A Blueprint for a Green New Deal — Launch Essay

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Summary

The climate emergency is an existential and deepening threat. Small adjustments at the margins of an economic model driving collapse won’t be enough to secure a liveable planet and prosperous future for all. A systemic crisis requires a systemic response. This essay launches Common Wealth’s ‘Blueprint for a Green New Deal’, building on our previous work exploring a transformational response to the emergency. Working alongside partner organisations and experts, this year-long project will research and design detailed policies to transform the institutions and systems that continue to fuel the climate crisis and render our response to it inadequate in both pace and scale, to set out how a Green New Deal can deliver economic and environmental justice together. Themes of the project include:

A Transforming the company
B Envisioning a just and sustainable future for trade
C Harnessing the power of taxation
D Repurposing asset management and democratising pensions
E Redefining and decarbonising mobility
F Reimagining public health
G Putting care work at the heart of a Green New Deal
H Greening the built environment
I Securing a Green New Deal local government revolution

Together, it will make the case that a Green New Deal is radical, but necessarily so, in contrast with true extreme: a continued willingness to tweak rather than transform a status quo driving us deeper into crisis. A Green New Deal is not a partisan cause, but, in an era of environmental breakdown, one of common sense to secure a future where life can flourish.

Introduction

Five years on from the Paris Agreement, the world is perilously off-track to meet the ‘well below’ 2 degree limit set by the accord.[1] Even if states were on a path to meet their current unconditional Paris commitments, the planet would remain on course for 3.2 degrees of warming relative to pre-industrial levels by 2100.[2] At the same time, nature and biodiversity are declining at an unprecedented rate, putting the vital natural systems that support all life at risk.[3]

The dangers of even a 2 degree-warmer world are profound: 194 million people worldwide exposed to severe drought;[4] devastating biodiversity and ecosystem loss;[5] and trillions of dollars in annual flood damage by 2100.[6] Global heating and associated environmental breakdown are already impacting the lives of millions across the world; as even JP Morgan Chase - the world’s foremost funder of fossil fuels[7] – recently admitted, in a future of accelerating rising temperatures, “we cannot rule out catastrophic outcomes where human life as we know it is threatened.”[8]

In the face of emergency, it is clear that the current pace and magnitude of action are woefully inadequate to secure a safe future for all. But a clear consensus is emerging, with parties across the political spectrum as well as civil society, business, finance and trade unions increasingly acknowledging the need for decisive action. The critical questions now are not whether we must change, but how, at what pace, and with what distribution of costs and benefits.

Having contributed the vast majority of emissions,[9] often while extracting immense wealth from other states, the world’s richest nations have an undeniably
greater responsibility to lead in decarbonising their own economies and making a rapid, just transition a reality. As the gaze of the world turns to the UK in preparation for the United Nations COP26 climate summit this autumn, governments throughout Britain - from the national to the local - have a singular opportunity to develop and showcase deep, transformative measures that extend throughout our economy. In this context, the Green New Deal offers a crucial framework: joining climate justice and social justice together in a public-directed programme of rapid decarbonisation that builds the foundations for a post-carbon future of shared prosperity.

The UK Government has committed to a binding target of net zero emissions by 2050 – and the Scottish Government by 2045 – but to date these targets have been met with neither sufficient action nor credible long-term plans. The gap between commitment and action also extends to local government, where hundreds of declarations of climate emergencies have yet to be translated into a commensurate policy response.

The UK public supports decisive action to tackle the climate emergency. Numerous polls in the run up to the last general election showed public concern over the climate emergency at unprecedented highs, with one showing 70 percent of voters on average in contested marginal seats across the North and Midlands considered climate important to how they voted,[10] while another found 63 percent of respondents across the UK supported a Green New Deal, defined as a large-scale program of investment in green jobs and infrastructure.[11]

There is also a growing acknowledgement of the profound risks of inaction on climate change from business communities and financial institutions throughout the world. Amidst this surge in support and public outcry, it is crucial to understand why the pace of progress remains lethargic – and therefore lethal. Our collectively muted response to climate crisis is often ascribed to the immediate vested interests of major emitters, namely fossil fuel companies and corporate lobbyists, who use their vast wealth to influence political decision-making and capture democratic processes.[12] Yet there is a larger, more complex structure at play: an architecture of laws, institutions and modes of governance that sustain this extractive status quo and protect private interests over the public good, while incentivising unsustainable forms of production and consumption. Together, these encode the logics of environmental degradation and inequality into economic life.

The UK economy now embodies the outcome of these logics. In the sixth largest economy in the world, one in three children live in poverty,[13] while the five wealthiest families in the UK own as much wealth as the poorest 13 million.[14] Wages are now just 65p per week higher in real terms than they were before the financial crisis, while life expectancy for the poorest women has decreased over the same period.[15] - a stark mark of a decade that has been “the worst for improvements in living standards in more than 200 years.”[16]

This extreme inequality is reflected in the consumption of carbon and unsustainable exploitation of nature, both domestically and internationally. 70 percent of international flights are taken by just 15 percent of the British population.[17] Globally, an individual from the wealthiest 1 percent of the population consumes 175 times as much carbon as someone from the poorest 10 percent.[18] Inequality within countries is also strongly correlated with higher rates of consumption and waste.[19] The climate crisis is thus a crisis of inequality: the poor have both done the least to drive it, and yet are the most vulnerable to its impacts.

Separating the ‘green’ from the economic and the social is thus not just bad political strategy, as the experience of the Gilets Jaunes has demonstrated vividly. Rather, for a plan for confronting the climate emergency to be both effective and just, it must recognise that our environmental and economic flights share a common cause - an extractive and unequal economic model - and address them in common.

Delivering the urgent and ambitious action needed to create a world fit for life requires us to dismantle and remake the
structures driving both economic injustice and environmental collapse. Radical, but necessarily so, a Green New Deal opposes the true extreme: incrementalism in the face of deepening emergency.

Instead, it argues we must meet a systems crisis with systemic change, spanning every sphere of the economy, from state to market, household to commons. In place of the economics of enclosure and extraction, a 21st century commons founded on stewardship; in place of concentrated ownership and economic power, a new ecosystem of democratic ownership, governance and control to reshape how we create and distribute wealth; against austerity, an ambitious mission-oriented state, new models of public ownership and a reimagined household economy that challenges the social and economic inequalities of the fossil fuel age. This ambitious but necessary transformation demands more than modest adjustments to the institutional architecture of the status quo; it requires radical hope and a clear and compelling plan for change. A Green New Deal is common sense in a time of breakdown.

These were:

- Transforming and democratising finance to deliver a UK Green New Deal
- Restructuring the economy and work through a green industrial strategy
- Building public affluence in place of private wealth
- A decentralised and democratised state to drive decarbonisation
- Nurturing a 21st century commons in place of extractivism
- Developing a green and just multi-lateralism

Using these six pillars, the Roadmap established a vision for what a Green New Deal could look like, from repurposing central banking, to a plan for inner cities free of private cars, to a strategy for a retrofitting revolution to decarbonise our homes and neighbourhoods. Though spanning diverse topics, each element of the Roadmap connected to the argument that a Green New Deal must be a public-led, society-wide mission to rapidly, justly decarbonise the economy by reorienting its purpose and restructuring its operation, giving communities and workers a greater stake in how the wealth we create together is shared, while expanding the conditions for life to flourish. At its core was a simple vision: a Green New Deal is not just a set of discrete policies to decarbonise today’s economy but a common project to build the democratic economy of tomorrow – one that is sustainable, prosperous, and equitable by design. To secure a liveable future, we must ensure these are the last days of the fossil fuel age. Our challenge is to build, collectively, a post-carbon world of shared plenty.
Blue-print for a Green New Deal

The Green New Deal explicitly addresses the need to go beyond eliminating carbon from the economy as it currently exists and operates. Rather, to wean the world off fossil fuel energy, from electricity and heating to transport and industry, will require the world’s rich nations to drastically reorganise their economies. In the process of rapidly decarbonising, the Green New Deal will necessarily counter the economic dynamics and logics currently driving our gravest crises, from entrenched inequality to environmental collapse, replacing them with a new institutional architecture that supports collective thriving. Only then can change be genuinely sustainable for the long term.

Building on the vision set out in the Roadmap, over the coming months Common Wealth will examine the economic infrastructures and policies that must be transformed to realise the Roadmap’s vision. This Blueprint for a Green New Deal will explore and design policies to overhaul the institutional and policy architecture that continues to fuel crisis and render our response to it inadequate in both pace and scale. From asset management, to the tax system, to international trade and the design of the company, the core institutions of our economy must be reclaimed and repurposed to pursue climate and economic justice both domestically and – in light of the impact of the UK’s economic activity beyond our borders – globally.

The impacts of the UK’s economic policy are not limited by national borders. Indeed, the UK’s role in the climate emergency and in fuelling global economic injustice extends much further than domestic emissions sources, whether through the capital allocating power of the City of London, or long-standing injustices in free trade agreements, which new negotiations post-Brexit risk deepening. Any UK Green New Deal must attend to the UK’s outsize impact beyond our borders, be it through supply chains, trade or overseas finance.

The agenda is bold, and will require ambitious, coordinated interventions to deliver fundamental change in the UK’s political economy. But from the new UK government’s proposed ‘levelling up’ agenda; to Holyrood’s Programme for Government, which centres the climate emergency; to opposition parties in Westminster committed to transformative climate action; to the Welsh government’s case for a green industrial revolution - opportunities do exist to turn rhetoric into credible, far-reaching action. Critically, a Green New Deal does not have to wait for Westminster: local government and city mayors are increasingly looking to act decisively on the climate emergency, and with varying powers over policy areas ranging from transport to housing, are poised to take bold and material action.

Over the coming year, Common Wealth will work with partner organisations and
networks to explore how a Green New Deal could be prefigured at the local level, learning from existing best practice on areas from car free urban centres to community owned energy. In doing so, we will visualise a number of these policies in interactive, place-based digital projects to show how communities across the four nations of the UK could benefit from a Green New Deal, whether in retrofitting and upgrading our housing stock, integrating nature into built environments, supporting the ‘green’ industries and jobs of the future, or repurposing public space no longer lost to private vehicles.

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Themes of the Blueprint

— Transforming the company

A Green New Deal must reimagine the institutions driving crisis. Fundamental to this is a transformation of the company. Vast, destructive increases in material throughput and carbon emissions are inseparable from the company’s governance and operation. The company is an institution of economic and political control endowed with extraordinary legal privileges to organise production. However, the drive to expand turnover and increase profits, while creating vast if grossly unequal distributions of wealth and power, has also radically and unsustainably transformed the Earth’s natural systems. A Green New Deal must reclaim the company, from an institution premised on extracting value from nature and labour for the gains of investors and management toward a purposeful, sustainable, inclusive form of enterprise. Democratising and decarbonising the company will require transforming the patterns of ownership, governance, and control that underpin the operating logic of the company. This might seem radical, yet politics already shapes the organisation of the company: with its privileges, governance structures and property rights legally encoded, and its purpose socially defined, the company is a fundamentally public institution. We can and must reimagine its operation and outcomes so that it can serve as a powerful driver of a just transition.

— Imagining a just and sustainable future for trade

As the dust settles on the Withdrawal Agreement and attention turns to a future EU-UK deal, trade will remain at the forefront
of political dialogue in the UK and beyond for years to come. Trade is often discussed in transactional terms – a simple exchange of goods and services. However, free trade agreements and World Trade Organization (WTO) treaties consist of considerably more than simple terms of exchange, with profound consequences for global economic power imbalances. Non-tariff barriers, varying regulations, and dispute settlement mechanisms can have tremendous impacts over domestic policy, such as restricting governments’ ability to subsidise low-carbon energy or raise environmental, health and labour standards, and encouraging the privatisation of publicly owned assets.[20] As multilateralism stutters and the future of the WTO increasingly uncertain, resisting the potential for a deregulatory race-to-the-bottom on labour and human rights as well as climate and environmental standards should be at the forefront of the UK’s trade agenda, embedding principles of solidarity, justice and sustainability into the future of trade.

— Harnessing the power of taxation

A Green New Deal must be anchored in a step-change in the quantity and quality of public investment, based on an increase in long-term borrowing and more effective coordination between fiscal and monetary authorities. Tax revenues will be important to sustainably service this increased borrowing. But tax also has a crucial role to play in delivering vital public services, and in reorienting economic activity away from high-carbon production and consumption towards zero-carbon alternatives. Tax is also an essential tool for reducing inequality; penalising rentierism and wealth extraction; and driving a more equitable distribution of wealth. Ultimately, tax is deeply political, and should reflect a society’s values and priorities. For the Green New Deal, this means a tax system that prioritises and supports rapid decarbonisation and long-term sustainability, while ensuring that the costs and benefits of doing so are distributed justly.

— Repurposing asset management and democratising pensions

Asset management is an increasingly dominant force in the economy, with global assets under management of $74 trillion in 2019.[21] Just three institutional investors – BlackRock, Vanguard, and State Street – managed $15 trillion (roughly one fifth) of these assets as of late 2019. The simultaneous growth and concentration of power and assets in the hands of increasingly few investors has substantial implications for the governance of publicly listed corporations, for our pensions, and for shifting capital out of fossil fuels and into the industries of a future net zero world. As governments around the world drag their heels on ambitious climate action, many have turned their focus to alternative routes for change, like the financial sector. However, an unyielding focus on short-term shareholder value maximisation is increasingly in conflict with the long-term sustainability of our economy and planet. As a major vehicle of collective ownership with a built-in long-term investment horizon, pensions represent a strategic opportunity to democratise the asset management system and ensure that it serves the long-term needs of society.

— Redefining mobility

A shift from carbon-intensive private forms of mobility to public decarbonised modes of transport must be at the heart of a Green New Deal. The sector contributes a third of UK carbon emissions, with little progress made in reducing emissions since 1990. Addressing this will require more than transitioning from fossil fuel-powered internal combustion engines to electric vehicles and ensuring just global supply chains. Instead, we need to reimagine how we move. In the context of rising demand and the need to radically reduce emissions, the shift from a private car-centric transport system toward a public-oriented, equitable, decarbonised, multi-modal future is essential. We need to free our cities and town centres from the grip of the private motor car, reclaiming public space for public flourishing and replacing the private car with a new ecosystem of electric publicly-owned transport, electric ride-sharing, and zero-carbon modes such as cycling and walking. Rural life must be supported by the investment in low-carbon mobility infrastructures it deserves. The transition must be focused on addressing existing needs and inequalities of access to mobility; particular care must be taken to ensure those with disabilities co-design systems to universalise access to sustainable mobility.
— Public health and the environmental crisis

Public health is too often overlooked within economic and environmental policy design, but the climate emergency is acutely relevant to public health: as its impacts escalate, health outcomes are projected to worsen, widening existing inequalities. One of the most potent forces driving ill-health, particularly in marginalised communities, is a lack of control over their own health and lived experience. The pursuit of equity therefore begins outside the healthcare system, by tackling avoidable and unfair structural inequalities which drive ill-health in the first instance. In this way, economic decision-making can be reoriented toward outcomes that can improve the overall health of society. The Green New Deal should therefore be purposeful in reversing health inequalities, ensuring individuals and communities have more control over their own health outcomes while reducing the need for a resource intensive healthcare system.

— Putting care at the heart of a Green New Deal

An ambitious worker and community-led Green New Deal must change the purpose and nature of work. Fundamental to this must be greater recognition, support, and reward for the work of social and ecological reproduction. By shifting the focus from an economy based on material production toward one based on regeneration and common care, a Green New Deal can create an economy centred on nurturing life and ensuring sustainability. In doing so, a new politics of care can begin to dismantle the inequalities and hierarchies hardwired into the age of fossil fuel capitalism. To do that, the Blueprint will explore ‘industrial strategies’ for care – of both human and non-human life – to put caring, low-carbon work at the heart of a Green New Deal.

— Rewilding the UK

The scale of human intervention in the natural environment – overwhelmingly the actions of wealthy individuals, companies, and nations – means we live in a post-natural world. Society is inescapably dependent on and entangled with the environment. That entanglement has led to the destruction of vital natural carbon sinks, from woodlands to peatlands, and rendered the UK one of the most nature-depleted countries on Earth. The result has been disaster for the health of natural systems, the climate, and biodiversity. To address this devastation, we need a clear strategy to nourish ecosystems back to health, restoring and rewilding parts of the UK as well as restructuruing land management and use. This requires not just a plan for our rural ecosystems; a Green New Deal must bring nature to our towns and cities.

— A Green New Deal local government revolution

A Green New Deal for the UK must be anchored in an ambitious national policy agenda. But it can – and must – be prefigured in the policies and strategies of local government and the mayors of city regions. Place-based local Green New Deals should build on the burgeoning community wealth building movement, developed and scaled through the pioneering work of the Centre for Local Economic Strategies (CLES), and taken up by local authorities across the country with growing ambition. Effective community wealth building at a local level can be a vehicle for empowering rural areas, villages, towns and cities to facilitate a just transition, shifting away from a centralised and extractive economic model and governance structure towards a decentralised, democratic model of development. Working with partner organisations and networks, the Blueprint will explore how place-based interventions throughout the four nations of the UK can set the stage for scaling the Green New Deal. From ensuring that homes are safe and insulated to creating sustainable transport systems, from scaling ‘green’ industries and jobs to effective planning for sustainable built environments, tangible change cannot wait.
Where we go from here

The climate crisis is a crisis of politics. It can therefore be addressed both democratically and justly – but on our current course, this is far from guaranteed. Climate crisis is accelerating, with the collapse of biodiversity and the natural systems that support life alongside it. Without decisive action, we risk catastrophe. In response, an ethno-nationalist politics could triumph: a dangerous mix comprising the reckless defence of the carbon economy rather than a just, managed transition; an aggressive acceleration of the inequalities of global capitalism; the increasingly violent policing of people displaced by environmental collapse; and the rise of fascism fuelled by concerns over scarcity and security.

Yet we have the capability, ingenuity, and resources to radically and equitably decarbonise our economy, repair the natural systems we are currently ravaging, and build a future of sustainable and shared plenty. The challenge is in mobilising the democratic power and programme to match the scale of emergency confronting us.

The hour is late. Transformative action requires a detailed blueprint for change. That vision and plan must be developed collectively by civil society, ordinary people, and our political and economic institutions. This project seeks to support that vital process in making the case for the deep institutional reimagining of our economy so that it is sustainable and democratic by design, while setting out the policy architecture to build that future.

Crucially, we need a plan to win. First, by prefiguring transformative policies today, proving deep change is both possible and positive. From local Green New Deals delivering warmer, more secure housing and beautiful built environments, to innovative and sustainable forms of enterprise creating carbon-free and equitably shared wealth, we can build a sustainable future today.

Second, a Green New Deal must tell a story that inspires a broad coalition. From youth strikers to workers and communities on the front line of change; from people in retirement anxious for the future to those held back by the economic and social effects of our economic model. That story must be about more than the pursuit of targets: it must be about the type of society a Green New Deal can unlock, one that is more secure, prosperous and free for everyone.

Third, a Green New Deal must create a better lived future for all of us by continuing to build on a diverse coalitions of workers, politicians, civil society organisations, business voices, community groups, and the young and old alike, committed to fighting for a liveable future. This will of course be met with staunch opposition, not least by those that have directly benefited from a market-first approach that has eroded ecosystems and exacerbated inequality. However it is clear we cannot rely on the system that has accelerated this crisis to fix it.

A Green New Deal must be adaptable to a changing political landscape in the UK. In this new context, integrating a systemic Green New Deal into every aspect of our economy must shift from being a partisan cause, to one of basic common sense. The extreme option is not system change, but the continuation of a status quo that is hurting us towards irreparable climate and environmental disaster. The challenge of embedding a Green New Deal into every part of the economy is great, but the prize of addressing the intertwining crises we face today - both effectively, and justly - is greater still.
References


