



# Divestment from fossil fuels:

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**Assessing the reasoning**

# Aims for today's meeting

**Not** to prosecute the case for (or against) divestment.

Instead, we will use the main arguments (for and against) for **diagnostic** purposes:

- isolate key **factual issues** about which we need a common understanding;
- distinguish distinct **normative questions** which will need to be addressed.

The point is to (begin to) achieve common ground, so that the fall term will feature maximally productive discussion and debate.

# The central argument **con**

The central argument against divestment rests on this principle: **Harvard's endowment must not be used as a mechanism for enacting social change.**

This “No Activism” principle itself receives three sources of support (not entirely distinct):

- The function of the endowment is to support the mission of the university by securing its long-term financial health; it should therefore not be used for any different purpose.
- To violate the No Activism principle would expose Harvard to the risk of external political pressure.
- To violate the No Activism principle would thereby violate an implicit promise made to our donors (namely, to use their monies solely to fulfill the principal function of the endowment).

# The No Activism principle

The No Activism principle can be stated in an uncompromising form: **Harvard's endowment must not be used as a mechanism for enacting social change, under any circumstances.**

So stated, the principle is admirably pristine. But:

- It has been abrogated in the past (on four occasions). So if we wish to defend it in this form, we need to be honest, and say out loud that **Harvard made a mistake** on these prior occasions.
- Even in this strong form, the principle is irrelevant to two of the five arguments we will look at, for divestment.
- The three arguments for the principle itself should be revisited, particularly the argument that focuses on the risk of exposure to political pressures.

# The No Activism principle

The No Activism principle can also be stated in a qualified form: **Harvard's endowment must not be used as a mechanism for enacting social change, except under exceptional circumstances.**

So stated, the principle raises an obvious question: What could qualify some circumstances to count as “exceptional”?

There are at least two (compatible) ways to approach this question.

- **Morally abhorrent behavior:** Is some industry in which Harvard invests engaged in behavior that is morally abhorrent, to a sufficiently high degree to warrant divestment?
- **Need for urgent action:** Is some political or social change so urgently needed that divestment should be considered as a means for helping to bring it about?

# Arguments **pro**: overview

We will look at five arguments in favor of Harvard's divestment from the FFI.

The first two are independent of the No Activism principle; i.e., it is irrelevant to their soundness whether that principle is correct.

The remaining arguments require the qualified version of the No Activism principle.

- One of these arguments focuses on **morally abhorrent behavior**.
- The other two focus on the **need for urgent action**.
- In each case, it will require judgment to determine whether the relevant threshold has been met for the exception clause in the qualified No Activism principle to kick in.

It's essential to the clarity of our upcoming discussions that we keep these arguments separate!

# No self-sabotage

The argument from **no self-sabotage** draws on two premises, the first of which will look obvious if you are up to speed on our best current understanding of the likely development of the climate and ecological crisis. It may look melodramatic if you aren't:

**Premise:** The FFI is currently engaged in behavior that directly threatens the long-term existence of human civilization, at least in a form capable of sustaining institutions such as Harvard.

**Premise:** Harvard should not have investments in any industry whose behavior directly threatens Harvard's own long-term existence.

**Conclusion:** Harvard should divest from the FFI.

# Fiscal prudence

The argument from **fiscal prudence** proceeds from two conditionals, the second of which is obviously controversial:

**Premise:** If the behavior of the FFI is significantly reined in, in the near term, the value of Harvard's investments in that industry will plummet.

**Premise:** If the behavior of the FFI is not significantly reined in, in the near term, the consequences will be so disastrous that it will not matter what Harvard presently does with its endowment.

**Conclusion:** Harvard should divest from the FFI.

Obviously, the soundness of this argument hinges crucially on a factual question that is difficult to judge: How much time do we collectively have to continue to burn fossil fuels at a massive scale?

# Moral abhorrence

The argument from **moral abhorrence** focuses on the morally problematic behavior of the leaders of the FFI, both in the past and present.

**Premise:** The FFI leadership has knowingly engaged in a sustained campaign of misinformation, spanning the last three decades, in order to delay serious action to combat the climate crisis.

**Premise:** The FFI continues to invest huge sums in the exploration and development of new fossil fuel reserves, even though it is well known that the burning of **known** reserves would result in planetary catastrophe.

**Premise:** This behavior bespeaks a disregard for humanity so monstrous that continued investment in this industry is morally untenable.

**Conclusion:** Harvard should divest from the FFI.

# Individual leverage

The (BAD) argument from **individual leverage** focuses on Harvard's alleged ability to influence the FFI **directly** through its investment decisions.

**Premise:** The risks posed by the climate crisis are so severe in scale, and so imminent, that action to rein in the FFI must be taken as soon as possible.

**Premise:** Harvard's investments in the FFI are significant enough that, by divesting, Harvard will significantly increase the probability that the FFI will respond by reining in its behavior, on its own.

**Conclusion:** Harvard should divest from the FFI.

None of us thinks this argument is any good! But having it on the table **does** serve a purpose: it reminds us to keep an eye out for counter-arguments that merely target **it**, without targeting the other, more interesting arguments.

# Political leverage

The (better) argument from **political leverage** focuses on Harvard's ability to influence the FFI as part of a much broader campaign.

**Premise:** The risks posed by the climate crisis are so severe in scale, and so imminent, that action to rein in the FFI must be taken as soon as possible.

**Premise:** A widespread divestment campaign would help create the political conditions necessary for legislation and treaties to be enacted that would rein in the FFI.

**Premise:** Harvard should take a leadership role in any such movement (and at any rate should **participate** in it).

**Conclusion:** Harvard should divest from the FFI.

# Additional arguments **con**

Additional arguments **against** divestment have arisen in the past (in connection with South Africa), and in the present (in connection with fossil fuels:

The argument from **efficacy**: Divestment will not in fact prove effective at bringing about the desired changes. (Variant: We do not presently have reasonable grounds to believe that it will be effective.)

The argument from **engagement**: Divestment will prevent Harvard from engaging with the target industries in ways that might be **more** effective at bringing about the desired changes.

The argument from **distraction**: Divestment will distract attention from other, potentially valuable efforts at bringing about the desired changes that Harvard can pursue.

# The argument from distraction

The argument from **distraction** should be set aside: We can all walk and chew gum at the same time.

# The argument from efficacy

The argument from **efficacy**: Divestment will not in fact prove effective at bringing about the desired changes. (Variant: We do not presently have reasonable grounds to believe that it will be effective.)

The argument from **efficacy** needs to be disambiguated.

Is it targeting the (pro) argument from individual leverage, or rather the (pro) argument from political leverage?

There are thus two key factual questions:

- Does Harvard have sufficient “sway” within the FFI that divestment would, **by itself**, be likely to effect desired changes in FFI behavior?
- Would a widespread movement towards divestment (e.g., on the part of almost all colleges, universities, and other significant institutions) help **create the political conditions** needed to rein in the FFI?

# The argument from efficacy

- Does Harvard have sufficient “sway” within the FFI that divestment would, **by itself**, be likely to effect desired changes in FFI behavior?
- Would a widespread movement towards divestment (e.g., on the part of almost all colleges, universities, and other significant institutions) help create the political conditions needed to rein in the FFI?

The answer to the first of these questions is very plausibly **NO**. Assuming so, the argument from individual leverage is unsound, and can be set aside.

**Note**, however, that this fact is **irrelevant** to assessing the argument from political leverage.

The answer to the second question will require more study; we therefore flag it as a topic for future discussion.

# The argument from engagement

The argument from **engagement**: Divestment will prevent Harvard from engaging with the target industries in ways that might be **more** effective at bringing about the desired changes.

Here, the crucial factual questions include the following:

- What existing institutional mechanisms are there that could be used to change FFI behavior? (I.e., mechanisms that do not require the massing of widespread political pressure, of the kind that the argument from political leverage focuses upon.)
- What are the most important economic and political constraints on the use of those mechanisms?
- In light of these constraints, what are the prospects for deploying such mechanisms? Would their deployment be likely to achieve changes in FFI behavior that are significant enough?

These questions will of course need more study. But we can offer some useful information here.

# The argument from engagement

**Pres. Bacow's own presentations of the argument from engagement have raised an additional, more narrowly focused question. From the Crimson:**

“I don't understand how we on the one hand say we think it's immoral to own your stock, but, by the way, we would like to work closely with you as you develop clean technology, as you develop cap and trade systems, as we seek to create a carbon tax, for example,” Bacow said.

“The information that allows us to do those things lie within industry. We can't do that on our own. So if we're going to affect the world through our scholarship we need to engage, not isolate ourselves,” he added.

**Presumably, Bacow means to have us focus on this question:**

- **Would Harvard's divestment from the FFI inhibit research at Harvard, by closing off access to critical information that is under the purview of the FFI?**

# **A bad argument dismissed**

**From Drew Faust's 2013 "Fossil Fuel Divestment Statement":**

“I also find a troubling inconsistency in the notion that, as an investor, we should boycott a whole class of companies at the same time that, as individuals and as a community, we are extensively relying on those companies' products and services for so much of what we do every day. Given our pervasive dependence on these companies for the energy to heat and light our buildings, to fuel our transportation, and to run our computers and appliances, it is hard for me to reconcile that reliance with a refusal to countenance any relationship with these companies through our investments.”

**The principle is not fully clear, but seems to be this: We should not divest unless we can keep our hands clean.**

# A bad argument dismissed

However formulated, this is **not** a sound principle of moral reasoning.

It **cannot** be a general principle that one ought not to work to rectify some wrong if one is in any way implicated in the perpetuation of that wrong.

Widespread wrongs often involve **entrenched institutions**, from involvement with which **there is no perfect escape**; that fact cannot serve as a “shield” to protect such institutions from moral pressure.

Compare the case of chattel slavery, and wearing cotton, working in a mill, or taking a mill worker’s money in trade. Would we really be prepared to find a “troubling inconsistency” here?

**NO.** We should set aside this argument.

# Summary of key questions

How morally egregious has the behavior of the FFI been, and how morally egregious does it continue to be? Is this behavior morally problematic enough to meet the threshold implicit in the argument from **moral abhorrence**?

How severe are the risks (both in general, and to Harvard in particular) posed by the climate/ecological crisis? Are they severe enough that action to rein in the FFI must be taken as soon as possible? (And what precisely does “rein in” mean, in this context?) Are these risks severe enough to meet the various thresholds implicit in the arguments from **leverage, no self-sabotage, and fiscal prudence**?

Would a widespread movement towards divestment (e.g., on the part of almost all colleges, universities, and other significant institutions) help create the political conditions needed to rein in the FFI?

Is such a movement necessary – or can “normal” institutional mechanisms for effecting change in FFI behavior do the job? And would divesting itself close off our access to some of these mechanisms?