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The Speaker's race has possible implications for sectors like energy and crypto as well as possible ramifications for China, as the ripple effects of the race could reach Asia. Also, the longer the search for a new Speaker goes on, the less likely it is that Congress can pass individual budget bills by a November 17 deadline. Thus, Congress might be faced with another possible shutdown next month. Our note examines who might run for the Speakership and the possible policy issues associated with each candidate.

NEXT UP

The political situation is fluid, and Republicans will not meet until next week, so the ground could shift in the coming days (as we have seen recently), and other candidates could possibly enter the race. Our preliminary list of possible successors to former Speaker McCarthy as of this writing includes:

- **Majority Leader Steve Scalise (R-Louisiana)** – Scalise has good relations with conservatives and starts with a strong base of support in the south. Moderates might have issues with Scalise. Also, he recently announced he is being treated for multiple myeloma, which raises questions about whether he can (or would want to) take on the grueling job as Speaker which includes a great deal of travel and fund raising.
- **Majority Whip Tom Emmer (R-Minnesota)** – Emmer would probably back Scalise and look to move up to Scalise's current job, but if Scalise falters, Emmer might look to run. Emmer is in his first term in leadership, so there could be questions about whether he has enough experience for the job of Speaker.
- **House Judiciary Committee Chairman Jim Jordan (R-Ohio)** – Jordan, like Scalise, has good relations with conservatives, but, also like Scalise, moderates might prefer another candidate. Also, exchanging his current gavel for the Speaker's gavel could slow down the Judiciary Committee's impeachment inquiry, which is a factor Republicans will have to consider.
- **Rep. Kevin Hearn (R-Oklahoma)** – The head of the Republican Study Committee, the largest caucus of conservatives in the House.
- **House Financial Services Committee Chairman and Speaker pro tempore Patrick McHenry (R-North Carolina)** – McHenry does not appear to want the Speaker's job, but if Republicans fail to coalesce around another candidate, he could emerge as a possibility.
- **House Republican Conference Chair Elise Stefanik (R-New York)** – Stefanik would be the only woman in the race, but despite being an outspoken defender of former President Donald Trump, she is one of the more liberal Republicans in the House, which could cause problems for her with conservatives.
- **Dark horse** – If the selection of a new Speaker drags on, other names might enter the discussion.

SECTOR IMPLICATIONS

The **energy sector** could get a boost if Scalise is elected Speaker. He represents Louisiana and has close ties with the industry. It is likely he would push the Biden administration on exploration and production.

Both McHenry and Emmer have been pushing **cryptocurrency** legislation so that sector could get a lift if either of them become Speaker. McHenry, as Financial Services Committee Chairman, has worked on two bills – a broad bill on cryptocurrency regulation (crypto market structure) and a second bill on stablecoins. While McHenry (or Emmer) could push for the House to vote on both bills, the gaps between the House and Senate on crypto legislation are wide, especially on the crypto market structure bill. It is possible, although far from certain, McHenry or Emmer could push for a compromise on a stablecoin bill.

MACRO AND GEOPOLITICAL IMPLICATIONS

The current Continuing Resolution (CR) to fund the government expires on November 17. The selection process to choose a new Speaker will further delay work on the individual appropriations bills, so **Congress will be faced with a choice (again) of passing another CR or shutting down the government. A new Speaker could face the same problem that faced McCarthy – a small group of House Republicans who have leverage and are willing to use it to force a shutdown.**

House Republicans who oppose additional funds for Ukraine could use the Speaker's race to exact a promise not to vote on requests for more aid. If this scenario plays out, it could embolden China in its efforts to retake Taiwan just as the U.S. withdrawal from Afghanistan appears to have encouraged Russia vis-à-vis Ukraine. This would be a longer-term geopolitical consideration, as it again raises concerns regarding U.S. international commitments. Some investors are not yet considering the broader ramifications of House Republican politics which have implications for both domestic and foreign policy.

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