Funding the Future

Glossarty entry: Green New Deal

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I was asked recently to prepare a glossary entry for the Green New Deal, which I have done as noted below.

This felt particularly relevant in the light of the posts I made yesterday on AI and its cost, and the implications it might have for employment.

Although the AI revolution was in the distant future when I co-authored the first version of the Green New Deal Group report, and was thereafter the primary author of almost all that group's subsequent publications, issues around financial crisis, policies for full employment, and the integration of these issues into a policy to manage the consequences of climate change were at the heart of the thinking around the Green New Deal, as I emphasise in the glossary entry below.

As I also make clear in the glossary entry, I am no longer a member of the Green New Deal Group, which basically faded into non-existence after Covid as a functioning entity, with only Colin Hines, Ann Pettifor, and me effectively left.

Colin and I ceased working together in early 2025when out work was heading in differem directions, and Ann Pettifor took the opportunity of that to suggest I should no longer be involved in this rump of a group because she has always had an incomprehensible and visceral loathing of what she thinks modern monetary theory says, largely because she has never bothered to actually read what its major thinkers, including me, have had to say on the subject.

In my opinion, the Green New Deal had its moment, and I contributed significantly to what it achieved, but as has often been the case over my working career, the time came to move on, and I have done so without regret. There are now better ways to promote change than producing PDF reports or writing letters to The Guardian, to which the remaining members appear dedicated.

The Green New Deal was a programme that had largely disappeared from public discussion by 2026, but which, when launched in 2008, was intended to transform the economy so it could survive climate change, reduce inequality, improve resilience, and create long-term prosperity.

It was not simply an environmental policy. Nor was it merely a stimulus programme. Properly understood, it was, since first proposed, a complete economic restructuring strategy.

In the UK context, this idea did not begin in the United States with Alexandria Ocasio-Cortez or with later Democratic Party proposals that have used this name. Instead, the UK-based Green New Deal was first substantially developed by the *Green New Deal Group in 2007–08, before the collapse of the Lehman Brothers bank.*

That Group's first report, 'A Green New Deal', was published in July 2008 and explicitly linked three crises:

* *the forthcoming financial crash of that year*
* *climate breakdown and*
* *rising energy insecurity.*

Richard Murphy was one of its co-authors, as he was of all Green New Deal reports until early 2025, when he left the Group over its refusal to recognise the significance of modern monetary theory.

The breadth of the issues addressed in that first report matters because the Green New Deal was never just about decarbonisation. It was always about changing the economic model that created environmental collapse in the first place.

Its key components were as follows.

First, rapid decarbonisation of the economy.

This meant proposing large-scale investment in renewable energy, home insulation, public transport, energy-efficient housing, and industrial transformation. The objective was not marginal carbon reduction, but structural transition away from fossil fuels.

The original UK proposal included making every building energy efficient, rebuilding transport systems and transforming energy generation. These were job-creation programmes as much as climate policies.

Second, large-scale public investment.

The Green New Deal suggested that governments invest at scale because private markets would not act fast enough. That meant abandoning the fiction that fiscal rules or arbitrary borrowing targets should determine whether climate action happens.

This was explicit in later Green New Deal Group work, authored by Richard Murphy, which proposed at least £50 billion a year of investment, and potentially far more.

Third, reform of finance.

This was one of the most distinctive features of the original UK Green New Deal and is often forgotten.

The 2008 report explicitly argued that finance had to be re-regulated, speculative banking had to be constrained, and long-term patient capital had to be redirected into productive green investment. Large banks were to be broken up, speculative finance curtailed, and credit redirected to productive use.

This was never simply a climate policy. It was also a critique of financialised capitalism.

Fourth, reform of savings and investment.

This became a major theme in the Green New Deal Group's work and was based entirely on the thinking of Richard Murphy.

This work argued that pension savings, ISA savings and other tax-advantaged savings vehicles should be redirected toward Green New Deal investment. Instead of subsidising speculative financial activity, tax relief should help fund national renewal.

That was an important contribution because it answered one of the most common bad-faith objections, which was “how will you pay for it?”

Fifth, Green Quantitative Easing.

The Green New Deal Group argued (again based entirely on the work of Richard Murphy) that if central banks could create hundreds of billions to rescue failed banks after the financial crisis, they could create money to save society from climate collapse.

This was one of the earliest explicit arguments for what later became known as Green QE: directing monetary creation toward productive environmental transition rather than asset inflation.

Sixth, job creation and social justice.

The Green New Deal was not an environmental austerity programme. It was designed to create secure employment, rebuild industrial capacity, reduce regional inequality and improve living standards.

The original UK proposals repeatedly stressed that this transition had to benefit communities, workers and future generations.

From a Funding the Future perspective, the Green New Deal matters because it is one of the few economic frameworks that correctly identifies the interconnected nature of modern crises. Climate breakdown is linked to:

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Financial instability

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Inequality

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Weak public infrastructure

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Poor housing

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Insecure employment

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Regional decline

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Extractive capitalism

These are not separate issues.

The greatest weakness of many later Green New Deal proposals, to which Richard Murphy has been entirely unrelated, is that they diluted the original idea into a branding exercise for climate spending whilst ignoring finance reform, tax reform and structural economic change.

The original UK Green New Deal was much more radical and much more coherent. It recognised that you cannot solve climate breakdown using the same financial system, same ownership structures and same measures of economic success that caused it.

That remains true today.

Key original documents, including those that had to be published by my Finance for the Future partnership, with Colin Hines (which has now been dissolved) as Ann Pettifor objected to them being published as Green New Deal documents are:

***Green New Deal Group original report* 2008**

***Green New Deal Group follow-up report* 2013**

Funding the Local Green New Deal

The QuEST for a Green New Deal- How do we pay for it?

Green Recovery Bonds

Green Recovery

Funding the Green New Deal: How we could Save for the Planet

How Green Infrastructure Quantitative Easing would work

Green Quantitative Easing

Green New Deal Group legislative proposal

The Green New Deal was, and remains, one of the most serious attempts to redesign capitalism before climate change redesigns it for us.