

The Case for Fossil-Fuel Divestment



It's obvious how this should end. You've got the richest industry on earth, fossil fuel, up against some college kids, some professors, a few environmentalists, a few brave scientists.

And it's worse than that. The college students want their universities to divest from fossil fuel – to sell off their stock in Exxon and Shell and the rest in an effort to combat global warming. But those universities, and their boards, have deep ties to the one percent: combined, their endowments are worth \$400 billion, and at Harvard, say, the five folks who run the portfolio make as much money as the entire faculty combined.

Oh, and remember – this is supposed to be an apathetic college generation. The veteran leader Ralph Nader, in a speech in Boston last year, said kids today were more passive than any he'd seen in 45 years. "Nothing changes if you don't have fire in your belly," he said. "You are a generation without even embers in your belly."

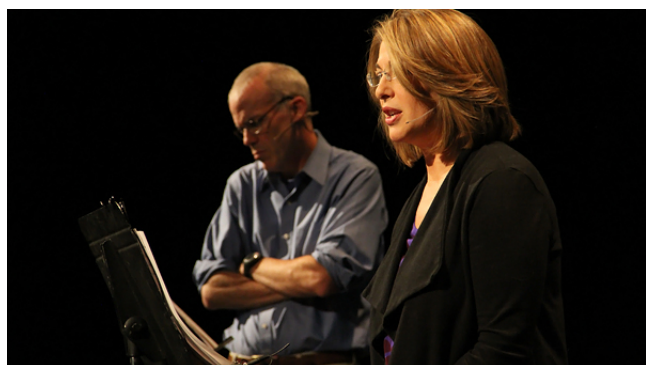
[Is Congress Finally Moving on Climate Change?](#)

But here's my bet: the kids are going to win, and when they do, it's going to matter. In fact, with Washington blocked, campuses are suddenly a front line in the climate fight – a

place to stand up to a status quo that is wrecking the planet. The campaign to demand divestment from fossil fuel stock emerged from nowhere in late fall to suddenly become the largest student movement in decades. Already it's drawing widespread media attention; already churches and city governments are joining students in the fight. It's where the action all of a sudden is.

I had a front row seat to watch this explosion – actually, I was up on stage, on a nationwide tour that sold out concert halls across the country early this winter. With a bevy of progressive heroes (author Naomi Klein, indigenous activist Winona LaDuke, filmmaker Josh Fox, Hip Hop Caucus founder Lennox Yearwood) and with *Rolling Stone* as a media sponsor, we took our biodiesel tour bus from Seattle to Atlanta, Maine to Utah, trying to spark a new front in the climate fight. Unknowingly, we'd timed this DoTheMath tour pretty well: Post-Sandy, as the hottest year in American history was drawing to a close, we had no trouble finding allies. In fact, we were serving less as a virus than as a vector, letting activists glimpse their emerging strength. Every night, kids from a dozen local colleges would shout out their resolve, and then gather in "Aftermath" parties to get down to organizing.

By the time we finally finished, in December in Salt Lake City, 192 college campuses had active divestment fights underway, a number that's since grown to 256. And people were noticing. On the Senate floor, Rhode Island's Sheldon Whitehouse told his colleagues that "as Congress sleepwalks, Americans actually are taking action on their own. These students are imploring their schools to weigh the real cost of climate change against the drive for more financial returns, and divest from the polluters." *The New York Times*, in what became the week's most e-mailed story in the paper of record, said the campaign could "force climate change back on to the nation's political agenda." A few days later, *Time* magazine ended its account of the mushrooming movement like this: "University presidents who don't fall in line should get used to hearing protests outside their offices. Just like their forerunners in the apartheid battles of the 1980s, these climate activists won't stop until they win."



We even had some early victories. Three colleges – Unity in Maine, Hampshire in Massachusetts and Sterling College in Vermont – purged their portfolios of fossil fuel stocks. Three days before Christmas, Seattle mayor Mike McGinn announced city funds would no longer be invested in fossil fuel companies, and asked the heads of the city's

neighborhoods, he said, "I believe that Seattle ought to discourage these companies from extracting that fossil fuel, and divesting the pension fund from these companies is one way we can do that."

The logic of divestment couldn't be simpler: if it's wrong to wreck the climate, it's wrong to profit from that wreckage. The fossil fuel industry, as I showed in *Rolling Stone* [last summer](#), has five times 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."

It won't be an easy fight in most places, of course. At Harvard, say, 72 percent of the student body voted to demand divestment, only to have the university respond in the most patronizing possible fashion two days later: "We always appreciate hearing from students about their viewpoints, but Harvard is not considering divesting from companies related to fossil fuels." But one of the Harvard student organizers responded with just the right mix of pepper and politeness: "The president is going to have to change her mind, because we're not changing ours," sophomore Alli Welton said. "Climate change is a matter of life or death for millions and millions of people."

And it's that simple truth that, over the next few semesters, will help students overwhelm boards of trustees and reluctant presidents. This movement didn't come out of nowhere, after all – despite Nader's pessimism, if you knew where to look, you could see the pot boiling for several years. On hundreds of campuses, students had persuaded their administrations to build green buildings and bike paths; tens of thousands of students had traveled to Washington for giant Powershift conventions to learn how to lobby on global warming. And since there's no longer anything theoretical about climate change, this movement's not going to dissipate – with each new storm and drought, it will gain tragic power.

In fact, if you sit down and game out the future, you start to realize that students, faculty, and engaged alumni have a surprisingly good hand. Trustees and presidents may resist at first – they are, almost by definition, pillars of the status quo. But universities, in the end, are one of the few places in our civilization where reason still stands a good chance of prevailing over power (especially since students are establishing some power of their own as they organize). And here's where reason inevitably leads:

1) Universities need to lead because they are where we first found out about climate change. It was in physics labs and on university supercomputers that the realization we were in trouble first dawned a generation ago. By this point the proverbial man in the street can see their predictions coming sadly true: It wasn't just Sandy, though there's no doubt that the image of the cold Atlantic pouring into the New York subways had imprinted the new fragility of western civilization on many minds. (If that radical rag *Business Week* used the headline "It's Global Warming, Stupid," then you knew the message was getting through.) But everywhere we went across the nation on our tour, people had their own stories. In the Pacific Northwest, where we began, ocean acidification is so advanced that oyster farmers are in despair; in Nebraska, the week we arrived, scientists determined that exactly 100 percent of the state was now in "severe drought." Hell, we got to Colorado in early December, and the night we arrived a raging wildfire high in the Rockies forced the evacuation of 500 homes. In December. In the Rockies.

All this means that climate is no longer a fringe concern. Seventy-four percent of Americans said global warming was affecting the weather. On campus, opinion is near-unanimous. "For one of my classes I just did a poll," says Stanford freshman Sophie Harrison, a leader in the divestment fight. "Out of 200 people I only found three who didn't believe in climate change."

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.

So when, for instance, Harvard president Drew Gilpin Faust says "our most effective impact on climate change" will come from "what we do with our teaching, our research. . . the students who may be the heads of the EPA or all kinds of organizations," it's partly true – that scholarship is important. But it's also clearly not doing the job alone, since the temperature keeps going up.

Universities have in fact already gone well beyond scholarship in the climate fight. As veteran student organizer Maura Cowley points out, 738 colleges from Adams State to Yeshiva University have already signed the "President's Climate Commitment," pledging that their campuses will go carbon-neutral because they are "deeply concerned about the unprecedented scale and speed of global warming." The commitment is more than rhetorical – open up almost any college web page and you'll find a tab for "sustainability," with the PR office lauding the latest effort to install solar panels or convert to a pedestrian campus. "You can't walk 20 steps on the Stanford campus without seeing a recycling station," says Harrison. "I've been very impressed with all of that, which is why it seems so illogical they're invested in fossil fuel." Exactly – if you're committed to greening your campus, why wouldn't you be committed to greening your portfolio, too? Why is the heating system for the new arts center a proper target for environmental concern, but not the \$50 million sitting in Peabody Coal, where it helps support climate-denying think tanks and reality-denying Congressmen?

Hence divestment. Sometimes, colleges can exert influence without selling stock – on many issues, like sweatshop labor, they may have been smarter to keep their stock, so they could use their position as shareholders to influence corporate decision-making. "But when we were talking about sweatshops, it wasn't because we were opposed to t-shirts. We just needed some changes in how companies operated," says Klein. Adds Dan Apfel, who as head of the Responsible Endowments Coalition has coordinated much of the emerging divestment furor, "If you're Apple, we want you to produce your computers in ways that are good. But we like computers. The fossil fuel industry, though – its existence is fundamentally against our existence. We can't change them by investing in them, because they're not going to write off reserves. There's no way they can be made sustainable, in the same way tobacco can't be made healthy."

2) Universities understand math, and in this case the math about who's to blame is Q.E.D. clear. It points straight at the fossil fuel companies.

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."

It's not as if all of us who use fossil fuel aren't implicated – flying to Florida for spring break fills the sky with carbon. But it's only the fossil fuel industry that lobbies round the clock to make sure nothing ever changes. "We've figured out the root of the problem by this point," says Maura Cowley, who as head of the Energy Action Coalition has been coordinating student environmental efforts for years. Individual action matters, but systemic change – things like a serious price on carbon that the industry has blocked for years – is all that can really turn the tide in the short window the science of climate still leaves open. "Going after them directly feels seriously good," says Cowley.

3) Faced with this kind of irrefutable evidence, colleges have led in the past, conceding that their endowments, in extreme cases, can't seek merely to maximize returns.

In the 1980s, 156 colleges divested from companies that did business in apartheid South Africa, a stand that Nelson Mandela credited with providing a great boost to the liberation struggle. "I remember those days well," says James Powell, who served as president of Oberlin, Franklin and Marshall, and Reed College. "Trustees at first said our only job was to maximize returns, that we don't do anything else. They had to be persuaded there were some practices colleges simply shouldn't be associated with, things that involved the oppression of people." Since then, colleges have taken stances with their endowments on issues from Sudan to sweatshops. When Harvard divested from tobacco stocks in 1990, then-president Derek Bok said the university did not want "to be associated with companies whose products create a substantial and unjustifiable risk of harm to other human beings." Given that the most recent data indicates fossil fuel

pollution could kill 100 million by 2030, the coal, oil and gas industry would seem to pass that test pretty easily; it's also on the edge of setting off the 6th great extinction crisis, so everyone over in the biology lab studying non-human beings has a stake too. Here's how Desmond Tutu, Mandela's partner in the liberation of South Africa, put it in a video he made for the DotheMath tour: "The corporations understood the logic of money even when they weren't swayed by the dictates of morality," the Nobel Peace Prize-winner explained. "Climate change is a deeply moral issue, too, of course. Here in Africa, we see the dreadful suffering of people from worsening drought, from rising food prices, from floods, even though they've done nothing to cause the situation. Once again, we can join together as a world and put pressure where it counts." Or, you know, not.

4) And it's not just people at a distance who are in trouble here, though so far they've borne the brunt – young people, the kind of people you mostly find on campuses, are the next chief victims of climate change.

Let's assume the average age of a college trustee is 60, meaning he or she has another two decades on this planet; they may shuffle off to the great class reunion in the sky before climate change becomes unbearable to well-off First Worlders. But your average student has six decades ahead – and scientists say that at our current pace of unrestricted warming, we could see the planet's temperature rise 6 degrees Celsius in that stretch, with consequences best described as science fiction. "By the time we're ready to have kids, buy a home – it's already a radically different world if we don't put the brakes on as quickly as possible," says Cowley, the national student organizer. "It's difficult to plan your life as a young person right now – by the time we get to 2050, we don't even know where we're going to get our food."

It's not like administrators, faced with global warming, are deciding for themselves. Carbon dioxide molecules stay in the atmosphere a century on average, which means, according to the modeling team at Climate Interactive, that "by the time a 55-year-old college president who insists today that a portfolio requires fossil fuel investment reaches the age of retirement, only 11 percent of the CO₂ released during the class of 2016's education will have left the atmosphere." In fact, says former college president Powell, such an analysis suggests trustees have a quasi-legal duty to do all they can about climate change: "The board is supposed to make sure that the endowment allows for intergenerational equity, that the students who are going to Oberlin in 2075 get as much benefit from it as those there now. But with global warming, you're guaranteeing a diminution of quality of life decades out."

At the very least, it feels bad – like the opposite of what college trustees are supposed to

be doing. "I see this generation being betrayed on every front," says Klein. "Youth without a future – that's how they feel about the economy. And they when they understand that thanks to climate change they may literally be facing no future, it makes them really, really angry, as well it should." The good news is, lots of people are already reaching across those generational lines. "Sometimes it's dangerous to separate it by generations," says Alex Leff, a freshman at Hampshire College, which effectively divested this spring. "My family always said, 'You kids have to do something about this.' I really reject that – what if we dismiss it too, and say it's a job for our kids? Youth can't be the only ones driving this – it helps a lot to see our elders doing their part too." So at college after college, professors (many of whom were in college during past divestment fights) are signing petitions and joining marches. Alumni are starting to pitch in too – these are early days, but campuses report letters arriving from donors asking if they're planning to do the right thing.

5) And in this case, they can do the right thing without great cost.

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.

It's also possible that the insights into the future supplied by aroused student activists might actually make for savvy investing advice. As hedge fund founder Tom Steyer, who has advised trustees to divest their stock, put it, "From a selfish point of view, it's very good for colleges that they know something about the future that others don't. Because investing is not about what's happened in the past – all prices are really anticipations of what's going to happen in the future. As soon as the trouble we face is really common knowledge it's going to be reflected in the price. But it's not reflected in the price yet."

Steyer's a good investor – his net worth puts him on the Fortune 400 list, meaning he's worth far more than most college endowments. What he's saying is: Colleges are lucky to have physics departments not just because physics is a good thing. In a sense, universities have insider information – they know how bad global warming is going to be, and hence can get the hell out of fossil fuel stocks before, not after, governments intervene to make them keep their reserves underground. "Once the scientific research filters into the minds of investors around the world, the price won't stand," he says. But since the average investor relies on, say, the *Wall Street Journal*, which has served as an unending mouthpiece for climate denial, colleges have the advantage. "The only way you gain an investing advantage over the rest of the world is when you have an edge." As for those who think they'll wait until the last minute, just before the carbon bubble bursts, "That's one of the stupidest things I've ever heard. No one ever gets out at the top. It's worth missing another couple of good years of Exxon to avoid what's coming."

In the face of logic like that, an increasing number of colleges seem determined to at least engage the debate. For instance, my employer, Vermont's Middlebury College, which always ranks in the top five liberal arts colleges in the country, has held a series of panel discussions and open debates this month and its trustees expect to make a decision in the spring. And since Middlebury was the first college in the country with an environmental studies department, its student body, faculty and ranks of alumni are filled with people who recognize the potential power of the gesture. Similar discussions are underway at Bates, Bowdoin, Bryn Mawr, Earlham, Pitzer. But it's not just small liberal arts schools. Students at the University of New Hampshire delivered a thousand signatures to

the president before Christmas demanding divestment; at the neighboring University of Vermont, state legislators have begun pressing for action, at the urging of a big student campaign. At Cal, the student senate has backed divestment by a wide margin; UNC students outdid their Harvard counterparts, voting 77 percent for divestment.

So let's imagine for a moment that students and their allies are able to convince many colleges and universities to do the right thing. Especially for those who sign on fairly quickly, and with a minimum of rancor, there could be real advantages. "After we divested," said Mulkey of Unity College, "we started receiving donations online. We're seen an uptick in our inquiries from students. I think that will transform into an improvement in enrollment. That's not why we did it, but it's a fact." Powell, recalling the moment when Oberlin divested its apartheid stock, says, "I definitely feel it rallies people behind their alma mater. Whenever there's change – abolishing fraternities, going co-ed – there's always the worry the alumni won't like change. We see over and over again that these claims are false – you may take a hit for a year or two, but in the end you're changing with the world." Some alumni, says Klein, "may be resentful. But for many more, it will be exciting. Suddenly the university they came from is not just a site of nostalgia, but a place where they can have an influence on the future."

That influence could be decisive, too. Less in financial terms, though the \$400 billion in American college endowments is no small sum, than in political and cultural ones. A college is where a society thinks about itself, after all; if suddenly those collections of knowledge denounce the fossil fuel industry for what it is, a rogue force outlaw against the laws of physics, it will make a difference. Fossil fuel companies care a lot about image, after all – it's what makes it easy for them to exert their political control. It's why they run those back-to-back-to-back TV ads about "clean coal," those endless commercials with the polar bears and the drilling rigs. Colleges could strip them of their social license, and if they lead, others will follow. "The speed at which this campaign has spread is causing ripples in the investment community," said Andy Behar, the CEO of As You Sow, a campaign partner that promotes environmental and social corporate responsibility through shareholder advocacy. "We anticipate more 'carbon free' investment options coming onto the market over the coming months for endowments, foundations, and other institutional investors who want to move investment dollars to build a clean energy future." Already, at least two major Christian denominations have announced they'll consider resolutions to withdraw their money. One could imagine the fossil fuel industry as the new tobacco, humbled enough that it actually has to come to the bargaining table in D.C. and a dozen other crucial capitals.

On other campuses, it will go less smoothly; in some places, doubtless, colleges will go to

war with themselves, with trustees hunkered down against the increasingly strident demands of students and faculty. But even in those cases, the fight will be valuable, educating each new incoming class about the culprits behind climate change. It's hard to imagine that it's all just a short-lived fad. "Global warming is not going away in anyone's lifetime," says Powell – and from now on, each superstorm, each megadrought will become a moral challenge to the university brand, a reminder that one's education or one's salary is being paid for with the not-so-gradual extinction of the planet's possibilities. Students, I think, are determined to believe in the colleges they love – but they're also up to the fight. At Pennsylvania's Swarthmore, for instance, they've been demanding divestment for more than a year without luck. "Particularly at small liberal arts schools, students are conditioned to believe that college boards and administrators will always do what's right – that if we just dialogue with administrators enough, they'll come around," says Hannah Jones, who graduated from Swarthmore last spring. But in fact, even at a school like Swarthmore with a deep Quaker tradition, "the administration and the board are part of an institutional hierarchy designed to support the status quo," so "it's up to students, faculty, and alumni to build power and to apply pressure in a way that demands bold, swift action." And as students learn to build those campaigns, knowledge spreads quickly. Swarthmore students, for instance, are hosting a 'convergence' this week for activists from many campuses; for those who can't make the trip, gofossilfree.org has become a kind of clearinghouse for videos, manifestos, essays, updates.

It's not perhaps a *militant* generation – maybe that was what struck Nader, more used to the uprisings of the 1960s with their broad themes of cultural liberation. But in the wake of Occupy, many young people are drawing connections. "We want to make sure we don't just get divestment, but that we build real political power across wide coalitions," says Jones. And if you're a college administrator, you should probably fear folks who know how to use YouTube, Twitter and Facebook better than you do; "militant" sounds good, but "persistent," "organized" and "committed" are probably a deeper threat to the status quo. And you can prove it by watching the same students running divestment campaigns quickly joining the larger environmental movement: all of a sudden, they're helping run the opposition to the Keystone Pipeline, or working hard with their Appalachian allies in the fight against mountaintop removal coal mining.

The fossil fuel industry may be dominant in the larger world, but on campus, it's coming up against some of its first effective opposition. Global warming has become a key topic in every discipline from theology to psychology to accounting, from engineering and anthropology to political science. It's the greatest intellectual and moral problem in human history – which, if you think about it, is precisely the reason we have colleges and

universities.