Article URL

Published: January 12, 2026, 6:05 pm

Economist Professor Richard Werner, who proposed the term “quantitative easing” in Japan in the 1990s, and **Caroline Lucas MP, of the Green New Deal Group**, are calling for a £70 billion programme of “Green Quantitative Easing” in order to create hundreds of thousands of jobs, and set the country on course for a transition to a genuinely green economy.

In a report launched today, Professor Werner, Director of the Centre for Banking, Finance and Sustainable Development at the University of Southampton, makes the case that Green QE can reach parts of the economy that traditional QE has failed to do, making a real difference in terms of jobs and the environment.

Prof. Werner said:

“The Bank of England is expected to announce today a further round of Quantitative Easing to follow the £200 billion of QE1 announced in 2009 and the £75B of QE2 announced last year.

“This staggering £275 billion largely ended up with the banks in the futile hope that it would result in a substantial increase in UK lending to business. Instead it was used to rebuild their balance sheets and invest in commodity speculation.

“To ensure that this does not happen again, we need a different kind of QE, to help the wider economy directly and to implement some badly needed green projects that would enhance the sustainability of the economy and improve the environment–as well as creating thousands of new jobs.”

Green MP Caroline Lucas (Brighton Pavilion), who has welcomed the report, said:

“It is understandably difficult for people to get their head around the idea that the Bank of England could magic out of nothing up to £70 Billion of Green Quantitative Easing. Yet it has already e-printed £27 billion (around £4,000 for every man woman and child in the UK) in an effort to get increased borrowing to British business via giving the money to the banks. But this money has completely failed to reach small businesses in the real economy which urgently need support.

“The bankers have had their £275 billion chance. Now it’s time for the Bank of England to help create jobs, stabilize the economy, and support the environment through a package of Green Quantitative Easing. I will be calling upon MPs of all parties to support these proposals, and urging my Parliamentary colleagues on the Treasury Select Committee to raise the issue of Green QE when they next question Sir Mervyn King.”

The **Green New Deal group** **has called for Green QE to initially spend up to £20 billion on fitting free solar PV for the occupants of the roughly 3 million south facing roofs, best suited to capture the maximum amount of energy. Based on last year’s figures when around 20,000 installation jobs were created putting PV on 150,000 dwellings, a million home a year programme would eventually create 140,000 jobs. If that were to be extended to all the potential 9 million homes that could benefit from PV installation at a cost of up to £55 billion, then the employment growth would be much larger still. The households involved would save up to £250 per annum in reduced electricity bills.**

A further £16 billion of Green QE could be spent kick-starting the Government’s Green Deal energy efficiency programme for homes. The Government expects this to support at least 65,000 jobs in insulation and construction by 2015. Local authorities, many of whom are already involved in planning to make tens of thousands more local homes energy efficient, could access a QE Green Deal fund to initially finance such work.

Professor Richard Werner said:

“These are exceptional times and they call for exceptional action from the Bank of England. Mervyn King has expressed a desire to see QE help tackle **"*the most serious financial crisis at least since the 1930s if not ever.*"** Another serious crisis is climate change and Green QE could not only help address that, but through the huge number of jobs and business opportunities involved, it could also help tackle our financial crisis.”