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Bill would make Vermont drop oil stocks

by Dave Gramm, Associated Press

MONTPELIER — To state Sen. Anthony Pollina, it makes sense that if Vermont wants to strike a blow against climate change, it should have its pension funds divest oil, coal and other fossil fuel companies.

To state Treasurer Beth Pearce, the best course is for Vermont to stay invested in those companies, to “keep its seat at the table and push for change from within.”

It’s a debate prompted by bills pending in the state House and Senate that would have Vermont’s public employee pension funds — those covering state employees, teachers and municipal employees — sell off their investments in “any company which has as a principal business the extraction, production, or manufacture of fossil fuels.”

Pollina explained it this way: “If in fact as a state we have a commitment to combatting climate change, and if we have a commitment to moving toward renewable energy ... it’s very contradictory that we would then be investing our dollars in fossil fuel industries that actually lead toward climate change.”

The push for divestiture by institutional investors is being led by an arm of 350.org. The international group was founded by Bill McKibben, a Ripton resident, scholar at Middlebury College and well-known environmental activist and writer.

So far, the campaign has succeeded in persuading several colleges, including Green Mountain and Sterling colleges in Vermont, as well as cities and towns from Provincetown, Mass., to San Francisco, to push toward divestment from fossil fuel companies.

But in Vermont, the legislation’s prospects look uncertain at best, in no small part because Gov. Peter Shumlin, who would have to sign such a measure into law, is cool to the idea.

Shumlin said in an email from his office that he is “extremely concerned about the impact of climate change, which I believe is the single greatest long-term challenge to our world and our state.

“At the same time, like the Treasurer, I believe that by keeping a seat at the table and by encouraging smart investments, we can make progress towards a cleaner, greener economy while still meeting our obligations to pay for the retirement of hard working municipal and state workers, as well as our state municipal and education workers, in the most responsible way for taxpayers.”

The idea of trying to use investment decisions to influence political outcomes around the world is not new.

The current divestment push mirrors those launched in Vermont and elsewhere against companies

doing business with the apartheid regime in South Africa during the 1980s. In 1989, the Legislature directed the pension funds to ensure that, if they were invested in companies doing business in Northern Ireland, there were assurances those companies were dedicated to eliminating religious discrimination in that country's workplaces.

In its 1997-1998 session, the Legislature called on the retirement funds to divest from tobacco companies. In 2006, the Vermont Pension Investment Committee forbade investments in nations "identified as State Sponsors of Terrorism by the U.S. State Department."

Pearce, who oversees administration of the state's pension funds, said she sympathizes with those concerned about climate change. But she said she would stop short of divestment.

"I have concerns about the methodology," she said. If the state maintains its role as a shareholder in a company, its pension fund managers can vote on issues of corporate governance. By selling those investments, "we give up our seat at the table and we may be replaced by shareholders that don't have those values," which, for example, would push energy companies to move toward more renewable sources.

Withdrawal of climate activists from their ranks of investors "gives them less incentive to change," she said, adding that she prefers a posture of "constructive engagement."

She noted Vermont has been active in efforts to get companies to think about the risks posed by climate change. The state has been working for a decade with CERES, a Boston-based nonprofit trying to get companies to focus on risks posed by climate change, water scarcity and other environmental issues.

McKibben argued in an email exchange with The Associated Press that Pearce's idea of working within the system has not worked.

"The big fossil fuel companies have five times as much carbon in their reserves as any scientist says it would be safe to burn, and yet their business plan calls for them to burn it," McKibben wrote. "There's been no sign, over the last twenty five years, of them bending from this path, despite lots of appeals from people like (Pearce). I think, given the timing of climate change, many have decided it's time to actually act."