# BlackRock's Larry Fink: Fight COVID with Climate Activism

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Larry Fink, CEO of mega asset management firm BlackRock, has released his annual pair of letters—one to the CEOs of companies that BlackRock holds and one to BlackRock's own clients. They naturally address similar topics, but are tailored to each audience's relationship to BlackRock itself.

In his letter to CEOs, Fink identifies two major events that defined the previous year, the COVID-19 pandemic and the major civil rights protests over the summer in the United States. Naturally, these two major social upheavals mean that BlackRock and the rest of corporate America must double down on its commitment to … stopping global climate change. As the letter puts it, in a bolded passage, "[T]he pandemic has presented such an existential crisis—such a stark reminder of our fragility—that it has driven us to confront the global threat of climate change more forcefully."

We have to give him credit for staying on message. Last year's letter was also all about climate change, and, as reported at the time by Andrew Ross Sorkin of *The New York Times*, included the news that "BlackRock would begin to exit certain investments that 'present a high sustainability-related risk,' such as those in coal producers. [Fink's] intent is to encourage every company, not just energy firms, to rethink their carbon footprints." Given their multi-year emphasis on climate, the BlackRock team was apparently not going to be budged from their agenda, even when the biggest public health emergency in a century and largest civil rights protests in roughly half a century intervened.

Observed changes in weather patterns are certainly worth paying attention to, but the idea that focusing on what the average global temperature will be in 2100 is somehow the responsible way to respond to an infectious disease epidemic still raging in 2021 verges on parody. If BlackRock simply wanted to say that the pandemic (or criminal justice reform) was unimportant compared to future predicted climate disasters, they should have accepted the award for bluntness and simply said so. Pretending that over 400,000 Americans dying of COVID-19 provides a natural pivot to climate activism is simply perverse.

But since Fink and company have decided that climate is the number one topic of the day, let's assess that message. The CEO letter includes the familiar claim (again, bolded in the original) that "climate risk is investment risk." That's the kind of statement that can be technically true but also very misleading. What most writing about climate finance, including this letter, doesn't mention is how much of that risk is from actual anthropogenic changes in climate (like financing oceanfront resorts on low-lying islands) and how much comes from expected or threatened climate policies. Stranded assets resulting, for example, from politicians making fossil fuels illegal is a *political* risk, not a climate risk. Bad climate policy might very easily, as my colleague Marlo Lewis has written, be more expensive and damaging than climate change itself. We cannot discuss the topic meaningfully without acknowledging the difference, and we should not accept new law and regulation of the energy sector as if it were some sort of "inevitable" law of nature.

Fink also insists that an increased emphasis on climate change represents a "tectonic shift" that is accelerating, but that sounds like it may be Fink's own elite, finance-world bubble talking. The Pew Research Center asked registered voters in August 2020 what their top issues were for the upcoming general election, and climate change came in at 11 out of 12, second to last of all major issues, lagging behind everything from Supreme Court appointments and violent crime to immigration and health care.

The Davos crowd may have come down with a case of climate change Tourette's, but it doesn't seem to be affecting the majority of American voters. Even the Pew ranking is misleadingly strong, given how little Americans—the ones who say they *are* concerned about climate change—are willing to pay to address it. As polling guru Emily Ekins pointed out for the Cato Institute back in 2019, "An AP-NORC survey finds that 68% of Americans wouldn't be willing to pay even $10 more a month in higher electric bills even if the money were used to combat climate change." Compare that to the study by my colleague Kent Lassman and Power for the Future's Daniel Turner, which found that implementing the Green New Deal would costs U.S. households around $70,000 each in the first year of implementation alone.

This all suggests that, at some point, the world of ordinary retail investors who simply want a secure retirement will come crashing into the elite consensus of the central bankers, finance executives, and environmental activists who insist that every other issue and priority must bow before the singular imperative of a net-zero emissions future. Managing $8 trillion in assets is impressive, but it won't buy you a single vote come election time.