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Opinion

# Allen Mendenhall: ESG, banks and viewpoint diversity

[Allen Mendenhall](#) | 11.18.22



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Recently, I [spoke](#) to Bryan Dawson of 1819 News about the environmental, social and governance (ESG) movement that permeates corporate America.

ESG can be understood in two ways: first, as a framework or strategy that individual corporations undertake internally and, second, as the nonfinancial standards, metrics or factors that asset management firms, financial institutions and institutional investors, among others, consider when they allocate capital or assess risk.

For convenience, let's call the first "micro ESG" and the second "macro ESG." Macro ESG consists of governments, central banks, non-governmental organizations (NGOs), asset management firms, finance ministries, financial institutions, sovereign wealth funds and a global consortium of institutional investors that collaborate to operationalize ESG among and between businesses in all industries (i.e., at the micro level).

The combined entities comprising macro ESG exert extraordinary power over companies in various fields and countries. Because these entities manage assets and financial instruments, from currency and loans to stocks and bonds, they control capital flow throughout the world. After all, every company—to say nothing of the individuals who comprise it—seeks to bank or invest. Therefore, companies of all sizes are subject to the systemic trends that macro ESG creates and sustains.

Those trends are, for the most part, politically leftist.

"Diversity," however, is one concept characteristic of ESG that could, under certain circumstances, appeal to both the left and the right. Properly practiced, it can be good for organizations, which benefit from the creativity and innovation that result when different ideas and perspectives converge. Unfortunately, too many companies reduce "diversity" to the simplistic rubric of race and gender, neglecting other factors that would enrich the workplace.

The Alliance Defending Freedom (ADF), a faith-based legal organization known for its First Amendment litigation, has produced a Viewpoint Diversity Business Index to track how banks and financial institutions measure on free speech and religious freedom commitments. ADF reached out to

100 major companies to invite them to take part in a survey for the index. One such company, Regions Financial, is headquartered in Alabama and did not participate.

The Viewpoint Diversity Business Index is, [according to its website](#), predicated on the following statement: "We recognize that powerful companies in the tech and financial services industries have emerged as *de facto* gatekeepers of essential services and become crucial mediums of expression in the digital public square. While many of these companies make important contributions to our economy and society, they undermine trust and the institutions of democratic self-government when they engage in censorship, enable cancel culture inside their organizations, or take divisive stands on controversial political issues."

Because ESG emanates from financial intermediaries—banks, asset management companies, brokerage firms, trust companies, payment processing servicers, and so forth—The Viewpoint Diversity Business Index targets ESG. It seeks to stop banks from denying financial services to politically disfavored people and industries.

Are banks *really* doing that?

Yes. The practice is called "debanking."

The Canadian government, on the alleged grounds of a public emergency, recently froze the private bank accounts of truckers protesting their government's COVID-19 rules and restrictions. JPMorgan Chase closed the account of the National Committee for Religious Freedom (NCRF). Chase Bank terminated the accounts of performance artist Martina Markota, activist Laura Loomer, and Proud Boys members Joe Biggs and Enrique Tarrio. Bank of America refuses to fund oil and gas projects in the Arctic National Wildlife Refuge, portions of which were authorized for drilling until President Biden suspended that practice by executive order in 2021.

Citibank has restricted credit and banking services for certain gun manufacturers. JPMorgan Chase, Citigroup, Bank of America and Wells Fargo have taken measures to undermine the firearms industry, which, of course, is otherwise fiscally responsible and creditworthy—and which remains one of the most heavily regulated industries in the entire world.

Visa, Mastercard and American Express have created merchant category codes for gun shop sales, which will no longer be labeled "general merchandise." PayPal has closed accounts of individuals associated with the January 6 Capitol riot as well as of groups that the Southern Poverty Law Center deems hateful.

You don't have to like or agree with the objects of debanking to recognize that it's a problem with potentially far-reaching consequences.

And it's not just conservatives who should be concerned. One can imagine a future in which banks and payment processors deny services not only to organizations like Oath Keepers but also to the Southern Poverty Law Center (SPLC) due to allegations that the SPLC spreads hate and misinformation. If banks go political, some will begin servicing only "right-wing" clients, and the financial services industry could fracture along political lines. Politicians, in turn, might pursue new banking regulations that could be weaponized against political adversaries.

In short, ESG in financial services will sharpen political divides, taking the culture war to board rooms and then to all companies (because all companies depend on financial services). Historically, companies stayed out of politics and served clients with wide-ranging political principles on the understanding that business was about providing needed goods and services to as many people as possible.

The Viewpoint Diversity Index is a useful and creative step toward depoliticizing corporate America and raising awareness about ESG. Everyone should study its findings to determine whether his or her bank is healing or magnifying the political turmoil that is fundamentally changing the character of our country—and at costs that remain incalculable.

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*The views and opinions expressed here are those of the author and do not necessarily reflect the policy or position of 1819 News. To comment, please send an email with your name and contact information [Commentary@1819News.com](mailto:Commentary@1819News.com).*

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