
The Smart Way for Public Pensions to Divest from Russia.

Many want to sanction Putin and Co. at every turn, but it's a mistake to move too quickly. Pension funds actually don't hold that much in Russian assets, and they're sitting ducks for crafty, amoral traders.

With Russia's brutal invasion of Ukraine demanding a response from freedom-loving peoples everywhere, the NATO nations and other countries around the world have embarked on a wide range of economic sanctions. Some of them are far more extensive than anybody had previously imagined possible, such as the freezing of Russian central bank assets and its global interbank access, and now the U.S. oil boycott. Amid this global expression of scorn, American state and local politicians are jumping on the banishment bandwagon. First it was vodka, and now it's public pension funds.

The New York City controller was first out of the chute with a call to divest the city's pension funds of its Russian assets. Then California, Colorado, Connecticut, Kansas, Illinois, New Jersey and New York state politicians quickly pounced, and more have followed. On principle, the moral imperative is unarguable: Anything we in the NATO alliance can do to starve the leeches in the Russian economy is worth consideration.

But as with vodka, where most of the product consumed in the U.S. is actually manufactured everywhere but Russia, appearances and feel-good pronouncements can be deceiving. So let's be sure we learn from the past before we pull the plug on sunken capital previously invested in Russia and its companies. Moreover, let's not go overboard with counterproductive laws prohibiting investments in domestic companies doing business in Russia.

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