

White Paper on divestment: summary

We request that the Trustees consider divesting from fossil fuels now for two reasons: both because we know more about the suffering caused by global warming than we did when we last asked the Trustees to divest from fossil fuels in 2015 and because the Trustees outlined a series of criteria that they would use to consider divestment.¹ The White Paper argues that the fossil fuel industry meets all of the criteria outlined by the Trustees:

I. The case for moral reprehensibility

All of the major energy companies have had knowledge of the consequences of global warming for decades and yet have engaged in a deliberate campaign of climate deception. These companies have deliberately misinformed the public and continue to press for political support based on knowingly false and misleading claims. (White Paper, pp. 2-3)

II. The question of injurious impact

The scale of suffering caused by climate change could quickly dwarf that of all past wars, epidemics, and genocides because of accelerating feedback loops and multiplier effects. What is most disturbing now is the possibility of **runaway feedback loops** that may greatly accelerate global warming and climate destruction. Thousands of scientists concluded in November 2019 that we are much closer to several **tipping points** than we had thought before, and that the world is now in a state of “climate emergency.”² Because warming processes are irreversible on time scales of less than several thousand years, it is urgent to take action quickly—before they become unstoppable. In 2018, the Intergovernmental Panel on Climate Change report recommended that if we are going to prevent the worst injuries to human communities worldwide, we must stop all digging and drilling for new sources of fossil fuels.³ (White Paper, pp. 3-5)

III. The responsibility of coal, oil, and gas companies

Ninety corporations are responsible for two-thirds of all greenhouse gas emissions caused by human activity.⁴ These companies are continuing to push for fossil fuel production, even as the evidence mounts for the destructive effects of this path.⁵ And they are spending millions of dollars each year lobbying governments to roll back environmental regulations, spreading misinformation about the link between fossil fuels and global warming, and continuing to push for new rights to mine and drill, including in nature preserves and national parks.⁶ (White Paper, pp. 5-6)

IV. The case for divestment

The Trustees ask us to make the case that divesting the Cornell endowment from fossil fuel companies is a meaningful action that does not have other damaging effects. We offer three arguments here. The first is **moral**. If we seek to protect ourselves and future generations from unnecessary harm, to promote human flourishing, and to steward precious resources, then we cannot also knowingly support companies that are intentionally speeding unprecedented suffering and the irreversible destruction of civilizations and ecosystems. Many colleges and universities worldwide are now pledged to full divestment on this ground.⁷ The second argument concerns **business ethics**. Companies that purposefully mislead the public about the harmful effects of their products should be held accountable, in part to show

other companies that as a society we condemn such deceit.⁸ The third argument is **financial**. The outlook for oil and gas companies is weak, with the value of fossil fuels poised to drop dramatically.⁹ Meanwhile, fossil-free portfolios have been performing well. In October 2019, the University of California's chief investment officer explained that it made sense for the system to divest from fossil fuels "clean energy" is where there is "money to be made."¹⁰ Right now is a perfect moment for Cornell to benefit from the "first mover advantage." Being the first of the Ivies to divest will mean drawing global attention as a leader in sustainability. (White Paper, pp. 6-11)

V. The difference divestment makes

A recent study shows that divestments from fossil fuel companies by "powerful and legitimate stakeholders" do have a meaningful effect, influencing share prices.¹¹ And Shell itself stated in 2018 that the movement to divest "could have a material adverse effect on the price of our securities and our ability to access equity capital markets."¹² (White Paper, p. 11)

VI. The companies in question contribute to harm so grave that it is inconsistent with the goals and principles of the University.

Two goals guide every aspect of our work here at Cornell: first, "to educate the next generation of global citizens"; and second, "to discover, preserve and disseminate knowledge."¹³ The denial of scientific knowledge and the destruction of human flourishing strike at the very heart of Cornell's great mission. Investment in fossil fuels also runs against two of Cornell's other core values: public engagement and care for the natural environment. (White Paper, pp. 12-15).

VII. Stewardship for the future

Cornell ranks first in the Ivy League for sustainability overall; and we have some of the most aggressive carbon reduction goals among research universities.¹⁴ In this context, it is surprising that Cornell is lagging behind other colleges and universities. Our peers are sending the message that the catastrophic disregard for scientific knowledge and human welfare is not acceptable to institutions entrusted with the sacred task of advancing knowledge for the public good. Cornell could make history as the first Ivy League university to divest. We certainly do not want to be the last. (White Paper, p. 15).

Responses to common questions and objections:

1. *Divestment politicizes the endowment, which is divisive.*

Our common future is at stake. Given the devastating effects of climate change on future generations, it is a mistake to understand climate change as a narrow or partisan issue. While it is true that this issue was politicized for a period, both parties have a long history of fighting environmental threats. George H. W. Bush was in fact the first US President to call for action on global warming.¹⁵ Today, young members of both parties are concerned about climate change,¹⁶ and majorities of citizens favor action to prevent the earth from dangerously warming.¹⁷

2. *Divestment distracts attention from the other important work we could be doing as a campus to make Cornell sustainable.*

In this moment of “climate emergency,” it is crucial to do as much as we can to reduce carbon emissions and slow the pace of warming before feedback loops become unstoppable. Divestment is one strategy among many others that we need to make the large changes that are necessary to preserve human communities and nonhuman life worldwide. We expect Cornell to continue to invest our best energies and commitments in carbon neutrality with or without divestment.

3. *How much money does Cornell have invested in fossil fuels?*

The specific details of Cornell’s investments are not public knowledge. If it is a small amount, it should be easy to divest and will still send a powerful public moral message that we do not tolerate this deceptive and dangerous business. If the amounts invested are substantial, then it seems urgent to move this money to less dangerous and better performing investments.

4. *Divestment harms our reputation as a neutral and impartial institution.*

It is precisely for the sake of scientific truth and the general public good that we seek divestment. Oil, gas, and coal companies have launched multiple campaigns to intimidate and discredit scientists, deliberately endangering both scientific neutrality as well as human communities worldwide.¹⁸

5. *How can we demand accountability from fossil fuel companies as long as we ourselves continue to drive cars, fly, heat homes with natural gas, and eat meat?*

Existing institutions and infrastructures have fostered our dependence on fossil fuels, and it is difficult for any of us to extract ourselves completely. Change at the institutional level will make individual environmental action more likely. For example, ordinary households will find it financially easier to shift to sustainable energy if fossil fuels are not subsidized to make them cheaper than renewables.¹⁹

6. *Divestment insults and alienates alumni/ae who work in the fossil fuel industry.*

Investment in fossil fuels is alienating members of our community, too, including current and future students who are deeply concerned for their future. In a recent survey, 64% of 11,900 applicants and parents said that having information about a college's commitment to the environment would affect their decision to apply to or attend the school.”²⁰

7. *Divestment is a slippery slope. If we start divesting from all companies culpable of immoral action, we will have nowhere left to invest the endowment.*

The current “climate emergency” is no ordinary case. It is threatening human civilization as we know it. As warming begins to hit irreversible tipping points, millions if not billions of

human lives will be lost to hunger, disease, drought, and floods. We have made the case that the fossil fuel industry meets the stringent criteria for divestment set forth by the Trustees.

8. *How does divestment work?*

If we divest, we will not be reinventing the wheel. Cornell has divested before—from obligations in Sudan in 2006, for example. Today, nearly a thousand institutions worldwide, including the Republic of Ireland and the University of California System, are committed to full divestment, which means taking away funds that are directly owned or commingled that include fossil fuel public equities and corporate bonds; freezing all new investments in fossil fuel companies, and putting an end to fossil fuels sponsorships, which are relationships that help to create a ‘social licence to operate.’²¹

Notes

- 1 <https://news.cornell.edu/stories/2016/02/trustees-approve-new-standard-consider-divestment>
- 2 <https://www.nature.com/articles/d41586-019-03595-0>
- 3 https://www.ipcc.ch/site/assets/uploads/sites/2/2019/05/SR15_Chapter2_Low_Res.pdf
- 4 <https://www.sciencemag.org/news/2016/08/just-90-companies-are-blame-most-climate-change-carbon-accountant-says>
- 5 <https://www.theguardian.com/environment/2019/oct/10/oil-firms-barrels-markets>
- 6 <https://www.juancole.com/2019/03/exxonmobil-giants-greenwashing.html>
- 7 <https://gofossilfree.org/divestment/commitments/> Many related institutions, like the Australian Academy of Science, have also withdrawn their divestments in fossil fuels: “We must ensure that we have a hand in shaping the future so it is fit for our children, and their children.” <https://www.smh.com.au/environment/australian-academy-of-science-divests-from-fossil-fuel-companies-20151026-gkqiqby.html>
- 8 <https://www.tandfonline.com/doi/full/10.1080/21550085.2017.1374015>
- 9 <https://ieefa.org/ieefa-update-fiduciary-duty-and-fossil-fuel-divestment/>
- 10 <https://www.latimes.com/opinion/story/2019-09-16/divestment-fossil-fuel-university-of-california-climate-change>
- 11 Truzaar Dordi and Olaf Weber, “The Impact of Divestment Announcements on the Share Price of Fossil Fuel Stocks,” *Sustainability* 11(2019): 1-20.
- 12 <https://www.theguardian.com/environment/2018/sep/10/fossil-fuel-divestment-funds-rise-to-6tn>
- 13 <https://president.cornell.edu/communications/2019-state-of-the-university-address/>
- 14 <https://sustainablecampus.cornell.edu/about/reports-awards-facts/awards-rankings>
- 15 <https://time.com/4874888/climate-change-politics-history/>
- 16 <https://www.usnews.com/news/politics/articles/2019-11-25/poll-young-republicans-break-with-party-on-climate-change>
- 17 <https://climatecommunication.yale.edu/publications/politics-global-warming-march-2018/2/>; <https://www.pewresearch.org/science/2019/11/25/u-s-public-views-on-climate-and-energy/>
- 18 <https://www.tandfonline.com/doi/full/10.1080/21550085.2017.1374015>
- 19 <https://www.eesi.org/papers/view/fact-sheet-fossil-fuel-subsidies-a-closer-look-at-tax-breaks-and-societal-costs>
- 20 <https://www.princetonreview.com/press/green-guide/press-release>
- 21 <https://gofossilfree.org/divestment/what-is-fossil-fuel-divestment/>