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Phase-out Fossil-Fuel Financing

Alan Betts

This year I am searching for solutions to the climate and extinction crises, because time has run out. As society is focused on the COVID-19 crisis, the federal government is using this as a cover to cut environmental protection for clean air and water, and attack automobile emission standards. Business and financial interests are very unhappy that the collapse of the global economy has cut carbon emissions and air pollution so substantially. However, this benefits the Earth and the climate system, as well as human health and the human spirit. For the first time in thirty years, people in the northern Punjab in India can see the glorious Himalayan mountain range 120 miles to the north.

Let us ask: what are the leverage points in our society to reduce fossil fuel use?

Bill McKibben pointed out the key role of finance in a *New York Times* article last fall titled, "Money is the Oxygen on Which the Fire of Global Warming Burns." He listed the key pressure points: banking, asset management and insurance, so let us examine these.

JP Morgan Chase has been the leading US bank investing in new fossil fuel development. Their CEO talks soothingly about "improving capitalism to create a healthier society with affordable health care and better climate policies" (Time, 2/3/2020). Recently, they declared they would stop providing loans for new oil and gas drilling projects in the Arctic. Goldman Sachs made a similar announcement in December. Other banks should be pressured to follow suit. The Republican governor of Alaska is angry at both banks, and his budget calls for \$254 million in new tax credit payments to oil and gas drillers. Clearly Alaska's governor intends to sacrifice our children for money.

BlackRock is the world's largest asset manager, and also the world's largest investor in coal companies, coal-fired utilities, oil and gas companies, and companies driving deforestation. Recently they have indicated they will start some limited thermal coal divestment, since it is not profitable. Their web-site made this claim: "Our purpose is to help more and more people experience financial well-being. In pursuit of this, a focus on long-term sustainability is embedded across our business. From integrating environmental, social and governance practices into our investment processes, to creating positive social impact by serving the communities in which we operate, we are dedicated to helping clients, employees, shareholders and communities achieve long-term, financial well-being." This is Orwellian doublespeak at its most tragic; since while they are diligently making money off fossil fuels, they are ensuring the destruction of the planet. This will bankrupt their clients, and make long-term sustainability a farce.

The insurance industry is the third group that routinely invests enormous sums in the fossil fuel industry, since no one can build or operate a facility without insurance. Ironically, the insurance industry understands the risks, and they have the data to know how bad the climate crisis is. The last decade was the costliest on record; with economic costs from natural disasters of over \$3 trillion. This is tiny compared with the hundreds of trillions in costs that lie ahead.

All these large financial sectors understand the climate and extinction crises, and they know that by profiting from the fossil fuel industry, they are complicit in a crime against our children and against the Earth. It is time to stop them, using whatever tactics and shaming strategies we can invent, including non-violent civil disobedience, as proposed by Extinction Rebellion. We need divestment everywhere from the fossil fuel industry, with growing carbon taxes both to drive the transition off fossil fuels, and to fund the huge investment needed in efficiency measures and the transition to renewables.

The financial system oppresses the poor and exploits the Earth, which is clearly unjust. We need deep change and that means struggle. A remarkable speech



Protest at the Legislative Building in Olympia, Washington. Ted Nation, an activist for several decades, sits beside the protest sign. Image: Wikipedia Commons.

by Frederick Douglass is as true today as in 1857, when he was recognizing the black Baptist minister, Samuel Sharpe, who called 60,000 slaves in Jamaica out on strike for half pay on Christmas Day in 1831. Although Sharpe was tried and executed for treason, his moral stand led directly to the freeing of all the slaves across the British Empire.

“Power concedes nothing without a demand. It never did and it never will. Find out just what any people will quietly submit to and you have found out the exact measure of injustice and wrong which will be imposed upon them, and these will continue till they are resisted.”

This is why our communities need to get together to demand a just financial structure for capitalism that is not based on fossil fuels and does not exploit the poor. For thirty years we have avoided facing this, as the climate and extinction crises have accelerated. Our politicians have accepted being bribed, and the people have quietly submitted to debt, consumerism and isolation.

But we must change – or lose a livable Earth. Capitalism was built on burning fossil fuels, but the increasing greenhouse gases are driving a global energy imbalance that is stored in the oceans for centuries. Catastrophic climate change is coming in the next few decades that will overwhelm our entire economic system, unless we change its direction now. Make no mistake, the Earth is far more complex and powerful than our technology, and climate change is one way it can strike back.

New England had an exceptionally warm winter, when for the first time our garden soil in Vermont stayed unfrozen. In every month, January, February and March, my grandchildren and I were able to dig under the rye cover crop, or the soil mulched with two inches of leaf mold. Spinach and lettuce flourished under glass for harvest in April. As global supply chains crumble with COVID, it is essential we think about resilience, and re-localize our food supply as well as our industry.

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