



Vanguard CEO Abandons ESG Investing Alliance: “Not In The Game Of Politics”

Description

Environmental, social, and governance (ESG) has been a hotly debated topic over the last few years.

The seemingly unquestioned march towards corporate utopia has met with resistance among those who oppose the idea that government oligarchs should dictate the affairs of private business firms. The long-term effects of the ESG movement are largely ignored by the mainstream.

As Tom Czitron previously commented, **ESG is largely justified on the basis that corporations and financial institutions should be socially responsible.** They should work obsessively to address the perceived menaces of climate change, racism, sexism, and a host of subjects. Our benevolent political and economic elite define what is virtuous and what is not for a grateful public.

But, as of late, there are some naysayers that dare to stand up to the socialism-by-stealth promoters with Tim Buckley, chief executive at Vanguard, perhaps the biggest name yet to buck the ESG orthodoxy.

“Our research indicates that ESG investing does not have any advantage over broad-based investing,” Mr. Buckley said in a recent interview with the Financial Times.



Matching word to deed, his comments came after he had **withdrawn his firm from the \$59 trillion Net Zero Asset Managers initiative**, an organization that is part of the \$150 trillion United Nations-affiliated Glasgow Financial Alliance for Net Zero.

“We don’t believe that we should dictate company strategy,” he said, in his first public comments about the decision.

“It would be hubris to presume that we know the right strategy for the thousands of companies that Vanguard invests with. We just want to make sure that risks are being appropriately disclosed and that every company is playing by the rules.”

As The Wall Street Journal reports, Mr. Buckley effectively claims that ESG managers are playing the fool and taking their clients’ money with them.

Fewer than 1 in 7 active equity managers outperform the broad market in any five-year period. Over the past five years, not one relied exclusively on a net-zero investment methodology.

Betting his clients’ money on politicians and regulators consistently doing the “right” thing would be irresponsible.

There is a receding chance the globe will be at net zero by 2050. No one should promise to base his entire investment strategy on such odds.

The Vanguard boss also warned investors not to expect superior returns from ploughing money into ESG funds and alternative assets – two of the fastest growing parts of the asset management industry – rather than the index-trackers championed by his firm.

“We cannot state that [environmental, social and governance] investing is better performance wise than broad index-based investing,” said Buckley.

“Our research indicates that ESG investing does not have any advantage over broad-based investing.”

The decision to withdraw from the coalition has sparked fury among environmental activists, with **Al Gore calling Mr. Buckley’s decision “irresponsible and shortsighted.”**

Buckley, however, said, as The FT reports, that **Vanguard was “not in the game of politics”.**

“Politicians and regulators have a central role to play in setting the ground rules to achieve a just transition to a lower carbon economy,” he said, when asked about the increasing politicisation of ESG investing.

As Terrence Keeley writes in an op-ed via WSJ, freeing the asset-management industry from a prevailing orthodoxy that promises wealth and environmental sanctity while delivering neither requires monumental fortitude.

by Tyler Durden

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