

Will war end the climate alarmist zeal of the central banks?

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Faced with implacable opposition from the Senate, Sarah Bloom Raskin, President Biden's pick for supervising banks within the Federal Reserve (Fed), has withdrawn her candidature. During the Obama administration, she was one of the Fed's seven governors and a Treasury deputy secretary.

Her rejection by the Senate was a result of her expressed intent 'to incentivise a rapid, orderly, and just transition from fossil fuels and other high-emission investments'.

Not so long ago, that opinion would have not been a barrier to the job – indeed her appointments under Obama faced little opposition. But such views became more controversial with Biden's re-installation of Obama's anti-oil and gas regulations and the consequent return of the US to becoming a net importer. The Ukrainian war brought home the serious strategic implications of impeding fossil fuel production and last week the swing

Senators, Democrat Joe Manchin and Republicans Susan Collins and Lisa Murkowski, pulled the plug on Raskin.

There have been few central bankers as woke as climate activist Mark Carney, the former Governor of the Bank of England, who is now with investment conglomerate Brookfield. At Brookfield, Carney joined fellow activist [Mike Cannon-Brookes](#) of Atlassian in bidding for AGL with a view to expediting the firm's departure from fossil fuels.

Though Carney may have been a stand-out, most banking bureaucrats are infected with alarmist zeal and central banks are coordinating internationally to press their philosophy through the Network for Greening the Financial System (NGFS) and the Task Force on Climate-related Financial Disclosures (TCFD).

In this respect, Australia may have dodged a bullet with the departure from the Reserve Bank of Guy Debelle, who had been the heir-presumptive Governor. He was described as a 'green energy crusader' even by fellow hydrocarbon haters at the [AFR](#). Debelle will now help Twiggy Forrest's Fortesque tilt at windmills, postulate about hydrogen as a future fuel and trumpet pie-in-the-sky \$210 billion schemes, like that linking Singapore with an Australian desert paved with solar panels.

Perhaps Debelle was pushed out of contention for the Reserve Bank's top job or maybe he recognised a growing unease within governments about climate fanatics occupying high places.

The USA and EU between them have spent an estimated \$5 trillion on renewable energy over the past 20 years (Australia has spent relatively more). Almost all of renewable energy installations have relied on the support of subsidies, and while the subsidies have savaged the economics of fossil fuel, its share of total energy use has fallen by just two per cent to 84 per cent.

The world has certainly changed since Russia's invasion of Ukraine. Among other lessons, this has shown many politicians that calls for decarbonisation were luxuries that cannot be indulged in the dangerous world which Putin's actions have revealed we inhabit.

In the UK, Prime Minister Boris Johnson, under pressure, is reneging on his 2021 green exhortations and walking, crab-like, towards permitting new oil and gas fields – even to allowing fracking for gas – and re-opening coal generators.

In this context, it is doubtful that the Bank of England Governor, Andrew Bailey, would today deliver a speech like that he gave in [20 November](#) last year. In that speech Bailey outlined a range of further actions necessary to meet the net zero emissions goals of the Bank of England, goals that are broadly shared by all other democratic nations' central banks. The Bank's measures included ensuring that the 1,500 financial intermediaries that it regulates 'hold capital against material climate-related financial risks'. The Governor foreshadowed a 'wider supervisory toolkit' to incentivise firms to take meaningful actions in support of climate transition, adding, 'Where progress is insufficient and assurance or remediation is needed, the (Bank's Prudential Regulatory Authority) will request clear plans and, where appropriate, exercise its powers,' to ensure this is rectified.

Even if such thunderous admonitions will now be diluted, repairing the damage will be slow.

It will be slower still for Australia where, almost daily, Energy Minister Angus Taylor issues press releases that pontificate about how government action is securing the future of steel through renewable energy, increasing (subsidised) rooftop energy, causing firms to raise 'the bar for corporate emissions accountability', as well as providing additional handouts for hydrogen and emissions reductions. As if this were not bad enough, Taylor would correctly warn us that, if in May we have an ALP Government, the damaging policies would worsen.

Changing course for Australia is proving a more laborious process than in the rest of the world. But everywhere, the accumulation of central bank regulations, procedures, recruitments and policy directives leave a powerful residue that will continue to hamper the redirection of capital towards commercial energy. In doing so, central bank directives, alongside other similar policies, will leave western democracies less able to confront the dangerous world that recent events have revealed.