Episode 699: The Inane Campus Campaign Against Fossil Fuels

Guest: Pierre Desrochers

WOODS: I've been reading your paper; I just told people about it, and I thought it would be an interesting topic for discussion, especially with all the attention that Alex Epstein has been getting on the fossil fuels front. And now he's attracted quite a bit of notoriety for himself on precisely this topic —

DESROCHERS: He's been indeed very effective.

WOODS: Yeah, yeah, that's right, and he's extremely unapologetic. He's in that way a very classic Randian, I suppose. I'm going to link to this paper that you sent; I assume that's okay.

DESROCHERS: Sure.

WOODS: This'll be linked at TomWoods.com/699, so people can read it for themselves, but the executive summary gives people a good sense of where you're going with this, as does the table of contents. So if people just want to take a quick look at it, they'll get a sense of all the stuff that you're covering here. But let's first talk about when did this whole fossil fuel divestment movement get started.

DESROCHERS: Well, it got started in 2010, when some activists, some student activists at Swarthmore in Pennsylvania, a very posh college as some of you listeners may know, got interested in mountaintop removal mining in West Virginia. Then at first it was about coal. But fast forward in 2012, and this is where Bill McKibben, a prominent environmental catastrophist and activist, sort of gave a new leap to the movement by reframing it as a fight against global carbon emission.

And so McKibben and his organization, 350.org, claimed that they were inspired by the anti-apartheid and anti-tobacco movement and past divestment movement and decided to take the fight to college campuses in an attempt to avoid politics, because they realized that politicians were not really listening. So they figured that they would hit companies where it would hurt them, which is their wallet, or in that case their stock value, and a coalition was formed, which became very influential in the English-speaking world university campuses to pressure presidents and university boards to divest their stockholding in carbon-fueled companies.

WOODS: Why is it that they want to do this? What is the ideology behind it?

DESROCHERS: Well, the ideology is that the burning of carbon fuels emit greenhouse gas emissions, and there is a widespread consensus that we're all going to fry sooner or later. So basically we're forsaking students' future by our dependence on carbon fuel, and humanity should break its addiction to that. The problem is that most of the kids don't realize that carbon fuels also have benefits. So the benefits of carbon fuels and synthetic products, products that are mostly derived from petroleum but to a lesser extent natural gas and coal, these products, their benefits are taken for granted, and somehow the assumption is that going on in terms of business as usual will wreck the planet's future, and so we must really cut our addiction to fossil fuels.

WOODS: All right, but I can understand why people would maybe sympathize with that point of view. They've heard nothing but "climate change, climate change, climate change," and they've heard that there's at least the possibility that this could work out catastrophically for us, so aren't they just engaged in a reasonable effort to hold off catastrophe? Isn't there something reasonable about that at heart?

DESROCHERS: Well, it would seem, but if they were to look at their own rhetoric more closely, they would see a major problem. Again, I was telling you that the movement has been spearheaded by an organization that is called 350.org, and what they mean by that is that anything behind 350 parts per million of CO2 in the atmosphere — so 0.0035% — should be dangerous and would bring us to a threshold from which we could never recover. So this is based mostly on the work of James Hansen, a prominent climate scientist who's also a prominent catastrophist. The problem is that this "threshold" was passed a generation ago in the early 1990s, and now we're probably above 400 parts per million, and the only thing that has happened in the meantime is that global warming became climate change. So that would be the one thing. We're still looking for these risks.

And the other thing is — but more seriously and where I think the paper makes a contribution that is somewhat distinct in the literature is that activists only look at hypothetical risks and completely ignore the real, tangible benefits that are delivered by carbon fuels and synthetic products. So if you go back, let's say, two centuries ago before coal became important and later on petroleum and natural gas, you had about a billion people on Earth who were living on average maybe 30 years and were miserable. Today there's over 7 billion of us. We have a standard of living that our ancestors could not have imagined. And granted, you know, entrepreneurship, innovation, good institutions are all important in that, but there's no way that we would have what we have today without carbon fuels, and so the first irony that is completely missed by activists who tell us that billions of lives are at stake is that there wouldn't be billions of lives to begin with if humanity had not used a lot of carbon in the past.

WOODS: Yeah, it's funny you say that, because I've had somebody who basically is an anti-civilization anarchist — I mean, that's really how she describes herself. She's anti-civilization. Civilization is unsustainable, she says, and it has led — she said that I

basically refuse to recognize the merits of her arguments, because I need to stay in my comfortable delusions so I can continue to enjoy the benefits of civilization. But she says that civilization is itself the problem — very, very blunt and frank about this. And for a long time I thought people like that didn't actually exist, but they in fact do, and so she even said —

DESROCHERS: And some of them are even tenured.

WOODS: Yeah, as a matter of fact. And she even said that the civilization that I defend has led to the loss of countless lives. And my response was, well, if we got rid of the civilization I defend, you don't even deny that we certainly billions of people would perish, so don't come telling me all about human life, which is the one thing you care nothing about.

DESROCHERS: Yeah, that's the thing, and the irony and what is difficult for these people to grasp is that, again, the human population has gone up by about seven times, let's say, in the last two centuries, and yet you look at every environmental indicator, and most of them are actually doing a lot better. So our air is cleaner; our water is less populated; forests are making a comeback the world over. And what happened really is that humanity substituted resources that were produced on the surface — so, you know, plants, animals, things that we used to grow for synthetic dyes, woods, biomass, what have you — by resources that came from under the ground — so-called natural gas, petroleum. And this is how humanity and civilization were able to achieve the remarkable feat of, on the one end, having our economic/growth cake and other improving our state of our environmental cake too.

But you need a huge serving of fossil fuels to make that possible. And so what these people are missing is that, again, the substitution of resources that came from the surface by resources that came from underground, and if you're somehow able to get that into their head, perhaps we'll get them to think of it. I've got one case in mind where I think I've made some progress, but again, the role of carbon fuel is completely misunderstood or under-appreciated by these people.

WOODS: What's the impact on the world's poor if the policies that these people favor were to be implemented?

DESROCHERS: Well, they'll remain poor. They won't be able to escape poverty. So far there hasn't been any society that has progressed throughout history without plentiful, reliable, and abundant fossil fuels. And these people will be subjected to the vicissitude of weather too. And again, I grew up in Canada where it's pretty cold, and most people wouldn't want to live there, especially Quebec where I'm from, but the fact is that even people who live in tropical locations, and human beings are essentially tropical creatures, struggle with nature all the time and are miserable, whereas rich people can live well in cities from Edmonton to Singapore.

So again, what really gets to me with the fossil fuel divestment activists is that they don't even propose to boycott the product that they're against. So you know, in the

past anti-apartheid activists would not eat oranges from South Africa; anti-tobacco activists, as far as I know, were not smokers, or at least they would not advertise it. But you go to a fossil fuel divestment activist manifestation on any campus, and you see banners made out of petroleum products; you see them looking at their smartphones; they're coming in on bicycles with synthetic rubber tires. And you know, if you're serious in your notion that, on the one hand, carbon fuels or synthetic products are killing the planet, and on the other that there are real-world alternatives, well, why bother with divestment? Why not just go with a simple, old-fashioned boycott?

WOODS: Well, indeed. And I think I have an answer to that question —

DESROCHERS: Which would be?

WOODS: Which would be that in this particular type of case — I mean, nobody minds boycotting lettuce or whatever. There are near-substitutes. But you would have to boycott all your comforts, right? I mean, nobody wants to do that. Especially college students —

DESROCHERS: Exactly.

WOODS: *Especially* — the most spoiled people in the world — and I'm going to get some complaints about that, but they are.

DESROCHERS: No, but you see, I actually give them a few ideas in the paper. So limit your Internet usage to one hour a day; use clothing lines to dry your clothes; give up on your vacation, because, after all, traveling requires carbon fuels. There are plenty of things that they could actually do to at least show us how committed they are, but the standard response that I get is that, you know, carbon fuel company, big oil are forcing carbon fuels down our throat, and that's the only reason why we of course depend on the product.

But the case I tried to make in the paper, and I hope I'm somewhat successful — well, I guess I'll be successful with your audience, because they already know this. But market processes are essentially an unending string of trial and error processes, and when things emerge over time, it's because they are better or at least less problematic than the alternatives. And so this is why — you might be familiar with that picture that ran on the Internet a few months ago — a bunch of protestors against an oil rig were all in kayaks made out of petroleum products, and I think they went out on, I think it was Seattle harbor or something. But do you realize the number of seals you would need to club to make old-fashioned kayaks instead of using petroleum products? So again, there's a reason why coal, natural gas, petroleum, synthetic products were selected through market processes historically. And if nothing else, I hope that the paper, by delving a lot more into the history than people that are critical of the divestment movement usually do, will help well-meaning activists to perhaps get a glimpse of how markets really operate.

WOODS: I want to read a passage — it's a little lengthy, but I think it's worth it — from early in the paper. In fact, I think it's actually in the executive summary. But this gives a sense of a portion of your argument anyway.

You say, "[C]arbon fuels made possible large-scale, reliable and affordable long-distance transportation which paved the way to improved overall nutrition (by concentrating food production in the most suitable locations thus making food more plentiful, diverse and affordable), the eradication of famines (by moving the surplus of regions with good harvests to those that had experienced mediocre ones), wealth creation (by facilitating the migration of large number of people away from the countryside and into cities), and advances in modern medicine (by allowing more people to devote themselves to medical research and the development of a wide range of new and better medical products). As a direct result of greater use of carbon fuels, in the last two centuries every indicator of human well-being, from overall number, life expectancy, income per capita, hunger and infant mortality to child labor and education, has improved, very often dramatically. Increased usage of carbon fuels and feedstock was also directly responsible for environmental and public health benefits ranging from improved air and water quality and sanitation to reforestation. For instance, kerosene, propane and heavy oil displaced poor quality biomass fuels such as firewood and dung that filled houses with soot, particles, carbon monoxide and toxic chemicals (and still kill millions of people today who cannot afford carbon fuels or electricity). Humanity's increased reliance on resources extracted from below the Earth's surface helped preserve and promote life forms on the surface. A case in point is the relatively recent large-scale reforestation of all advanced economies and of some developing economies (e.g., China, India, Bangladesh and Vietnam) that can be traced back to carbon fuels-driven advances such as drastically increased agricultural yields that made much marginal agricultural uneconomical and available for spontaneous reforestation..." And so on.

So the reason you point all this out is to note that none of these points are even raised, are even acknowledged, not even in a footnote, in these campaigns.

DESROCHERS: Yeah, and I have read a number of campaign documents, and this is what is really sad in the end in my opinion, because again, the focus is all on hypothetical risk that might kill us in the future or kill some of us in the future, but the lack of access to carbon fuels today is literally killing millions of real people each year.

So again, one of the main public health problems in the world today is indoor air pollution in less advanced economies. So people who don't have access to kerosene, propane, or something better will burn literally whatever crap they found around where they live, and this is of course much worse than smoking, among other things. So it's estimated that between 4 and 5 million people each year, mostly mothers and young children who are around the fireplace wherever they cook what they're eating, will actually die from that.

And so you know, there are real victims here. Poverty is a much worse killer than potentially significant climate change to which rich people could adapt. And again, denying access to reliable, affordable, and scalable energy is guaranteed to kill people. And again, somehow this just doesn't register with activists. And I don't question so much 20-year-olds who've never heard anything else in their lives —

WOODS: Right.

DESROCHERS: — but the leaders of this movement, and unfortunately a number of professors who are also embarking on this bandwagon, should know better.

WOODS: That passage from your paper that I just read, where you're talking about all these great benefits and you note that these divestment documents don't make any reference to this, it actually called to mind, there's a passage I can't recall it exactly right now, but in the *Communist Manifesto*, where Karl Marx freely acknowledges the contributions made by the bourgeoisie. They have to go, of course. They have to be gotten rid of. But he absolutely acknowledges the tremendous advances in production and wealth and construction and —

DESROCHERS: But the Left has completely abandoned this agenda today. I mean, it used to be that old-fashioned Marxists would actually care about poor people. But somehow you look at the Left today, or at least the environmental Left, and they've gone completely malthusian. You know, humans are burden — I mean, not themselves, of course, but other people. And again, the lack of understanding of energy systems, the lack of understanding of the fact that, as you alluded to, without long distance transportation most of us would starve or would at least experience famine a few times in our lives, like was the case historically. When you depend entirely on local food, well, you'll have flood, you'll have too much rain, you'll have all sorts of problems.

All of these benefits that we take for granted simply cannot be taken for granted, but unfortunately it's — you were mentioning Alex Epstein before. He's very good at making an analogy with vaccines. So some vaccines might be problematic, or at least some people might have secondary effects, but — perhaps not all of your listeners will agree with that, but I would argue that if you look at the broad picture, well, vaccination overall was a good thing, even though it's not perfect. Well, until something better comes along, and until people, perhaps at universities, who should actually devote their time to that, come up — rather than boycotting fossil fuels — until people come up with better ways, or at least less damaging ways to do things, reality is not optional, and divesting from fossil fuel is simply a waste of time.

And what's interesting is that also a number of environmental activists on campus, but typically professors, who believe in the climate change scare scenario will readily acknowledge that divestment will have no impact on the value of company stocks, as long as there is a demand for the program, on the amount of carbon fuels that are produced. And they find that deplorable, because then it detracts people from other options, like green taxes and caps on trade. But that's another debate.

WOODS: Yeah, indeed, indeed. Now, what about people who say that solar energy, we're starting to see innovations there such that solar energy could conceivably become more cost-competitive and more effective?

DESROCHERS: Well, solar and wind, and actually there is also a section of the paper in which I explain why carbon fuels, coal at the beginning, displaces all alternatives, is because, again, it might come as a shock to some, but the wind was blowing, the sun was rising, there was geothermal activities before carbon fuels came along. And Europe and some portions of North America were obviously covered with windmills and little dams and what have you.

Well, the big advantage of coal was that you could deliver it to places where you could build a factory in a more suitable environment; let's say a port city where water power might not be available. The problem with wind and solar was always that the wind doesn't blow much of the time. There is this thing that we call night. And so the costs are tremendous. There would be no renewable energy industry at the moment without massive government subsidies, be they feeding tariffs or mandated repurchases or subsidies to get businesses started. And so there are no real alternatives.

You see, transition among market economies don't require massive government support. If you looked at all the infrastructure that was built for wireless communication, for example, well, you know, there was a need, there was a real technology that was better than the alternatives, the market went ahead and built it. Historically petroleum displaced coal in transportation. Well, petroleum is a liquid. It does not require you to send people underground to extract it. It's much easier to move in pipelines than coal. And so petroleum, without subsidies, displaced coal in a number of applications.

And so again, if there were real opportunities, you wouldn't need those massive government programs, subsidies, and various means that they use to encourage alternative energy. These alternative energies would displace carbon fuels, and that would be a good thing. The fact that they don't and that the green energy sector would not exist, would not last a day without government subsidies, should tell you something if you understand markets.

WOODS: Well, that actually makes me wonder. I don't actually know what university responses to this have been. I would tend to assume not particularly favorable. There was, I'm pretty sure, some university divestment from South Africa back in the '80s, but I don't think — or I don't know exactly when it was, but — yeah, it must have been the '80s. But how has this fared by comparison?

DESROCHERS: Well, so far the universities that have divested were typically small colleges that did not own any energy stocks. Other universities have, you know, launched, well, let's call them preemptive measures. So some universities have said, well, we'll divest from coal, but we won't divest from petroleum and natural gas. Others have said, well, we don't own any energy stocks, but we won't invest in their

future. I'm talking here, like, big, prominent institutions, like Stanford, Oxford, and a few of those.

But most university administrations have actually refused to divest. And in their case, if you read the statements they will always of course give the obligatory note to global warning and we need to do something else, but they obviously realize that a lot of these stocks are managed through co-mingled funds, meaning that professional money managers who manage the accounts of many different clients are actually managing their energy stocks, and if the universities were to divest, well, there would be penalties associated with that.

But on top of this, professional money managers I suspect don't want to be submitted to the whims of student activists, because if universities today tell them, well, okay, get rid of our energy stocks, what will be next? What would be the next cause? Would it be unsustainable forestry? Would it be large pharmaceutical companies? Will it be agribusiness? And where does this end?

But also university administrators have pointed out the true facts that in the big, wide ocean of financial investment money available in the world, university endowment funds are but little buckets. And within those buckets, only a few drops are actually invested in energy stocks. So overall, most universities have been reluctant to do this. A number of them came out and said flatly, no, we won't divest.

But of course new funds have been created to invest in renewable energy. New positions have been created to promote sustainable development. And so a number of universities have refused to divest, but they've put resources that will be used to — I wouldn't say placate, because I believe university administrators come from an ideological perspective in which they believe this rhetoric, but a number of resources have been made available for initiatives that I believe will prove counterproductive.

WOODS: Well, with that I'm going to urge people to read the paper for themselves. It's very — unlike most of these sorts of papers, it's very compellingly written, and certainly I think there are parts of it that have quite a punchy style for an academic paper that I very much appreciate. And your conclusions that this, even if they got what they wanted, it's not even enough to say there would be a negligible effect on the energy companies. There would be basically no effect.

DESROCHERS: No, there would be no effect, but unfortunately it's the spreading of these ideas, this demonization of carbon fuel, which I believe is the real damage that this movement is doing.

WOODS: Yeah, that's the effect. And not to mention that if what they want were ever actually implemented, it would take a terrible toll on not only the middle class in advanced countries, but the poor everywhere, because it would mean much, much higher energy bills at the very least, or a lot of the normal human comforts we take for granted would simply be out of reach of the vast majority of people. There's no other way to put it.

DESROCHERS: And it would mean also no reliable access to energy for a few billion people. And my ideal world would be one in which I could trade position with anyone in the world and be reasonably happy or not experience too much discomfort, so until that happens, I believe that more energy, more development is a good thing.

WOODS: All right, and with that, Pierre, I appreciate your time today. Thanks very much for the conversation and for the paper.

DESROCHERS: Thanks for having me.