



TOWARDS A GLOBAL GREEN NEW DEAL

LABOUR
FOR A
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NEW DEAL



Demand 5: Towards a Global Green New Deal

The pandemic has highlighted gross inequality in the global financial system. Global North countries with independent central banks print money to bail out their businesses and support their citizens, while countries in the Global South with large dollar-denominated debts have seen [record capital flight](#) and have been left at the mercy of their creditors.

But these are only the latest manifestations of an extractive financial system which siphons wealth from South to North. Enforced privatisation, [structural adjustment policies](#) and [corporate courts](#) have shifted power in favour of global capital in recent decades. Combined with illicit financial outflows (estimated costs to the Global South range from [\\$50–200 billion](#) up to [\\$1 trillion a year](#)), [land grabs](#), the legacies of colonialism, and the increasingly disproportionate [costs](#) of climate change, Global South capacity to respond to public health crises has been significantly hindered. For example, [Ghana is due to spend](#) \$3.8 billion servicing its debt in 2020; four times more than it spends on public healthcare. The power imbalances of international finance also limit action on climate change. Despite its commitments under the Paris Agreement to make financial flows “consistent with a pathway towards low greenhouse gas emissions”, the UK government pours [billions of pounds](#) of public financing into private sector fossil fuel projects in the Global South.

The shocks to the global financial system caused by Covid-19 represent an opportunity to build a new economic model and tackle the climate emergency simultaneously. Rather than returning to the status quo and exacerbating carbon emissions, the government must support international efforts to ensure a just, green recovery.

The Labour Party should support:

1. *Debt cancellation:* Over [200 global civil society organisations](#) have called for “immediate cancellation of debt payments, including to private lenders...and a process to reduce debts to a sustainable level following the Covid-19 crisis”. Cancelling all 2020 external debt payments of the 76 poorest countries could help [redirect \\$40 billion](#) to public health, supporting almost 500 million people.

2. *International advocacy:* The UK should:

1. Use its position at the G20 and IMF to campaign for debt restructuring and financial support, to ensure that no government faces a sovereign debt crisis due to the pandemic, nor prohibitive future public borrowing costs that would hinder investment in decarbonisation and adaptation.

2. Oppose lenders looking to sue governments for stopping debt payments.

3. Press for greater North-to-South climate finance commitments (before, during and after COP26) to fund a just energy transition as well as adaptation, and provide compensation for loss and damage in the global south.

3. *Ending UK overseas fossil fuel finance:* [CAFOD/ODI research](#) shows that the UK gave £4.6 billion to overseas fossil fuel projects between 2010 and 2017, via the UK aid budget and UK Export Finance. The government should immediately end financial support to overseas fossil fuel projects, divest from existing projects within the next two years, and redirect money to projects supporting public health systems, a just low-carbon transition, and adaptation.

4. *Strong action on tax evasion:* The UK government should develop proposals to close tax loopholes, limit tax evasion via [UK crown dependencies](#) and exercise powers under the Finance Act 2016 to make multinationals’ [country by country reporting data public](#).