

The FT thinks the time for Green government bonds has a...

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My [recent suggestion that fund managers wanted the government to issue green bonds](#) in response to investor demand received short shrift from someone who, I think, thought he knew how markets worked. His claim was that such bond issues were not necessary, or desirable, despite my agreeing that they were.

I am, then, slightly pleased to note that the FT is firmly on my side, saying yesterday:

War loans historically funded governments in crises. The UK parliament this month declared [a climate emergency](#). The government should react by issuing “green bonds”, reckon large asset managers, led by Columbia Threadneedle.

A letter sent to the UK's Debt Management Office [set out the case](#) for issuing debt specifically to finance climate-saving projects. The DMO has so far hesitated. It should not do so for long.

I also note that they report this:

For once, the cynics might be wrong. Bicycle-friendly and flood-alert Netherlands on Tuesday hopes to raise up to €6bn via a green bond, becoming the first triple A-rated government issuer. Its promises of independent certification and regular reporting on the use of proceeds will help boost the credibility of green bonds.

In the world we now live in every supposedly rational assumption that those who think they understand markets claim to make needs to be examined in a new light. The quantitative data on which they form their opinions is far too limited to be a rational basis for most decision making. Real people know that. Most who manage investments on their behalf do not.

No wonder we're in a mess.
It's time for green bonds.