

MAKING THE CASE FOR DIVESTMENT

Why it's time to break our retirement system's ties with fossil fuels

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At the 2015 OEA Representative Assembly, RA delegates voted to inform our members about the arguments for divesting PERS from fossil fuel companies in light of the increasing evidence of accelerating climate change. We are on track for the hottest year in recorded history (topping the previous record set, last year). Ocean levels are rising faster than predicted. California is experiencing record drought, and it may not be long before summer snow on Mt. Hood will be visible only on old postcards. The case for climate change is overwhelming, as many of us are aware.

It is time we take a serious look at examining the allocation of our retirement funds and order the state to divest our money from fossil fuels in a manner that meets its fiduciary responsibility.

We are not on the vanguard of this movement. Many universities have partially, or are in the process of, divesting, including Stanford, San Francisco State University, the University of Washington, and Oxford. Colleges from Arizona to Vermont have also recognized the need to divest. Even the Rockefeller Brothers Fund—yes, *those* Rockefellers—have moved to divest.

Most recently, the 32 billion Euro Danish Pension fund has moved to divorce their money from the industries that are driving catastrophic climate change. Finally, the California Legislature has passed a bill to divest CalPERS from all holdings in coal.

What is divestment? Quite simply, it is the opposite of investment, and rather than putting our money into fossil fuels, we would sell those investments. We find the most famous example of divestment in the AntiApartheid movement: Desmond Tutu, the Anglican archbishop and Nobel Peace Prize winner, was a strong proponent of

that movement and both he and Nelson Mandela credit it with contributing to the end of Apartheid.

According to 350.org, a global climate network active in over 188 countries, “By the mid-1980s, 155 campuses had divested from companies doing business in South Africa, 26 state governments, 22 counties, and 90 cities, including some of the nation’s biggest, took their money from multinationals that did business in the country.” Tutu is among those global leaders now calling for a similar movement with regard to fossil fuels.

Divestment will not bankrupt fossil

fuel companies. Rather, it brings to the fore the moral dimensions of the problem and the amorality of industries that are deliberately misleading the public and putting all life at risk in order to continue the process of making the political contributions of these companies morally toxic. It will help break the stranglehold that the fossil fuel industry has on our economy and we can transition to a job-rich, clean energy future.

There are three primary arguments for divestment: first, the moral case of profiting from an immoral enterprise; second, divestment can create the political momentum needed to reign in the fossil fuel companies; and third, long-term financial considerations argue that these are highly risky investments, as most of us are hoping to retire for the long term.

On purely moral grounds, it is clear that educators, of all people, should not be profiting from the activities of an industry that will make the future lives of our students miserable. These companies daily demonstrate they’re not going to sacrifice profit margins, despite the fact that it has been 5 million years since CO2 levels have been where they are now (404 parts per million). We are headed toward a climate that has not been seen in upwards of 30 million years. Furthermore, this shift is extraordinarily rapid, so there is no time for plants and animals to adapt. Geologists are arguing that we have entered a new geological age, called the Anthropocene.

According to PBS Frontline, recent documents have revealed that Exxon’s own scientists warned company executives that CO2 from fossil fuels was causing increases in global temperatures. Despite this knowledge, they have spent the last 30-plus years funding “research” to confuse the public. Even more recent revelations indicate that fossil fuel companies have

What Do You Think?

1. Do you believe that Climate Change represents a substantial threat to the future lives of our students?
2. Before reading this article, were you aware of the fact that fossil fuel companies covered up climate change information and deliberately misled the public?
3. Would you support our union leadership meeting with legislative leaders and managers of PERS to discuss a financially responsible process for divesting our retirement funds from fossil fuel companies?

Your responses to these questions will help us determine the next steps in moving forward on potentially divesting PERS retirement funds from fossil fuel companies.

Go to: www.oregoned.org/PERSsurvey to share your thoughts.



been deliberately lying to us. Using the tried and true tactics of the tobacco industry, the goal has been to create doubt in the public mind. They use their money to fund candidates for office who resist any effort to change the ways that we power our economy. Those same political leaders then contribute to the “Climate of Doubt,” as mainstream media quote them, refer to them, and publicize their misleading statements. Divestment can help end this toxic feedback loop.

There is another, less well known, impact of dumping carbon into the atmosphere. One of the reasons that the temperature has not risen faster is that 25 percent of the carbon is absorbed by the ocean. Research from the Natural Resources Defense Council demonstrates that scientists have begun to look at the results of absorbing all those gigatons of carbon in ocean environments. In the water, the carbon turns to carbonic acid and the oceans are now 30 percent more acidic than before the industrial age began. This represents a massive threat to the base of the ocean food chain. Can we, in good conscience, allow our retirement money to be invested in companies that are contributing to the destruction of life in the oceans, and then hiding this

information from the public?

Science tells us that the maximum safe temperature change for the climate is 2 degrees celsius. Recent evidence suggests this is too much, but it serves as a good starting point for discussion. Scientists have calculated how much more CO₂ we can release and stay below this threshold. The answer? An additional 565 Gigatons. Go over that and we go over 2 degrees. The potential for runaway climate change – for creating a climate that would be hell on earth – becomes dangerously likely. From an article by Bill McKibben in *Rolling Stone* magazine, “Global Warming’s Terrifying New Math,” we may very well have ceded the possibility of ever restoring a balance like the one within which humanity evolved.

Fossil fuel companies — representing oil, coal and gas — have laid claim to over 2,795 gigatons of CO₂. This is *five times* the number that scientists say is the maximum that the planet can absorb while still resembling the climate we have now. According to McKibben, despite this simple math, the people who run fossil fuels companies have no intention of stopping their business practices.

The math tells us this: if we do nothing, when today’s kindergarteners exit high

school, just as they are empowered with the right to vote, it will be too late for them to act — all because we failed to do so. As educators, we have a moral obligation to ensure that when our students do get the power to act, it will still matter.

If these moral arguments are not persuasive enough, these numbers also highlight the financial argument for getting our retirement funds out of fossil fuels. Fossil fuels assets are going to become stranded. Stranded assets are “assets that have suffered from unanticipated or premature writedowns, devaluations or conversion to liabilities.” Their stock price is based on “claimed assets” — in other words, those 2,795 gigatons of carbon in the ground they cannot be allowed to burn. The claimed value of these companies is five times their actual value and the sooner we get our retirement money out, the better for the financial security of PERS and our retirement.

Furthermore, as more institutions choose to divest, as more people see that these companies are threatening our future, and as the logic of transitioning becomes clearer, there is going to be a tipping point in the price of these stocks. The sooner we get our retirement funds out of fossil fuels the better. Exxon has lost nearly 25 percent of its stock value in 18 months. According to an April 2015 article in *Bloomberg News*, the tipping point has already been reached.

There is much that needs to be done in terms of transitioning our economy to one that exists on current energy, rather than stored energy. We need to put a price on carbon, close coal plants, stop the search for extreme oil and gas, and more. All of us need to be politically active to counter the power and corruption of the fossil fuel companies, but we can begin by deciding not to profit off the destruction of our only home.

We can take our retirement money out of the criminal enterprises that imperil the future of all our students and we can invest that money in local clean energy projects, which will create local jobs and the hope for a healthy planet for ourselves and our posterity. We need to make it clear that if it’s wrong to wreck the planet, then it’s also wrong to profit from that wreckage. ■