

JEROME POWELL: MYTHS AND FACTS

THE POLICY CASE

MYTH: Jerome Powell hasn't really overseen all that much deregulation.

FACT: Powell [allowed](#) banks to keep less hard cash on hand; killed requirements that banks have a plan in case of sudden bankruptcy; told banks what they'd be tested on ahead of annual stress tests; and allowed even more "too big to fail" banks to be created. [None of this was mandated by Congressional statute.](#)

MYTH: Jerome Powell isn't responsible for the deregulation, Randal Quarles is.

FACT: The Chair is the Fed's only executive officer. Powell has to personally choose to assign staff to any project, including drafting deregulatory proposals. Powell also picks which proposals come up for a vote. He could have chosen not to assign staff to write deregulatory proposals, or just never brought them to a vote, or voted against [the deregulatory agenda](#) himself.

MYTH: Jerome Powell is a committed dove and advocate for workers.

FACT: Powell has no commitments to dovishness. As [economic historian Brad DeLong](#) and [economist Simon Johnson](#) have highlighted, he is historically a weathervane vote whose [bubble fears](#) drove much of the 2013 "taper tantrum." If there is any ideological basis to his dovish turn, it is that the [anti-worker private equity industry](#) he comes out of benefits from low borrowing costs. But really, he just votes in whatever way the wind is blowing.

MYTH: Jerome Powell is uniquely capable of calming inflation hawks and keeping rates low.

FACT: Powell has clearly signaled rate hikes next year, even though the US unemployment rate in September (8.5%) was nearly 25% higher than it was in September 2019 (6.9%). If Powell is uniquely capable of appeasing inflation hawks, clearly his persuasiveness is failing him. Particularly as economists have dramatically reconsidered monetary policy orthodoxy in recent years, a different Chair would be just as capable of maintaining low rates, if not more so.

MYTH: Jerome Powell's opponents must want higher rates, since they dislike speculation.

FACT: Not at all! We support Lael Brainard for Chair *specifically because she is more committed to low rates than Powell!* The solution to speculation isn't higher rates, it's aggressive financial regulation. Which is what Jerome Powell has torn down in his deregulatory spree at the Fed.