

Divestment is No Grand Gesture

[According to Jeremy Farrar](#), head of the Wellcome Trust, the Guardian's '[Keep in the Ground' campaign](#) to promote divestment from fossil fuel companies is merely a 'grand gesture' that can only be made once. Charlie Jeffrey, Senior Vice Principal of the University of Edinburgh (UoE), similarly wrote to explain [why his university would not divest](#) from fossil fuel companies as requested by students (who are also calling on the university to [divest from companies that profit from war and weapons](#)).

Farrar and Jeffrey use seven arguments to justify continued investment in fossil fuel companies. Here I explain why they are mistaken and how divestment is possibly the most important social movement of our times, uniting concerns about climate change with those of global development and social justice.

Arguments against divestment

The first argument against divestment is that modern civilisation can't do without fossil fuels: as a source of energy, and to produce a wide range of materials, including steel, plastic and fertiliser. Farrar suggests that the Guardian's campaign is simplistic because it fails to recognise *"the unavoidable fact that fossil fuels are essential to the economy, life and health, and will remain so for decades under any conceivable scenario"*. Jeffrey reminds the Guardian and his students that we need to burn fossil fuels to *"run industries, power lecture theatres (and) produce newspapers"*.

Linked to this argument is a second which states that it is unfair to pick on the fossil fuel industry while ignoring the other businesses that sell and buy products derived from fossil fuels. According to Farrar, *"carbon emissions are driven by both supply and demand: it makes no sense to devote attention purely to one side of this equation"*.

The third argument is moral and states that the poor have a right to use fossil fuels to help them out of poverty. According to Farrar, fossil fuels are especially important *"in low and middle income countries, where growth is the best guarantor of better health"*. Jeffrey explains how fossil fuels are needed to ensure *"basic needs, such as heating, clean water and refrigeration"* whilst also accusing the divestment campaign of representing *"the easy privilege of the developed world calling for an end to fossil fuel use after we have used them for centuries to ensure the supply of our basic needs and power our economic growth"*. Additionally, they both point out that the financial returns made from investments in fossil fuel companies are put to good use by the Wellcome Trust and UoE.

The fourth argument is that the divestment campaign (targeting the top 200 biggest fossil fuel companies) is blunt and treats all fossil fuels and fossil fuel companies alike. In terms of the former, the point is made that coal and tar sands are worse than oil, which in turn is worse than gas. In terms of the latter, Farrar argues for *"a case-by-case approach to investments in the energy sector"* by which individual companies are considered *"on their merits, including the extent to which they meet their environmental responsibilities"* by producing energy efficiently or demonstrating a commitment to renewable energy production.

The fifth argument is that 'good' fossil fuel companies are part of the solution to climate change. For example, Farrar argues that some companies are playing an important positive role by moving towards fuels with lighter carbon footprints (including gas, renewables and nuclear energy), investing in carbon capture and storage (CCS) and promoting more effective carbon pricing. Jeffrey also places faith in new technologies being developed and eventually breaking *"the causal link between burning fossil fuels, greenhouse gas emissions, and climate change"*.

The sixth argument is that divestment doesn't work while shareholder 'engagement' does. It is argued that once you've divested, you lose any influence over the behaviour of fossil fuel companies and that other (less scrupulous) investors would buy the shares being sold. By contrast, as an active shareholder, Farrar claims that the Wellcome Trust can *"meet boards again and again, supporting their best environmental initiatives and challenging their worst"*. Although he says he can't publish any details of these meetings because it would compromise their ability to have *"frank discussions"*, Farrar asserts that the Wellcome Trust's engagement *"has impact"*.

Jeffrey similarly explains how UoE *"will engage with companies to discuss and – we hope – bring about the changes we want"*, describing the process as *"a measured, balanced approach to a complex, multi-layered issue"* while criticising the adversarial nature of the divestment campaign and claiming that it is more concerned with *"grabbing headlines"* than finding solutions.

Finally, a seventh argument used against divestment by the UoE is that it places *"an undue limitation on academic freedom and potentially impacts negatively on interlinked research"*. By calling into question *"the appropriateness of teaching about fossil fuel exploration, and the appropriateness of carrying out research on means of exploitation of fossil fuel resources"*, divestment could deny students and staff the opportunity *"to know about, and understand fossil fuels and their usage and impacts"* and restrict *"free choices on research and teaching"*.

Why the arguments against divestment are mistaken

When taken together, these seven arguments appear convincing. But they are not. Let's first dispense with the bogus argument that divestment threatens academic freedom. It simply doesn't: there is no reason why any form of divestment should compromise academia or restrict what students can or can't learn. Furthermore, academic freedom has never been a sacrosanct principle that trumps ethical behaviour.

The greater worry is the acceptance of funding and sponsorship from fossil fuel companies by universities. A [study](#) published in 2003 by the New Economics Foundation and Corporate Watch found that the fossil fuel industry had too much unaccountable and non-transparent influence over UK universities, as well as examples of commercial confidentiality overtaking academic freedom, and researchers being afraid to speak out for fear of losing funding. A more recent [study](#) finds that UK universities are still deeply entangled in the fossil fuel industry.

But Jeffrey is right to be protective of academic freedom. If we are to address climate change successfully, we want universities that are academically independent - but they also need to

be working in the public interest and for the general good, and free from unwanted corporate and commercial influence.

The next point to make is that there is an important distinction between fossil fuel and fossil fuel companies. The fact that modern civilisation is so reliant on fossil fuels does not mean having to continue investing in fossil fuel companies. The amount of fossil fuel currently held in reserves across the world ([mostly by state-owned companies](#)) is already several fold more than we can burn without inviting catastrophic climate change. The top 200 publicly-listed fossil fuel companies already by themselves [possess too much fossil fuel](#) but yet they are driving the further expansion of available reserves, including through the exploitation of the Arctic, tar sands and deep sea waters.

Farrar and Jeffrey are correct to note that much of modern civilisation is powered and shaped by fossil fuel. But the point of divestment is to extricate ourselves from this dependency on fossil fuels. Of course divestment picks on the supply-side of GHG emissions, but no one is suggesting that we ignore the demand-side. In fact, three demand-side actions promoted by the health community are to reduce meat consumption, increase use of active transport and insulate our homes. All happen to be behaviours that also produce social and health benefits. But while there is much we can do as individuals on the margins, it is also the case that we are mostly locked into a system of dependency – and this requires a structural transformation on the supply side.

An important reason to support divestment is that the required scale and urgency of change is considerable, and completely incompatible with the industry's plans to prolong the burning of fossil fuels for as long as possible. While one can understand the self-interested behaviour of profit-driven fuel companies, it is hard to understand the complacency reflected in the views of Farrar and Jeffrey. We have only a few years to prevent the potential for catastrophic climate change; and even this is not guaranteed.

The [Great Acceleration](#), a term used to describe the rapid increase in the magnitude of humankind's impact on the natural world since 1950, points to many other aspects of human activity that are also stressing the earth system, and in some respects, exceeding the safety thresholds of a number of '[planetary boundaries](#)' and thereby undermining the earth's capacity to sustain human civilisation.

Establishing an ecologically sustainable and carbon-neutral society may not be straightforward. But it's nonsensical to offer dirty energy as a solution for the world's poor when they are already, and will continue to be, hit hardest by climate change. If we exceed two degrees of global warming, global poverty levels will rise, not diminish.

Instead of legitimising the interests of companies that seek to prolong our dependence on dirty energy, we should be investing in micro (household and community) [renewable energy systems](#) that would better meet the needs of people in developing countries. Yes, technological development is important - but it needs to be appropriate technology. Viable [examples of micro-renewable energy innovations](#) exist - but we need major public investment to take them to scale. By contrast, we must not amplify the [exaggerated and unsafe claims](#) about CCS allowing us to continue burning fossil fuels.

But if we are to be really concerned for the billions of people who live in poverty (as Farrar and Jeffrey rightly say we should), we must also dismantle the prevailing neoliberal form of globalisation that has perpetuated poverty, widened inequality and institutionalised an array of market and regulatory failures (including those that allow ecological degradation to continue to go unchecked). It should also mean rejecting the failed growth-based and 'trickle-down' approach to poverty eradication of the past fifty years, whilst emphasising redistribution and a ['bubble-up' economics](#) that creates new development pathways from the bottom-up

These are complex challenges that extend beyond the environment and climate change. But the point about divestment is that it signals the need for a great transition, not just a change in the energy sector. In this sense, Farrar may be right to describe divestment as a grand gesture. But behind this gesture is a movement mobilising governments and the general public to take real action around a broader agenda including a multilateral agreement and a better regulated energy sector to ensure that the earth's remaining 'carbon budget' is used wisely and fairly; and an end to the public subsidisation of fossil fuels [estimated to amount to \\$5.3 trillion](#) (6.5% of global GDP) in 2015.

An implicit argument of Farrar and Jeffrey is that it is only possible to influence fossil fuel companies if you are a shareholder. The idea that prestigious and scientifically eminent institutions like the Wellcome Trust and University of Edinburgh cannot influence fossil fuel companies unless they are shareholders has profoundly worrying anti-democratic implications, and fails to appreciate the critical importance of government and public action in creating change.

The divestment campaign embodies a form of democracy that empowers individuals and institutions to protect the earth and to curb unjustified, grand-scale profiteering on the back of taxpayers and externalised costs. And crucially, it delegitimises and reduces the impact of hundreds of millions of dollars spent every year by fossil fuel companies to undermine climate science, misinform the public and influence governments (see [here](#), [here](#), [here](#) and [here](#)). By doing so, divestment will enable politicians and governments to take braver and more ambitious steps towards climate stabilisation.

Divestment is therefore far from being a one-off gesture: it's one step in a longer journey. A journey that the Wellcome Trust and UoE should be on. Shareholder or 'insider' engagement may be effective when seeking change at the margins, but not when we need transformative change, and the disappearance of companies that encourage and profit from environmental damage.

The evidence indicates that shareholder action has been [ignored by fossil fuel companies](#). Jonathon Porritt, who spent years engaging with BP and Shell as Founder Director of the [Forum for the Future](#) described [earlier this year](#) how oil and gas majors find it "impossible ... to adapt in a timely and intelligent way to the imperative of radical decarbonisation". According to him, they are "trapped by a short-term mandate that leaves little room for manoeuvre". Bevis Longstreth, a securities and exchange commissioner during the Reagan administration, [is more forthright](#): he describes engagement as being "useless".

[Just look at BP](#): after spending billions of dollars on its 'beyond petroleum' campaign to convince the world that it was undergoing transformative change, it closed down 'BP solar' and sold off its US\$3.1 billion wind energy business. The same with Shell which has reduced investments in renewable energy development and is pressing ahead with the world's deepest offshore oil well in the Gulf of Mexico and drilling in the Arctic.

Even the premise that investors can measure and rank companies on the basis of their 'goodness' and then engage in 'selective investment' is full of impracticalities about how one would accurately define, measure and judge good behaviour. If anything, shareholder engagement runs the risk of ethical investors being inadvertently co-opted into accepting industry positions and views.

Seize the moment

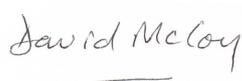
Two centuries ago, this country saw similar arguments rage over the abolition of slavery. The slave trade was essentially a trade in energy – albeit in the form of humans who were put to work on plantations. It too was a trade that catalysed economic growth and wealth creation across many aspects of the global economy. The decision by parliament to pass the Abolition Act in 1807 took place at the height of the slave-based economy, in spite of the fact that it would be economically damaging. But moral and social considerations took precedence.

According to the historian [James Walvin](#), this was down to a social movement. In his words: *There had been a shifting of the tectonic plates underpinning British life, a shift which produced major changes in sensibility and attitudes. New forms of religious dissent, a more literate populace, the impact of democratic ideals, all and more laid the basis for popular abolitionism (itself made easier in an urbanizing, literate society). In 1807 it was widely accepted that opinion had flowed upwards, not downwards. In the words of the Edinburgh Review, 'the sense of the nation has pressed abolition upon our rulers'.* While one shouldn't draw inappropriate parallels between 'slave fuel' and 'fossil fuel', the current fossil fuel divestment movement may be of equal moral and political importance.

Farrar and Jeffrey have got it wrong on divestment. Changing their position now would be an act of great leadership and steer their respected and prestigious institutions towards the right side of history. More than that, both institutions would be well placed to help steward the great socio-political and cultural shifts that are required to protect our fragile and finite planet whilst safeguarding our health and those of future generations.

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