long term public benefits. The state is an important source of countervailing power but need not be the only source of countervailing power. In a democracy, locating that countervailing power inside civil society has the benefit of providing the feedback loops necessary to keep that industrial policy accountable to the people–to national economic or social goals–rather than overly responsive to business leaders' priorities or techno-scientific questions. Building countervailing power in civil society also helps mitigate against the risk of corporate capture of the state.

Given industrial policy is often implemented through private corporations, to make sure private incentives are aligned with the public interest the public sector must be willing to use both carrots and sticks. An incentive-based policy alone is not sufficient to align public and private incentives. Corporate behavior must be shaped so private gain results in public benefits. That could include supporting the development of corporations that are not pure profit maximizers or are designed to focus on long-term outcomes. Those could be publicly owned or managed corporations, nonprofit forms of ownership, or new hybrid institutions which blend public and private corporate forms and institutional cultures, all co-existing alongside market-driven private institutions. To do that requires a policy ecosystem designed to support the flourishing of these alternative institutions or for community-led project developers. The Greenhouse Gas Reduction Fund, the

[43] American industrial policy, in both the 18th, 19th and 20th century, has often been tied to nation-building and state-building.

Direct Pay tax credits, and LPO's SEFI program are all examples of programs designed to support the development of alternate, non-profit maximizing institutions and developers.

Shaping corporate behavior–and aligning it with pro-worker and pro-equity outcomes–is possible, as this paper has shown. The CBP policy at DOE for example achieved some surprising results for a discretionary, administratively designed program: Over half of the awardees of DOE's loan or grant programs made commitments to negotiate formal labor or community agreements or had those agreements in place when they applied for funding. Those commitments covered 74% of all funding. For major projects over $50 million, the results were even better, with over half including a commitment to a binding labor, tribal, or community agreement.[44] In interviews with researchers, companies noted that they saw a mind shift change amongst executives and a greater willingness to consider community and labor concerns in projects.[45] Moreover, clean energy companies have continued to use CBPs in their non-federally funded projects. The tax credit adders similarly worked as an incentive, showing that tax policy can work as a lever to support pro-worker and pro-equity pre-distribution economic development. For example, over 75% of clean energy projects were located in economically distressed places–including J40 and Energy Communities. These adders and Direct Pay survived in the One Big Beautiful Bill Act, and so further studies can be conducted to analyze their effectiveness. These conditionalities–like CBPs and the tax credit adders–were paired with a strong, consistent bully pulpit emphasis on supporting workers and racial minorities and an intentional federal staffing strategy that hired people at all levels of seniority (including inside Secretaries offices and the White House) with expertise on labor, racial justice, and community development.

Where the Biden industrial policy was arguably at its weakest however was in the use of sticks as an industrial policy tool.[46] The Biden administration emphasized incentives and did not thoroughly consider how sticks like enforcement or investigative tools could be used to implement

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[44] The Receipts The Untold and Underappreciated Outcomes of Biden's Clean Energy Strategy by Betony Jones and Joe Peck Roosevelt Institute April 2026.
[45] Ibid.
[46] It is not fair to say there were no sticks in the industrial policy. This paper did not examine how the government used its regulatory authority to accelerate the clean energy transition–like the auto emission or power plant emission rules at EPA–which used sticks to shift industries to cleaner energy. The EPA rules were complimentary to the IRA, with the EPA regulations increasing the relative cost of high-emitting technologies or mandating lower-emission alternatives while the IRA lowered the cost of industry adopting clean technologies through tax credits, grants, or loans.

industrial policy.[47] For example, the question of whether CBP commitments could have been enforced by DOE post-award remains unclear, or if a federal agency could enforce signed CBAs between companies, unions, and community groups. If a government agency is willing to stop the disbursement of a federal grant or clawback the grant for violation of an agreement, it would substantially increase the power of labor or community groups over corporations during CBA negotiations. Creating dispute resolution mechanisms for signed CBAs could also have a similar impact. Regulatory agencies like EPA, DOL, and the Federal Trade Commission (FTC) have the power to investigate industries and corporations, and that investigative and enforcement power could be combined with incentive-based policies at a DOE or Treasury to direct more benefits or power sharing to countervailing power groups like racial justice, labor, or community development stakeholders. These levers could be wielded at the place, industry, or project level. The Trump administration has shown the power of both actual sticks (withholding already awarded funding or using enforcement powers) and threatened sticks (like investigations) to extract large concessions from or shift the behavior of private corporations.

Beyond enforcement, more could have been done in the application phase to increase the leverage community and labor groups had over companies. In particular, DOE never developed public notification procedures or a facilitated matchmaking process to help groups identify which companies were applying for DOE funding. In interviews, DOE staff noted that legal counsel prohibited sharing CBP information pre-award because the plans were deemed to be business confidential information. Having CBP commitments public only post-award removed a key point of leverage labor and community groups could have had to bargain with companies. Instead, the DOE staff had to rely on warm handoffs and nudges to help companies meet potential CBP partners. EPA, by contrast, in the clean bus program, showed the power of agencies using relatively simple transparency and the bully pulpit actions to shed light on low-road corporate behaviors, which could be used by movement groups to advance their campaigns against these corporations or name and shame bad actors.

2. ***To build the power of civil society organizations, movement groups, or community-based organizations to shape industrial policy, the government should use multiple***

[47] One exception to note is the use of economic security tools, like export controls or foreign investment restrictions, to ensure national security priorities superseded profit-seeking motives at firms. Economic security tools are used by government to shift power away from corporations towards government, but have less often been used to shift power from corporations to civil society groups.

levers including funding, technical assistance, capacity building, and the bully pulpit.

Building countervailing power inside civil society to shape industrial policy is easier said than done. As noted earlier in this paper–many groups in the racial justice or community development movements were not clamoring for industrial policy, and so when asked to help implement and shape it many chose not to. They chose instead to focus on the discrete pieces of the policy that had been their priority.[48] Government should still make a proactive and concerted effort to reach out to these groups and help them make informed decisions on whether to engage in shaping the policy, and take steps to strengthen their capacity to do so, given how structurally transformative industrial policies can be.[49] This includes building the capacity of groups to shape the policy design and implementation and directing funding to movement-led and designed industrial policy projects.

Building the capacity of labor, racial justice, and community economic development organizations helps ensure taxpayer dollars are spent effectively and can achieve the shared prosperity objectives of an industrial policy. It is not solely a power-building exercise. It helps take the expertise, relationships, and social capital these movements have and align it with the national industrial policy. These civil society groups can help make sure the gains from policy are distributed to their core constituency. They can also help reduce the harms or negative impacts of an industrial policy and avoid that policy overburdening traditionally excluded groups. Effort should also be made, if needed, to shore up the outside groups' technical and scientific knowledge of the technologies and industries at the center of the industrial policy, to strengthen the groups' ability to advocate for their constituencies' concerns in policy debates with technologists and corporate leaders. Finally, working with these outside groups helps build trusted messengers for the policies and expand public support for the industrial policy. These movements are able to help their base build trust in these technologies, these industries, and in the government implementing this industrial policy.

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[48] As noted earlier, the clean energy industrial policy was not the Green New Deal, but did enact some policies and programs that Green New Deal proponents in the racial justice movement had called for. Therefore, some groups were invested in implementing programs like GGRF or the Community Change grants, but still needed capacity building support given the sheer scale of the programs and the speed at which the Administration sought to deliver these programs.

[49] Democratic administrations in particular should make this effort given the important role the racial justice and labor movements play in the Democratic party's base.

IRA and BIL tried to solve for some of this by appropriating large amounts of funding for technical assistance, and directing that technical assistance to racial justice, labor, and community development groups. First, Congress designated large amounts of federal funding to technical assistance, and the administration used that funding to design equity-forward programs like the TCTACs, EJ Thriving Communities Grantmakers, and Community Change grants. Here, the partisan IRA was more successful than the BIL at mobilizing large support for technical assistance.[50] Second, there was the federal staffing that intentionally hired senior leaders with relationships with and deep respect for labor, racial justice, and community development movements. With this staffing across agencies, the interagency was capable of self-organizing into efforts like the Good Jobs and Thriving Communities initiatives. Both these initiatives successfully used MOUs between agencies to align funding and staffing across multiple agencies. Third, federal leaders actively courted and organized national philanthropies to accelerate the flow of foundation funding to equitable industrial policy implementation.[51] This included regular briefings with philanthropic leaders to keep them updated and informed on implementation and related policy developments. That was essential, as movement groups are heavily reliant on philanthropic funding and cannot pivot strategies quickly unless their funders support it, and funders can sometimes be slow to change their philanthropic strategies. Therefore, the bully pulpit and convening power of government can be used to build the industrial policy capacity of movement groups. All three of these actions can and should be replicated by future administrations.

The bully pulpit's narrative and convening power can and should be wielded to improve both public attitudes towards movement groups and to improve the private sector's relationships with these groups. On narrative power, the President has a unique power to drive news cycles, press coverage, and shift national conversations, while the Cabinet can have strong influence on certain

[50] The failure in appropriating technical assistance dollars through the bipartisan infrastructure bill may suggest that Republicans recognized that technical assistance funding was likely to move to groups ideologically or politically aligned with the President's party, and that the funding or the technical assistance activities could expand the reach and influence those groups might have across the country.
[51] For example, the IRA implementation office at the White House had a philanthropic point person who played a key role raising the $250 million pooled philanthropic fund Invest in our Future to support IRA implementation. The office emphasized the importance of investing in the capacity of equity and labor stakeholders to use IRA funding as well as in the capacity of state and local government. The BIL implementation office also actively courted and organized funders, but the resulting efforts tended to focus on support for state and local government, rather than civil society, given the vast majority of BIL's funding flowed through states and localities.

audiences.[52] On convening power, the administration used events in the field and in Washington to elevate racial justice, labor, and community stakeholders in industrial policy discussions with local political and business elites and with national corporate leaders. Business leaders would intentionally be seated next to representatives of these groups at meetings to foster relationship building. Business leaders–who had been trained to be anti-union– were often surprised to learn that unions wanted to help them grow their business and secure a well-trained workforce. Here, care has to be taken to not rely on the administration to be the lead convenor at all times; there is not enough staff capacity inside government to do this well. Therefore, this is an area ripe for greater inside/outside coordination, as it is helpful when outside groups curate convenings–sometimes in close coordination with their allies inside the administration.

Funding itself is an important power-building tool. The Biden clean energy industrial policy relied heavily on funding in part because a “big fiscal” moment opened during the pandemic, and a historically large amount of federal funding was suddenly available to tackle climate change. The IRA (as well as the American Rescue Plan) both demonstrated that community-based and movement-aligned organizations have their own entrepreneurial energy and are capable of running projects or co-designing them with local government or the private sector. The IRA included many programs that directed funding to movement groups, nonprofits, or local governments like GGRF, Direct Pay, and the Community Change grants. While some of these programs have now been defunded by the Trump administration, there were a lot of lessons learned about group capacity to apply for and use federal funding and on how existing federal programs could be redesigned to flow to movement-aligned groups.[53] In interviews with former officials, they noted that flexible, last-mile funding is an especially potent power-shifting tool at the place-based level. That sort of flexible funding is essential to turning local policymakers’ plans into action, and is hard for them to access since many of their funds are highly restricted. Therefore, if community groups are the key to accessing flexible funds, it augments the influence community groups have at local decision-making tables and their power to set the table.

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[52] While that narrative power is impacted by the popularity of an elected leader, the President’s daily activities always shape the news cycle and therefore shape the overall public discourse.

[53] In some instances, legislative changes will be needed to support the more equitable use of federal funding. It is unclear, given current fiscal policy debates, if there will be another big fiscal moment to mobilize federal funding behind an industrial policy. That said, given annual appropriations bills are must-pass pieces of legislation, there could be opportunities to change existing federal funding programs so movement groups could receive the funds or play a larger role influencing how the funds are used by state and local governments or corporations.

Finally, leveraging the tax code for power-shifting policies is another important lesson from the IRA. The congressional politics and maneuvering around tax legislation is different from the lobbying needed to influence annual appropriations. Traditionally, tax bills are the place liberals fight to raise revenue to spend on social insurance programs, rather than a place to push for spending money directly on organized groups or shifting power to those groups.

One big challenge remains: How to deploy technical assistance at the right speed and scale and use technical assistance to support power building. Transformative legislation is hard to pass, especially when legislative majorities are narrow and short-lived. The IRA and BIL could have fallen apart at any moment during negotiations, and almost did several times. This uncertainty has consequences for civil society's readiness to implement any bill once it passes. Civil society organizations–especially those with bases outside of D.C.–are rarely ever "ready" to pivot from advocacy to implementation. Technical assistance and capacity building of civil society organizations as part of policy implementation is essential if civil society is to have the power to shape, design, and implement industrial policy (or any transformative piece of legislation). Ideally, the government also tries to simplify application and compliance processes to make funding more accessible to a broader array of civil society organizations. This cannot always be done administratively and may require legislative action.[54]

If power-shifting is one of the goals of the policy, that technical assistance should be designed to reach place-based civil society leaders, rather than rely on national groups to lead on implementation. That way it can be aligned with local power-building strategies, so power-shifting can be achieved at both the national and sub-national levels and therefore be more enduring. Political power in America is highly decentralized by constitutional design. Therefore, power-shifting must also be supported at multiple geographic levels. Here, more ideas need to be developed and tested on how federal policymakers can enable place-based power building across the country at scale and what mechanisms can help grow capacity fast. Different strategies may be necessary in different states or regions–due to differences in demographics, history, culture, and infrastructure. For example, special hiring authorities could be used to hire capacity-building experts, and those experts could support state and local policymakers. The federal government

[54] Federal funding is administratively cumbersome to apply for and to manage. During the Biden administration, philanthropy put tens of millions into different intermediaries to help groups write grants and manage the compliance burden of receiving federal funding. This points to changes that need to be made to government grant making and compliance systems if community-based organizations are intended to be the recipients of more federal funding.

can use its convening power to convene regional summits to bring technical assistance providers to community groups. A summit-based approach could be led by an outside group, rather than being run by government itself. Outside groups have the benefit of being able to move faster than government can. Additional steps could also be taken to help build movement groups' technical expertise on the industries and technologies at the center of an industrial policy–in this case, batteries, autos, and power. This would strengthen their ability to debate with technologists and corporate leaders on the technical aspects of industrial policy.

3. ***New state capacity needs to be built, and institutions need to be redesigned, to build the countervailing power of workers and underrepresented groups and to durably shift power away from corporations.***

While technical capacity of and funding for movements is needed, it's also critically important to create structural power for groups as well. Centering workers, racial minorities, and underserved communities requires reconfiguring government institutions and programs. These groups are rarely the focus of an agency or written into the authorizing statutes that govern an agency's flagship mandates, programs, and authorities. Many federal agencies lack institutional structures to help them build and maintain trusted relationships with grassroots organizations or movement groups.[55] To some extent, the political appointees serve that function at times–but this is not a durable, institutional capacity that is sustained across political cycles. A few reflections on institutional redesign come from this case study of the Biden clean energy industrial policy.

White House task forces and presidential executive orders can be used to shift governing power. Executive orders issued early in an administration help drive alignment, provide clear direction to all agencies, and help officials communicate priorities to stakeholders. In that way, they are both an internal management tool and an external communication one. The early EO's on EJ, equity, and worker power, paired with ongoing White House guidance documents to make sure these EOs were being implemented, were used to put pressure on agencies to implement a more

[55] Workers are at the center of the Department of Labor's mission, as consumers are for the Consumer Financial Protection Bureau. Congress will sometimes create offices within agencies to be an entry point for these stakeholders or an internal advocate for their voices. The Dodd Frank Act for example created the Office of Minority and Women Inclusion (OMWI) in every financial regulator tasked with promoting diversity and equal opportunity across the financial sector. EPA had an office of EJ programs, and eventually the Biden Administration reorganized the agency to create an Assistant Administrator for Environmental Justice and External Civil Rights, even though the agency lacks an explicit environmental justice mission as part of its underlying environmental regulatory mission.

equitable industrial policy. White House-led task forces similarly played an accountability role–meeting regularly, demanding progress, holding agencies accountable to deliver. In addition, personnel is policy. Process alone will not change policy and results absent both senior and junior staff at the White House and in the agencies who work together to achieve shared goals. Otherwise, these processes can devolve into bureaucratic, check-the-box exercises rather than creating lasting structural change at an agency. Moreover, keeping these task forces small–with just the most relevant agencies engaged rather than insisting on "whole of government" participation at all times–can help produce faster results for stakeholders. Finally, career staff at agencies may have strong movement relationships and can be important allies in designing and implementing fast structural shifts at agencies. Therefore, political leadership at agencies should be identifying and elevating these career allies, rather than relying on political appointees alone to execute on structural changes.

Co-governance practices also need further refinement, and there are likely opportunities to bring former policymakers together with advocates to build these ideas. There is always going to be some tension between government officials and outside groups in efforts to build more collaborative or responsive governance systems. In interviews with former officials, they noted that the power-shifting co-governance ideas that some advocates pushed clashed with legal constraints and ethical norms at agencies, from open meeting rules to administrative law to procurement rules. They also posed an oversight risk in the watchdog culture that characterizes the hyperpartisan dynamics between executive agencies and Congress.

The industrial policy constantly struggled with questions of multi-stakeholder governance at the place-based and project-based level. The TCTACS, the Energy Communities RRTs, and regional commissions like the ARC offer three different models for multistakeholder governance between the federal government and place-based organizations. While the ARC is a federal agency, the TCTACS were intentionally designed to sit outside of government but be funded by government.[56] The RRTs were instead ad hoc, time-limited interagency teams developed to address a specific set of local concerns. TCTACs were selected through a competitive bidding process,[57] regional commissions were established by statute,[58] and RRTs were administratively selected. Further

[56] This is similar to how most DOE labs are structured as well. They are federally funded but run by an outside contractor.
[57] Some TCTACs retained their funding in the Trump administration.
[58] There is infrastructure to build from in some parts of the country, as there are six, active regional commissions, and 10 authorized by Congress.

research could compare and contrast the effectiveness of each of these approaches in increasing federal responsiveness to local concerns, shifting power to disadvantaged groups within a place, improving the use of federal funding, and strengthening multiracial democracy.

At the interagency level, energy communities and J40 communities' work was organized in slightly different ways, which warrant further study. Operationally, the energy communities interagency work was led by a dedicated executive director housed inside an agency, with the White House playing an advisory role, akin to a board seat. Environmental justice work was led by the White House directly without a single agency or person given operational leadership across the interagency. From an outreach and engagement perspective, J40 communities were represented through an external advisory body of environmental justice leaders (the WHEJAC), while for energy communities the EO called for community consultations without dictating the exact form those consultations would take. Ultimately, no formal council or advisory body comprised of energy community representatives was established for energy communities. For technical assistance, energy communities relied on an ad hoc federal agency working group and ad hoc RRTs to help local leaders navigate byzantine federal bureaucracies. This meant funding for these communities was also ad hoc. In practice, the NEC would work with OMB and other agencies to identify flexible funding sources that could be devoted to RRTs or Energy communities. J40 communities, through the TCTACs, had an external, place-based TA system made up of non-governmental organizations resourced to provide technical assistance to J40 communities as well as a number of dedicated grant programs that nonprofits and governments could access.

In considering new models for federal-local collaboration, more consideration should be given to the role that could be played by the regional staff at federal agencies. Most federal agencies are headquartered in D.C., making them physically distant from the grass-top leaders that represent workers, racial minorities, and underserved communities. The regional offices of federal agencies rarely play a policy-setting or strategic advisory role at the agency. Instead, there is a hierarchical relationship in which Washington sets the agenda and gives direction to field offices, and the field offices focus on executing those directives. Moreover, the interagency collaboration at the federal level is rarely replicated at the regional level, but is sorely needed. Community-supported plans typically require blending and braiding federal programs, and yet the regional offices charged with supporting implementation are not working together to enable that blending, nor providing coordinated feedback to Washington on improvements that could be made to enable it. Regional staff also often have a rich and deep set of relationships with states, local governments, or tribal leaders, which they do not try to coordinate or combine across agencies. More experimentation is therefore needed incorporating regional offices into power-shifting policies.[59]

At the industry power-shifting level, the Biden administration tested few structural or institutional levers. As noted earlier, the policy relied heavily on carrots rather than sticks. That arguably limited the leverage workers, racial justice, and community advocates had to extract concessions from companies or from the state and local government officials who supported these projects. One of the industry-level power-shifting efforts–the Battery Workforce Initiative–continuously struggled with getting corporate leaders to work with labor leaders. The limited effectiveness of the bully pulpit or administrative mechanisms here might suggest that this is an area for legislative action, to create a body that could effectively bring corporations, labor, and civil society together to balance the public and private objectives of industrial policy. It could also suggest this is a place where senior officials–meaning the Cabinet or the President–must take a more active and visible role to gain traction.

The enforcement powers of the government were also not mobilized by the Biden administration to grow labor power over the clean energy industry, including using enforcement or investigative authorities by the Labor Department as a pressure tactic to shape the behavior of clean energy companies. Mandating union representation or card check to ease worker organizing was never required as a condition for federal grant or loan funding–in part due to concerns about legal challenges to such moves. An enforcement agenda might include enhancing the budgets of enforcement and investigative agencies, or strengthening cooperation with state Attorneys General (so they can carry cases forward if there is a change in power federally). Traditionally, Democrats have reinforced the independence of enforcement agencies from the White House, and it has helped limit corporate and political donor influence over enforcement agendas. So, care must be taken in considering ways to align an industrial policy and enforcement agenda. At a minimum, that alignment can focus on an anti-corruption agenda, protecting the integrity of industrial policy by monitoring for graft and corruption by the corporate beneficiaries of the

[59] In my personal experience leading different place-based efforts in both the Obama and Biden White Houses, regional staff at various agencies were often the secret to the most successful place-based programming.

industrial policy. Another question is to consider if worker or racial justice organizations want to play a role in an enforcement agenda.[60]

The Biden administration took no aim at making structural changes to corporate governance, such as taking equity stakes in companies that receive federal support or a concerted effort to promote new corporate forms like public benefit corporations, employee ownership, or cooperatives. While royalties for critical mineral extraction were discussed, big reforms to hard rock mining on public lands never advanced. The Trump administration's bold experiment with public ownership in multiple companies has now opened up a public debate on what it means for the public to exercise governance rights over corporations, not just the financial upside of an equity stake. If we are indeed in an era of strategic competition that requires a more government-directed industrial policy, then the companies at the heart of that strategic competition arguably have a civic duty that they owe to the country. Can industrial policy become a force for shifting companies towards stakeholder capitalism over shareholder primacy, and renegotiating the public duties companies owe the nation? As polling data continues to show, our political and economic systems in America are both in need of reform, and therefore more discussion here is warranted.[61]

Implementation of an industrial policy can and should include mediating institutions designed to forge a new social contract between government, companies, and civil society so political power and economic power can be shared. More experimentation is needed with institutions that can facilitate participatory or collaborative governance between federal agencies, movement leaders, and the private sector. Creating federal advisory bodies to do this may seem like one option; however, in practice, the transparency rules around FACAs limit their ability to function as a forum for trusted exchange between federal agencies and stakeholders.[62] Consideration could also be given to using regulatory and enforcement agencies as the convenors of industry and civil society stakeholders, not the funding- and research-oriented agencies. This shifts the power dynamic

[60] At times some of these groups have used monitoring or enforcement as a base building or organizing opportunity, and when members of these movements engage in these activities, it helps ordinary citizens feel empowered over corporate or government actors.

[61] For nonpartisan polling showing high levels of bipartisan distrust in the U.S. economic system see Pew Charitable Trusts 2024 polling data available at https://www.pewresearch.org/short-reads/2024/06/24/biden-trump-supporters-both-say-the-us-economic-system-unfairly-favors-powerful-interests/?utm_source=chatgpt.com and Gallup's 2025 survey of confidence in American institutions, available at https://news.gallup.com/poll/692633/democrats-confidence-institutions-sinks-new-low.aspx.

[62] For anti-corruption reasons, there are strong sunshine and transparency laws around advisory board meetings; in practice this sometimes limits the ability of these advisory councils to provide honest feedback and input. Further exploration is needed on how to reform FACAs or shift how advisory councils are leveraged to support more participatory forms of governance.

slightly, given industry can sometimes be more cautious and humbler when engaging with an enforcement agency.

4. ***There are tradeoffs to implementing industrial policy and shifting power to social movements at the same time. Power-shifting can build more enduring support for these policies, be a structural bulwark against corporate capture of industrial policy, but it can also slow down industrial policy implementation. Policymakers need to confront these tradeoffs head-on, make hard choices prioritizing between conflicting objectives, and clearly communicate with stakeholders in order to build broader public trust in industrial policy.***

Industrial policy was at its power-shifting best when the government worked alongside movement leaders to design, implement, and communicate a policy. In these instances, the policies became shared strategies with a set of close partners. That could happen in part because the people inside government–whether political appointees, career staff, or contractors– were drawn from the ranks of these social movements, and therefore there was mutual trust and respect in place already. When government worked alongside movement leaders, it built trusted messengers who could build broader support for progressive industrial policy.[63]

That said, using industrial policy to shift power, not just deliver a set of physical outputs, has been highly criticized by industrial policy proponents on both the left and the right. They argue there is a real tension between speed and consultation, and the Biden administration erred in attempting an everything bagel style of industrial policy.[64] The implicit assumption of some of these critics is that effective delivery is the path to increasing trust in government. There is truth to that critique: there is a tension between speed and consultation. But these critics miss the fact that people–especially the working-class voters most contested in recent elections–are not primarily concerned about building more things. Instead, they want to see government prioritizing their needs and interests, not those of corporations and the ultra-wealthy.[65] Industrial policy in some

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[63] For a discussion of these arguments see Hertl Fernandez, Alex. “Beyond Deliverism.” *Democracy Journal* (Spring 2025).
[64] These critics often assume, implicitly, that government delivery of specific industrial policy projects had high salience for voters, and government should have stayed laser focused on companies moving fast to build solar farms or battery factories.
[65] For an exploration of the false tradeoff between Abundance and power-shifting, see Sameera Fazili, Pronita Gupta, and Doug Bloch. “Community Benefit Agreements: A Tool for Building Stronger

ways was an elite project, and an everything-bagel industrial policy was designed to support the political durability of an accelerated energy transition.[66]

For other industrial policy proponents, industrial policy, when done well, requires two separate government functions: (1) designing the high-level strategy including setting targets and goals, and (2) implementing and delivering the tactical pieces of the strategy. On the strategy setting side, there are a range of potential industrial strategies, from moonshots to leapfrogs and snail crawls.[67] Here, some contend that the Biden administration failed to clearly define the strategic-level goals or outcomes, and, during tactical implementation, failed to determine which goals to prioritize in a given moment. There may also be different levels of stakeholder engagement or movement feedback loops in the strategy phase versus the implementation phase to allow the implementation phase to proceed with fewer veto points.

The Biden White House's structure–with multiple policy councils, implementation offices, and no clear lines of authority across these bodies–resulted in no clear process for making hard choices on what to prioritize when various goals came into conflict and, importantly, for communicating those hard choices to stakeholders to manage their continued trust in and ongoing support for the administration. This was especially true when equity and labor stakeholders disagreed between themselves on a policy. In interviews with multiple former EPA officials, they noted the labor-centric Buy America's office refusal to grant waivers to ease domestic content rules for EPA's lead pipe program as an example of a program with large equity upsides being substantially limited (in terms of speed and cost of implementation) to advance a labor policy priority. Another example is that the CBPs that the DOE developed allowed companies to receive credit for racial justice or worker-oriented plans, rather than requiring that both must be met. That unintentionally set up a dynamic where companies often focused on one over the other, rather than being forced to pursue both to qualify for DOE funding. In contrast, if both were separately mandated, it could have strengthened efforts to build labor-community coalitions at the project and place level.

Democracies." *Nonprofit Quarterly.* (June 2026) and Dodge, Joel. "In defense of everything-bagel liberalism." *Washington Monthly*. (April 2025).

[66] See Beachy, Ben. "Blueprint for a Popular Climate Agenda." *Democracy Journal.* (Fall 2025).

[67] This typology of industrial policy implementation was developed by Cherif and Hasanov. See Cherif, Reda and Hasanov, Fuad. "The return of the policy that shall not be named: principles of industrial policy." *International Monetary Fund Working Paper.* (2019).

Industrial policy requires strong coordination systems to be established between government, the private sector, and civil society stakeholders.[68] Implementation of an industrial policy is also a dynamic, iterative process, not a linear progression.[69] Disagreements between government and stakeholders will arise during both the goal-setting and implementation phases of an industrial policy. In interviews with former officials, some complained that advocacy groups sometimes adopt a maximalist position where they will publicly lambast agencies if all of a group's demands were not met. The government officials expected more cooperation in publicly selling a policy than advocacy groups were willing to give. For advocacy groups, they see this in a different light. They think they are highly selective and strategic when they decide to publicly criticize the government versus using their credibility to validate (even if just tepidly) a government action. In these instances, it was obvious that shared analysis and trust had not been built between the two sides. In discussions organized by the Empowering Democracy Initiative, advocacy groups insisted that trust can be built if they are brought in early enough to the policy process and understand the constraints that limited the policy outcomes. In an interview with one community leader, they noted how they had criticized the administration in the press for a particular policy, and it led to a follow-up conversation with officials on the rationale. Once she understood the rationale behind the policy outcome, she realized her criticism was wrong. The conversation, however, led the administration to shift their notification approach, and in future rollouts they explained both the policy decision and the strategic calculations that led to the result. That helped the advocacy organization decide whether to hold its criticism or offer praise. Each of those asks by advocates–of being brought in earlier, of understanding the constraints–requires the government officials to have deep trust that the outside group will not share highly confidential information or the contents of deliberative discussions with others. If policymakers and outside groups have not built trust before policymakers take office, it is hard, but not impossible, to build that trust when in office.

There is also a real difference in role and incentives each has in the system. For advocacy groups, their role in the system is to hold government accountable to some particular constituency's concerns. It is not to build trust in government or in democracy itself. In addition, for some groups, a part of their legitimacy (and funding) comes from their willingness to speak truth to power and to challenge those in authority to do more or be bolder. Government officials, in contrast, face the

[68] See the OECD Industrial Policy Handbook: from Strategy Design to Implementation (2026) and Cherif and Hasanov for discussions of the iterative nature of industrial policy and the importance of government-led coordination.
[69] See Cherif and Hasanov (2019).

weight of operating inside the American system of checks and balances and divided government that is designed to limit their ability to wield power and pressures them to be less bold and transformative. The two sides have different audiences and institutional constraints that will result in there always being tension. For those who want to see a greater power-building or shifting agenda by government, they should consider actions they can take to build trusted relationships or mechanisms that can help government and movements build their collaborative muscles together and overcome these structural tensions.

5. ***Movement groups face both opportunities and risks in working closely with the government on industrial policy. Collaboration can create revenue and recognition that can help movements expand, but may also impact the advocacy tactics and strategies groups use, especially when critical of state actions.***

For movement groups, there are both benefits and risks of working with the government on policy or implementation. This paper has looked closely at the potential for groups to leverage federal funding as a power-shifting tool. Many of the racial justice, climate, and community development groups the administration sought to work with on industrial policy were highly reliant on philanthropy for their funding. Furthermore, power-building and place-based investing at scale are not high priorities for most national funders.[70] In the current philanthropic funding landscape, creating federal funding sources that are earmarked for worker and community-based groups can help grow these organizations by providing new, sustainable sources of funding outside of philanthropy. The capacity limits discussed above, in some respects, merely reflect a lack of resources at community- or worker-centered nonprofits, and philanthropic funding alone cannot sustain social movements at scale.

However, receiving federal funds carries administrative burdens, given complex federal compliance regulations. It can also hurt an organization's independence–or perceived independence–from a political party if that federal funding flows only when one party is in office. Earlier in the paper, the distinction between community developers and community advocates was noted, with developers defined as groups more focused on service delivery and advocates as those more focused on building power. After the 1970s, the community development

[70] Labor unions are different from the racial justice and community development groups discussed in this paper since they are largely self-funded through membership dues, labor management partnerships, or other fee-generating strategies.

movement went through a sorting as organizations that had once combined advocacy and service delivery (during a supportive federal policy era) had to determine if they could still effectively do both. Some ultimately decided to center service and project delivery (and retain access to large amounts of federal funding), and others saw too much risk in taking the federal funding, as it would compromise their advocacy.[71] A reliance on federal funding can impact an organization's willingness to challenge the government, including at moments when a movement may need to put pressure on erstwhile allies in government. If political winds shift, it can also put a target on an organization's back–as the Trump administration demonstrated when it attempted to illegally claw back funding from numerous worker-, community-, and racial justice-oriented organizations.

The efforts to drive funding to community-led or supported projects also raise a technical set of policy design questions for federal staff and movement groups alike: What objective measures can federal agencies use to determine if a nonprofit organization represents the communities they purport to serve? As noted earlier, unions have elections and a legal apparatus oversees the integrity of union elections and overall operations. Racial justice and community development organizations lack formal mechanisms (like elections) or generally accepted criteria like formal certifications designating them as community-led. While it can be fraught and it has its downsides, policymakers can create categories, definitions, and certification systems to formally recognize community groups.[72] In the 1960s and 1970s, the federal government developed some standardized definitions and certification processes to recognize community-led organizations. In that era, the government developed criteria and certification systems–such as Community Development Corporations, Community Action Agencies, Community Health Centers–to formally recognize specific types of community-based organizations.[73] Community Development Financial Institutions are another example of how federal certification confers recognition that can create new revenue and funding streams for organizations focused on underserved communities.[74]

[71] For a history of this evolution in the community development movement from the 1930s-2000s see von Hoffman, Alexander. "The Past, Present, and Future of Community Development in the United States." Harvard's Joint Center for Housing Studies (December 2012).

[72] Similar ideas were explored in an earlier piece I wrote. Sameera Fazili. A Role for the Feds? The Opportunities and Challenges in a Federal Government Role in Measuring and Defining Social Impact in the Impact Investing Field Community Development Investment Review. San Francisco Federal Reserve Bank (2010) available at https://www.frbsf.org/wp-content/uploads/Fazili.pdf

[73] See van Hoffman.

[74] For the history of how that certification ushered in a large expansion of the community finance field, see Jeremy Nowak. CDFI Futures: An industry at a crossroads (March 2016). https://www.reinvestment.com/wp-content/uploads/2024/02/CDFI-Futures-An-Industry-at-a-Crossroads.pdf.

Formal certifications are not the only option here. EPA deployed a combination of hiring community members as reviewers and having regionally-based environmental justice staff score applications to help evaluate the community bona fides of applicants for their environmental justice funding programs. Therefore, well-designed processes and the right state capacity could help protect the integrity of community-based and equity-centric programs. Industries or movements can also work together to develop their own organizational certification process, which government can then rely on. So, the answer to this question could come from the movements themselves, not the state. More work on this issue would be helpful, that grapples with the history, mines its lessons, and offers suggestions for how community-led organizations and the federal government could work together to solve the interrelated questions of representation and bureaucratic definitions. For racial justice groups, those efforts are complicated by current civil rights statutes and Supreme Court jurisprudence interpreting these laws, and therefore require close coordination with civil rights law experts.