



📍 Winters, CA

Winters Plumbing Service  17

Water Heater Installation/Repair, Plumbing, Septic Services

Jennifer H. said: "Garrett at winters plumbing is amazing, I called during a 3 day holiday weekend for a minor problem. He was able to send someone over firs...

AdChoices [See business on Yelp](#)

40 min response time

ADVERTISEMENT

NATIONAL REVIEW | NR PLUS | MARKETS

Public Pensions Are Still Playing the ESG Game



California Public Employees' Retirement System (CalPERS) headquarters in Sacramento, Calif., in 2017. (Max Whittaker/Reuters)

By ALLEN MENDENHALL & DANIEL SUTTER

3 Articles Left

[Sign In](#)

[Subscribe](#) 

FOR all the obituaries written about ESG in the past year, reports of its demise have been greatly exaggerated. At its core, ESG represents a fundamental attempt to redirect business and finance toward social transformation, channeling private capital to advance specific political objectives.

While the ESG label may face growing skepticism, the underlying mission — transforming boardrooms into vehicles for advancing a progressive agenda — remains deeply embedded in America's institutional power centers. It's simply evolving into more resilient forms.

The costs of this corporate politicization are substantial but often deliberately obscured. Social engineering initiatives, such as rigid diversity mandates, divert companies' focus away from their business and, by extension, their primary duty, which is to deliver shareholder return.

It's an economic truism: Organizations that subordinate customer value to ideological activism ultimately deliver inferior performance. The institutions driving this mission drift, particularly public pension funds managing trillions in retirement assets, deserve heightened scrutiny.

Logic would suggest that pension systems aggressively championing ESG, such as California's CalPERS or New York's NYSLRS, would show measurably weaker financial results compared with more traditionally managed funds. Our new, comprehensive study, "Beyond the Bottom Line," reveals a more nuanced and disturbing reality.

Despite their vocal advocacy and sponsorship of hundreds of ESG resolutions, these influential pension giants haven't fully implemented the divestment strategies they publicly champion. CalPERS and NYSLRS continue to hold substantial positions in fossil fuel companies. Even after commitments to divest from firearms following the Sandy Hook tragedy, California's pension systems remain invested in major gun retailers. The loudly advertised purge hasn't occurred, but something more insidious has taken its place.

Rather than divesting from politically disfavored industries — a strategy with obvious financial consequences — these pension behemoths have pivoted to sophisticated shareholder activism. They cast tens of thousands of proxy votes annually, support ESG resolutions with near-mechanical consistency, and leverage their immense capital to pressure financial institutions into imposing climate and social mandates throughout their portfolios. This strategy weaponizes public pension capital to reshape corporate behavior toward objectives increasingly detached from financial performance.

The economic effect of this approach is deliberately difficult to trace. When a pension divests, the financial consequences appear directly on its own balance sheet. But when pensions engage in shareholder activism — such as compelling Apple to conduct costly racial equity audits or pressuring energy companies to abandon profitable exploration projects — the resulting costs are effectively socialized across all investors. The connection between ESG activism and diminished returns in your retirement account remains invisible, though the cumulative impact is substantial.

Our research found that the most ESG-active public pension systems showed slightly lower average returns over a decade (7.93 percent versus 8.10 percent) — a modest difference that masks the true dynamic at work. By avoiding outright divestment while aggressively pursuing engagement strategies, funds like CalPERS have engineered a mechanism to reshape corporate America without shouldering the full financial consequences. The costs are diffused across the broader market.

workers' retirement security into powerful vehicles for systemic change, leveraging billions in assets to advance agendas never endorsed by their beneficiaries.

Public pension systems were never designed as instruments for social engineering. They exist chiefly to secure the financial futures of public employees. When that mission blurs, everyone loses — except those advancing their agendas with other people's money.

Allen Mendenhall is associate dean and Grady Rosier Professor in the Sorrell College of Business at Troy University, where he directs the Manuel H. Johnson Center for Political Economy. Daniel Sutter is the Charles G. Koch Professor in Economics at Troy University and director of Academic Programs at the Manuel H. Johnson Center for Political Economy.

Share 

12 Comments 

Did You Enjoy This Article?



12



0

12 Total Reactions

If you have any questions, or are experiencing any issues with the commenting system, please [reach out to our support team](#).



Comments 12

Newest 



[Sign up](#) | [Log in](#)

 4 Active

Join the conversation...

 Aa

[Log in and post](#)

3 Articles Left

[Sign In](#)

[Subscribe](#) 

spread the misery?

Reply   2

4 hours ago



Bond_James_Bond  Legend

Smell test;

Private or public pensions are really future wages. Ask any employed person if they are willing to take an hourly or annual salary pay cut for ESG initiatives.

Reply 

4 hours ago



BigEMT  Hall of Famer

If you wanna make already poor pension management worse have them invest it ESG nonsense. In the end, it's just the "5th Largest Economy" being more corrupt and using the tax base on pension system as usual to funnel money to corrupt rent seeking fake clean fake green unreliable and over priced energy companies.

Reply 

4 hours ago • Edited



CPTCHUCK  Hall of Famer

Public pension funds should be sued by their members as the people who are administering the funds and not doing what they are supposed to do be fiduciaries for the funds, not using them for what can only be described as making less money for the fund and the employees of the fund.

Reply   3

8 hours ago



terence_mckenna  Trailblazer

Sorry but investors pressure the businesses they own shares in and almost all of it is based upon the hope that a business will change its practices. And what makes this writer so sure that it is not better to forces a business toward an environmental goal. After all, businesses DO get forced to settle, whether tobacco giants decades ago, or the recent 3M settlement in N J re PFAS. Investors often get it wrong. Thus the deregulation of utilities led not to better returns but to Enron and the poor maintenance of infrastructure that made hurricane Sandy worse than it had to be.

And if we are talking about a tiny difference in returns... well the writer would do well to do more looking and maybe in 5 years report back,

Reply   3

8 hours ago

2 replies

@terence_mckenna The fund managers job is to maximize the pensioners return, period.

When the pensioner begins withdrawing their money, they can donate it to whatever environmental cause THEY choose.

Reply   2

6 hours ago

 [Show more replies](#) / 1 remaining

 **UtnapishtimFlood**  Hall of Famer

▼ We're free market capitalist.....wait no not like that!!!!!!!

Reply   2

9 hours ago

2 replies

youngerone1  Hall of Famer

▼ **@UtnapishtimFlood** What part of fiduciary responsibility do you not grasp? I get it, you ate the paint chips even after we told you not to (delicious but deadly, right?) but for the love of God can you not comprehend the CORNERSTONE upon which all investing is built? You're basically stealing from retirees to scratch your ideological itch. And you're proud of it. Then again, it's highly unlikely you earn enough as a troll to have a retirement account, so it's all hypothetical to you... But people will have less than they rightfully should, just so the Left can impose their will on the masses. It's certainly on brand for you people.

Reply   7

8 hours ago

1 reply

 **linda_**  Trailblazer

@youngerone1 He's just a paid troll that tosses out throwaway inflammatory statements hoping for an argument to foment social discontent. All comment boards are full of that type. No one believes he pays his own money just to argue every position. He's probably a right wing agitator on the Daily Kos board.

Reply   3

8 hours ago

 **Garrulous_Querulous_Loquacious**  Hall of Famer

@UtnapishtimFlood Im trying to figure out which part of ESG is free market or capitalist, maybe you can help us less enlightened folk (folx?)

 Popular in the community

3.9k

9k

Is Zelensky an Idiot?

48.3k Views

**The American Betrayal of Ukraine Begins**

2.2k

5.4k

**An Ugly Oval Office Spat**

2.2k

6.3k

**This Is Not a TV Show**

2.1k

8k

**Americans Will Pay Price for Reckless Tariffs**

2.1k

4.7k

42.1k Views

38.3k Views

46.9k Views

34.2k Views

4

3 Articles Left

[Sign In](#)[Subscribe](#) 