

Ivy League University Votes To Dump Oil and Gas Investments

By **Peter Mantius**, on December 17th, 2013

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On Dec. 11, the Cornell University Faculty Senate adopted by a 43-13 vote a resolution calling for the school to divest by 2035 all its investments in the top 200 holding companies ranked by fossil fuel reserves. A similar resolution adopted by the Cornell Student Assembly in the spring had called for divestiture by 2020.

“These reserves already comprise three to five times more than the total amount of fossil fuels that can be burned before exceeding the 2°C rise in mean global temperature that scientists and governments have agreed is the threshold for dangerous climate change,” eight pro-divestment Cornell faculty members wrote in a letter to the student newspaper Dec. 4. “Nonetheless, these companies are financially committed to burning these reserves and continuing to explore for even more.”

It remains to be seen whether the student and faculty resolutions will persuade Cornell President David Skorton or the school's trustees, who have the final say over managing the Ivy League school's \$5.7 billion endowment. In an op-ed column written in April after the Student Assembly adopted its resolution, Skorton said, “We have no plans in the foreseeable future to divest from direct holdings or co-mingled funds in the fossil fuels industry.”



Cornell President David Skorton

The fossil fuel divestiture movement, spurred by Bill McKibben of the environmental group **350-org**, is loosely modeled after the anti-apartheid boycotts and divestitures of companies doing business in South Africa in the 1980s. More than 150 participating U.S. colleges could claim a hand in helping to end apartheid. But today's university administrators have not been as quick to jump on the divestment bandwagon for climate change — even though virtually all concede the gravity of the environmental threat.

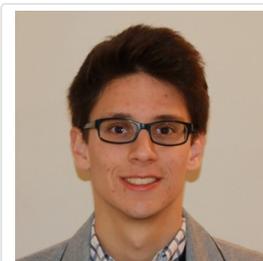
Harvard, Brown and Middlebury, among others, have not agreed to purge fossil fuel giants from their portfolios. “We should be very wary of steps intended to instrumentalize our endowment in ways that would appear to position the university as a political actor rather than an academic institution,” Harvard President Drew Faust wrote in October. She said she had a hard time reconciling Harvard's “pervasive dependence” on fossil fuel companies to heat its buildings, fuel its transportation and run its computers with “a refusal to countenance any relationship with these companies through our investments.”

Harvard has the nation's largest endowment at \$32.7 billion, and Faust is reluctant to tie the hands of its portfolio managers. But eight smaller institutions have already begun selling off their energy stocks, and student movements with that goal in mind are popping up at dozens more.

Yale, which holds the nation's second-largest endowment at \$20.8 billion, plans to convene faculty, alumni, investors and ethicists to weigh the fossil fuel divestment question. Responsible investing has been a hot topic at Yale at least since 1972, when members of its faculty published the highly influential study, “The Ethical Investor.”

The energy divestment movement gained a foothold at Cornell after local organizers with KyotoNOW!, the university's climate justice organization, met with members of the Student Assembly earlier this year. The resulting student resolution called for Cornell to fully divest all its fossil fuel investments within seven years and to reinvest 30 percent of the freed-up funds in sustainable energy companies, said David Beavers, one of the organizers. Beavers went on to promote the divestment idea with members of the faculty.

“I'm tremendously encouraged by the Faculty Senate vote,” Beavers said. “It shows faculty are willing to take a stand to protect the future of their students, as we will be the ones bearing the greatest burden of climate change if we fail to act soon.”



David Beavers



Harvard President Drew Faust





Students and faculty members gather after Cornell Faculty Senate's Dec. 11 vote for resolution to divest from 200 fossil fuel companies

The faculty resolution limits divestiture to the 200 companies with the largest energy reserves and extends the deadline for divesting to 2035. In addition, it calls for Cornell's Ithaca, N.Y., campus to be carbon-neutral by the same year. That would be 15 years ahead of the timetable set in the university's 2009 Climate Action Plan. The student resolution does not address carbon neutrality.

Robert Oswald, a Cornell professor of molecular medicine, was one of the eight faculty members who signed the Dec. 4 letter to The Cornell Daily Sun that urged the Faculty Senate to act. That group included David Shalloway, a Cornell professor of molecular biology and genetics, and Tony Ingraffea, a Cornell professor of civil and environmental engineering who has been a high-profile opponent of high-volume hydrofracking for oil and gas. Oswald co-authored a peer-reviewed study on the health effects of fracking operations, while Ingraffea co-authored a peer-reviewed study on the methane emissions of natural gas production and distribution.

"Our students have led the way," the faculty members wrote in their Dec. 4 letter. "It is time for the faculty to step up to the plate...Leadership from Cornell will help spur action by our peer institutions, and our concerted voices will help to wake our society from its sleepwalk and raise a grassroots demand for meaningful government and industrial action."

Oswald said the resolution that the faculty adopted takes a moderate approach to divestiture over a 22-year period — not the seven-year period called for in the student resolution. It also leaves the door open for reinvestment in divested companies if and when they shift from fossil fuels to renewable energy.

Since Cornell owns relatively tiny portions of the targeted companies, the divestments would hardly cause a financial ripple in the industry, Oswald said. And a gradual divestment program spanning 22 years would not need to cost the school's endowment either, he said. The main purpose of the initiative is to stir other institutions and the public to action, Oswald added.

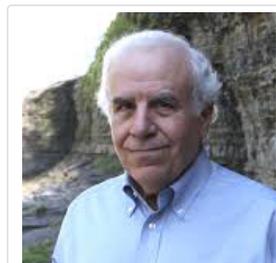
The university's administrators are under no obligation to follow the lead of the student and faculty resolutions. "The policy goes to a committee of trustees and Skorton," Oswald said. "They make the decision. It could go either way."

In the 1980s, Cornell was not a leader in the anti-apartheid movement to divest from companies operating in South Africa. In 1985, as the groundswell was building on campuses across the country, several Cornell students went on hunger strikes, while others built a shantytown on campus. Students and faculty were arrested and 250 faculty members signed published petitions in favor of full divestment. But the trustees would not budge, according to a history of the movement published by Swarthmore College.

"By 1986, faced again with student opposition, the trustees relented somewhat and adopted a policy of selective divestment," according to the Swarthmore history. "That year, (Cornell) held about \$146 million of stock in companies doing business in South Africa; by late 1988, the figure had dropped to about \$42 million. In January 1989, despite weekly divestment pickets the previous fall, the trustees declined to reduce the (Cornell's) South African holdings further."



Robert Oswald



Tony Ingraffea



Protestors march to demand action on Climate Change

A generation later, Skorton, the Cornell president, and the trustees have shown they are willing to use investment choices to further a “socially-responsible” goal. Skorton described one example in his April 15 column in The Cornell Daily Sun: “A few years ago, I recommended — and our Board of Trustees agreed — that we divest from oil companies doing business in the Sudan as a way to put pressure on the Sudanese government to end humanitarian abuses there.”

But Skorton went on to write that investing in fossil fuel companies raises many complex issues, and “reasonable people can and do disagree about it.” He noted, for example, that the top five publicly-traded energy companies in the Cornell portfolio have more than \$20 billion committed to alternative and sustainable research and development.



Oswald is not convinced by this argument. He said that amount is only “a tiny fraction of their total investments.” In addition, the same large energy companies also fund the American Legislative Exchange Council, which promotes state legislation that undercuts renewable energy. For example, ALEC model bills would impose high fees on individuals who seek to hook up solar panels on their homes to the electric grid. “In Arizona, those fees are so high they punish people for putting solar panels on their houses,” Oswald said. “They’re essentially trying to kill the solar industry.”

Controversial stands on fracking and climate change by Cornell faculty members Ingraffea and Robert Howarth, in particular, have enraged the energy industry and created public relations challenges for Skorton. In September 2012, he turned to Forbes magazine to explain that, “Fracking is too important to foul up.”

In an opinion column, Skorton distanced himself from a highly controversial Howarth-Ingraffea study that found that methane leaks in natural gas production and distribution might mean the fuel causes as much climate change damage as coal. He wrote: “At Cornell, for example, researchers have reached opposite conclusions on whether natural gas from fracking would be better or worse for climate change.”



That opposite opinion was carried, most prominently, by Cornell professor Lawrence Cathles, a signer of Global Warming Petition Project, which states: “There is no convincing scientific evidence that human release of



There is no convincing scientific evidence that human release of carbon dioxide, methane, or other greenhouse gases is causing or will, in the foreseeable future, cause catastrophic heating of the Earth's atmosphere and disruption of the Earth's climate. Moreover, there is substantial scientific evidence that increases in atmospheric carbon dioxide produce many beneficial effects upon the natural plant and animal environments of the Earth.

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Global Warming Petition Project

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Robert Howarth

Weeks after Skorton's column in Forbes magazine, the Cornell Institute for Public Affairs named Cathles as a panelist on a fracking forum it planned to sponsor in New York City. When local politicians in Ithaca caught wind that the panel's lineup included Cathles and other fracking advocates while excluding Cornell's far better known fracking skeptics, they complained. The planned Nov. 2 panel was promptly cancelled.

Had Cornell administrators not scratched the event, the weather no doubt would have. Hurricane Sandy barreled into New York City on Oct. 30, leaving residents in shock at the devastation. The next day, Nov. 1, New York City Mayor Michael Bloomberg explained that the issue of climate change was driving his decision to support Barak Obama for re-election in the presidential election only days away. He did so in the magazine Bloomberg Business under a cover headline that screamed:

"It's Global Warming, Stupid."



Peter Mantius

Peter Mantius is a reporter in New York. He covered business, law and politics at *The Atlanta Constitution* from 1983-2000. He has also served as the editor of business weeklies in Hartford, CT, and Long Island. He is the author of *Shell Game* (St. Martin's Press 1995), a nonfiction book on Saddam Hussein's secret use of a bank office in Atlanta to finance billions of dollars in arms purchases from Western countries before the 1991 Persian Gulf War.

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To Cornell faculty and students, mazel tov. To Professor Faust—who, given her academic specialization, should know better—I quote the words of Frederick Douglas: "If there is no struggle there is no progress." Quaker abolitionists clearly understood this when they agitated for investment responsibility during the 19th c. in their "Free Produce Movement," which mounted a boycott of goods produced by slave labor. MLK understood it, too, when he prodded fellow civil rights activists to "anchor our external direct action with the power of economic withdrawal." One wonders if Faust thinks the Montgomery Bus Boycott was a mistake because city residents—black and white—relied on the segregated municipal bus system to get where they were going?

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The same logic, he argues, applies to fossil fuel divestment: “Fossil fuels provide all kinds of benefits to our society, not least our ability to drive here and there and to heat our homes. But the cost is extraordinary: the destruction of our biosphere that will endanger global food security and therefore human civilization. The better question would ask not whether society benefits—when society does not benefit from something, reform is often pretty easy—but whether the benefits can ever justify the costs. From our vantage point in the 21st century, the answer to the case of the 18th century is obvious: the enslaving of millions of Africans was an atrocity.”

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As usual, Peter Mantius connects the dots so that a clear picture emerges from a complex and multifaceted issue.

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