A LUMP OF COAL FOR FOSSIL FUELS

Plunging oil, gas, and coal stocks make it a fine time to divest.

The fossil-fuel divestment movement got the perfect holiday gift in 2014: tumbling stocks.

Founded only two years ago by experts and students fed up with the glacial pace of climate action, this global effort is already liquidating more than $50 billion of the oil, gas, and coal assets owned both by individuals and institutions like colleges and dioceses.

What's moving that mound of money? For the most part, divestors heeded moral questions of the "how will your grandchildren survive once the seas swallow Florida" variety. But they're also wagering that fossil fuel investments aren't the sure bets they used to be.

Eventually, as the movement's "unburnable carbon" logic goes, governments — even our own — will realize that they can't afford a climate crisis.

Image courtesy of Oil Change International

Authorities will then force companies in dirty-energy businesses to keep their oil, gas, and coal underground by some combination of steep taxes and strict regulations. Once the world stops burning climate-changing carbon, dirty-energy stocks and bonds will become worthless.

In other words, move your money before it's too late.

I strongly support this effort and devoted some time to helping word a personal divestment pledge a few months ago. I also became one of the first 700 individuals who have promised to rid our personally held investments of oil, gas, and coal exposure within five years and channel that money into better things, like solar power and organic food.

The movement's naysayers claim that investors will suffer without exposure to fossil fuel assets. Really?

Investing your life savings in coal these days is as effective as flinging gold coins down a mine shaft. Thanks to crumbling demand and weak prices, the industry's stocks, as measured by the Market Vectors Coal exchange-traded fund (KOL), have plummeted by 60 percent over the past five years. The Dow Jones Industrial Average gained 63 percent over that period.

Lackluster forecasts suggest that anyone investing in coal will lose even more money next year.

What about swearing off oil and gas stocks? Mainstream advice counsels owning some because of the industry's historically good performance and big dividends.

Not in 2014. Investors who bet on oil and gas lost big.

Oil prices have slunk below $60 a barrel for the first time in more than five years, dragging stock and bond values along with them. OPEC's Thanksgiving Day announcement that it wouldn't cut production to shore up oil prices sent them hurtling downward.

The decision gave Black Friday a new meaning for the dirty-energy business.

As of mid-December, shares in the broad oil and gas industries had tumbled about 15 percent for the year, as measured by the Energy Select exchange-traded fund (XLE). The Dow, in contrast, inched up around 5 percent. Over the past five years, oil and gas stocks have made some gains, yet severely under-performed the rest of the stock market.

What about shares in companies mostly engaged in fracking? They've fared way worse, sinking more than 20 percent over the past five years.

With OPEC predicting that low demand may sweep oil prices to 11-year lows — somewhere in the $40-per-barrel neighborhood — don't hold your breath waiting these stocks to rebound.

Divestment foes also claim that the movement probably won't directly hurt asset prices for fossil fuels. That's beside the point now. The oil, gas, and coal industries are pulling the rug out from under their own assets by drilling and mining more than the market can bear.

The fact is, anyone who stopped investing in the fossil fuel industries had an inherent financial advantage in 2014 over people and institutions that failed to take that step. There's never been a better time for investors to scrub the dirty energy out of their portfolios.

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