

## Next time QE has to be green

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The FT had an [article](#) yesterday by Michael Howell, who is the managing director of CrossBorder Capital. I thought the summary of his argument was interesting:

*So is another crash coming? Much depends on the central banks. Whereas the global financial crisis was caused by too much private sector leverage, our concern today is a growing shortage of central bank liquidity caused by the deliberate unwinding of the QE policies put in place to replace the private sector funding that evaporated in 2007/08.*

*This policy is draining funds from the wholesale money markets. The bottom line is that liquidity matters hugely, and modern financial systems cannot function without large central bank balance sheets.*

*In short, we expect to see another round of central-bank asset purchases – “QE4” – far sooner than many expect.*

I have little doubt that he is right.

Actually, I have no doubt that he is right.

The world cannot endure quantitative tightening right now.

But this time it has to be Green QE. For the sake of the planet, jobs and our future.

This time we have to get it right.