



Economist Says ESG Needs a Name Change in Order to Save It

The ESG (environment, social, corporate governance) investment concept has become quite toxic politically, mainly due to its corporate arm-twisting in favor of leftist “woke” policies and strict adherence to a “climate friendly” agenda. Because of this, at least one teacher of economics is suggesting a rebrand of the concept to make it more palatable to investors.

Alex Edmans, a former banker with Morgan Stanley who now teaches economics at the London Business School is proposing a new term — “rational sustainability” — in an effort to destigmatize the investment concept that has become a powder keg for investors anywhere to the right of Karl Marx.



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In America, many states have [abandoned](#) wealth management companies such as BlackRock, which they believe overvalue ESG scores in their portfolios. Florida’s CFO, Jimmy Patronis, has referred to BlackRock’s involvement with ESG as a “social-engineering project.” The U.S. House of Representatives has launched a [probe](#) into ESG investing to see if it violates antitrust laws. Twenty-five states have [sued](#) the Biden administration after they attempted to overturn a Trump-era restriction that prevented fiduciaries from using ESG as a factor in their investment decisions.

The word is out on ESG, and many are unhappy with what the term represents, so apparently, it’s time for a rebrand into something less politically toxic.

“Advocates and critics have become so caught up in cheerleading and criticizing ESG, or scoring points against the other side, that they’ve lost sight of the shared goal to create long-term value,” Edmans wrote.

In his [paper](#) titled “The End of ESG,” Edmans argues that a rebrand would not represent an end to ESG, but rather, its evolution. He points out that corporations are busily attempting to label everything they do as “sustainable,” business schools are quickly creating ESG curriculum, and investment funds are creating ESG tiers to represent how much corporations are invested in the concept.

“With this context, it seems crazy to title an article ‘The end of ESG,’” Edmans wrote. “But this title intends not to signal ESG’s death, but ESG’s evolution from a niche subfield into a mainstream practice.”

Edmans argues that ESG is “extremely important,” but, at the same time, “nothing special.”

“ESG is both extremely important and nothing special,” the professor wrote. “It’s extremely important



Written by [James Murphy](#) on January 30, 2024

because it's critical to long-term value, and so any academic or practitioner should take it seriously, not just those with 'ESG' in their research interests or job title."

"ESG doesn't need a specialized term, as that implies it's niche — considering long-term factors isn't ESG investing; it's investing."

But it's investing with special rules that come with it. You must not invest in fossil fuels. You must be "socially conscious" in regard to abortion, LGBT issues, and other left-wing sacred cows. You must not only believe in, but take concrete actions to mitigate, climate change.

Edmans believes that much of the rancor surrounding ESG would disappear once the term itself does.

"Many of the controversies surrounding ESG become moot when we view it as a set of long-term value factors," the economist wrote. "We don't need to get into angry fights between ESG believers and deniers, nor politicize the issues, because reasonable people can disagree on how relevant a characteristic is for a company's long-term success."

So, in this academic's estimation, ESG investing is in dire need of a name change, a rebrand, so that unsuspecting pension funds can throw their money at corporations who practice "rational sustainability" instead.

We were once told that global warming was a coming scourge upon the world, but when temperatures refused to reliably rise, the scourge's name was changed to climate change. Now, any abnormal weather event — hot, cold, wet, or dry — could be called climate change, and we could be justifiably afraid.



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