



POLICY TIP SHEET

PREPARED BY THE FRONTIER CENTRE FOR PUBLIC POLICY

ESG: The Effects Upon Free Markets

Environmental, Social, and Governance (ESG) scores are a vehicle for ideologically aligned influential interests represented by unelected supranational organizations and compliant firms, organizations and agencies in various nations try to “reset” the global financial system to their advantage. This would circumvent national and individual sovereignty by subverting and distorting normal financial analysis and capital allocation. This attempted shift from “shareholder capitalism” to a “stakeholder collectivism” model hinges upon assigning companies, and conceptually, possibly eventually also, individuals, arbitrarily determined ESG scores. These scores would mandate subjective and difficult-to-define and evaluate metrics assessing a firm’s, political jurisdiction’s, or individual’s commitment to “climate” and “social justice” issues.¹ Low-scoring firms suffer reduced or eliminated access to capital and credit, while highly scored companies receive “preferred status” capital in-flows via traditional capital and debt markets, in addition to tax credits, grants, access to “special financial vehicles,” preferential contracting, and yet-to-be-defined advantages through future legislation, executive action, or international treaty.² ESG’s ill-defined and difficult to standardize or measure metrics supposedly combat systemic alleged or purported global problems such as climate change, racial inequality, and world hunger—in alignment with the United Nations’ Sustainable Development Goals.³ In reality, these measures will simply centralize power and control in the hands of unelected technocrats and private global institutions in cahoots with the wealthy elite controlling monetary policy, capital, and credit through global central banks. Globalists and believers in managed economies and societies are using ESG to: consolidate a unitary global governance model utilizing digital identification and central bank digital currencies (CBDCs) as micromanagement tools that can be trained upon individual transactions. ESG advances the elites’ goals for the dissolution of free markets, national sovereignty, due process under law, and individual liberty. Essentially, ESG is a version of the ‘managed capitalism’ of authoritarian regimes of the 1930’s and 1940’s.

How ESG Systems Work

Many ESG proponents claim measures to stop it contravene free-market principles. In reality, the opposite is true. ESG is, inherently, crony capitalism. ESG proponents’ core aims can be met voluntarily through ‘Impact Investment’,⁴ but they instead want to make their own system compulsory. The main anti-free market ESG effects follow below.

1. ESG is essentially disguised crony capitalism, social engineering, and central planning. Its primary architects and beneficiaries control trillions of dollars: provincially and federally mandated investment fund managers (eg., the Canada Pension Plan Investment Board); large multinational asset managers (eg., BlackRock, Vanguard), and large Canadian investment fund managers (eg., Mackenzie, CI); chartered banks and credit unions; insurance giants (eg., Manulife); international organizations (eg., the United Nations, ‘UN’, and the World Economic Forum, ‘WEF’); and governmental regulators (eg., Ontario Securities Commission, ‘OSC’).⁵ These entities coordinate with UN and WEF elites, central banks (eg., Bank of Canada, U.S. Federal Reserve), and regulatory bodies.⁶ None are democratically elected, but wish to orchestrate individuals’ and firms’ economic fate via ESG’s subjective criteria.⁷

2. ESG has been fostered by profligate central bank money creation. From January, 2020, to January, 2022, the Bank of Canada grew a broad measure of national money supply, M2+, by 22.2 percent.⁸ Yet the amount of federally-issued debt that the BoC ‘monetized’; i.e., bought with electronic currency it created from nothing; grew far faster.

3. The heavily regulated banking and financial industries do not operate as free markets. The financial firms, operations and agencies cited above are essentially government creations; their privileges include special tax rates, employment laws, and liability protections, in addition to lucrative government contracts. ESG systems allow financial elites to discriminate against individuals who directly support their existence by paying taxes.
4. This discrimination can take myriad forms, and can directly violate vital fundamental rights enshrined within the Canadian Charter of Rights and Freedoms, such as non-discrimination, or traditional commercial and financial freedom. Regardless of a company’s investment merits, if some, most or all of its staff have insufficient ESG-scored ‘diversity’, usually denoted by skin colour, it gets a low ESG score. This undermines free markets, autonomy and discretion of management and shareholders, and leads to subpar performance. Importantly, ESG scores mimic the Communist Party of China’s ‘social credit’ ratings of its citizens.⁹

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Frontier Centre for Public Policy at 204/957-1567
Email to newideas@fcpp.org
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5. Many ESG core metrics are intended to direct corporations to strive to attain the dubious goal of net-zero carbon dioxide emissions; energy forms; i.e., sources other than 'fossil fuels': coal, oil or natural gas. This has had awful global economic consequences, particularly in Europe,¹⁰ where energy prices have skyrocketed. Furthermore, these climate goals coerce firms into constraining or ending carbon dioxide-emitting practices, lowering supplies of food, non-electric cars, energy, and more. In Canada, federal and some provincial governments have obstructed pipelines that transport oil and natural gas to international markets, in the United States or overseas. Robust energy demand remains, yet supply is artificially reduced, disrupting natural market equilibrium.

ESG is the epitome of crony capitalism, hence inimical to free-market capitalism; a socio-economic system for wealthy and powerful elites, and virtue-signalling non-governmental organizations, self-publicizing celebrities and academics, who disdain individual rights or democratic processes. Their goal: to use ESG to accumulate more wealth and power.

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