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ESG: Effort to Stop Growth

Texas Shuts Down the Climate Cult

by Jason Isaac, a former four-term Texas representative and director, Life: Powered, an initiative of the Texas Public Policy Foundation to raise America's energy IQ.

Are your retirement funds safe? No, I don't mean market volatility and inflation caused by the Biden administration's attack on American energy. I mean from the agendas of self-serving investment managers and radical climate activists who are placing partisan politics above fiduciary duty.

Cancel culture is spreading through our financial institutions like a plague, as banks and investment firms discriminate against industries they deem politically incorrect — from firearms manufacturers to fossil fuel producers. When it comes to the energy we all rely upon, the consequences of this brazenly anti-free market movement could have unsettling ripple effects throughout our economy — especially now that the Biden administration wants to require all businesses to disclose their "climate risk."

When Wall Street and Washington are openly colluding to deny financial services to targeted businesses while forcing dollars into their own "green" investments instead, the free market is no longer truly free.

Fortunately, a new Texas law is fighting back, and nearly a dozen other states are following suit to protect our tax dollars and the energy resources we rely on.

Pension funds invest workers' money to grow their retirement savings. Fund managers should make smart investments in order to maximize returns and ensure retirees have enough money to live on. But under a new trend known as Environmental, Social, and Governance investing, they are not making the smartest investments; they are aligning investments with the ideology of climate agitators. If that's not bad enough, they will often vote on their clients' behalf to adopt anti-energy resolutions or replace company board members with climate activists — even against the best interests of that company and industry. These investors are not good stewards for the hard-working men and women who are depending on their financial decisions.

For example, a small hedge fund owning just 0.2% of ExxonMobil's shares recently forced a takeover and replaced three of the company's board members with climate alarmists whose agendas will work directly against Exxon's financial interests. In the last year, Exxon has already adopted plans to deliberately produce less oil and recently adopted a disastrous "Net Zero by 2050" policy to align with the anti-American Paris Agreement. The Paris Agreement is not law and has not been ratified by the U.S. Senate.

The elite class wants to force American businesses to march in lockstep on the climate change ideology — consequences to pensioners' retirement be damned.

This trend is threatening the stewardship of our tax dollars. Texas is legendary for its commitment to limited government and its strong economy — the ninth largest in the world, surpassing even Russia and Canada. Low taxes are part of our DNA. When investment firms that promote the climate agenda are responsible for managing large portions of our public pensions, Texans are left questioning whether our tax dollars are being stewarded responsibly. Our teachers, peace officers,

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first responders, and public servants should never have a doubt that their pensions are safe.

That's why Texas passed Senate Bill 13, the first legislation of its kind in the country. SB 13 prohibits financial institutions that boycott, divest from, or sanction the energy industry from doing business with the State of Texas. It is the ultimate free-market solution: businesses can run their organizations however they see fit — but if they engage in anti-energy investing practices that harm our state, we will not reward them with control of Texans' tax dollars.

Climate activists condescendingly claim that divesting from fossil fuels is essential to staving off the climate apocalypse, even if it results in financial sacrifice. In 2008, Barack Obama boldly declared, "Under my plan… electricity rates would necessarily skyrocket." Families struggling to make ends meet are just supposed to accept inflation.

Ironically, the climate movement's pleas for divestment do not stand up to science.

According to climate data models, including the Environmental Protection Agency and the United Nations, even enacting each and every line of the Green New Deal today wouldn't make a lick of difference on climate change. Eliminating all fossil fuels and all manmade carbon dioxide emissions would result in less than two-tenths of a degree temperature difference at the end of the century. Even the biggest and loudest campaigns to eliminate fossil fuels would have a microscopic impact — if any at all.

Ultimately, the best science suggests that our climate is likely to remain mild and manageable while technology and innovation continue to improve our resiliency, environmental protection, and overall well-being. Access to affordable, reliable energy provided by fossil fuels is essential to modern life, and nothing improves our resiliency to any challenge thrown our way than a prosperous and energy-rich society.

The only real effect of this energy discrimination movement would be more poverty, a higher cost of living for everyone, and — ironically — more pollution. Denying capital to American energy companies does not stop the use of fossil fuels. Despite decades of multibillion-dollar renewable subsidies, oil, natural gas, and coal are still the only significant sources of firm and reliable energy. Instead, the ESG agenda will just cede power to overseas producers like OPEC and Russia. It makes no sense to give power, influence, and money to countries that pollute with abandon and maintain poor human rights records.

Instead, we should continue to produce energy here in the United States, where we can do so more responsibly and efficiently than any other country — while also keeping prices low and strengthening our national security.

Since SB 13 was signed into law, nearly a dozen other states have filed similar legislation. Others, like West Virginia, have proactively withdrawn their funds from institutions like BlackRock that publicly endorse the climate agenda.

Together, the states can exercise their collective power to send a strong message that our tax dollars should be stewarded by fiduciaries, not climate alarmists.

What's Your Social Credit Score?

by Marc Morano, author, *The Great Reset: Global Elites and the Permanent Lockdown*.

Big Tech surveillance and COVID passports are changing America into a clone of China. "The COVID-19 pandemic began in China, and one of its apparent side effects is that it slowly transforms western governments into China-like surveillance states," wrote journalist Jordan Schachtel.

German Economic Professor Antony P. Mueller echoed those sentiments: "This new world order of digital tyranny comes with a comprehensive social credit system. The People's Republic of China is the pioneer of this method of surveillance and control of individuals, corporations, and sociopolitical entities."

China is demolishing the West from within, and the West is all too willing to commit suicide.

The COVID lockdowns are a step to technocracy, which is the public's acquiesce to a governing body composed of an elite cadre of unelected technical experts who call the shots and manage society.

For decades, the progressive movement has tried to impose a one-party state in America. Progressives spent decades trying to scare us about overpopulation, global cooling, the Amazon rainforest (allegedly disappearing), and finally, climate change, and they failed.

Along came a virus and they realized that this fear cut across ideologies and political affiliations, which enabled them to declare an emergency to suspend normal life and democracy. They have been able to achieve their one-party state with an unelected bureaucracy.

The reason Joe Biden can try to impose a vaccine passport system in the U.S. is because of the COVID emergency health declaration and the suspension of democracy. We are now in

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a Chinese-style one-party state. They do not want hearings in Congress, they do not want to vote, they do not want town halls; this is the raw authoritarian power that they have sought for decades and they never thought in their wildest dreams that they could so easily achieve in two years of COVID.

China's Social Credit System

"China's social credit system expands that idea to all aspects of life, judging citizens' behavior and trustworthiness. Caught jaywalking, don't pay a court bill, play your music too loud on the train — you could lose certain rights, such as booking a flight or train ticket," Nicole Kobie wrote in *Wired UK*.

"First envisioned in the mid-1990s, China's social-credit system would assign a ranking to each of the country's almost 1.4 billion people. Unlike a Western rating based on financial creditworthiness, China's social-credit backers want their system to be all-encompassing, to evaluate not just financial matters but anything that might speak to a person's trustworthiness," *The Globe and Mail* reported in 2018.

The system is not officially set up yet in China although many pilot programs exist throughout the country. "One city, Rongcheng, gives all residents 1,000 points to start. Authorities make deductions for bad behavior like traffic violations, and add points for good behavior such as donating to charity," Kobie explained. "So far, taking part in both the private and government versions is technically voluntary; in the future, the official social credit system will be mandatory." Many of these "private systems" link to government rankings.

"In China, there is no such thing as the rule of law. Regulations that can be largely apolitical on the surface can be political when the Communist Party of China decides to use them for political purposes," noted Jing Zeng, a researcher at the University of Zurich.

The social credit system also acts as a blacklist, which means if you are not in good standing then you could lose your rights.

"China's social credit system is about power and conformity," U.S. Rep. Mark Green (R-TN) warned. "It's an attempt to shape citizens into the CCP's ideal subject: don't ask questions, disobey or think for yourself" and it resembles the Left's "cancel culture" with the goal of "ensuring conformity to one ideology," Green wrote. "'Very bad' behavior, such as political dissent, can get someone and their family members blacklisted, making it difficult for them to function in society."

The Chinese social credit system relies on data from every aspect of life. "One infamous example is Sesame Credit linking up with the Baihe dating site, so would be partners can judge each other on their looks as well as their social credit score," noted Kobie. "A positive rating means discounts and benefits, such as a simplified process with bureaucracies. If you have a low rating, you may have extra paperwork or fees."

Refuse to wear a mask? Violate lockdown orders? Break the government-imposed curfew? Opt-out of a vaccine? Your social credit score will take a massive hit and your ability to live as a citizen with full benefits will be restricted.

No Water for You

This social credit system occurred in real-time in California in 2020. Los Angeles Mayor Eric Garcetti issued a plan to shut off utility service to homes caught in violation of COVID lockdowns. Garcetti authorized the city-controlled Department of Water and Power to shut off utilities to homes and businesses that hosted "unpermitted gatherings". "Los Angeles County's public health order bans family gatherings and parties of any size. The City of Los Angeles public health order bans gatherings of any size outside of residences, save for several listed exemptions, including protests," reported *Reason Magazine*.

Without pushback, there will be nowhere for you to hide.

Samantha Hoffman, of the Australian Strategic Policy Institute, explains the real motive: behind these schemes. "China's social credit system is a state-driven program designed to do one thing, to uphold and expand the Chinese Communist Party's power." No liberal democratic society should ever copy their social credit system.

Naomi Wolf laid out a chilling vision of how close America is to digital tyranny. "This digital product can add Apple Pay or Google Wallet, which is what Microsoft with Oracle and Salesforce have already created. They want to embed — they have embedded the vaccine status verification digitally into Apple Pay and Google Wallet, which means that your income can be switched on or off. Your business can be suspended if you don't comply with whatever the people in power decide."

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WOKE Capitalism Fails

by Derek Kreifels, the Chief Executive Officer of the State Financial Officers Foundation and he previously served as Assistant State Treasurer of Kansas for five years.

America's state financial officers, such as treasurers and auditors, are elected to safeguard tax dollars to ensure responsible spending. These managers of state investments are charged with growing the retirement funds of public servants and other state public monies.

Ten years ago, I co-founded the State Financial Officers Foundation to empower state financial officers to promote fiscally-responsible public policy. These true servants of the people have been indispensable public advocates. Thanks to SFOF, they advancing the cause of freedom and liberty.

Since January 2021, an increasing share of SFOF's efforts revolve around pushing back against those who seek to undermine economic freedom and hamper fiscal growth, and ultimately harm taxpayers and anyone with investments, retirement accounts, or a pension. Agitators are threatening to "financially cancel" people for their political beliefs. Political activists have made a concerted effort to pressure companies into using people's hard-earned money to achieve their preferred political agendas across the issue landscape — all in the name of Environmental, Social, and Corporate Governance.

While there are many folks whose hearts are in the right place on the environment or non-discrimination, others have intentions that are far from pure. These political extortionists within the progressive movement are promoting what some have called 'woke capitalism,' and exploiting a lack of public knowledge about ESG.

But let me be clear: 'woke capitalism' has very little to do with true capitalism.

Radicals on the far Left have, with some success, distracted and disarmed the broader public with buzz words and phrases like "sustainability," and "existential threat." Further, they are currently attempting to distort essential, established terms like "fiduciary" and "shareholders," and trying to confuse and/or redefine their meanings.

Aggressive activist investors are using people's pensions, 401k, and other investments as weapons and they have penetrated corporate board rooms to coerce companies into adopting progressive political agendas — all with little or no public knowledge or consent. This effort not only violates the public trust, but also the sacred fiduciary relationship that requires financial institutions to maximize returns above other considerations.

ESG policies have been adopted by the largest fund managers in the U.S., but these fund managers abuse the public's naivete with talk about ESG in a way that belies its toxic impact.

Blackrock, the largest fund manager in the world with approximately $10 trillion in assets globally, has ownership in many of the top 500 companies in America. The CEO, Larry Fink, is putting public pressure on American companies to become 'carbon neutral' all under the name of 'shareholder capitalism.'

ESG power brokers, like Blackrock's Larry Fink, never try to pressure Chinese or Russian companies to adopt anti-growth climate policies as they do to American companies, who now fear cancellation over issues that are not germane to their businesses. This 'woke capitalism' is detrimental to American competitiveness.

Derek Kreifels

People can argue all day about the particulars of their political views, but when it comes to deliberations about people's hard-earned money, those issues should never be a factor when it comes to maximizing returns.

Taxpayers can fight against ESG investing: Get to know your state financial officer, and learn what they do and what their brand of politics is. State treasurers, auditors, and other elected state financial officers wield enormous power and shape the fiscal policy of their states.

A small group of people, standing up for what is right, can make an amazing impact. Earlier this year, Riley Moore — state treasurer for West Virginia (and a SFOF member) — announced that since asset manager BlackRock is betting against his state by cutting investments in coal, he will no longer allow them to manage his state's public funds. Other state treasurers and auditors are examining the investment practices of their fund managers. When state treasurers do this, Americans win.

State financial officers across the nation are now on guard against this troubling trend. Politics should be kept out of your pension. We strive to maximize value and economic freedom.

Empowering state financial officers is critical to championing economic freedom and sound financial principles — and pushing back against "woke capitalism" and radical ESG agendas.