

***From Anti-Apartheid to the Climate Crisis: Old Strategy, New Problem***

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There is a connection between South Africa's brutal apartheid regime and the climactic devastation affecting our planet today – divestment, a powerful strategy for economic and social change.

**The Background: Apartheid.** The harsh policies of apartheid, institutionalized racial separation, began in South Africa in 1948 and persisted for nearly half a century. Apartheid endured despite protests on moral, ethical, and religious grounds but finally crumbled in the face of economic dis-investment, or **divestment**. In a movement that began in the early 1960s and became very powerful by the 1980s, more than 200 colleges and universities, businesses, and organizations around the world, including UN bodies, large multinational corporations, and the European community, withdrew financial support from enterprises in South Africa.

Divestment threatened the stability of South Africa's currency, and the country's economic collapse was imminent. The only way out was for South Africa's government leaders to capitulate to the pressure and to end apartheid.

**Protest Divestment: Purpose and Outcomes.** This movement in South Africa was known as *protest divestment*. The simple act of selling off stock in certain companies raises awareness, generates negative publicity for organizations and their policies, and creates powerful economic incentives for positive social change.

**Fossil Fuel Divestment.** Nobel Peace Prize winner Archbishop Desmond Tutu advocated for divestment during the anti-apartheid struggle and he does so again today. ***He has called for an anti-apartheid-style boycott and divestment campaign against the fossil fuel industry because of that industry's responsibility in driving global warming.***

Unity College in Maine, in 2012, became the first institution to divest from fossil fuel companies. Since that small beginning, the protest divestment movement has become the largest of its kind - ever. More than a thousand entities and 58,000 individuals around the world have sold off their stocks in fossil fuel companies, including state public pension funds, New England's National Trust, religious institutions of all faiths, large and small; philanthropic foundations (even the Rockefeller family, heir to the first great oil fortune, divested its family charities); colleges and universities from Edinburgh to Sydney to Honolulu; forty big Catholic institutions; the Nobel Foundation; the world's great art museums, insurance companies, the country of Ireland, the city of New York, and the American Medical Association. The city of London is in the process of divesting.

The divestment total is more than **\$11 trillion** as of September 2019. Given that there are nearly 1,500 fossil fuel companies listed on stock exchanges around the world, the question is whether divestment has an impact. The answer? Yes. Peabody, the world's biggest coal company, filed for bankruptcy, counting the divestment movement as making it hard to raise capital. Goldman Sachs said. "The divestment movement has been a key driver of the coal sector's 60% de-rating over the past five years." The impact is felt in the oil and gas sector as well, where Shell announced that divestment is a "material risk" to business.

**Why Participate?** The reason is clear: fossil fuels cannot sustain our planet indefinitely. The existential and moral reasons, however, are even more compelling. Our grandchildren will inherit a world plagued with fires, droughts, floods, and crippling heat, all of which endanger supplies of food and water, exacerbate lethal diseases, and generate deadly conflict over land and resources. **Women and girls are the most vulnerable to the impact of the climate crisis; UN figures show that 90% of the people displaced by climate catastrophes are women, who then face a lack of food, shelter, care, and become victims of sexual violence.**

**Divestment in Minnesota.** Governor Walz opened his *Executive Order 19-37*, Dec. 2, 2019, on climate change with these words: ***“Climate change is an existential threat that impacts all Minnesotans and our ability to thrive.”*** We applaud the Governor for this urgent opening statement and for the Order, which creates an executive sub-cabinet to promote climate change mitigation strategies in Minnesota.

Minnesota action can begin with the State Board of Investment. The State Board of Investment (SBI), with a market value of its portfolio assets totaling \$99.5 billion as of September 23, 2019, can be part of the move to *“create a homegrown clean economy”* by divesting assets **from** the fossil fuel industry and investing **in** renewable energy.

Several bills have been introduced in the Minnesota legislature urging a report on the impact of climate change on the economic return for fossil fuel investments (SF 2276) and to require divestment over a five- year period (SF 2277). However, the SBI doesn’t need legislative action to do what is morally and economically right. There is no future **in** fossil fuels and there is no future **with** fossil fuels.

The SBI undertook divestment in 2008 from a targeted list of companies that were known to be complicit with the genocide in the Darfur region of Sudan. Minnesotans had spoken loudly and clearly that they didn’t want their pension money to fund massive human rights abuses, even though those abuses were occurring thousands and thousands of miles away.

The SBI commissioned a study in November 2019 to determine the extent to which climate change will affect risk to state funds. The conclusions state, “Climate change investment risks and opportunities will continue to escalate, from both physical effects and from the transition toward a low-carbon economy. These factors pose potential material long-term investment risks to the Minnesota State Board of Investment portfolio.” The report recommends that the SBI “proactively allocate capital to low carbon/green alternatives.” The SBI is monitoring; we urge action.

The need is right here, right now, in our own communities and in our own state. Minnesotans don’t want their pension funds invested in fossil fuel companies. We hope that now, more than a decade since that last divestment initiative, the SBI will again be a leader among the states in the nation and stand up for the children and grandchildren in our state.

**Protest Divestment Works- and Makes Financial Sense.** When faced with the threat of divestment, fossil fuel companies diversify their businesses or shut down altogether. And a report from Genus Capital Management reports that fossil-free funds outperform a benchmark of standard stock market indices year after year. **Divestment pays. Make it your resolution for 2020 to divest and to support divestment in Minnesota and elsewhere.**

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