

Fossil Fuel Divestment Campaigns Are A Poor Use Of Activists' Energy, Says U Of T Professor

By Carter Haydu

The divestment movement may be strong at the **University of Toronto**, but at least one faculty member is hoping a newly-released **Frontier Centre for Public Policy** (FCPP) [paper](#) that he co-authored sheds some much-needed light on the follies of post-secondary institutions ridding their investment portfolios of fossil fuels, and perhaps encourages well-meaning campaigners to direct their energies towards more worthy causes.

“Someone needs to remind activists and my colleagues that fossil fuels actually benefit,” **Pierre Desrochers**, associate professor of geography at the U of T, told the *Bulletin*. “It is one thing to decry their impacts, but it is like vaccines — some vaccines might have negative side effects, but overall they are beneficial, which is why we use them.

“I believe the world is a better place because of fossil fuels than if we had to revert to [energy] completely derived from stuff that grows on the surface of the planet as opposed to digging up the stuff that comes from beneath.”

Blowing Hot Air on the Wrong Target? A Critique of the Fossil Fuel Divestment Movement in Higher Education suggests divestment rhetoric is morally questionable, as it implies no consumer sacrifice. Further, such campaigns are futile because achieving the goals would not impact corporate stock values or fossil fuel production. Such campaigns are misguided because drastic fossil fuel curtailment without alternatives would harm society and the environment.

Finally, according to the report, divestment campaigns do not speak to the economic, social and environmental benefits of carbon fuel and petrochemical products that currently do not have any substitutes. For example, fossil fuels make large-scale, reliable and affordable long-distance transportation possible, enabling improved nutrition, famine eradication, wealth creation, and advances in medicine.

Desrochers said: “[Divestment campaigners] say that if we keep subsidizing education through investment in fossil fuels the students will not have much of a planet to live on, but the point I try to make is that most of these kids would not even be alive without fossil fuels to begin with. If you look at what life on earth was for human beings until fossil fuels came along two centuries ago, it was basically at most a billion people, and many were miserable.

“Of course not everything is due to fossil fuels, but there is no way there would be seven billion people alive today with the current standard of living without carbon fuels.”

A poor move financially

While the movement to have large fund managers divest investment portfolios of fossil fuel assets is active across Canadian university campuses, there seems to be a lack of necessary governing support from within these institutions. Earlier this year, for example, U of T president **Meric Gertler** rejected his advisory committee’s [recommendations](#) calling for targeted and principled divestment.

In a written [response](#), Gertler noted that a serious limitation to such divestment is that fossil-fuel companies only account for one-quarter of Canada’s greenhouse gas emissions, with the balance produced by sectors such as transportation, housing and manufacturing. Among other alternatives, **Toronto350.org** proposes the university invest in green funds, selectively in direct holdings of renewable energy, or companies supporting decarbonization.

Other schools dealing with the divestment issue include **McGill University**, whose board of governors earlier this year also rejected fossil fuel divestment. In its report to that school board, the **Committee to Advise on Matters of Social Responsibility** (CAMSR) suggested the benefits of fossil fuel companies offset or outweigh injurious impacts.

Further, CAMSR said it remains “unconvinced” that grave social injurious impacts have resulted from the top 200 fossil fuel companies’ or a particular fossil fuel company’s activities. Even if such injuries had occurred, noted the committee, there would be no reason to recommend divestment unless it could be demonstrated that divestment was required for a positive impact to occur.

According to the FCPP report, university endowments are in fact fairly minor financial players with insignificant resources invested in energy stocks. Therefore, as long as financial returns remain attractive, politically-motivated divestment would merely result in a small amount of stock available at discounted prices to other buyers.

Not only would the impacts be negligible, but divestment strategies present various issues for academic endowment managers as well, including higher risks through reduced diversification, lower returns on investment, higher management and transaction fees, as well as a potential loss of access to the best managers, as they might be unwilling to oversee university endowment funds if their freedoms are constrained.

“Obviously, if you make it to the board of a university, then you can assume most of these people are smart or more realistic than perhaps faculty,” Desrochers said, adding professors have much less responsibility “within the grander scheme of things” at a university than do decision-makers, who do not want to lose potential industry support, nor want to set a divestment precedent that could prove very damaging to investment strategies.

“So far there has been a lot of posturing from universities,” he told the *DOB*. “A lot of universities that have said they would divest did not really have energy stocks to begin with, or else they would only divest things they owned directly as opposed to comingled funds, and most things are in comingled funds.

“No university really wants to mess with that, because what sort of money manager would want to deal with them afterwards if every time there was a divestment campaign they sort of changed their investment strategies and brought penalties for universities?”

Divestment is morally problematic

By focusing solely on corporations, divestment campaigners neglect to account for the majority of carbon dioxide emissions that come from the combustion of fossil fuels, rather than the production stage, says the report, and assuming divestment activists succeed in making carbon fuel more expensive or scarce, the biggest negative impacts would be on lower-income people.

While most anti-apartheid activists likely did not buy anything from South Africa during that divestment campaign, Desrochers said he does not know of many fossil fuel divestment campaigners willing to sacrifice their personal use of fossil fuel energy or petrochemical products in support of the cause.

“I have yet to see a website or run into a student who would say, ‘I am limiting my cellphone usage to one hour a day.’ Or else, ‘I am not using the drying machine.’ Or else, ‘I am not travelling to that conference or demonstration because I cannot walk or bike there.’ Basically, this is a demonization of corporations that only exist because of consumer demand. The consumer in this case, the activist, does not seem willing to take any personal sacrifices.”

Further, according to his report, since publicly-traded companies are the focus of these university divestment campaigns, removing their social licence to operate would only benefit nationalized producers in countries such as Saudi Arabia, Iran, Russia and Venezuela, whose “environmental and social records are more problematic.”

However, universities are not the only large institutional groups considering a move towards fossil fuel divestment. Religious organizations in Canada are also debating the virtues of availing themselves from these assets, and in some cases the debate has led to divestment.

Last year, during its General Council the **United Church of Canada** voted to divest its fossil fuel assets in an effort to stand in solidarity with those most impacted by climate change, thus selling some \$8.7 million in holdings in fossil fuel companies, reinvesting those funds into renewable energy ([DOB Aug. 14, 2015](#)).

In another example, during the **Anglican Church of Canada**’s recent General Synod 2016, delegates approved a [resolution](#) to appoint a taskforce to review and recommend changes if deemed necessary to the church’s investment portfolio, policies and practices in light of its faith and mission, including social and environmental responsibilities.

The taskforce will develop guidelines and policies for constructive dialogue, as well as possible divestment in organizations deemed to conflict with creation of a low-carbon economy. The taskforce is to present an interim report that includes policy changes and an implementation timeline by May 2017 to the church’s Council of General Synod.

Whether they be students or church members, Desrochers does not question the motives of divestment supporters. However, he does think people who want to make a positive impact on the world should direct their efforts to worthwhile campaigns such as ending illiteracy, fighting disease, and providing universal access to clean drinking water.

“I believe most people mean well, but they are simply uninformed and lack both a historical perspective on the [fossil fuel] topic, and they also don’t see the broader picture of energy poverty in the world and what life without electricity is really like.”

He added: “There is still plenty of misery in the world, and there are still plenty of things that well-meaning activists could do. Unfortunately, they sort of jumped on this bandwagon.”

The 350.org perspective

Katie Perfitt, Canada divestment organizer for **350.org**, said FCPP’s latest report is part of a growing retaliation from the fossil fuel industry and its lobby groups due to the massive power the global divestment movement has built. “Our movement is throwing down on the exact right target, and we’ve got them shaking like a leaf.”

She added that it is “wholly unsurprising” that a group such as FCPP would attempt to undercut what she refers to as “the wildly successful global divestment movement that has pushed over 500 institutions and \$3.5 trillion in holdings to divest from the world’s biggest climate polluters.”

However, Desrochers said the divestment campaign is a fad, and it will eventually fade away. Unfortunately, he believes demonization of fossil fuels is likely to remain, fuelling plenty more policy initiatives that in the case of post-secondary institutions will eat up resources that could be better spent on scholarships, improved laboratory equipment, and other useful purposes. He added that while fossil fuels are not perfect, the world is certainly better because of them.

“It is one thing to worry about fuel emissions, and I am not denying them, but at the same time the fact is we use this stuff from underground to replace stuff grown and killed on surface, and this has had a tremendous environmental and economic benefit. These people seem completely unaware of this, and so I’m trying to tell them a bit about it.”