

Can countries divesting from fossil fuels halt climate change? The case of Ireland

[By Michael Le Page, *New Scientist*, print issue of July 21, 2018](#)

On 12 July, Ireland's parliament voted for a bill that requires the country's €8 billion investment fund to sell off all coal, oil and gas investments over the next five years. The bill has to be reviewed by a financial committee but is likely to become law soon.

Norway [announced in 2015 that its massive fund, then worth around \\$900 billion, would divest billions from coal](#). Ireland is set to become the first country to divest from all fossil fuels. The news has been greeted with joy by climate change campaigners.

"Ireland's decision to divest from fossil fuels staggers me. It's one of the landmark moments in what has become the largest campaign of its kind in history. Such thanks to all who fought," [tweeted Bill McKibben](#) of 350.org, one of the first organisations to campaign for divestment from fossils.

Will it actually make a difference in the battle to limit global warming? Naysayers argue that if universities, pension funds and countries sell off their fossil fuel investments, these stocks will just be snapped up cheaply by other investors with no effect on the companies concerned. Divestment just makes less ethical investors richer, they claim.

Bad investment

But that is not what happened to those who invested in coal in recent years. Instead, the world's biggest private coal company, Peabody Energy Holdings, went bust. The sector would be in even worse shape were it not for US president Donald Trump's [efforts to prop up coal](#). Earlier this year a study found that, in Canada at least, [funds that divested have been more profitable](#).

What's more, financial authorities say there is a serious risk of [the value of oil and gas companies collapsing in the future, leading to a global financial crash](#). So it is prudent for everyone to ensure their wealth does not rely heavily on fossil fuels.

And while there is no evidence that the divestment campaign has directly affected fossil fuel companies, it might yet do so – say the companies themselves. "Some groups are pressuring certain investors to divest their investments in fossil fuel companies," says energy firm Shell's [2017 annual report](#). "If this were to continue, it could have a material adverse effect on the price of our securities and our ability to access equity capital markets."

Then there is the symbolic importance of divestment. It sends out the signal that business as usual is no longer acceptable, encourages investors to look at alternatives and governments to do that bit more to tackle climate change.

But perhaps the strongest argument for divestment is the simple ethical one. Climate change [is already destroying the lives and livelihoods of people around the world](#). “People of conscience need to break their ties with corporations financing the injustice of climate change,” [wrote Archbishop Desmond Tutu in 2014](#).

That said, divestment is just one tiny part of a wide range of measures required if we are to have any hope of stopping global temperatures soaring to 3°C or more. Most urgently, just about everyone agrees that countries need to introduce an effective form of [carbon pricing](#).

Unfortunately, Ireland is not doing all these other things too. In fact, its record on tackling climate change is utterly abysmal – [the worst in Europe](#). It needs to do far more.

Also by Michael le Page:

* **Future heatwaves will knock nuclear, gas and coal power plants offline**, [New Scientist](#), [Aug 7, 2018](#)

* **Global warming may become unstoppable even if we stick to Paris target**, [New Scientist](#), [Aug 6, 2018](#)

* **Fighting climate change could trigger a massive financial crash**, [New Scientist](#), [June 30, 2017](#)