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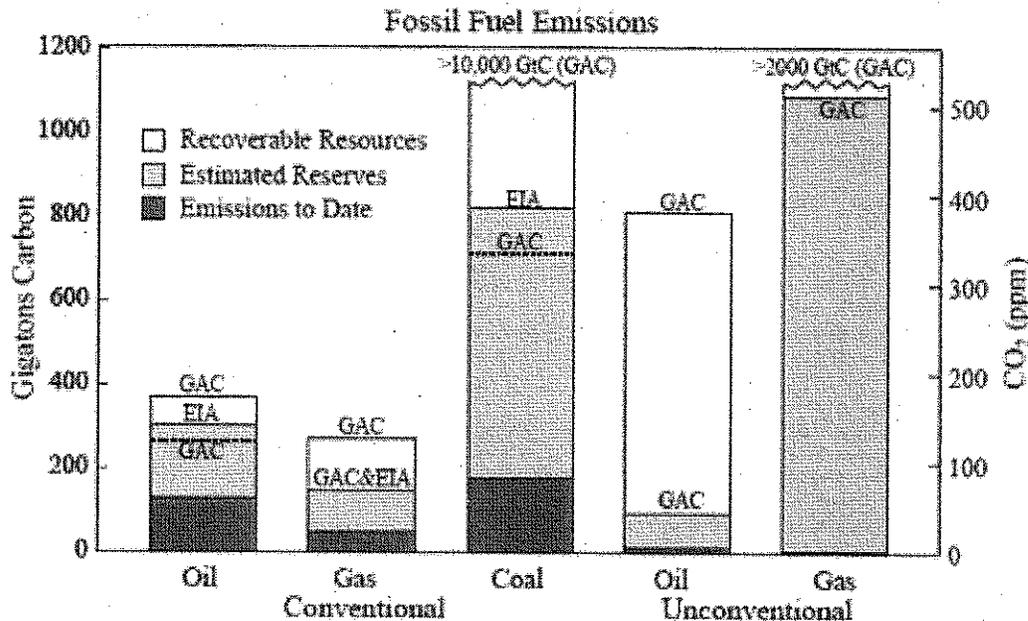
## THINKPROGRESS

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### McKibben Must-Read: The Case For Fossil-Fuel Divestment

By Joe Romm on Feb 26, 2013 at 12:28 pm

How Long Will Colleges Keep Investing in Companies Whose Stock Price Is Based on the Destruction of a Livable Climate?



CO2 emissions by fossil fuels [1 ppm CO2 ~ 2.12 GtC, where ppm is parts per million of CO2 in air and GtC is gigatons of carbon (via Hansen). Significantly exceeding 450 ppm risks several severe and irreversible warming impacts. We are headed toward 800 to 1,000+ ppm, which represents the near-certain destruction of modern civilization as we know it – as the recent scientific literature makes chillingly clear.

Climate hawk Bill McKibben has another terrific new piece in *Rolling Stone*, "The Case For Fossil-Fuel Divestment." The founder of 350.org explains:

The logic of divestment couldn't be simpler: if it's wrong to wreck the climate, it's wrong to profit

as much carbon in its reserves as even the most conservative governments on earth say is safe to burn – but on the current course, it will be burned, tanking the planet. The hope is that divestment is one way to weaken those companies – financially, but even more politically. If institutions like colleges and churches turn them into pariahs, their two-decade old chokehold on politics in DC and other capitals will start to slip. Think about, for instance, the waning influence of the tobacco lobby – or the fact that the firm making Bushmaster rifles shut down within days of the Newtown massacre, after the California Teachers Pension Fund demanded the change. “Many of America’s leading institutions are dozing on the issue of climate,” says Robert Massie, head of the New Economics Institute. “The fossil fuel divestment campaign must become the early morning trumpet call that summons us all to our feet.”

This article builds on McKibben’s viral piece from the summer [“Global Warming’s Terrifying New Math,”](#) which he summarizes:

By now, most activists know the three numbers I outlined in this magazine last summer, in a piece that immediately went viral: If we’re to hold planetary warming to the two degrees that the world’s governments have said is the absolute red line, we can only burn 565 more gigatons of carbon – but the fossil fuel companies, private and state-owned, have 2795 gigatons of carbon in their reserves. That is, they have five times the coal and oil and gas needed to roast the earth, and they fully intend to burn it – in fact, a company like Exxon boasts about spending a hundred million dollars a day looking for more hydrocarbons, all the fracking gas and Arctic oil and tar sands crude they can find. “The math is so irrefutable,” says Klein, the veteran anti-corporate activist who’s been helping lead the fight. “The fossil fuel companies haven’t even bothered to dispute it. And coming to the issue with numbers like that, putting them in an academic context, that’s radical. It makes it hard for the boards of trustees – who after all are supposed to be numbers people – to deal with. Suddenly it’s the students who are the number crunchers, and the idealistic fantasists are the bank presidents on the board who don’t want to deal with the reality staring them in the face.”

The good news is that:

1. Divestment would likely have no significant penalty on portfolio return.
2. Divestment would hedge against the inevitable collapse of the market capitalization of fossil fuel companies when the world wakes up to climate reality.
3. The money would be far better invested in colleges’ own green improvements, which have a high return and very low risk.

As McKibben puts it:

College trustees, of course, are thinking about their endowments. They worry that they’ll lose money if they do divest – that if they can’t park their money in Exxon et al., their yields may dwindle.

The fear is almost certainly overstated – energy stocks have outperformed the market index the last few years, but lag if you take the last 30 as a whole. Stephen Mulkey is president of Unity College in Maine, which became the first college in the nation to officially divest its fossil fuel holdings. He stood

up to give the news in front of the thousands that crowded into Portland's State Theater for that stop on our roadshow, an electric moment that brought the throng to its feet. "You don't have to do it overnight," he pointed out – indeed, campaign organizers have asked only that colleges pledge to sell their shares, and then spend the next five years winding down their positions so they don't have to sell in a fire sale. "There's abundant academic literature showing that social screening such as this, given the most likely market conditions in the near future, will not result in poor performance. You're not divesting and then just forgoing those profits – you divest from BP and invest in something else. You reanalyze your portfolio." In fact, there's been one academic study of the effects of divesting, and it shows the "theoretical return penalty" at 0.0034 percent, which is the same as "almost none."

At some schools, some of the money can be re-invested in the college itself – in making the kind of green improvements that save substantial sums. Mark Orlowski, head of the Sustainable Endowments Institute, just published a report showing that the average annual return on investment for a thousand efficiency projects at campuses across the country was just under 30 percent, which makes the stock market look anemic. "College trustees often think of a new lighting system as an 'expense,' not an investment, but it's not," he says. "If you invest a million and can expect to clear \$2.8 million over the next decade, that's the definition of fiduciary soundness." At colleges – and elsewhere – the potential for significant reinvestment is large: the San Francisco Board of Supervisors, for instance, is considering urging its pension fund to divest a billion dollars. That could do some serious re-greening.

The collapse of the stock price of major fossil fuel companies is made inevitable by the increasingly dire nature of climate science (see literature review here):

Meanwhile, the scientists keep pushing their research forward. Twenty-five years ago, they were predicting the trouble we're seeing now; when they look forward another quarter century, things get truly scary – and academics get much less academic. In the past, just a lonely few, like NASA's James Hansen, were willing to go to jail, but in November, the premier scientific journal, *Nature*, published a commentary urging all climate scientists to "be arrested if necessary" because "this is not only the crisis of your lives – it is also the crisis of our species' existence." In December, at the annual meeting of the American Geophysical Union where most of the year's cutting-edge climate studies are released, one panel examined the question "Is Earth Fucked?" The scientist leading the session finished by saying probably – but "if a global environmental movement develops that is strong enough, that has the potential to have a bigger impact in a timely manner." Make of it what you will: The American scientist who has spent the most time on the melting ice of Greenland, Ohio State's Jason Box, took to the stage at our Columbus tour stop to demand OSU and other colleges divest.

Colleges have a duty to protect the health and well-being of their customers — future generations. The time to divest is now.

## From the Web

by Taboola