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Divestment: a new way to combat climate change

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Almost daily we hear, see or read about the increasing impacts of climate change. Some of the news and predictions are almost apocalyptic — forest fires over large areas (Yukon added this year), ‘100-year’ floods every few years, rapidly disintegrating ice masses. The list goes on and on.

Greenhouse gases (GHG), particularly long-lived carbon dioxide molecules (CO₂) from burning fossil fuels, are the major culprit. In 2008, scientists concluded that “If humanity wishes to preserve a planet similar to that on which civilization developed, CO₂ will need to be reduced to at most 350 ppm (parts per million)”¹; it has since exceeded 400 ppm.

The intensifying climate change has also been receiving more and more attention by economists. British economist and academic Nicholas Stern says “without action, the overall costs of climate change will be equivalent to losing at least 5% of global gross domestic product (GDP) each year, now and forever.”² “The vast majority of (oil) reserves are unburnable” says Mark Carney, governor of the Bank of England. Despite the increasing frequency of warnings, little attention has been paid by many people and governments, with Canada’s federal government providing a notable example.

Why has real action on reducing GHG emissions been so slow? The major reasons are the dependence on fossil fuels and large investments in oil reserves still underground. Thus two

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inescapable conclusions: 1) fossil fuel extraction must be reduced as much and as quickly as possible; and 2) human energy needs must be met through renewable sources — solar, wind etc. To achieve both, capital must be shifted from fossil fuels to renewable energy. This is where divestment comes in.

Divestment refers to the selling of an asset. In the context of climate change, it means that investors take funds out of oil, coal and gas enterprises, thereby also avoiding the possibility that these investments become ‘stranded assets’.

The motivation to divest stems from both moral and financial reasons. Since the impacts of climate stresses threaten life on Earth and affect disproportionately the poor and vulnerable, all fair people should be concerned — in particular Christians, called to ‘Love thy neighbour’. From the financial perspective, Henry Paulson (former US Secretary of Treasury) says “We’re staring down a climate bubble that poses enormous risks to both our

environment and economy. We can see the crash coming, and yet we’re sitting on our hands rather than altering course. We need to act now.”

In recent months, divestment from fossil fuels has been gathering strength. Pension funds, universities, religious institutions and others have begun the divestment process. These include the World Council of Churches representing 590 million Christians; the United Church of Christ, Lutheran, Quaker, Presbyterian, and Episcopal denominations in the US; the Anglican Church in New Zealand and Australia; and the Anglican Church of Aotearoa, New Zealand and Polynesia. Recently, Archbishop Desmond Tutu stated: “People of conscience need to break their ties with corporations financing the injustice of climate change.” Divestment can thus deny the social license for fossil fuel extraction.

Through divestment, the Anglican Church of Canada and its members have a great opportunity (and arguably an obligation) to demonstrate that we take seriously the fifth Mark of our Mission — “To strive to safeguard the integrity of creation and sustain and renew the life of the earth”.

For further information see KAIROS paper <http://www.kairoscanada.org/research-analysis/kairos-briefing-papers/>; and other reports on the Internet.

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