



RAILROAD COMMISSION OF TEXAS

Commissioner WAYNE CHRISTIAN

July 6, 2022

Mr. Gary Gensler
Chair
U.S. Securities and Exchanges Commission
Via: Chair@sec.gov

Re: Opposition to SEC's Pending Rule (S7-10-22) "The Enhancement and Standardization of Climate-Related Disclosures for Investors"

Chair Gensler:

I write to strongly oppose the Securities and Exchange Commission's (SEC) proposed new rules requiring companies to disclose greenhouse gas emissions, detailed climate-related data and additional 'climate risks.' The proposed rules are a federal overreach which will necessitate pointless reporting requirements for American businesses – especially small businesses – during a time of bleak economic upheaval with an ongoing energy crisis.

First, this proposal is beyond the agency's congressionally prescribed mission. For almost a century, the SEC has dutifully operated its three-part mission to protect investors, maintain efficient and healthy markets, and help spur-on capital growth. These new rules, however, are a departure from the agency's history as a nonpartisan organization and would now push a liberal agenda that lacks congressional authorization. It would set a dangerous new precedent for businesses, particularly small ones, to comply with onerous federal regulations that they themselves may be vehemently and fundamentally opposed to.

Second, as a licensed Investment Advisor Representative, I can tell you firsthand that Environmental, Social and Governance (ESG) financial products are nothing more than a scam to investors and may potentially violate federal laws¹. ESG should be shamed for it merely operates to virtue signal in today's "woke" society. It lacks any operational basis on free market principles nor is it *actually* moral since it inadvertently perpetuates global poverty and threatens individual freedom. Moreover, ESG's hypocritical practices can falsely reward companies operating in countries, like China, with actual poor ESG standards compared to upstanding, morally run American companies². ESG investments ultimately only benefit China, who produces much of the solar panels and wind turbines

¹ <https://www.texaspolicy.com/esg-investing-likely-breaks-laws/>

² <https://thefederalist.com/2022/06/28/the-esg-scam-rates-slave-using-chinese-firms-higher-than-clean-american-energy-producers/>

that U.S. taxpayers subsidize while China derives 85% of their energy consumption from fossil fuels³.

Third, ESG investments have had an unmitigated and devastating impact to U.S. oil and natural gas production. In the last seven years, conventional fossil fuel investments have been significantly divested from with billions of dollars lost for the exploration and production of oil and natural gas⁴. In fact, oil and gas investments have declined by 90% in the last five years⁵. Furthermore, divestiture in oil and gas is devastating not only to the industry but it's negligent to achieving the best returns for investors. A University of Chicago professor found that a hypothetical portfolio divested from energy stocks in the 1960s would have lost 23% over the past 50 years⁶. Additionally, a Pacific Research Institute study found the S&P 500 outperformed a broad basket of ESG funds over a decade by nearly 44%⁷.

As capital investments for ESG have increased, ESG supporters have ignored the fact that 1) fossil fuels are cheaper and more reliable sources of energy, and 2) that oil constitutes 96% of everyday consumer products so as inflation has risen, so have costs on everything else⁸.

As I'm sure you are aware, overall inflation in the last year is up 8.3%, food costs are up 9.4%, energy costs are up 30.3%⁹, and the U.S. Federal Reserve continues to raise interest rates to slow the economy to stop inflation. Much of the inflation is due to a rise in oil prices that is the result of a lack of long-term investment which has caused less production. This has many businesses and taxpayers questioning whether they have enough money for the routine payroll, taxes, gas, grocery and utility bills, let alone excess capital to part with for snake-oil investments or added regulatory burdens.

Environmentalists would have you choose a world between reliable energy and environmental progress—but that is a false choice. Even the Environmental Protection Agency (EPA) would agree. In the last fifty years, the U.S. has curbed the six most common pollutants by nearly 80% according to the EPA, all while populations have exploded and energy use has skyrocketed¹⁰. Furthermore, climate-related deaths have dramatically decreased over 98% in the last century despite growing global populations¹¹.

Notwithstanding mainstream media reporting, fossil fuels have lifted people out of poverty, fed the hungry, warmed the cold, healed the sick, and created a more stable world. In fact, mankind is more prepared and safer from climate change than ever before thanks to fossil fuels and innovative technologies¹². We are lucky that – for now – we still live in a country that thrives on the use and production of fossil fuels.

³ <https://energytalkingpoints.com/esg-movement/#fn-12>

⁴ <https://www.wsj.com/articles/investor-shift-from-fossil-fuels-leaves-surgings-market-to-smaller-players-11634117402>

⁵ <https://dailycaller.com/2022/06/15/utah-marlo-oaks-esg-tucker-carlson/>

⁶ http://divestmentfacts.com/pdf/Fischel_Report.pdf

⁷ <https://www.wsj.com/articles/labor-vs-the-esg-racket-11605482618>

⁸ <https://www.txoga.org/>

⁹ [Consumer Price Index Summary - 2022 M05 Results \(bls.gov\)](https://www.bls.gov/news.release/summary/2022/m05/m05res.pdf) [Consumer Price Index Summary - 2022 M05 Results \(bls.gov\)](https://www.bls.gov/news.release/summary/2022/m05/m05res.pdf)

¹⁰ https://gispub.epa.gov/air/trendsreport/2021/#growth_w_cleaner_air

¹¹ <https://twitter.com/bjornlomborg/status/1419352336128950280>

¹² https://twitter.com/AlexEpstein/status/1537804810803720192?s=20&t=y3JkroYqjNrVNTNy_oXkaQ

Ultimately, this climate disclosure proposal will further cloud energy investments, shutter small businesses and cement the values of radical environmentalists in our society and government. I adamantly encourage you to reconsider and withdraw the pending climate-related rules.

Sincerely,

A handwritten signature in black ink, appearing to read "Wayne Christian", with a long horizontal flourish extending to the right.

Wayne Christian
Chairman
Railroad Commission of Texas

C:

The Honorable Allison Herren Lee, SEC Commissioner
The Honorable Hester M. Peirce, SEC Commissioner
The Honorable Caroline A. Crenshaw, SEC Commissioner
The Honorable Mark T. Uyeda, SEC Commissioner
The Honorable John Cornyn, U.S. Senator
The Honorable Ted Cruz, U.S. Senator
The Honorable Greg Abbott, Governor of Texas
The Honorable Dan Patrick, Lieutenant Governor of Texas
The Honorable Glenn Hegar, Texas Comptroller of Public Accounts
The Honorable Dade Phelan, Texas House of Representatives—Speaker