The Green New Deal

Why do we need a Green New Deal?

The problem...

The planet is facing a growing ecological and social crisis which stems from the structure of capitalist economies built on growth to accumulate capital and extract profit. The price we are paying for unfettered capitalism predicated on perpetual growth is becoming very clear.

The majority of scientists are unambiguous about the consequences of continuing along this path. In a race to the bottom, we are rendering our planet unfit for human habitation by plundering its finite resources. Our love affair with consumption is pumping carbon dioxide into the atmosphere causing an unstable climate, glaciers to melt, ice sheet collapse and sea level rises which are already affecting countries around the world. Intensive farming practices are eroding the soil that sustains us and exploiting land and animals to feed our insatiable appetite for meat. Not only are our seas being degraded and fish stocks depleted, but they have also become a dumping ground for plastics and other toxic materials. Our biodiversity is being destroyed at an unprecedented rate to clear land for timber and agriculture as our rainforests burn. Droughts and heatwaves are a growing feature of our climate landscape causing water shortages and threatening conflict and war.

Alongside the climate crisis caused by our overconsumption, people have also been exploited by an out of control capitalism. Unemployment, underemployment, wage suppression, rising poverty and inequality along with increasing private debt have all contributed to a growing wealth gap both in monetary and real resource terms. Governments around the world are commodifying our public infrastructure and selling off publicly paid for assets for private profit.

Without action to remedy the environmental degradation and the growing inequalities the future for humans, other species and the planet is at risk.

What is The Green New Deal?

To address both the prospect of environmental collapse and the growing poverty and inequality that is accompanying it, nothing less than a full-scale transition onto an environmentally sustainable path for our economy will suffice. This will require radical action through legislation and spending by government to guide the economy onto a truly sustainable path. It will also necessitate cooperative governmental action on a planetary scale if we are to give our children a future.
To achieve this revolution will require first and foremost a transformation in the technological structure of production away from fossil fuels towards renewable energy. Government, commercial interests and local community institutions will all have to play a role in implementing the strategies that will bring about change through embracing new technologies and putting into action guided spending policies designed to favour a sustainable approach to living. We will need to invest in an efficient public transport network, develop strategies for better land use and sustainable food production, reconsider what has become a throwaway society and move towards one which consumes and wastes less, and re-uses more.

Polluting industries will need to be encouraged through legislation, ecological taxes and other mechanisms such as subsidies, quotas and zero-interest loans to move towards environmentally sustainable production processes. Those people who are dependent on industries that cannot bridge the environmental gap and will become redundant must not be left behind as a result. Specifically, a Green Jobs Guarantee along with education and training programs will play an important part in achieving this transition towards a sustainable or steady-state economy which does not exceed the resource capacity of the planet.

Alongside the environmental transition, the Green New Deal will also focus on addressing and reversing the inequalities that have arisen as a result of market-driven ideology predicated on growth, competition and the privatisation of public assets.

**The Green New Deal would** make provision for:

- A guaranteed job with fair pay
- Universal high-quality publicly paid for, provided and managed healthcare (reversing the healthcare reforms currently driving the UK health service towards a privatized US-style system)
- Free higher education
- Access to affordable and high-quality housing
- Access to clean water and air, affordable food and nature.
- Stronger labour laws to include norms for wages and employment conditions

This dual approach will ensure that no-one is left behind, and everyone can participate fully in society.

**Green Jobs Guarantee**

The scale of the transformation that will be required is such that mechanisms must be in place to avoid more involuntary unemployment of the sort that has already deprived too many people of a dignified and adequate living.

The **Job Guarantee** which sits at the heart of the Green New Deal is not a new idea and versions of it have been around in various countries for many years now. A Job Guarantee acts as a price anchor to keep inflation under control and also as an automatic stabiliser when demand falls below the level required to
maintain full employment. It provides socially useful work in a public sector setting and expands and contracts in line with the ups and downs of the economic cycle.

As new industries, occupations and technologies come into being other more polluting and less sustainable ones will disappear. To address the likely instability that will be caused by these changes will require increased central government spending and locally administered employment programmes. A Green Jobs Guarantee will play a vital role in managing this period of transition both to create environmentally sustainable employment and avoid the social consequences of unemployment. It will also support the necessary environmental adaptation that will be required both locally and nationally to establish a sustainable economy.

A Green Jobs Guarantee would ensure that these far-reaching changes do not threaten anyone’s livelihood by providing.

- a job for anyone ready and willing to work
- a guaranteed income for those who cannot or should not be working
- living wages to lift all workers out of poverty
- It could also include a shorter working week.

**How would public employment contribute to sustainability?**

Currently, the private sector is driven by the need to compete through using cost-minimizing production methods regardless of their impact on the environment or the harm caused to their workers in terms of income, living standards and working conditions.

The Green Jobs Guarantee will operate in a non-profit public service setting and aims to serve broader environmental, social and macroeconomic goals. Typically, such jobs would involve a low carbon footprint and form part of the necessary shift towards less resource-intensive and polluting activities. These could include both direct and indirect environmental services including clean up, community recycling, insulating homes, urban landscaping, community gardens and allotments, planting and maintaining trees, environmental education and research as well as public services performing social goals such as elder and childcare.

This transition period, which will necessarily require investment in research and development, will also involve redefining work and how it is organized. It will give working people the opportunity to acquire new skills and knowledge that will benefit the economy at large and enable the shift towards ecologically sound practices in all spheres of economic and social life.
The Industrial Landscape and Green Provisioning

The Green New Deal will play a vital role in addressing the damaging consequences of human consumption through excessive exploitation of natural resources which is causing biodiversity loss, soil erosion and deforestation.

Instead of continuing to exploit virgin materials located in remote areas it will be necessary to focus more on recycling existing materials. This should be managed locally rather than transporting them vast distances which is costly and environmentally damaging as well as exploitative. The out of sight out of mind approach to our own waste will need to end.

Consideration will need to be given to the design of future industrial landscapes to facilitate resource use and waste/recycling management activities in geographical proximity to cause the least damage to the environment.

One of the key elements of an unsustainable economy is the planned obsolescence which has been built into the capitalist model designed to keep people consuming. From mobile phones to fashion both with ever-shortening lifespans, not to mention a throwaway culture which encourages us to use and dispose rather than use and re-use is contributing negatively to the climate crisis.

Recycling, which can be divided into community and industrial, will play an important role in breaking this cycle of waste. We will need to replace the linear production patterns whereby products end up unrecycled in landfill or incinerators and divert them into re-use. This would have multiple benefits including a reduction in exploitation of the raw materials used in production and would at the same time provide employment offering valuable opportunities to learn new skills through repairing and reconditioning goods to prolong their life.

Functional Finance not Sound Finance
(or how we pay for and manage the Green New Deal and the Job Guarantee)

The questions most asked when talking about the Green New Deal and a Job Guarantee is how will they be paid for and are they affordable? Doubts about their monetary affordability arise out of a public misunderstanding of how governments create money and ignorance about what the real constraints to spending are. Whilst we can run out of resources the government as the monopoly issuer of currency cannot run out of money.

Currently, a government’s economic record is measured as being relative to what the government collects in tax, its levels of borrowing and the size of the national debt. To address the environmental and social challenges we face will require in the first instance a correct understanding of modern money realities which define how currency-issuing governments spend and the function of taxation.
The household budget narrative of how governments spend is the prevalent framework for public understanding of how the money system works. It promotes the idea that public deficits are dangerous and focuses wrongly on the concept of ‘Sound Finance,’ meaning that a government must stick to its fiscal rules, be financially prudent, keep spending in check and books balanced or in surplus. We will need to replace the ‘Sound Finance’ ideology with a practical ‘Functional Finance’ approach to spending and taxation. This would be designed to achieve a government’s policy goals and allow it to evaluate the real-world outcomes of those policies from delivering full employment and price stability to reducing through ecological tax reform the rate of resource depletion and pollution and bringing about the necessary change to our consuming behaviours.

**GDP or GPI?**

Up till now the economic health of a country has been measured by GDP or Gross Domestic Product which is the money value of goods and services that have been produced in a year. However, in environmental and social terms this is limited in its scope. A more effective measuring stick would be the GPI or the Genuine Progress Indicator which adds the cost of the negative effects of economic activity – that would include for example things like the cost of crime and resource depletion. It aims to assess the environmental impact and social costs of economic consumption to determine an overall level of health and well-being.

**Real Resource Constraints**

A Green New Deal like any government programme will face constraints to its spending. These are not monetary but relate to the real resources which will be needed to implement a GND. Resources comprise of natural resources such as land, water, forests and mineral deposits, as well as buildings, equipment and human labour. Unlike money resources, natural resources are finite in nature and their over-exploitation is already causing habitat destruction and loss of biodiversity, depletion and contamination of water supplies and deforestation. It also impacts on the health of workers who work for low wages and often in dangerous working conditions.

Building the renewable energy networks that will be required to sustain a green revolution will require extraction of resources such as cobalt, lithium and nickel as well as metals and minerals to build wind turbines, solar panels and electric batteries. Many of these resources come from countries which have already suffered from colonial exploitation by the West which has never really gone away. Present-day colonialism by global corporations in search of profit has continued and caused huge environmental damage not to mention human suffering. They are also the countries that have often suffered the most from climate change events like droughts and flooding. These have their origin in our Western lifestyles based on demand for oil and raw materials which are required to sustain our high levels consumption of goods and services which we have come to expect as an entitlement.

Not only will we need to act to reduce the poverty and inequality that exists in the developed world as a result of a broken political and economic system, but we will also have to take action to address the extreme
poverty that exists elsewhere. It is a scandal that in the 21st century many people across the world still lack even the most basic amenities such as energy and water and without action, they will increasingly find themselves paying a high price for a Green New Deal.

The Green New Deal proposes a ‘Just Transition’ which does not leave anyone behind as we shift towards the creation of sustainable economies. However, this must be one that includes everyone and not just wealthy nations who have for a long time prioritised with little thought their wants over those who are exploited to provide them. Rich nations will need to consider ending the privilege of the global north in terms of the distribution of real resources and work together cooperatively to deliver an inclusive steady-state global economy.

A Green New Deal must not be at the expense of other less developed countries. On a practical level, if we fail to do so we will face the prospect of mass migrations. On an ethical level, we have a responsibility not to cause harm to those with whom we share this planet.

The Future

We should be under no illusion about the scale of the challenges we face and there will be no easy answers to the serious questions that the climate crisis poses, nor do we yet have all the information or all the solutions. However, we are beginning to recognise the urgency of the situation and this should be a spur to thinking seriously about where we go from here. A Green New Deal and a Green Jobs Guarantee are a blueprint for change and the first steps in that process which will be a work in progress determined by events as they happen.

Our future will depend on a new economic model which eschews growth as a defining measure of success and moves towards achieving a dynamic balance or steady-state economy. Hope will not be enough we now need cooperative action by governments across the world to make it happen.

More information

Professor Bill Mitchell on The Green New Deal - https://youtu.be/ahbpzsjLGZI

Phil Armstrong on delivering the Green New Deal and high quality universal basic services - https://youtu.be/JvOooPGWNHA

Professor Bill Mitchell – Modest (Insipid) Green New Deal proposals miss the point - http://bilbo.economicoutlook.net/blog/ 25th July 2019

GISP Green New Deal Series - https://www.youtube.com/playlist?list=PL0-2Xya0opQXjSW5A8uoKCCkOPxG2Fnj


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