

April 29th, 2016

Dear Responsible Investing Policy Committee,

One reasonable test for a responsible investing policy would be whether the policy would lead Lakehead to land on the right side of history.

An easy test case for this is divesting from apartheid-era South Africa. Shortly after Nelson Mandela was freed from prison in South Africa, he travelled to the United States and made a point of visiting Berkeley, CA. This was no coincidence; at the time UCLA Berkeley students were leaders in the divestment movement—a movement that played a significant role in isolating South Africa, hurting its elites economically, and finally ending apartheid.

Were such a circumstance to arise today, would Lakehead's new responsible investing policy lead to indifference, indecisiveness, or action? In such cases, there is no middle ground. As retired South African Archbishop Desmond Tutu said:

If you are neutral in situations of injustice, you have chosen the side of the oppressor. If an elephant has its foot on the tail of a mouse and you say that you are neutral, the mouse will not appreciate your neutrality.

While we cannot predict all of the big issues that the Lakehead Responsible Investing Policy will need to tackle in the future, we are in the midst of the biggest existential crisis we've ever faced collectively as humans – and the new policy must be up to the task.

Anthropogenic climate change, according to the IMF, World Bank, United Nations, and the Intergovernmental Panel on Climate Change, threatens the biosphere, the economy, our security and our civilization. We've seen catastrophic impacts at less than a degree Celsius of global temperature increase, and we are on a trajectory that will see warming of three or four degrees Celsius this century.

We can't let that happen.

But we are, so far, letting it happen. While Prime Minister Justin Trudeau signed the Paris Climate Agreement just last week, agreeing to keep the global temperature increase below two degrees Celsius, Canada's own greenhouse gas reduction pledges are nowhere near up to the task. Canadian action on climate change has been pathetic, and appears set to remain so.

With a recent climate agreement that would require the burning of fossil fuels to be almost completely phased out by 2050, the Canadian Government continues to support the fossil fuel industry with subsidies and it still supports building massive new fossil fuel infrastructure—pipelines—to facilitate the expansion of the Alberta Tar Sands. As Linda McQuaig pointed out recently:

Trying to reduce emissions while allowing the oilsands to grow by 43 percent is like trying to reduce lung cancer while giving away cigarettes at Canada's Wonderland.

How did we end up here?

By now it is well documented that the most profitable industry in history—the fossil fuel industry—has worked for decades to systematically undermine the science of climate change and the policy responses that might be introduced by governments. This has made the challenge of transitioning to low-carbon energy sources immense, putting at risk almost all that we hold dear.

While fossil fuel companies could use their enormous profitability to become energy companies, moving into the renewable energy sector, they largely haven't. Instead, they are pursuing more and more extreme energy, drilling in the deep ocean and the Arctic, fracking for oil and gas, and mining the carbon-intensive Alberta Tar Sands.

A responsible investing policy would not allow investment in fossil fuel companies whose business model is, ultimately, antithetical to the continuance of civilization as we know it on the planet. Lakehead, which exists to educate students and thus to create the future, must not simultaneously undermine that future. Lakehead's responsible investing policy must ensure that, on this issue, Lakehead lands on the right side of history.

Realizing that investments are a way of communicating, the responsible investing policy should ensure that what Lakehead says resonates with our values. Lakehead University can be, and should be, "a catalyst for change dedicated to sustaining our students, our communities, and our planet" (Annual Report, 2014). Investments that threaten people and the planet should be eschewed; investments that support people and the planet should be pursued.

We don't have much time to get this right. To keep global warming under two degrees Celsius, bold, even radical action is needed now. To lead in this fight, Lakehead also cannot wait. The stock price of some fossil fuel companies, like the coal giant Peabody Energy, have already collapsed. As capital acknowledges the carbon bubble of stranded assets that Mark Carney has warned us of, it will fly away from fossil fuel stocks—but by then it will be too late. As asset managers rush to unload stocks and bonds at fire sale prices, the message of divestment will be lost.

Lakehead needs a strong responsible investing policy that prioritizes fairness, human, and planetary health. Divestment from fossil fuel companies provides a perfect measure for the new policy. Which side of history will Lakehead land on?

Sincerely,



Paul Berger
Associate Professor
Chair, Department of Graduate Studies & Research in Education
Faculty of Education, Lakehead University
955 Oliver Road, Thunder Bay, ON, P7B5E1
Tel: 807-343-8708
Office: BL 1007B