

## The FT and Climate QE

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I have already noted that Climate QE made it to the letters page of the Guardian this morning. It was also in the FT's letters page:

*Sir, It is understandable that Narendra Modi, the prime minister of India, should point out that just because low carbon technology exists to tackle climate change it doesn't mean it is affordable and accessible ("Do not let the lifestyles of the rich world deny the dreams of the rest", November 30). Indeed it has been estimated that to allow developing countries to tackle and cope with climate change could require around  $\text{\pounds}3.5\text{tn}$ . However, to put this into perspective, when the global banking system was threatened the world's rich economies responded with programmes to print  $\text{\pounds}7\text{tn}$  of quantitative easing: ie, twice that thought to be required to deal with climate change in poor countries.*

*The European Central Bank is still e-printing  $\text{\pounds}60\text{bn}$  a month under its QE programme and is committed to doing so until September 2016. In our "[Climate QE](#)" paper we propose that to address the challenge of the kind posed by India's prime minister the ECB should allocate, say,  $\text{\pounds}10\text{bn}$  a month from this QE programme. This could be used to buy climate change bonds from the European Investment Bank, which could then direct these funds to climate change programmes in developing countries. Such an approach could galvanise and put pressure on other rich countries to introduce their own climate QE initiatives.*

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