

Green New Deal: universal basic income could make green transition feasible

March 21 2019, by Fabian Schuppert



Credit: Max Rahubovskiy from Pexels

Within ten years, the US will phase out fossil fuels and source its energy from 100% renewable sources. That's what a letter, signed by over 600 people and sent to Congress on January 10 2019, [proposes and demands](#).

The signatories also call for making every building in the US energy efficient and eliminating greenhouse gas emissions from manufacturing, agriculture and transport. Achieving all these targets within the next 25 years would be very ambitious. Within the next ten years requires not just a green transition but a [green revolution](#).

The signatories know that, which is why they propose that the federal state should lead this revolution and become the primary funder of this Green New Deal. But how exactly would that work and what would it mean for the economy?

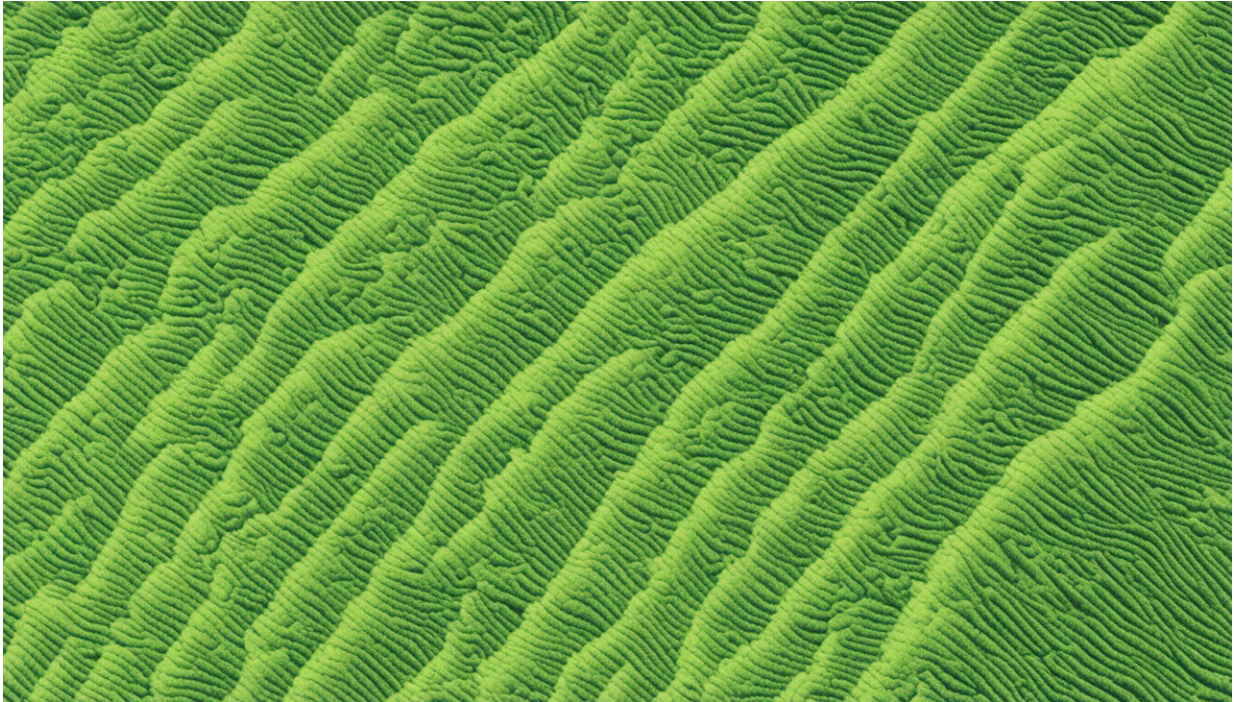
A new deal for workers

The Green New Deal demands the polar opposite of austerity from government. Instead of fiscal frugality, the state would have to pump large sums of money into society and the economy in an effort to overhaul everything. This follows the ideas of Modern Monetary Theory, which sees government debt as normal and possibly even desirable as long as it helps foster an economy that benefits the common good and keeps people economically active.

Governments and central banks would use state expenditure to keep unemployment low and to subsidise key decarbonisation activities, such as creating electrified mass transport and making buildings energy efficient, even though this would lead to a noticeable increase in national debt. The government would also have to increase taxes, especially on wealth, [capital gains](#) and corporations.

In addition to being the main funder of the transition, the state would also act as an employer of last resort, since the Green New Deal promises [employment for everybody](#). This is a huge commitment, considering that there would be significant job losses in fossil fuel dependent industries. It won't just be coal workers being made redundant

– many workers in the car industry, steel manufacturing, large-scale agriculture and [food processing](#) would lose their [jobs](#), too.



Credit: AI-generated image ([disclaimer](#))

While it's true that many new jobs will be created as part of the green transition, two issues remain. Can workers be retrained quickly enough to take on these new jobs or are the skills required simply too different? Will new green jobs be sustainable, or will there just be a green boom during the transition followed by a harsh awakening and growing unemployment?

Green universal basic income

In the short and medium term, full employment seems actually quite unrealistic, unless the state forces people to work in jobs they don't want. Instead, a Green New Deal should prioritise the introduction of a universal basic [income](#) to give people the freedom to refuse poorly paid work with bad working conditions.

The idea of a universal basic income is simple. Instead of means-tested social welfare payments for people who are outside of paid employment, the state would pay every member of society a monthly basic income allowance. This money would come from absorbing the existing means-tested welfare streams and taxing the new hubs of economic activity, such as green technology manufacturing. In an economy where not everybody might be able to get suitable employment, this basic income allowance would cover essential living costs and allow people to pursue meaningful activities outside of work.

Introducing a universal basic income would have advantages for delivering a Green New Deal. If the radical changes of the Green New Deal [aren't supposed to punish workers](#) in the current fossil-fuel dependent economy, giving these people, who most likely will lose their jobs, a guaranteed alternative would create support for the transition and make sure that those most vulnerable to the proposed changes don't get left behind.

Instead of creating state-funded jobs just for the sake of employing people, the state could empower many of its citizens to lead more sustainable lives as part of the green transition. A universal basic income might offer citizens time to engage in fulfilling community-based work that doesn't generate profit but which has social value. Taking them out of their cars in long lines of commuter traffic and putting them in allotments growing food or in parks enjoying nature could help usher a whole new way of life.

A generous universal basic income would destigmatise work outside of paid employment, such as domestic care work and volunteering in the arts and community sectors and it would allow people to refuse environmentally harmful and badly paid jobs. New income detached from wage labour would mean new flows of money in the economy, breaking the cycle of energy-intensive production and consumption which drives much of emissions.

To win popular support for the Green New Deal its benefits must be truly universal. What better way to guarantee a just, green transition and ensure no one is left behind than [universal basic income](#)?

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