

The Green New Deal in the Observer

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Today's [fifth anniversary Green New Deal report](#) is featured in the Observer this morning. [Observer economics editor Heath Stewart writes](#):

Campaigners have warned that Britain is hurtling towards a new economic crisis, and call for a £50bn "Green New Deal" to create more sustainable growth and better-paid jobs and equip the country for a low-carbon future.

*After two quarters of better-than-expected GDP growth and a batch of positive economic indicators — including rising house prices and upbeat business surveys — the coalition is hoping the summer economic bounce will turn into a longer-term recovery. But five years on from their first demands for a radical reworking of Britain's business model, the [Green New Deal](#) group, which includes Green party MP [Caroline Lucas](#), economist Ann Pettifor and tax expert Richard Murphy, says the need for an alternative approach is greater than ever. In a report published on Monday, and seen by the *Observer*, it argues that recent growth has been based on unsustainable rises in consumer spending and house prices and could end in "the mother of all credit busts".*

As Andrew Simms, chief analyst at thinktank Global Witness and an author of the report is quoted as saying:

Recovery is an interesting word to apply to an economy that is marked by rapidly rising personal debt, highly insecure and often low-paid work, and rising underlying carbon emissions. What we're calling a recovery is poor, divided, indebted and polluting.

As Stewart notes:

Under an alternative plan in the Green New Deal report, the government would invest £50bn into expanding green technologies over five years, building low-cost housing, and employing a "carbon army" to insulate hundreds of thousands of homes and reduce energy use.

The authors say these measures would create more, and better-paid, jobs than the current debt-fuelled bounce, which Pettifor described as an ["Alice in Wongaland"](#)

recovery. Lucas, who is the MP for Brighton Pavilion, said a grassroots workforce could be trained to lag Britain's chilly lofts "within weeks". "Ministers want to cut a nice big ribbon on a new nuclear power station — but this would be far more effective in getting our emissions down quickly," she said.

Stewart also notes that we have support:

Frances O'Grady, the general secretary of the TUC, which begins its annual congress in Bournemouth on Sunday, supported the Green New Deal initiative, saying: "The [green economy](#) already employs nearly a million people, in areas from electric-car manufacturing to wind-turbine installation. Implementing some of the ideas in this report could help these industries create more of the skilled and well-paid jobs we need if we are to build a sustainable recovery."

As for funding:

The authors suggest their pro-growth policies could be paid for by scrapping the controversial HS2 rail project; cracking down on tax evasion; and launching a fresh round of quantitative easing.

However, that quantitative easing has to come with a twist:

Instead of using electronically created money to buy government bonds from City investors, as the [Bank of England](#) has done with almost all of the £375bn-worth of QE it has undertaken since 2009, the proceeds this time would be used to invest in green projects, and pay off private finance initiative debts, freeing up public money to be spent elsewhere. The report argues that investing in affordable housing, in particular, would benefit those on lower incomes more than the better off. "It can mean that people have more disposable income after housing costs, which in turn boosts spending in the local and national economy," the report says.

Heather Stewart covers much more of what we have to say. But what's really important is that here, right at the start of conference season, is an alternative economic policy for the UK, and that's what we so badly need.