



Written by [David Kelly](#) on May 18, 2023

Senate Republicans Remind Fed and SEC to Leave Climate Policy to Congress

A group of Republican senators sent a [letter](#) on Wednesday to Federal Reserve Chair Jerome Powell, reminding him of his “commitment to remain focused on the Federal Reserve’s statutory mandate, and to leave social and political policies to Congress.”

This missive was prompted after the Fed [introduced](#) their “pilot climate scenario analysis exercise” directing the six largest U.S. banks to “analyze the impact of scenarios for both physical and transition risks related to climate change on specific assets in their portfolios.”

The Fed explained in their [press release](#) that the pilot exercise asks the banks using different risk and severity scenarios to consider the financial impacts to corporate loans and commercial real estate portfolios based on current policies, and based on reaching net zero greenhouse gas emissions by 2050. The Federal Reserve Board plans to publish “insights gained from the pilot at an aggregate level, reflecting what has been learned about climate risk management practices and how insights from scenario analysis will help identify potential risks and promote effective risk management practices.”

The senators’ letter stated, “We are growing increasingly frustrated with the Federal Reserve’s (Fed) engagement on environmental policymaking and research far outside of its statutory mandate, all while there is persistent inflation and a crisis of confidence in the banking sector..... This climate stress test is the logical result of a persistent and growing track record of climate activism at the Fed.”

Citing the Fed [joining](#) the “Network for the Greening of the Financial System” in 2020, the senators criticized the Fed for having regional reserve banks continuously hosting climate events and conferences, such as one in [San Francisco](#) last May, “when they should have been monitoring for tangible risks at banks, like Silicon Valley Bank, within their jurisdiction.”

The group of senators, led by Dan Sullivan (R-Alaska), bluntly exposed the Fed’s climate agenda with their “hundreds of policy papers, studies, and documents dedicated to climate change – some of which



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contain shoddy research at best, and blatant propaganda at worst. All of this work is being done and man hours are being spent on climate change by an institution that has no statutory authority to do so, and without any scientific expertise. There is no shortage of work to be done on issues directly within your statutory authority as evidenced by the Fed's recent whiff on inflationary policy and inept oversight leading to the SVB crisis."

Earlier this month, Fed Board Governor Christopher J. Waller spoke out against climate change as part of the Fed's policymaking, [stating](#), "I do not believe it poses a serious risk to the safety and soundness of large banks or the financial stability of the United States. Risks are risks. There is no need for us to focus on one set of risks in a way that crowds out our focus on others. My job is to make sure that the financial system is resilient to a range of risks."

A Fed spokesperson [reportedly](#) confirmed that the central bank received the letter and intends to respond.

While focused on climate change activism and ESG (environmental, social, and governance) being incorporated into federal government agencies and their policymaking, Sen. Sullivan also sent a [letter](#) on Wednesday to Securities and Exchange Commission (SEC) Chair Gary Gensler over that group's climate agenda.

Sullivan wrote that he was "deeply concerned" about the SEC's "improper focus on vague climate change risks" at the expense of "American investors' financial exposure to the Chinese Communist Party's opaque and aggressive policies," and shared that the SEC's priority and "finalization of the misguided March 21, 2022, [proposed climate disclosure rules](#)" was a "risk to American investors associated with China."

"The SEC has no statutory authority or institutional competence on climate change, and I highly recommend that you immediately reprioritize your agenda," Sullivan continued. "The SEC should be ... ensuring that American investors are protected from a shaky Chinese economy and dangerously fickle and politically focused authoritarian rule by the CCP."

The letters to the Fed and SEC follow up on an initial [letter](#) from Republican senators sent in April to the SEC on their proposed climate-related disclosures. They stated then, "after failed attempts to enact radical climate policy via legislation, this rule is yet another example of the Biden Administration's efforts to have unelected bureaucrats implement its preferred agenda through regulation.... We believe devising climate policy is the job of elected lawmakers, not unelected regulators at the SEC."

According to [The Epoch Times](#), "the SEC's climate disclosure rules, which integrate ESG philosophy, are expected to be finalized and implemented later this year."

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