Faithful Response to Climate Change

The Presbytery of New Covenant respectfully overtures the 222nd General Assembly (2016) to:

1. Express its profound concern about the destructive effects of climate change on all God’s creation, including a disproportionate impact on those living in poverty and in the least developed countries, the elderly and children, and those least responsible for the emissions of greenhouse gases.

2. Recognize the Gospel’s call and the moral mandate for humanity to shift to a sustainable energy regime in ways that are both just and compassionate. This mandate compels us to action as a denomination to implement strategies and actions that directly engage climate change and that offer a realistic prospect of changing the behaviors that are at the root of the issue.

3. Work with citizens, voters, legislators, other decision-makers and other organizations that have parallel goals\(^1\) to bring into effect national and international policies that create a consistent, rational and escalating price for emissions of CO\(_2\) and other greenhouse gases, which will reduce consumption and support investment in sustainable alternative energy sources.

4. Protect the poor by advocating to assure that the policy steps that implement emissions pricing also implement policies sufficient to offset the regressive nature of the pricing mechanism, such as *per capita* rebates of all taxes or fees collected through the pricing mechanism.

5. Direct the Advisory Committee for Social Witness Policy, in collaboration with Congregational Ministries Publishing or The Thoughtful Christian, to advocate at local, state, and federal levels for policies to rationally price the production of carbon and therefore reduce greenhouse gas emissions. This advocacy would include the following:
   - work with other organizations that have parallel goals\(^1\) to maximize our effectiveness in taking individual and collective action to slow climate change and
   - develop a policy paper and educational materials to assist congregations and councils of the church in understanding the impact of climate change and how to take action to slow climate change.

6. Commend MRTI for its long history of engagement with companies on issues related to climate change, and instruct MRTI to continue that engagement, applying the long-standing PC(USA) principles related to consideration of divestment. Acknowledge that divestment does not alter the consumption or investment behaviors that create the climate change issues and that divestment is therefore not a faithful response to the problems of climate change, but can only be a response to intransigence on the part of particular entities. Recognize that divestment does not excuse us from the requirement for faithful responses that do alter behaviors.

7. Direct the Stated Clerk of the PC(USA) to inform the denomination and the larger public of the passage and implementation of this overture.

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\(^1\) Consultation Document Appendix B- A summary of the Citizens’ Climate Lobby Proposal
Rationale

In 1981, our church made clear through the document “The Power to Speak Truth to Power” the importance of transitioning away from a fossil fuel-based economy.

In 2008, our church made clear through the document “The Power to Change” that the catastrophic effects of climate change make this transition essential to the preservation of human life and God’s good creation.

It is not enough simply to speak truth to power. We must enact in our individual, congregational and denominational lives meaningful approaches that directly address concerns about climate change and that may require sacrifice. Divestment has no direct effect on climate and makes no difference in individual behaviors – and it is these behaviors that directly contribute to greenhouse gases. In addition, divestment renders a moral judgment on thousands of good, moral Presbyterians who are employed within the fossil fuel sector. Damage to our relationships with those faithful Presbyterians would do great harm to our congregations without providing any meaningful engagement with climate change. Divestment neither assures protection of the earth nor promotes the economic well-being of the disadvantaged. The PCUSA has a responsibility to do better than divestment.

We, as Christians, have the privilege, responsibility and obligation to speak with moral authority on issues of great importance. This is such an issue.

This overture asks us not to sever our financial ties to the fossil fuel industry, but to unite all Presbyterians in directly engaging climate change with responsible, meaningful and lasting actions that will make a difference in the future of God’s creation. Through this overture the PCUSA will demonstrate the depth of our theological understanding of the stewardship of God’s creation by promoting alternatives to divestment that unite us.

Some Positive Steps

We begin with some good news: the United States has been gradually reducing its greenhouse gas emissions in recent years. Between 2004 and 2013, emissions in total have declined nearly 9%, while per capita emissions are down more than 15%. China has made significant investments in green energy. It plans to increase its solar-energy capacity this year alone by 18 gigawatts — as much solar-energy capacity as exists in the U.S. right now. Its wind-energy production has increased tenfold in a half-dozen years, and the country is in the midst of what one analyst called “the largest build-out of hydroelectricity the world has ever seen.” The cost of solar power is rapidly declining. In the sunniest locations in the world, building a new solar-power plant now costs less than coal or natural gas, even without subsidies, and within six years, this will be true of places with average sunlight, too.

Biblical and Theological Rationale

Ecology and justice are implicit in the story of creation itself: “The Lord God took the man and put him in the Garden of Eden to till it and keep it” (Gen. 2:15, emphasis added). As the 1990 study “Restoring Creation for Ecology and Justice” (“RCEJ”)\(^2\) observes, “tilling” requires a community

effort that establishes an economy; “keeping” is an act of environmental stewardship that regards the creation as a gift to be cared for. RCEJ identifies four norms that characterize “a new faithfulness” reflecting God's love for the world: sustainability, participation, sufficiency, and solidarity. These highlight the inherent tensions. We cannot address only the good of the creation without also considering the good of the community. We cannot address only the good of the community without considering the good of creation. Global climate change, regardless of its cause, threatens both the community and the earth over which we are stewards. Our call is to address these threats responsibly, with meaningful effect, while promoting economic justice.

**Denominational Rationale**

Our denomination has long recognized a moral obligation to be faithful stewards of God’s creation. We have acknowledged the realities of climate change and its effect on the “least of these,” and the need to take action. Previous General Assemblies (1981, 1998, 1999, 2003, 2006, 2008) have passed overtures, resolutions and reports warning us of the dangers of climate change and calling on us to reduce our energy consumption and transition away from fossil fuels. Now is the time to move beyond pronouncements and symbolic actions into education and behavioral changes.

**The Ethics of Divestment**

Jesus taught that great possessions convey great responsibility. In the Gospel of Luke, the examples of the Rich Ruler and Zacchaeus (18:18-30; 19:1-10) show different responses to the obligations of wealth. In managing its corporate assets, the Presbyterian Church has recognized a dual obligation to invest in a morally responsible manner and to use its influence for the transformation of society (including its economic institutions) to become more just, humane, and environmentally responsible.

The criteria for the just investment of resources were addressed by the General Assembly in the 1984 policy, “The Divestment Strategy: Principles and Criteria” (Minutes, 1984, 193-207). The policy is clear that we Reformed Christians ordinarily follow an ethic of responsibility as opposed to an ethic of purity (which would be more characteristic of the Holiness and Anabaptist traditions), and that divestment, where necessary, is the final step in a process that has emphasized engagement and consultation as preceding steps.

Perfection and separation are not ultimate. They must be held in tension with faithfulness and effectiveness, which may involve compromise to gain some important proximate goal. Thus, Reformed churches have sought to be in the world, not withdrawn from it; to serve the perfect purpose of God in less than perfect structures in order to change them, not to live apart in communities of holiness. The church as a community seeks engagement, not isolation.

Only when the church has made every effort to fulfill its call to holiness through responsible efforts at transformation, when it is prepared to respond pastorally to those economically affected by

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3 Sustainability means “the ongoing capacity of natural and social systems to thrive together—which requires human beings to practice wise, humble, responsible stewardship, after the model of servanthood that we have in Jesus. Participation refers to the inclusion of all members of the human family in obtaining and enjoying the Creator’s gifts for sustenance. Sufficiency provides for all to have enough through equitable sharing and organized efforts to achieve that end. Solidarity means “steadfastness in standing with companions, victims, and allies… to the realization of the church’s potential as a community of support for adventurous faithfulness.”

4 Minutes, 1984, p. 201.
divestment, and when it is acting in concert with other Christian bodies should withdrawal from engagement be considered as an ethical option.

The Ineffectiveness of Divestment

The 221st General Assembly (2014), in response to an overture from the Presbytery of Boston et al, referred to MRTI a proposal that the General Assembly declare our intention to categorically divest from fossil fuels within five years. However, in assessing the divestment proposal against the dual criteria of (i) economic development and justice for all people and (ii) faithful and responsible stewardship of God’s creation, we believe the proposal falls short.

First, the divestment proposal fails to consider the importance of economic development. The criterion of economic justice seems to have no role in the divestment movement. That movement fails to recognize the importance of low-cost energy for economic development, and the divestment proposal – if it were effective in achieving its aims – would likely condemn to eternal poverty those poor who need access to low-cost energy to emerge from poverty.

Second, the divestment proposal is highly unlikely to achieve its expressed aims. There is no causal connection between the concern expressed – climate change – and the action proposed – sell certain stock investments. The contribution we as individuals and institutions make to the emission of greenhouse gases is the result of the consumption decisions we make, not the investments we own. Therefore, actions that alter investment portfolios but leave our consumption decisions unchanged should not be expected to change our contribution to greenhouse gas emissions. To be effective, a proposal must lead to changes in our behaviors.

Third, we are concerned that to divest is to abandon the field and thus to abrogate our duty to engage with political and corporate powers to find effective solutions to this problem. We cannot be part of the solution if we are not at the table.

In summary, we believe the church needs faithful alternatives to the divestment proposal because (i) divestment fails to recognize the continuing importance of economic development for the relief of poverty and the significant role low energy costs play in economic development and (ii) divestment is unlikely to achieve the result for which it aims because there is no causal link between the proposed action and that target. We believe the alternatives discussed below provide a more faithful response.

Faithful Alternatives to Divestment

If divestment is not a faithful, effective, and just response to climate change, what is? How can we assess the faithfulness of alternatives? In considering what constitutes a faithful response, the church should keep in mind:

- Does it address the problem (rather than simply make a judgment)?
- Does it advance economic justice (both globally and domestically)?
- Will it have a practical effect?
- Does it propose behavior we are willing to adopt ourselves?

An Effective Approach
The actions proposed in this Overture include advocacy to bring into effect consistent, rational pricing of CO\textsubscript{2} and other greenhouse gas emissions, together with mechanisms to protect the poor by addressing the inherently regressive nature of any such system. We believe the four questions above are all answered in the affirmative for this proposal.

From our perspective, the root cause of the climate change issue is behaviors – both consumption and investment. We all engage in destructive behaviors. We do this in part because we do not bear the full social costs of our behaviors, a problem that economists label “negative externalities”. Consistent rational pricing of emissions will enlist market forces to drive those changes in individual and institutional consumption necessary to reduce greenhouse gas emissions, and will provide the economic incentive necessary to promote investment to develop and implement low-carbon or zero-carbon infrastructure and technologies. Affordable energy would continue to be available to drive responsible economic development, while emissions driven by our consumption would decline. We thus address our dual responsibility to promote the well-being of the disadvantaged and to protect the earth.

When we evaluate the actions proposed in this Overture from the perspective of the four questions above, we conclude: The actions proposed in this Overture will address the problem, they will have a practical effect, we are prepared to be subject to the proposed system ourselves, and – assuming the regressive effects are properly dealt with – the proposed actions will advance economic justice.

Even if the more disastrous scenarios of climate change do not materialize, pricing carbon - reducing our consumption and investing more in renewable energy sources, has little downside. Pricing carbon can therefore be seen as insurance against the potential of the more dire consequences of climate change. It will also conserve our hydrocarbon resources for that many more generations.

An effective method of pricing is a Carbon Fee and Dividend as developed and advocated by Citizens’ Climate Lobby.

**Citizens’ Climate Lobby’s Carbon Fee and Dividend Proposal**

The Citizens Climate Lobby (“CCL) has developed and is advocating for a comprehensive approach to implement such a plan. Full details may be found at the CCL website https://citizensclimatelobby.org/. The fee is collected on the major greenhouse gases (which include CO\textsubscript{2} and methane) when they are produced (at the well or mine) or imported, and the amount is based on the amount of CO\textsubscript{2}-equivalent produced when burned or emitted. The dividend is the return of 100\% of the fees to the public on a per capita basis. The carbon fee and dividend should be implemented as soon as practical at a moderate level of $15/MT to $35/MT. (The current official CCL proposal starts at $15/MT, while others advocate starting somewhat higher.) That level is increased every year (at a rate of $10 per MT per year) to provide clear price signals to consumers and industry.

The CCL plan phases in the emissions price over time, rather than jumping from an effective price of zero to the full social cost all in one step, and then raises the fee annually to continually increase the incentive to shift to cleaner energy sources.
This predictable increase will allow industry to make the large investments necessary to expand alternative energy sources and become more efficient while providing the energy we and the world need. The fee assures that market prices favor lower carbon energy sources, while the dividend redresses the inherently regressive nature of the fee. For example, electricity produced by natural gas generates a bit less than 50% of the CO2 produced by generating from coal. A $35/MT carbon fee will add about 3.7¢/kwhr to the price of electricity from coal, but only 1.5¢/kwhr for electricity from natural gas-based electricity (assuming a U.S. average price of 10¢/kwhr). After a decade the fee will have increased to $135/MT, adding 14.2¢/kwhr for coal but only 5.9¢/kwhr for natural gas. Looking at the example of gasoline, a $35/MT fee will add about 35¢/gallon at the pump, increasing to $1.35/gallon over a decade.

In the CCL plan, the dividend would be allocated based on “shares”, with one share per person up to 4 shares per family and a half share for children under 18. At the current levels of consumption and energy mix, the dividend would start at a several hundred dollars per year (distributed monthly) and would rise to over a thousand dollars in a decade. A carbon fee and dividend transfers money from capital intensive to more labor intensive segments of the economy, and is projected to provide an economic stimulus.

A third implementation detail that a carbon fee and dividend must address is a system of border adjustments to assure that production of energy-intensive products is not forced off shore. These import fees on products imported from countries without a carbon price (along with rebates for countries with a higher price of carbon) will create a fair competitive environment for exporters. A carbon fee and dividend is the most transparent, predictable and transportable method of pricing greenhouse gases around the world. When the United States enacts such a proposal, our huge economy will be a powerful driver for the countries without a price on carbon to adopt similar carbon pricing policies.

There is tremendous energy inequality around the world. The developed nations (which have contributed the most to the carbon emissions that are driving climate change) need to lead the development of low-carbon and no-carbon alternatives. A carbon fee and dividend will drive the growth of alternative energy sources and efficiency improvements that will benefit developing countries, allowing them to have greater access to lower-carbon energy sources and thus partially leap frog the “carbon stage”. A key requirement of any energy and climate action is that it must support developing countries to provide greater access to energy and allow all people to reach their full potential.

Unity Not Divisiveness

Divestment is a divisive strategy that pits faithful Presbyterians who work in or have retired from the fossil fuel industry against those for whom divestment has no personal cost. Job loss in the fossil fuel industry is a serious concern, especially to our brothers and sisters in states where the industry is prevalent. We recognize that the consistent pricing of greenhouse gas emissions will affect the business prospects of the fossil fuel industry and industries that rely on fossil fuels, and we are not insensitive to the challenge this may create for those employed in or dependent upon those industries. We note that it is the intent of our proposal that greenhouse gas emissions be priced so as to reflect the full social cost of their production: the pricing should not be so low that the creation of emissions is subsidized by society (as is the case currently when emissions are...
effectively not priced); neither should the pricing be set so high as to be punitive, rather than to reflect the full social costs and risks. We note also that it is the responsibility of every industry to adapt to changes in prices in the markets in which it operates. As the global economy adapts to rational pricing of emissions, we expect our investment managers to adjust our portfolios. We expect investments to be shifted away from firms and industries that adapt poorly to the new economy and toward firms and industries that should benefit. These shifts in our investment portfolio should not require explicit direction from PC(USA), although MRTI might wish to monitor the matter.

The Consistency of Our Witness

The social witness of the church demands that our actions be consistent with our values. We are charged to consider not only the ideological purity of our response, but also its practical effect. If we decry the production and use of fossil fuels, then our actions must be consistent. If we decry the production, should we not also decry the consumption – including our own? If we choose divestment, should we not also abstain from fossil fuel products? But fossil fuels are employed in every field of human endeavor. The enormous range of hydrocarbon-based products staggers the mind. Computers, medical prostheses, even mass alternative energy technology would not be possible without hydrocarbon-based plastics and resins. The expansion of agricultural production is in part attributable to hydrocarbon-dependent processes for the production of fertilizers and pesticides. The economic development of emerging economies is tied closely to efficient, cost-effective, and readily available personal and commercial transportation. Every member of the PC(USA) uses fossil fuels every day in hundreds of applications that significantly improve quality of life. If we commit to divestment, then we should assure that those less fortunate, who do not have ready access to replacements for fossil fuels in all their applications, continue to have reliable and affordable access, even while we act consistently with that commitment by moving toward abstention from fossil fuels.

Summary

We Presbyterians approach creation with the twin perspectives of responsible use (“tilling”) and sustainable care (“keeping”). An ethic of stewardship therefore must consider creation both as a good in itself and as a resource for economic justice. The responsibility of holding wealth is directed toward an ethic of engagement that seeks to use the wealth to transform injustice and immorality, rather than an ethic of purity that shuns such engagement. The necessary changes in consumption and investment behavior would be greatly accelerated and facilitated by consistent, rational pricing of CO₂ and other greenhouse gas emissions. Action to bring about that outcome would be consistent with long-standing denominational policy statements and would be a faithful response to the urgent climate change issues that are before us.