

Catalog of reasons for and against fossil fuel divestment by Dartmouth

Pros

- Publicizing and signaling the reality of climate change attributable to carbon fuels through direct action by an institution of learning and discovery has important value in raising awareness of the problem of climate change.
- The future of fossil fuels is undeniably limited and early divestment positions Dartmouth as a leader and might avoid losses down the road.
- Provides an opportunity to engage members of the Dartmouth community who believe that carbon divestment is an important step to take.
- Lessening available capital to the energy industry reduces the potential for carbon companies to expand operations thus helping the environment.

Cons

- Dartmouth's opportunity to positively address climate change is through its efforts to educate students and discover new knowledge through research – by limiting investments we restrict the ability of Dartmouth to deploy resources against research and education initiatives.
- We aspire for Dartmouth to be a trusted, honest broker on the key issues of energy and sustainability and Dartmouth graduates to be recognized as having a sophisticated understanding and open-minded, balanced approach to working within the global energy system. If we stake out ideological positions on these issues, we limit our ability on both those counts.
- Because there are not readily available, and economic, alternatives to fossil fuels, any serious success of a divestment initiative would threaten food supply, global economies and political stability - potentially endangering the lives of billions of vulnerable people.
- Given that the demand for carbon-based fuels cannot currently be satisfied through alternative energy sources, the carbon fuel demand will ensure that capital continues to flow to carbon based investments and the Dartmouth gesture will have no real financial impact on companies or behaviors.
- A more profound impact on companies than is achieved by divestment may be effected through retention of an ownership interest and the voting of shares on proxy issues based upon Dartmouth's academic work in the energy fields and position as a leader in recognizing climate change and its deleterious global impacts.
- The requested actions of companies seeking to avoid divestiture isn't achievable by company leadership – the call is for companies to:
 - stop exploring for new hydrocarbons immediately
 - stop lobbying in Washington and state capitols across the country to preserve their special breaks
 - pledge to keep 80% of their current reserves underground foreverⁱ

While the second request may be possible, the first and third effectively end the business purpose of the company and destroy shareholder value. This is in contrast to the actionable nature of previous divestiture requests directed at Apartheid and Burma/Myanmar where companies could avoid divestiture by forsaking markets that represented only a portion of company revenues and thus did not impact company viability in a meaningful way.

- With regard to indirect investments in carbon-based companies, prohibiting those investments has high potential to hurt Dartmouth returns. Much of our endowment is invested with managers who have choices about where to accept capital and for whom restrictions on uses of that capital are perceived as a negative attribute in evaluating potential investors. Faced with the choice, the high value managers will opt for investors with no restrictions and Dartmouth may have to settle for investments with lower value managers willing to accept our investment constraints.

¹ Gofossilfree.org FAQ