



The Fed Is Out of Touch on Climate

Jennie C. Stephens, Maynooth University

On Jan. 10, Federal Reserve (Fed) Chair **Jerome Powell explained** that if the U.S. central bank is to maintain its independence, it cannot “and will not be, a climate policymaker.” While California suffers in the wake of unprecedented flooding, estimated to cost over **\$30 billion in losses**, Powell insists “it would be inappropriate for us to use our monetary policy or supervisory tools to promote a greener economy.” This is a narrow, short-sighted interpretation of the Fed’s mandate, and a potentially dangerous and misguided view on what the Fed’s independence means.

The Fed’s independence is intended to ensure independence from political cycles — it does not absolve the Fed of its duties to serve the public interest. All of the Fed’s **functions and core responsibilities** are deeply intertwined with and impacted by the climate crisis. By feigning independence, the Fed seems to be caving to reportedly **false arguments** made by financial institutions, the fossil fuel industry and its political allies — actors with strong incentives to thwart the clean energy transition.