

[Board of Managers ▾](#)

An Open Letter on Divestment

September 11th, 2013

¹¹  (/homepagerss.xml)

I write on behalf of the Swarthmore College Board of Managers to state our position regarding divestment of the College's endowment from fossil fuel companies.

First, let me state that concern about climate change is both welcome and entirely warranted. Heat-trapping gases are transforming the world as we have known it. Weather has become more extreme. The seas are rising. Fertile lands are drying up. Our leading climate scientists - careful, deliberative people - agree that greenhouse gas emissions must be curtailed drastically in the next few decades. Too little is being done to stop the fossil fuel industry from disposing of dangerous greenhouse gases into the atmosphere. Much more needs to be done to develop alternative energy sources.

In recent years, student, faculty, staff, and Managers' concern about global warming has sharpened the College's focus on the issue of climate change. Managers have deliberated extensively and carefully on climate change. We have supported the College's considerable efforts and investment in addressing climate change, including through the recent adoption of its [Climate Action Plan \(/sites/default/files/assets/documents/board-managers/Swarthmore_College_Climate_Action_Plan.pdf\)](/sites/default/files/assets/documents/board-managers/Swarthmore_College_Climate_Action_Plan.pdf) [pdf], which pledges carbon neutrality by 2035. The College has expanded faculty lines and resources for environmental studies in order to prepare students in their lives and in their careers to develop real and permanent solutions to climate change-solutions rooted in energy efficiencies and the urgent need to develop alternative energy sources.

Swarthmore is proud to have many different student groups, working collectively and independently under the name Ecosphere, address various aspects of climate change. One group, Mountain Justice, maintains that, additionally, the Board should direct the College's fund managers to eliminate fossil fuel shares from their portfolios. We disagree because we believe that to do so would have no measurable effect on halting climate change and at the same time would pose an unacceptable risk to the College's finances.

The Managers' decision not to divest is broad and deep, and while we've arrived at this position from several different paths, it is our collective judgment that the cost of divestment would far outweigh any potential benefit. If we thought divestment would change the behavior

of fossil fuel companies, or galvanize public officials to do something about climate change, or reduce America's reliance on fossil fuels, this would be a much tougher decision. We believe we have other, more effective means to achieve this objective.

As we have disclosed earlier (Cost of Divestment Q&A (/finance-and-investment-office)), we believe that such a modification of investment policy is likely to have a negative effect on our investment returns, thus impacting our ability to support financial aid, faculty, curriculum, and student programs. By our calculation, divestment could risk a loss of approximately \$10-15 million a year in endowment income. The Board is not prepared to accept the significant cuts in scholarships, faculty, and curriculum offerings that a significantly lower endowment return would necessitate.

We understand that such a divestment campaign is a symbolic act designed to mobilize public opinion against fossil fuels. Many Board members question the efficacy of a symbolic campaign since it does not sufficiently consider, from a moral perspective, the link between personal sacrifice and making an impact on the industry's profits. Divestment's potential success as a moral response is limited-if not completely negated-so long as its advocates continue to turn on the lights, drive cars, and purchase manufactured goods, for it is these activities that constitute the true drivers of fossil fuel companies' economic viability-their profits. It is important that we ourselves acknowledge that our consumption of energy makes us complicit in the threat to the planet and that it is in our hands to reduce our demand for it.

Symbolic action is not our only option, and we are convinced it is far from our best option for mobilizing public opinion as well as for having real impact on the fossil fuel industry. President Obama's recent initiative on climate is just the latest-though the most dramatic-illustration that government action to control greenhouse gas emissions is on the table. It seems the time is right to pursue legislative change aggressively. In every part of our country, elected officials as well as entrepreneurs and activists are taking real steps to reduce reliance on fossil fuels and to diminish the influence of fossil fuel producers.

Swarthmore is ready to add more of its muscle and its leadership voice-both legislatively and on other fronts-to the movement working against climate change. We already belong to the Pennsylvania Environmental Resource Consortium. The College is in the process of filling the position of Sustainability Director, a position the Board approved this past spring. When that person joins us, we will strengthen our presence and leadership in the regional alliance of colleges and universities working hard to slow the pace and effects of climate change.

With this greater leadership role in mind, Managers and administrators at Swarthmore have been generating ideas for various initiatives. We are open to suggestions from all quarters, and we welcome the many student groups addressing climate change, including Mountain Justice, and all community members to partner with us.

Here is a sampling of the ideas that have come forward so far:

- Hosting a national or international symposium focused on developing tactics that would

raise awareness of climate change in this country and around the world.

- Making one day a week an "energy sabbath," during which participants (potentially including other colleges) would make personal and/or community sacrifice, which would reduce substantially the use of energy. At the same time we'd be taking an action that can spread and affect the bottom line of the fossil fuel industry and simultaneously signal personal and institutional acceptance of a moral duty.
- Leading a consortium of colleges and universities to press state and federal authorities to do a better job regulating methane leaks, a by-product of natural gas production.
- Leading other colleges and universities in an effort to advance solar energy and in resisting efforts by utilities to preserve a business model that is both expensive and harmful to the planet.

There are, of course, other ideas as well.

The College has joined the Investor Network for Climate Risk, which is part of the Ceres organization. As a participant in this group, Swarthmore is involved in shareholder activism efforts related to climate risk. Incrementally over time this has promise of effecting practices in the industry that help mitigate the threat.

Further, it is also vital that our curriculum reflects the salience of the climate issue. Our interdisciplinary Environmental Studies program is already doing this and looks for additional opportunities to expand its offerings. Ultimately, Swarthmore's most important contribution can and should be to help shape a generation of leaders who will find solutions to global warming and other crucial challenges.

I am fully confident that we can accomplish far more toward the ultimate goal if we work together than we can if we remain at odds. So let us come together as a community that will use its intelligence and its moral commitment to find effective ways to bring about change.

Sincerely,

Gil Kemp '72, Chair
Swarthmore College Board of Managers

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