

The Green New Deal Bill

Explanatory Notes

Published by the Green New Deal Group

For parliamentary purposes the Green New Deal Bill is called the Decarbonisation and Economic Strategy Bill. Under the rules of the House of Commons it cannot be called ‘The Green New Deal Bill’, but that is what it is.

1. Objects of the Green New Deal Bill

- Clause 1 of the Bill recognises that we face a climate emergency.
- The Bill demands that the UK have net zero carbon emissions by 2030 - the earliest date that is realistically possible to meet this objective.
- The Bill also recognises that we face a biodiversity as well as a climate crisis and demands government action on this as well.
- Importantly, the Bill recognises both the link between the climate and inequality crises, and the lessons already learned from poorly planned attempts to introduce responses to the climate crisis in other countries. Clause 1 (3) of the Bill stresses that the all of the policies the Bill promotes must reduce inequality.

2. The Green New Deal and the economy

- The climate emergency that we face has been created by inappropriate economic policies. Growing inequality and financial crises that have hit those least able to afford them have been caused by the same failed economic policies. Clause 2 of the Bill demands that the economic policies of the UK government be changed so that tackling the climate crisis and reducing inequality have priority over all other economic objectives.
- Clause 2 has been written in language that is appropriate for the Bill but needs a little translation. In summary the clause says:
 - The government must ensure that all its economic policies are co-ordinated with the best option being used on every occasion to help deliver the policies required to respond to the climate crisis. No other objective matters;
 - The government, Treasury, Bank of England and other financial institutions are required to cooperate to make sure that the funding required for the Green New Deal will be available at the lowest possible price for society, and the good of the policy;
 - We will stop fixating on growth as the goal of economic policy when we know that the aim of continuing growth is one of the major causes of the crises we are in;
 - Company law will be changed so that companies will have responsibility for focusing on climate related issues and society and managing their carbon emissions rather than making profit at any cost;
 - Accounting rules, which reflect the requirement that companies focus on profit above all other issues will be reformed to reflect company’s climate and social obligations;
 - Pension funds will be specifically encouraged to consider the climate emergency and the good of society when making their decisions, as will banks, local government and other forms of government. No one will be left out of the obligation to change their behaviour to tackle the crises that we face.

3. The Green New Deal Commission

- The climate emergency will require action that will cut across the normal boundaries within government that determines how departments work. To make sure that co-ordination of policy on the scale required takes place the Bill proposes the creation of a Green New Deal Commission.
- The logic of this proposal is that it would be wise to have this process managed by a group of people with the expertise to do so, and who also fully reflect the society that we live in, and who therefore can understand its cares and concerns as difficult decisions are made.
- The aim is, then, to create a very different body from the group of bankers and economists who have, for example, dominated the Monetary Policy Committee of the Bank of England, where so many decisions appear to have been taken for the primary benefit of the financial community.
- The aim is to also create a body, unlike the Monetary Policy Committee, that is wholly accountable to Parliament: democratic control has to be at the core of this process.

4. Establishment of the Commission

- Clause 4 sets out how the Commission would be established to make sure it is representative of a range of expertise, and to fully reflect the society we live in

5. Reporting

- Clause 5 makes it clear that the Green New Deal Commission will be accountable to Parliament for its actions. The process of tackling the climate and inequality crises has to be fully accountable.

6. Additional funding for the Green New Deal

- The Green New Deal will require radical change to the way we organise our economy. This cannot happen without funding being available. Clause 6 of the Bill addresses how this funding will be arranged.
 - The UK has more than £12 trillion of private personal wealth at present. Of this more than a third is invested in our houses. A bit more, at about 40% of total personal wealth - or more than £5 trillion in all - is invested in pensions. Around £500 billion is held in ISA savings accounts, of which a majority is in cash deposit accounts.
 - The Green New Deal suggests that a lot of these funds are linked to the old, carbon, based, economy. What is required is a mechanism to redirect the savings of those lucky enough to own them towards the new zero-carbon economy. This will not happen without government guidance, at least in the timescales that are required. The Bill proposes the creation of a National Investment Bank to direct the investment required to deliver the Bill's objectives. We think that in the first instance this will require about £50 billion of funding a year but that this will increase to maybe £100 billion a year when the full impact of the climate crisis is appreciated by the UK's private sector companies.
 - Subsection (c) of clause 6 suggests that much of the funding for the National Investment Bank that will fund the Green New Deal will come from redirecting savings. It suggests that changes to pension and ISA regulations will be required to encourage the annual flow of funds to these types of saving to go into Green bonds and investments issued by the National Investment Bank and other savings institutions. More than £100 billion goes into pensions each year and £70 billion goes into ISAs: together they can provide the funding required for the Green New Deal and still leave a mass of capital over for existing demands.
 - Bonds - which are savings instruments issued by governments, banks, local authorities and companies - will play a big role in redirecting funding in this way. Whether or not government subsidy will be required to ensure a competitive rate of interest is paid on these

bonds (which would cost very little) and whether or not guarantees equivalent to those provided by the government now for funds of up to £85,000 deposited with banks will be required are questions to explore. Markets are desperate for high quality bonds to buy because austerity policies have denied them of the new bonds that they want to invest in, and as a result there is a massive and readily available market for the bonds that a National Investment Bank, and maybe others like local authorities, might issue to fund the Green New Deal. The Bill will promote the mechanisms that will let this happen.

- Because we think that the Green new Deal can be very largely financed by redirecting people's savings into new, productive and well paying bonds that will be issued for this purpose the tax cost of the Green New Deal will be quite small, and will be more than covered by the additional taxes paid by those who will get well paid work may a result of the Green New Deal's new employment focussed opportunities paid at living wage rates, or better. Tax is also about tackling inequality, addressing market failures including those that have created the climate emergency and promoting activities that the government thinks desirable. It is precisely for these social and economic reasons that a list of measures that are thought to be compatible with the objectives of the Green New Deal are listed.

7. Decarbonising the economy

The climate emergency requires that we move to a net-zero carbon economy as soon as possible. The Bill suggests that this goal must be achieved by 2030 whilst recognising that sooner would be better. Clause 7 of the Bill lays out the objectives that the Green New Deal Commission will have to consider to achieve this goal.

- improving the energy efficiency of every building so far as is possible, including through the incorporation of power generation;
- building new affordable zero carbon housing to meet social needs;
- the use of walking, cycling, co-operative and public transport for all journeys;
- investment in new and existing net zero carbon methods of energy generation, transmission and distribution;
- agroecological farming;
- the restoration of soil and degraded peatlands, and
- alternative and reduced forms of consumption, including measures to—
 - reduce air travel,
 - promote the use of low and no carbon means of transport,
 - restrict the use of carbon fuel-based transport,
 - restrict the use of single-use plastics and other packaging,
 - reduce the consumption of meat and dairy foods, and
 - reduce the carbon impact of consumer products.

8. Addressing the biodiversity crisis

- A great many people are aware that we face a climate emergency. Many fewer seem to be aware of the crisis that we face as a result of the loss of the planet's biodiversity. We are living through the sixth great extinction in our planet's history. Clause 8 of the Bill is intended to tackle this issue and is perhaps the most straightforward of all its clauses. The need is for action on these issues now.
 - building enhanced flood defences, with a focus on natural flood management;
 - reducing the use of water;
 - improving the quality of that water
 - reforestation, agroforestry and the planting of trees in urban areas;
 - rewilding the environment, creating and restoring habitats;
 - improving air quality;
 - improving and expanding green spaces in villages, towns and cities;
 - annual audits of biodiversity;

- reducing pesticide use; and
- supporting the transition to farming systems that do not rely on agrochemicals.

9. The economic policies for the Green New Deal

- Clause 2 of the Bill recognises that the existing economic system has failed. Clause 9 of the Bill suggests more of the steps needed to create a new and fairer economic system that is also environmentally sustainable. The clause makes clear that this will require that:
 - New employment will have to be promoted to ensure that all who want to work in the future have the chance to do so.
 - This will require that people have help to make the transition to these new jobs that the Green New Deal will create, which is an issue addressed in more detail in clause 10.
 - Clause 9 makes clear that the way that business and work is organised will have to change, and in some cases quite radically, if the objective of beating climate change is to be achieved;
 - The range of enterprises we will need are set out including public enterprises; municipal enterprises; worker-owned enterprises; co-operatives, community-owned enterprises, and local private ownership
 - The ways in which work practices will change are also addressed.

10. Rebalancing society, and being fair to everyone working for the Green New Deal

Clause 1 of the Bill makes clear that meeting the challenge of the climate and biodiversity crises must be achieved at the same time as inequality in the UK is reduced. Clause 10 adds some detail to the economic objectives associated with the Green New Deal. In particular:

- Those working on the Green New Deal must earn at least a living wage;
- All Green New Deal employers must respect trade union rights;
- The increasingly scarce resources of the world must be shared appropriately on the basis of need, irrespective of a person's level of income;
- Help and support must be provided to all those who have to learn new skills or even move in the course of tackling the climate crisis;
- Tax abuse must be tackled not just because it provides funding but because this eliminates a cause of inequality in society.

11. Taking global responsibility for our emissions

- Clause 11 of the Bill recognises the global climate crisis impacts disproportionately on the peoples and countries least responsible for causing it. This clause demands that:
 - The UK must not meet its carbon targets by transferring emission creating activity to other countries;
 - The UK must promote finance for carbon-neutral development and the sharing of clean energy technologies;
 - Policies must be co-ordinated internationally;
 - We must work to change the international rules that are needed to make the Green New Deal possible and fair.

12. The last bits of the Bill

- Clauses 12 to 15 of the Bill provide Parliamentary details relating to the Bill.