Our $24-trillion shopping spree

We talk big about matching the scale of the climate crisis. Here's one way

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The newest figures from the OECD reports that aggregated, global retirement savings are valued at $48 trillion, which is down from $60 trillion the year before. That tally is split 50-50 between defined benefits (DB) plans (run by a fiduciary in charge) and defined contributions (DC) plans that are self-directed retirement accounts for which the retiree takes all the risk.

That means $24T in pension money currently circulating in the global economy is legally bound to fiduciary duty that must deliver on a pension promise sometime in the future, maybe 40 years from today.

How, why and for whom that $24 million millions move is a matter of law. In our reading of compliant fiduciary practice, any purchase with fiduciary money must be defendable as:

- Being as impartial to the oldest retiree as it is to the youngest participant yet to collect benefits – *and vice versa* – as its Duty of Impartiality
- Satisfying a Duty of Loyalty to the purpose for which the pension is created: To exist "forever", making payments to every eligible person, now and in the future.
- Delivering a Duty of Care – Practicing prudence, commonsense, watchfulness
- Fulfilling its duties to negotiate fair deals, supporting a common public good, and contributing to a safe future
- Producing a minimum cash flow return of 6% per year
- Managing risk, which extends beyond financial yields to reconcile any damages near or long-term from the activities of the purchase
- Diversifying to manage, *again*, risk, but also to spread the negotiating power of fiduciary money to finance a fiduciary economy.

That might seem like a long list of provisos, but it's a big, consequential pile of dough that is legally required to check those boxes – as much as, *we argue*, current fiduciary practice does not check all the requisite fiduciary boxes and is therefore non fiduciary.

Besides, you don't buy any old socks, but the socks that have the right size, color, cotton-to-poly ratio, purpose, season and/or a reputation for durability. This is the basis of Massachusetts Senate Bill 1644, currently in review: Buying the right stuff based on specific and explicit criteria.

Let's go shopping

Assuming we have a really fat wallet and all the available fiduciary money to spend, our budget is $24 trillion.

With that kind of purchasing power, a collaboration of pension fiduciaries could finance huge new infrastructure projects like the Gulf of Maine energy basin or other scalable climate solutions sitting on drawing boards for lack of traditional funding.

For simplicity here, let's stick with the capital markets where BP, Saudi Aramco, Bayer Crop Science (owner of Monsanto IP), Amazon, Starbucks and other known brands trade shares that represent the variable value of their companies.

Market capitalization, *one measure of a company*, is outstanding shares multiplied by the trading price per share. Globally, all public companies in all markets have a market cap of about $100T so we have the capacity to buy 24% of the global stock market.

You might dwell on that a bit.

Total global fiduciary-led pension fund value is enough to buy nearly a quarter of the global stock market. It won't. But it could in theory. And, it wouldn't be starting from zero either, since pension funds are already major investors in all kinds of speculative trading — albeit for the non fiduciary reasons of extracting value at all costs. We argue that fiduciaries must demand more for their money in keeping with their fiduciary obligations.

For illustration, I compiled the 20 biggest companies in 10 sectors and ranked them by their July 2023 market caps.

Big 20 Oil = $4.5T

This list includes Saudi Aramco, Exxon and BP, which are companies that regularly show up on "environmentally worst" company lists.

For environmental activists, the oil sector is a primary target for change. Through divestment, for example, they demand that pensions and endowments sell their oil shares to make financing for oil companies more difficult. That, of course, is a moral argument and fiduciary duty, *fully expressed as outlined in S.1644*, compels fiduciaries to defend any oil holdings against the checklist above. I am quite certain that oil assets in pension funds that currently have young participants who don't retire until 13 years after "net zero 2050" deadlines would fail a fiduciary review. That said, if your fiduciary choice was to buy the oil sector and finance the just energy transition from oil, you might demonstrate stewardship at a massive scale. That's the scope of opportunity that trillion-dollar fiduciary money allows. It costs $4.5 trillion to buy the 20 biggest oil companies.

Big 20 Pharma = $3.8T

This list includes Johnson & Johnson and Gilead Sciences — a company that is in the news these days for its questionable operations in rolling out HIV drugs. Pharmaceutical companies have predatory growth drive like any other sector, but these maneuverings-for-profit have a direct impact on the health of people they are supposed to help. It's the securitization of illness. Maybe your plan as a fiduciary buyer is to acquire pharma to change that quest for growth, and settle instead for a "sufficient" 6%. How does that change things for the healthcare system? The cost of acquiring the 20 biggest pharma companies is $3.8T.

Big 20 Food = $1.4T: Nestle, MacDonald, Unilever

Big 20 Auto = $2T: Tesla, Toyota, Volkswagen

Etc. (Google "Biggest X companies by market cap")

You get the idea. This chart also includes Big Ag, Big Mining, Big Defense, Big Beverage, Big Retail and Big Manufacturing.

Sector	Mkt Cap July 2023 (billions
Big 20 Oil	$4,563.27
Big 20 Mining	$1,043.71
Big 20 Auto	$2,016.14
Big 20 Retail	$3,582.98
Big 20 Pharma	$3,788.11
Big 20 Food	$1,448.04
Big 20 Beverage	$1,866.34
Big 20 Ag	$83.98
Big 20 Defense	$820.66
Big 20 Mfg*	$2,406.80
Total	$21,620.03
*Adjusted to avoid double counting companies	

Not that our shopping strategies would or could happen this way. It's only an illustration to show how pension fiduciaries, in collaboration and with intention, have the scale to buy 200 of the world's largest, *and perhaps most troubling*, companies and have change left over.

Pay attention to that idea. You might buy a different set of companies or go in a completely different stewardship direction. With a $24T budget, there is a lot of room for creative problem solving.

In the scenario in which a club of pensions buys 200 big companies, that club now operates 200 big companies.