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Don't Drag Banks Into the Culture Wars.

Politicians shouldn't force banks to lend to controversial industries — or forbid them from it.

Addressing social and environmental challenges such as guns and climate change is one of the greatest responsibilities facing America's policy makers. Lately, though, both Democrats and Republicans have been trying to pressure banks into doing this crucial job for them — and thereby getting them to absorb the political costs and risks involved. It's a trend that's both irresponsible and counterproductive.

No doubt, all companies — including those in the financial sector — must do more to manage social and environmental risks, in particular those related to climate change. To that end, the Securities and Exchange Commission is rightly working on climate-risk disclosure rules, so investors will have the information they need to make the best possible decisions and to hold public companies accountable. The Federal Reserve, for its part, should ensure that bank capital requirements take into account potential losses on vulnerable assets such as oil reserves and coastal real estate. Together with government initiatives aimed more broadly at curbing global warming, these policies should help align the profit incentive with the greater good.

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By The Editors

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