

Will Lagarde deliver Green quantitative easing? We can ...

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The [FT reports](#) this morning that:

Christine Lagarde, president of the European Central Bank, has opened the door to using its €2.8tn asset purchase scheme to pursue green objectives, promising to examine changes to all of its operations in the fight against climate change.

It is the first time that the ECB president has committed to examine “greener” changes to all of the central bank’s operations, including asset purchases. “I want to explore every avenue available in order to combat climate change,” she told the Financial Times in a video interview. “This is something that I hold very strongly.”

The move would make the ECB the first main central bank to use a flagship bond-buying programme to pursue green objectives.

It's ten years since I first wrote [about Green QE](#). At the time the term was unknown. Five years later [I summarised the idea](#). It's overdue that I update that. The point to note is that no one has done it as yet.

And the idea is simple. A national Green Investment Bank issues bonds to fund green investment to create jobs and deliver a sustainable economy. And the central bank buys those bonds to fund the work because the economy faces a downturn, unemployment and a shortage of demand. It's really that easy. Instead of money being thrown at the City, as conventional QE does, it's put to productive use.

Why hasn't it happened? Because so far bankers and the politicians we've had in power for most of the QE era have preferred the City to people, and rising wealth inequality to tackling the climate crisis. That's why.

Green QE would change that.

Will the ECB really deliver? Lagarde was not that clear. We can hope.