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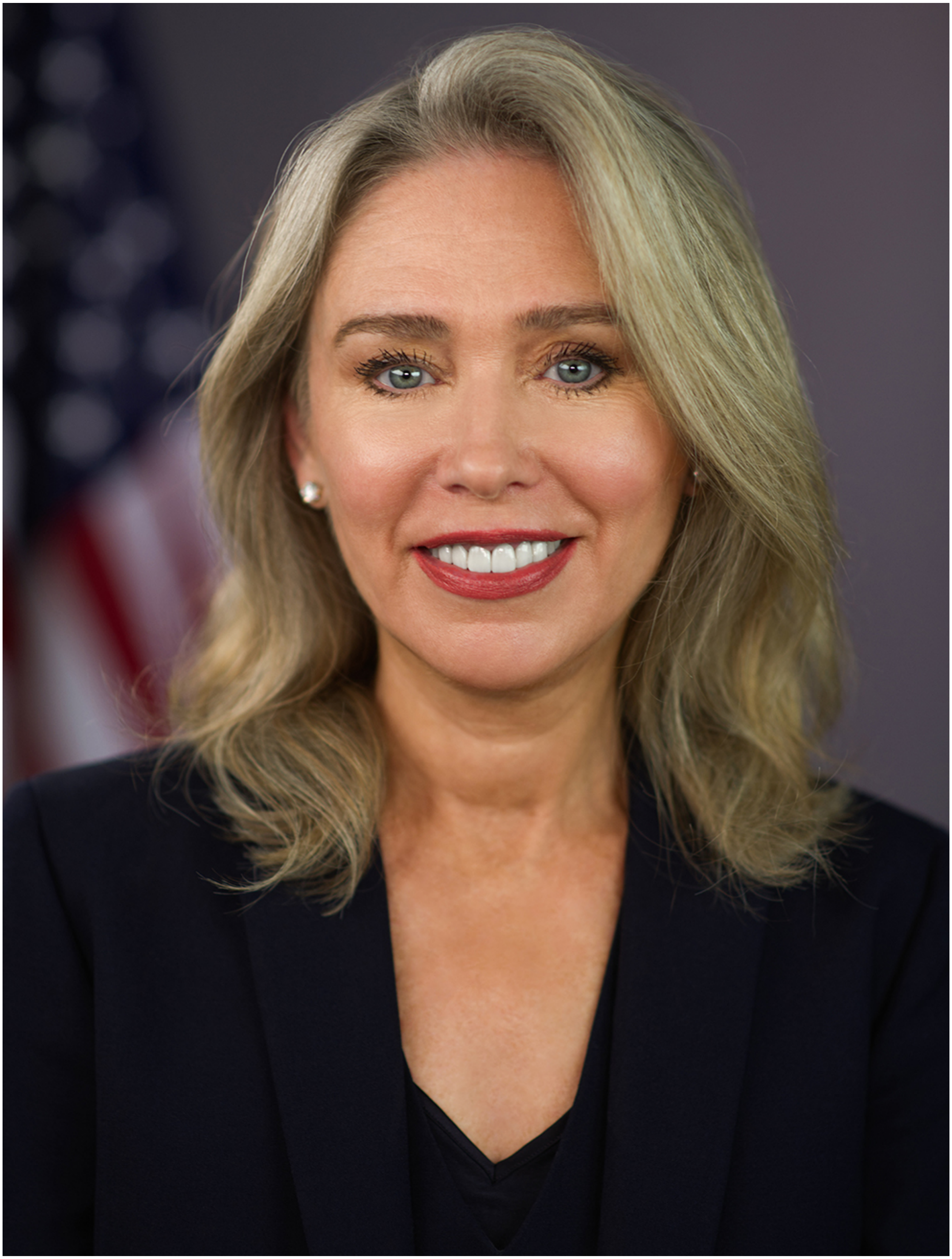
Red Herren: SEC Commissioner shovels climate nonsense at NYTimes readers

SEC Commissioner Allison Herren Lee has an op-ed in today's New York Times cheerleading for enhanced corporate disclosure of climate risks. She has no idea what's she's talking about. Below is my line-by-line take down. And don't forget about my SEC petition to stop climate lying.



As the climate crisis intensifies, **[‘Intensified’? How is that? California wildfires are nat-**

ural and worsened by forest mismanagement. The Washington Post just reported the 1772-1781 hurricane system maybe the most active in the past 500 years.] U.S. environmental policy has moved dangerously backward, with nearly 70 environmental rules reversed during this administration, and 30 more reversals in process. **[Commissioner Lee is a Democrat who apparently favors overregulation.]** This intransigent, head-in-the-sand approach will not alter the reality of climate change, **[What is that reality? Need the details!]** nor the risks and opportunities it presents the economy. **[Markets can usually figure these things out on their own without government regulation.]** The private sector understands this. **[Some in the private sector believe in markets. Others are just rent seekers, greenwasher and fraudsters.]**

Many large businesses and their investors, recognizing the urgency of the threat, are already attempting to protect their assets and investments from climate risks. **[What businesses are protecting themselves from 'climate change'? Just how can they do that?]** As some continue to publicly question the science, **[Who are they? I wish this was true!]** they are shifting their capital to prepare for a future low-carbon economy. **[There are some utilities who have switched out of coal and into gas because of the Obama war on coal and the coincidental rise of fracking, or have taken advantage of wind/solar subsidies, but I'm not aware of any company shifting capital around in any meaningful way because of climate.]** They know that a significant percentage of the U.S. equity market, as much as 93 percent by one estimate, is already exposed to harms from climate change, with this year's intensified fire and hurricane seasons offering a devastating preview of more to come. **['This year' = Weather. Not climate.]**

Both investors and the broader public need clear information about how businesses are contributing to greenhouse gas emissions, and how they are managing — or not managing — climate risks internally. **[This is silly. There is no operating business that doesn't rely 100% on fossil fuels. None. And how can any company manage 'climate risk internally' — whatever that means in the first place? Companies can be prepared for bad weather and natural disasters. But how do they prepare for incremental and unpredictable climate change? Sorry, they can't. They're lucky to do their normal business planning.]**

Realistically, that can happen only through mandatory public disclosure. **[The SEC already requires that such risks be disclosed to investors.]** A recent report, "Managing Climate Risk in the U.S. Financial System," by an advisory group to the Commodity Futures Trading Commission, warned that "a world wracked by frequent and devastating shocks from climate change cannot sustain the fundamental conditions supporting our financial system." **[The pablum in this report was put together corporate rent-seekers like Goldman**

Sachs and BP, and left-wing advocacy groups like the Natural Resources Defense Council.]

The report emphasized that greater public disclosure of companies' in-house risk calculations will be essential in helping governments (local and federal) as well as other businesses (large and small) measure and manage their climate risks. **[Denied — whatever this means. Calculations of what? California is not burning because ExxonMobil sells oil. It's burning because the state government refuses to manage its forests.]**

Financial regulators around the globe, from New Zealand to the European Union, are beginning to require that this information be made public. **[Again, the SEC already requires disclosure of 'climate risks' — worthless as they are.]** As the report notes, "existing legislation already provides U.S. financial regulators with wide-ranging and flexible authorities that could be used to start addressing financial climate-related risk now," however, "these authorities and tools are not being fully utilized." **[What does it mean to "address a financial climate-related risk"? What are these tools?]**

Indeed, some U.S. regulators have even blocked progress. **[Who? What progress has been blocked?]** That needs to change.

A core purpose of the Securities and Exchange Commission, where I serve, is to develop and enforce disclosure requirements for public companies rooted in the interests of investors and the public. Outdated thinking is stopping us from reducing climate risk through strengthening disclosure. **[Again-again, disclosure of material risks is already required. And how does disclosure reduce climate risk?]**

One prominent outdated notion is that investments made on the basis of environmental, social and governance risks — known in the industry as E.S.G. — are merely about one's policy preferences or moral choices. That might have been closer to reality over a decade ago, but as E.S.G. investing has grown and matured, so too has an understanding of its value. **[ESG has no value. Arthur Laffer studied the value of so-called "corporate social responsibility" activity in 2005. ESG is just corporate-ese for "political correctness."]**

Today, lenders, credit rating agencies, analysts, stock exchanges and asset managers representing trillions in investments use E.S.G. as a significant driver in capital allocation, pricing and value assessments. **[Claiming is not doing. Legitimate investment managers don't actually do this. If they did, they be violating their fiduciary duty to maximize returns for the benefit of investors.]** A major study recently found that a large number of powerful institutional investors rank “climate risk disclosures” as being just as important in their decision-making processes as traditional financial statements and other metrics for an investment’s performance — like return on equity or earnings volatility. **[All talk that cannot be backed up by anything other than more talk.]**

Researchers at the Bank of International Settlements have called climate change “a colossal and potentially irreversible risk of staggering complexity.” **[Climate is irreversible and unpredictable, for sure. Not sure what a business is supposed to do with that. And Commissioner Lee is not explaining what they should be doing.]** It is a systemic risks **[Sic: Typo on NYTimes.]** that will threaten global financial stability and spare no corner of the earth: Health, food security and water supplies across the globe will be disrupted. **[Generally speaking, such risks have always been and will always be present. If you can’t be more specific, what is anyone supposed to disclose?]**

In the United States, we may experience the sort of climate-related migration that has begun elsewhere **[Where?]** as Americans flee pockets of searing heat, seasonal fires, rising sea levels and flooding. **[Should California-based companies disclose that they are concerned that all their customers will migrate from California because of the failure of the state government to manage forests?]** Some of the worst-hit regions — the coasts, the West and the South — could experience damage totaling more than one-third of their economy, forcing the entire national economy to contract. **[So who is supposed to disclose what and when?]**

Dealing with and adapting to the coming calamities means we must price climate risk accurately **[Markets already do this. This is their purpose.]** and drive investment toward an orderly, sustainable transition to green portfolios **[Our world runs on fossil fuels. What does this mean?]** — rather than panicked scrambles and stock sell-offs as we see more and more climate disasters. **[What ‘climate disaster’ has caused what panicked stock sell-off?]**

The International Energy Agency estimates that globally it could take $3.5 trillion in energy sector investments alone every year through 2050 to reorient toward a climate-neutral economy. This pivot is not an ideological preference. It is an economic imperative. And it can effectively start only with accurate information. **[What disclosed information is inaccurate? If there is lying going on, the SEC already has tools to manage that.]**

There is a misconception that securities laws already operate to produce enough climate risk information through existing broad requirements to disclose important or “material” information. If not, the argument goes, the S.E.C. will come after them. **[Hey, I just said that!]**

As a former S.E.C. enforcement lawyer who spent over a decade spotting failed and misleading disclosures, I can attest that enforcement of broad-based materiality requirements does not work with this kind of near-magical efficiency. **[So if SEC disclosure rules can't be enforced via financial statements, how can they be enforced with climate?]**

That's why securities laws sometimes require very specific data and metrics on certain important matters like executive compensation. But, so far, not for climate risk. There are no specific requirements, and without that clarity how can companies be sure what is expected of them? As of now, there is little for us to enforce. **[Does Commissioner Lee not understand the difference between disclosing actual executive compensation vs. fantasizing about future climate risks?]**

The voluntary disclosure that companies have increasingly provided in recent years is still largely regarded as insufficient. It's not standardized, it's not consistent, it's not comparable, and it's not reliable. Voluntary disclosure is not getting the job done. And without better disclosure of climate risks, it's not just investors who stand to lose, but the entire economy. **[In this entire op-ed, Commission Lee has failed to offer a single example of the sort of failure she's talking about.]**

We face an enormous task with a tight time frame and the highest of stakes — the livability of the planet. The S.E.C. can act now. **[People who fret the livability of the planet due to CO2 are just nuts.]**

We can bring companies, investors and innovators to the table, and build on the work of organizations such as the Task Force on Climate-Related Financial Disclosures to identify which specific climate risks and metrics should be disclosed and how. **[And what if you do? The US could stop emitting today and forever, and by 2100 the difference in atmospheric CO2 would be negligible.]**

That's the only way to get investors and the broader public the tools they need to protect their investments, instill corporate accountability and create a sustainable economy. **['Sustainable' is another meaningless term. But trying living without fossil fuels, you may discover a meaning for it.]**

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September 28, 2020 Steve Milloy Climate & Energy

2 thoughts on "Red Herren: SEC Commissioner shovels climate nonsense at NYTimes readers"

AGWisFraud

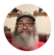
October 4, 2020 at 11:12 PM

"The International Energy Agency estimates that globally it could take $3.5 trillion in energy sector investments alone every year through 2050 to reorient toward a climate-neutral economy."

$3.5 trillion every year through 2050?! Is the Commissioner mad? Does she have any idea how much money that is?

And what in the world is a "climate-neutral economy"? What does that even mean?

The whole article is complete nonsense. Trump nominated her to the SEC, now he needs to fire her ASAP.



Walter Goddard

September 28, 2020 at 6:43 PM

Why do Libtards' create a problem where none exists, solely to establish control of other people's lives?!

She rambles on without any sensible destination and seeks the blind to follow Her …into a ditch, for the Liberties we were born with to be taken from us…

The Global Warming and Climate Change Camp, has been pulling straws out of a scare crow, for 50 years… and is still looking for a magic bullet!

Is it supposed to be CFC's, Freon, plastic, oil/gas, Green House gasses, CO2, or cow farts? Maybe it's Libtards talking too damned much!

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