Texas pensions have been influenced by the wave of political activism within the finance industry and need to develop tools to ensure they stop supporting such activism.

The infiltration of politics into Texas pensions is derived from the following realities.

1. Consolidation in the finance industry has enabled progressive political activists to coopt the industry to advance their agenda on issues ranging from climate change to abortion. This activism undermines the financial performance of American businesses, our democratic institutions, and our market economy.

2. Texas pensions, while not active promoters of environmental, social, and governance (ESG) investing, are still being brought into ESG trends through the actions of advisors and consultants that they use.

3. The feedback loop between public opinion, government policy, and corporate actions must be broken to prevent the continued takeover of the means of production by government and crony corporatists.

State agencies and pensions should not become counter-activists to the ESG movement but must ensure laser focus on fiduciary duty. The Texas Legislature, in turn, should establish more clarity in statute that any promotion of social or political goals, either through proxy voting or investment choices, violates the pensions’ fiduciary standard. Greater transparency and accountability with regard to the investing activities and proxy voting of Texas pensions will ensure that political activism does not harm Texas pensioners, taxpayers, and businesses.

Visit LifePowered.org/research to download the full research paper and subscribe to our weekly email newsletter for more insightful energy news, research, and commentary.