

Turning Crises into Opportunities: Green Recovery Lessons from the United States and Canada

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Introduction

[Stimulus spending packages](#) are government-led fiscal measures designed to revive economies during or after downturns. Fiscal stimulus usually involves three distinct elements. The first is the government response that takes place in the face of economic crises such as recessions and financial shocks. The second is the goal of stimulating demand and restoring growth through targeted spending. The third concerns how the package is shaped, with its design reflecting both the political system and the influence of lobbying and interest groups. For example, during the 2020 COVID-19 pandemic, governments launched [Economic Impact Payments](#) to stabilize economies and protect jobs.

Each crisis also creates policy windows for linking recovery spending with long-term climate goals. Crucially, recent research shows that advancing [green stimulus](#) is shaped by party control and representation. This makes it important to frame clean energy initiatives in ways that resonate across the political spectrum. Specifically, projects presented as sources of job creation or tools for national energy security are more likely to gain party support, because such framing creates incremental opportunities even in political environments hostile to explicit climate policy. Building on this perspective, this brief has three objectives: (1) identify the drivers of green stimulus allocation, (2) compare the relative effects of political versus lobbying influences on recovery spending with reference to specific cases, and (3) draw policy lessons for embedding climate goals into future crisis responses in the U.S.

Theory

Data-based evidence indicates that [party ideology and electoral commitments are the strongest drivers of green stimulus spending](#). In the United States, when a pro-climate party holds power, such as [the Democrats under Obama in 2008](#) or the Liberals under Trudeau in 2020, green measures are included in stimulus packages, even in the face of intense fossil fuel lobbying. By contrast, when an anti-climate or divided government is in charge, such as the Republicans in the U.S. in 2020 or the Conservatives in Canada in 2008, green measures are absent, despite active lobbying from renewable energy groups.

Two main dynamics explain this pattern. First, during crises, governments must respond rapidly and at scale, which centralizes decision-making and reduces the space for lobbying to shape overall outcomes. In times of crisis, political leadership and party ideology set the broad direction of stimulus design. Second, parties enter crises with pre-existing commitments that define which ideas are politically legitimate to include. Even though lobbying can influence the details of spending, it rarely overturns the ruling party's fundamental orientation. For example, [fossil fuel industries often lobby more aggressively](#), but their influence operates within the boundaries of the government's political priorities. However, when a pro-climate party governs, fossil fuel lobbying may have less impact on green provisions, as elected leaders have both electoral and ideological incentives to deliver climate-related policies.

In short, [political representation](#) determines whether green measures are included at all. In the context of crisis-driven stimulus spending, the decisive factor is the ruling party's ideology and commitments, not the pressure of interest groups.

Empirical Findings

[Recent studies provide information](#) on stimulus spending in the United States and Canada during two major crises: the 2008 financial crisis and the 2020 COVID-19 pandemic. The findings indicate that similar lobbying patterns led to different outcomes depending on which party held power, demonstrating that pro-climate political parties can leverage economic crises to align economic and climate policymaking.

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[The 2008 American Recovery and Reinvestment Act \(ARRA\)](#) illustrates this dynamic. Even though the oil and automobile industries pushed hard against it, the ARRA still set aside for clean energy projects such as repeal of Certain Limits on Business Credits for Renewable Energy Property. This occurred because President Obama and the Democratic majority in Congress made climate policy a top priority. Green programs were included not because fossil fuel lobbying was weak, but because Democrats treated climate action as a central political and ideological goal.

[The 2020 CARES Act](#) provides a contrasting case. Clean energy groups lobbied actively for extensions of renewable tax credits and support for clean technology deployment, while [fossil fuel groups pushed for bailouts](#). The final legislation provided substantial assistance to airlines and fossil fuel sectors but excluded nearly all clean energy provisions, including those advanced by Democrats. This outcome reflected Republican control of both the presidency and the Senate, as well as the deepening partisan polarization surrounding climate policy. Even sustained lobbying by clean energy advocates proved insufficient to overcome entrenched partisan opposition.

While the U.S. cases illustrate how partisan polarization shapes green stimulus outcomes, the Canadian experience highlights a different set of institutional constraints. Specifically, although [Canada's parliamentary system grants the governing party stronger control over the policy agenda](#), federal–provincial relations complicate the design and implementation of green recovery programs. Consequently, provinces with [significant fossil fuel interests, particularly Alberta](#), have repeatedly resisted federal climate policies, thereby constraining the scope and ambition of green spending. Furthermore, [during the 2008 crisis, Canada's automotive sector received substantially more funding than green initiatives](#), not simply because of lobbying pressure but also because of its broader political and economic importance.

Taken together, these cases demonstrate how distinct political structures and the relative influence of fossil fuel industries shape the scope of green stimulus, underscoring the need to consider both institutional design and political economy when drawing lessons for future crisis responses.

Policy Implications

The analysis shows that party ideology and political leadership play a more decisive role than lobbying pressure in shaping green stimulus outcomes. Without deliberate policy design, stimulus funds risk reinforcing fossil fuel dependence rather than advancing decarbonization. In a highly polarized environment such as the United States, [cross-party consensus is critical to prevent climate measures from being sidelined during crises](#). Democrats typically seek to integrate climate and clean energy provisions into recovery packages, while Republicans often view these measures as ideological or fiscally burdensome. As a result, [bipartisan cooperation is difficult](#), and green spending is frequently marginalized or minimized. Consequently, the scope and durability of green stimulus in the U.S. are shaped as much by party competition and political bargaining as by economic logic or policy needs.

This challenge is particularly relevant in the context of the new Trump administration. [The administration is actively rolling back renewable energy support, including tax incentives and project approvals](#). This is occurring even as Trump frames energy primarily as an economic or industrial issue. Renewable and clean energy industries must therefore align their proposals with Trump's governing priorities to attract attention, including job creation, energy independence, and industrial competitiveness.

Specifically, advocates should frame clean energy initiatives in ways that resonate across the political spectrum. For example, renewable projects can be presented not only as sources of job creation but also as cost-saving infrastructure upgrades and instruments of national energy security. This approach has precedent in the Obama administration: [the "Green Jobs" narrative](#) emphasized blue-collar employment, while the promotion of [natural gas as a "bridge fuel" in the 2010s](#) appealed to concerns about energy independence. Therefore, even if a future Trump administration remains hostile to explicit climate policy, reframing clean energy in terms of employment and economic competitiveness could help secure incremental opportunities for advancement.

Conclusion

The experiences of the U.S. and Canada make clear that green recovery is fundamentally a political choice. In the future, crises will inevitably demand large-scale stimulus. To seize this, governments must present clean energy as integral to national prosperity and security. Only then can green stimulus become a consistent feature of crisis governance, regardless of which party holds power.

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