

The urgent need for green quantitative easing

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The following press release has been issued by Caroline Lucas MP and the Green New Deal group this morning. There are more details on [green quantitative easing here](#):

When George Osborne stands up this Wednesday to deliver his Autumn Statement he will find himself between a rock and a hard place of his own making. The rock is the need to encourage a huge increase in economic activity through infrastructure investment, the hard place is the question of how to pay for it, given that his failed policies are increasing debt and threatening growth in the deficit.

An alternative to this is today proposed by a group of environment NGOs, green businesses and those concerned about ethical finance. They have launched a call for the introduction of a new, revised programme of Quantitative Easing (QE), but this time one that would fund jobs, business and helps tackle climate change in every constituency in the UK.

Their proposed 'Green Infrastructure QE' [\[1\]](#) would contribute to funding a carefully costed, nationwide programme to make the UK's 30 million buildings energy efficient, which would dramatically reduce energy bills and fuel poverty whilst cutting greenhouse gas emissions. The programme would also help solve the housing crisis by building highly insulated new homes, predominantly on brown field sites.

The Green New Deal group, which is behind this initiative, believes that this programme would require finance of the order of £50 billion a year. Caroline Lucas MP a member of the group said "For those who think an annual programme of £50 billion is unaffordable, they should remember that between 2009 and 2012 the Bank of England e-printed £375 billion of quantitative easing, which is the equivalent of over £6,000 for every man woman and child in the country. However, this huge sum mostly benefitted the banks and investors by inflating house prices, the stock market and commodities. It had very little impact in terms of generating real economic activity on the ground, whereas Green Infrastructure QE is designed to achieve exactly that".

Such an approach is technically feasible since Mark Carney, the Governor of the Bank of

England is on record as saying that if the government requested it, then the next round of QE could be used to buy assets other than government debt.[\[ii\]](#)

Furthermore this debt, which would be owed by the government to the Bank of England, would not have to be repaid, as Adair Turner, the former Chairman of the Financial Services Authority has made clear.[\[iii\]](#)

Neal Lawson, Chair of Compass “establishment orthodoxy on austerity is trumping economic necessity - with fears of a return to recession government can use green QE to boost the economy and create well paid jobs while protecting the environment. It’s the political version of a ‘no-brainer’”.

Colin Hines, Convenor of the Green New Deal group said “Not only would this programme provide a huge stimulus for local economies and increase the tax take because of the number of people it would get back into well-paid employment in the UK, it could also provide the impetus to unlock massive private co-funding from pension and insurance companies through to individual savers. The ‘jobs in every constituency’ inherent in Green Infrastructure QE means that it should become a political imperative for all parties in the run up to next May’s election.”

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[\[ii\]](#) The term ‘Green Quantitative Easing’ was first explicitly used in 2010 in <http://www.financeforthefuture.com/GreenQuEasing.pdf> This concept of directing quantitative easing to fund the greening of the UK’s infrastructure was included in the Green New Deal Group’s 2013 report ‘A National Plan for the UK’ <http://www.greennewdealgroup.org/wp-content/uploads/2013/09/Green-New-Deal-5th-Anniversary.pdf> and in the new economic foundation’s 2013 report ‘Strategic quantitative easing’ http://b.3cdn.net/nefoundation/e79789e1e31f261e95_ypm6b49z7.pdf

[\[iii\]](#) ‘Mark Carney boosts green investment hopes’ Financial Times, March 18th, 2014

<http://www.ft.com/cms/s/0/812f3388-aeaf-11e3-8e41-00144feab7de.html#axzz30ATJUiZ2>

[\[iii\]](#) <http://www.ft.com/cms/s/0/8e3ec518-68cf-11e4-9eeb-00144feabdc0.html#ixzz3IjZNT6bq>

