

# Congress of the United States

## House of Representatives

COMMITTEE ON OVERSIGHT AND ACCOUNTABILITY

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**Ranking Member Jamie Raskin**  
**Committee on Oversight and Accountability**  
**Hearing on “ESG Part I: An Examination of Environmental, Social, and Governance Practices with Attorneys General”**  
**May 10, 2023**

Thank you, Chairman Comer, for holding this hearing on responsible investment strategies that take into account *all* material considerations and risks when planning for Americans’ retirements and savings.

That’s precisely what insurance companies, asset managers, builders, energy suppliers, transportation companies, farm businesses, auto manufacturers, landscapers, investment firms, and countless others are doing today by incorporating into their business plans the calamitous consequences of climate change—the devastating hurricanes, the dangerous droughts, the sea level rise and coastal erosion, the incessant stormwater flooding, the spread of disease, and other costly natural disasters produced by radical destabilization of the earth’s climate.

**But the same Big Oil and Big Gas companies that suppressed for decades their own scientific understanding of climate change, now want to deploy government power to block the ability of other private companies and asset managers to fulfill their fiduciary duties by planning around the risks and costs of climate change, which has already cost businesses, government, and consumers trillions of dollars.**

**Amazingly, the carbon Kings want Big Brother to march in and stop the free market from responding to the climate crisis that the carbon Kings created. I hope we will bring in real businesspeople, other private asset managers, and investment advisers to testify about how outrageous and indefensible this is.**

But it’s clear that honest American businesses don’t buy the propaganda of climate denialism. They have a duty of loyalty and care to their shareholders and they’re focused on the actual bottom line, and that always means facing reality, not swallowing myths.

**America’s most successful investors and asset managers have systematically embraced Responsible Investment principles as a fulfillment of their fiduciary duty to minimize risk, maximize returns, and prudently plan for long-term challenges, like the ones associated with the destabilizing factor of climate change.**

**In fact, the proof is in the pudding. Over the last decade, Bloomberg’s ESG index performed dramatically better than S&P’s traditional, fossil-fuel based index. Consider this remarkable contrast.**

Now, I would never say that, because of these stunning trend lines, the states or the federal government should force all investors or asset managers to steer all their investments into ESG stocks, like wind or solar or conservation. If there are investors who want to continue to invest in big oil and big gas and coal, they have every right to do so.

**But one can only regard with amazement the fact that Big Oil and Gas are using their massive wealth and power to try to force investment funds, asset managers, unions, pension funds, and businesses to invest in the *less successful* carbon-dominated stocks. It makes sense to say that, in the free market, no one should be forced to do the demonstrably *right thing* with their money, but it is plainly appalling to say that everyone should be forced to do the demonstrably *wrong thing*. Let the free market operate.**

The new right-wing campaign against what Tocqueville called the enlightened self-interest of American businesses comes dressed as an attack on “woke capitalism,” the same epithet used by Governor DeSantis in his attack on the Disney Corporation for its pro-LGBTQ policies.

Although every other word coming out of their mouths these days is “woke,” our friends have proven famously unable to define what they mean by it.

So, I want to help with the etymology of the word. “Woke” comes from the Indo-European root “weg,” which means “to be strong, lively.” That root grew into “woke,” “awake,” and “wakefulness,” but it also grew into the closely related word “vigilance,” and I think vigilance is probably the best definition of “woke.”

The whole point of being a fiduciary is to be vigilant, watchful, and alert to opportunities and risks. That’s what asset managers, corporate board members and executives do with other people’s money.

The opposite of a vigilant woke investment strategy is a negligent and inattentive investment strategy. Or to put it more simply: when it comes to climate change, if you don’t have a woke capitalism, you’re going to have a broke capitalism.

**Responsible Investing principles – including ESGs – have been freely chosen by America’s companies and employed by asset managers and pension fund managers for decades. Right-wing attacks on these principles—fueled by dark money, corporate special interests, and flawed legal arguments—threaten the savings and retirements of Americans by forcing asset managers to ignore material risks and considerations and violate their fiduciary duties.**

And we are hearing this all over America. After Kentucky passed a law in April 2022 to divest state funds from financial companies that used ESG principles in their investments, the County Employees Retirement System responded that the requirement was, “inconsistent with its fiduciary responsibilities.”

An analysis by the Kansas Public Employees Retirement System of anti-ESG legislation proposed in the state found that it, “could cause more than \$1 billion in losses due to the early sale of assets and could reduce returns by \$3.6 billion over the next decade.”

In August 2022, the Florida State Board of Administration divested its pension from BlackRock due to the asset manager’s ESG commitments, and in May 2023, Governor Ron DeSantis signed into law a bill prohibiting state and local government funds and pensions from considering any social, political, or ideological factors in making investment decisions.

Analysis by the Sunrise Project indicates that because of these absurd and incomprehensible actions, Florida stands to spend between \$97 million and \$361 million more on municipal bonds alone to satisfy this new test of anti-woke political correctness.

These anti-ESG laws threaten Americans' retirements, especially those of public employees and municipal workers like teachers, librarians, firefighters, and other emergency responders.

**At the end of the day, the only way for asset managers to meet their fiduciary duties is to allow them the freedom to invest, focusing on what will provide the greatest return for their beneficiaries. Even if you favor as a personal financial strategy, exclusive investment in oil and coal companies, you should not be interfering with the rights of others to make other decisions, especially when their decisions have been yielding significantly higher returns.**

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