



## MEMORANDUM

**TO:** Federal Financial Analytics Clients  
**FROM:** Karen Petrou  
**DATE:** January 30, 2023

It's a sad commentary on American politics to observe, as I feel we must, that the experienced chairman of the House Financial Services Committee, Patrick McHenry, has followed M&M's "spokesandies" as a target of Tucker Carlson's bilious, yet widely-watched, wrath. The fundamental frivolity of this contrast is self-evident, but that has yet to dampen the credibility of this combustible commentator with his super conservative acolytes. That Mr. Carlson matters so much to public discourse is deeply distressing given some of his other targets – Nancy Pelosi's husband after a brutal attack is only one that comes immediately to mind. Unlike him and many other Carlson targets, Mr. McHenry can more than take care of himself. Still, going after him means super-conservatives will blast any Member or measure that falls short of purity on their rightward-loaded scale. Since nothing these folks like can be enacted into law, all this does is reduce the hopeful odds [we cast earlier this year](#) for constructive financial-policy legislation. Too bad – the nation could use some.

The nub of the accusation lies in his chairman's decision to leave the word "inclusive" in the name of one of his panel's revamped subcommittees. Clearly, the concept of inclusion has become accursed because Democrats often used it in concert with what might seem an equally innocuous word: diversity. Democrats did use diversity and inclusion demands to press for racial, gender, and sexual-orientation equity in ways that rubbed many republicans raw, but the idea of inclusion is fundamental to social justice and that was once synonymous with what many thought lay at the heart of American exceptionalism. Surely, the word should be among those that may still be spoken.

But, despite uttering the unseemly "inclusive" suggestion, one might have thought Mr. McHenry met even the most rigorous anti-woke expectations. Well before Tucker Carlson's specious attack, the North Carolina Republican led Congress's most high-impact campaign against asset managers offering ESG options, banks seeking sustainable business opportunities, and federal regulators who seemed to sympathize with these objectives by virtue of efforts to address the financial risks of climate change.

As a result, financial companies and their regulators were already sure of being hauled before HFSC to defend their visions of stakeholder capitalism and the link between climate risk and the legitimate concerns of investors and financial stability. Now, these hearings are even more likely to be circular firing squads in which Republicans and Democrats vie for political credibility with virulent constituents even as industry leaders and federal regulators take heavy public-relations casualties.

Is this new? Every Congress has its show trials and each of them diverts public attention and policy-maker bandwidth from the urgent business always at hand. In the last Congress, ultra-progressive Democrats did more than their share of what Republicans castigate as virtue signaling even though that's exactly what Tucker Carlson now demands not only of M&Ms, but also as staunch a conservative as Chairman McHenry. Voters didn't like extremism from Democrats in 2020 and punished that among Republicans in 2022. One hopes that these clear expressions of voter demand will empower a moderate middle able to get things done. But, where this will end is impossible to predict. That it may end badly for both discourse and decision is all too possible given how little restraint applies to some of the most influential public commentators.