

Profit maximisation and the Green New Deal cannot mix

Published: January 14, 2026, 6:32 am

I read the [new report](#) on a Green New Deal for the UK from the Common Wealth think tank yesterday. I must stress that although this report does acknowledge the role of the Green New Deal Group in creating this idea in 2008 it does not involve any of that Group's members in its work as far as I can see.

I do have a quibble with the report that they have issued. They say this:

At the heart of any radical Green New Deal must therefore be a transformation of our financial system so it can mobilise and direct the resources and investment needed to drive decarbonisation. Rapid and just transition requires the largest peacetime mobilisation of resources in our history. To deliver this, four changes are required: the reorientation of private financial institutions to serve social needs through new macroprudential rules and binding green fiduciary duties for institutional investors; the repurposing of central banking to guide our economies toward rapid transition including the use of new macroprudential tools and credit guidance; the creation of a new architecture of international finance that can fund a global just transition; and finally, an expansion in the scale and ambition of public finance and fiscal policy including increased public investment and mission-oriented public banking. Taken together, this will require the creation and expansion of institutions that can shape investments through new forms of public, democratic control.

I don't disagree with this. I just do not think this goes anywhere near far enough to solve the problems that we face. The simple fact is that the Green New Deal and profit maximisation are incompatible with each other, and this is of massive importance and is an issue that cannot be ducked if the Green New Deal is to work. This is the idea behind my work on what I call [sustainable cost accounting \(SCA\)](#).

The core idea within SCA is that existing accounts treat the supply of finance as the constraint on corporate activity and as such the return to financial capital is considered to be the focus of financial reporting, without any consideration being given to the use of that financial capital and who might benefit from it. Quite explicitly, externalities such as environmental cost are ignored in this framework, which accepts the standard

neoclassical line that natural capital is a 'free gift of nature'. This is inappropriate in a world where we face the reality of climate crisis. The capital constraint that businesses now face does not come from finance - which is readily available to most of them at almost no real cost in the case of larger companies - but from natural capital, whose use we have to limit.

Sustainable cost accounting does, then reject the reporting structure of current accounting, which is no longer fit for purpose, and in the process effectively imposes a new reporting requirement, and so corporate objective, on all companies in place of profit maximisation. This new requirement is the obligation to maintain their business on behalf of all stakeholder groups in society within the constraints that the climate crisis will impose upon them. Unless this is done the Green New Deal cannot deliver the transformation in the way in which we manage the economy that the Common Wealth think tank describe in their report. But when this is understood the ramifications are also much bigger than they appear willing to embrace.

Until we have candour about what it will take to deal with the issues that the climate crisis gives rise to we will not survive it. It seems that we have some way to go as yet.