

# The Green New Deal is easily affordable if we can persu...

Published: January 13, 2026, 4:37 am

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In Rishi Sunak's speech to the Tory party conference last week the word 'climate' did not appear at all. Instead, the [case that he made](#) was for 'hard choices and fiscal responsibility, harking back to the coalition government and the austerity budgets of George Osborne'.

In response Colin Hines and I have, working together as [Finance for the Future](#), produced a new paper: The QuEST for a Green New Deal- *How do we pay for it?*

This makes two key points in the run-up to the COP in Glasgow. The first covers the TINA ('there is no alternative') to austerity argument. We make the case that the government has huge room for manoeuvre on levels of public expenditure that do not, using the mindset of Conservative thought, require that taxpayers be on the hook for all policy initiatives. We show that savings encouraged by some simple tax reforms and backed by a guarantee from green quantitative easing could provide most, if not all the money required to fund the Green New Deal without ever increasing taxes.

This is linked to our second point, which focuses on the need to get Conservative voters to support a green recovery. The way to achieve this is to direct the substantial increases in personal wealth over the last decade - [likely to be in excess of £7 trillion](#) - and the fact that the vast majority of such growth has gone to a small part of the population (the majority of whom are likely to be Tory supporters) and to change savings rules, coupled to generous interest rates, to attract this money into the Green New Deal.

**E**conomically this is important because this 'savings glut' amongst the wealthy that Covid has helped create is not producing a matching investment boom, but is instead fuelling inequality and significant structural problems within the economy and society. It is, in fact, making so-called 'levelling up' much harder, and so needs to be tackled for that reason. As example, it is possible that private savings in the UK have increased by at least £200 billion during the Covid period. A substantial part of this sum is currently held in cash. The reality is that this money is doing nothing to help the recovery as a result.

In 2010, we created **the concept of Green Quantitative Easing**. This differs from standard QE in that the debt bought by Bank of England is in this form of QE issued by a government run National Investment Bank, with the proceeds used to fund investment in the green economy, whether state or privately run.

**Our new proposal in our QuEST report proposes that we should also use this National Investment Bank to invest the sums we want people to 'save for the planet' using the scheme that we propose by directing such savings into the Green New Deal.**

**Our proposal is in a number of parts. The first is a change in the law on ISA saving, meaning that all cash ISA saving should now be required to be with a National Investment Bank, and share ISA saving should also be restricted to a narrow range of products linked to the Green New Deal. We believe that the climate crisis more than justifies this change.**

**Then we would require that this Bank invest the ISA savings balances that account holders wish to save with the government and that the investment purpose for which these funds be used should be the Green New Deal in the first instance, but with social housing and NHS and education infrastructure being other options if sufficient is saved in this way.**

**Third, we would want to extend this scheme to pension funds in due course.**

**And, fourth, underpinning the whole scheme would be a guarantee from Green QE, not that we think it will be required if we are honest.**

**Added together, Quantitative easing, Savings and Tax reform can deliver the Green New Deal.**

We think that this scheme provides a complete answer to the question 'how are you going to pay for it?' that is always thrown at politicians wanting to save the planet. The answer is 'with people's savings, which can provide all the capital we need to transform our economy for the sake of everyone's future.'

A political hook to hang this idea upon should be a demand that Chancellor Rishi Sunak's at last fulfil his **March budget promise to launch an NS&I green savings bond. The billions this could raise should kickstart this process by being spent on that Cinderella of energy policy - insulating and decarbonising the UK's 30 million buildings. This would have the triple advantage of reducing fuel poverty in a time of soaring energy prices, creating jobs in every constituency and significantly reducing carbon emissions It would also be an example of intergenerational solidarity since most bond purchasers are likely to be older than those who get most of the jobs created by this**

programme.

**That there is the potential for billions to be raised in this manner is easy to demonstrate. In 2015 George Osborne's bond [for retirees raised nearly £15bn in just five months](#). That bond offered higher returns than most other government-backed saving vehicles and such was the demand for it that at one point the NS&I computer crashed.**

**The time has come to think creatively as to ways to fund the crisis that we face. No business faced with the scale of restructuring that the UK economy as a whole needs to tackle climate change would ever think that funding that change out of profits accumulated over the next few years would be wise. That, however, is the approach that the government is taking by suggesting tax revenues fund this process of change. Business would deliver that change by raising capital. That is exactly what we are suggesting with our proposal. The means to fund our green transition exist. The funds in question are sitting dormant in UK ISAs and bank accounts. We need to liberate that money to fund the Green New Deal. What we propose makes that possible. We want people to save for the planet. We suspect people would want to do that. It's now the job of the government to make this possible.**