

# Double-dip recession fears: we need the Green New Deal ...

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[FT.com / Currencies - Sterling hit by double-dip recession fears.](#)

As the FT notes:

*The pound dropped to a fresh nine-month low against the dollar on Thursday and also lost ground against the beleaguered euro on fears the UK economy had not escaped from recession in the fourth quarter.*

*Sterling fell to a low of \$1.5270 against the dollar, its weakest level since May, [after figures showed UK business investment dropped far more than expected](#) in the fourth quarter.*

This was, I hate to say, almost inevitable. All we have done to date is bail out banks. That's worked: we've saved money from collapse and still have an economy as a result, albeit that the banks continue abusing it.

Now we have to rebuild that economy. This cannot be done using the methods that have failed to date. Throwing money at banks has to stop. Banking reform, [as demanded](#) by me and many others today, has to happen. Mervyn King, I note, agrees. As the Guardian notes:

*Britain's sprawling banks must be split up to prevent international investors losing confidence in the future of the City of London as a financial centre, [Bank of England](#) governor [Mervyn King](#) argued today.*

Delivering his strongest defence yet of the argument that risky "casino" banking must be hived off from workaday retail deposit-taking, King said the UK could not afford to give the markets the impression that its banks would have to be periodically bailed out by the taxpayer.

Even then we need financial transaction taxes. But that will not be enough. These are still issues focussed on the finance sector. The real economy needs help too. This makes it time for the [Green New Deal](#):

- \* Massive investment in renewable energy and wider environmental transformation in the UK, leading to,
- \* The creation of thousands of new green collar jobs
- \* Reining in reckless aspects of the finance sector — but making low-cost capital available to fund the UK's green economic shift
- \* Building a new alliance between environmentalists, industry, agriculture, and unions to put the interests of the real economy ahead of those of footloose finance

No one else, amazingly, has argued for a proactive approach to business to solve the crisis we face. And yet it's deliverable now.

We need it badly.

Disclosure: I'm one of its authors.