

Funding the Future

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There has been much sturm and drang generated by the [Guardian](#) and others on the threat posed to government finances by the flawed and often irrational rating agencies, and by the supposedly despotic, vengeful and greedy bond markets.

Methinks they protest too much.

We at the [Green New Deal](#) group have long argued that there is no reason why governments should rely for their financing on the capricious private bond markets. Instead, we write in ["The Cuts Won't Work"](#); finance ministers should oblige the banks in which taxpayers have a substantial stake to lend to the Treasury at very low rates of interest.

That's how World War II was largely financed in Britain - and no one was the worse for it. The loans were given a title: Treasury Deposit Receipts. These TDRs - bless them - financed a war that saved Britain from the threat Nazism posed to its very existence. Today they could be used to finance the public investment needed to substitute for the collapse in private investment - and to stave off the threat posed by climate change.

Analysts on the Financial Times [Lex column](#) (FT 1st January, 2010) have obviously read our latest report, and describe our proposal as "an intriguing alternative". Governments they write "may lean on the commercial banks in which they hold large stakes to take up the strain instead. Forcing them to purchase government bonds would help replace the market heft of central banks."

Quite so. You read it first in the Green New Deal.

Unsurprisingly, I agree.