

Stewardship and Securities:

A STUDY OF ADVENTIST CORPORATE INVESTMENTS

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The church has always held a unique position of religious and moral leadership in society. This special role becomes increasingly more important when frustrations and moral crises are dominant in the human experience. Perhaps more than ever before in recent history, the Christian community faces the challenge to provide guidance and instruction in those difficult areas that require moral-ethical judgments. Thus, in this period of rethinking those assumptions which used to guide us with remarkable certainty, the religious leaders face awesome, though not misplaced, responsibility.

A concern that has stirred the special interest of clergy and laity alike is that of responsible stewardship. The organized churches in America have investments in corporate securities estimated at \$20 billion. The General Conference of the Seventh-day Adventist church has holdings worth some \$75 million.¹ Thus, the question regarding the stewardship of church investment monies, certainly not moot, should prompt careful scrutiny of investment practices in the light of certain Christian-ethical principles.

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What to do with these investments has always been a source of concern for the Adventist church. The church has been conscious that it has a particular obligation to develop noneconomic criteria for guiding its portfolio. This sense of obligation has grown from a belief that the financial structure of the church ought to be in accord with particular parochial and Christian standards. An example of existing noneconomic guidelines is the refusal of the General Conference to invest in tobacco, liquor, or meatpacking companies. As Robert E. Osborn, assistant treasurer of the General Conference and investments manager, puts it, the companies selected are those "whose

major products and services are compatible with church standards and values.”

The principle here is obvious: If the church invests in and profits from a company, the church has a moral responsibility for the way in which its money is made. But all of this brings one — after looking closely at the General Conference investments — to the rather disturbing observation that the church has not developed any noneconomic criteria in a number of broader areas of Christian concern. Its investments have not always supported those human and social needs to which the gospel of Jesus Christ gives priority.

Thus, through its investment policies, the church has become vulnerable to some valid criticism. Having refused to invest in certain companies because of possible compromise to aspects of the health teaching of the church, should not the financial leaders and policy formulators be sensitive to areas generating the more intense questions of morality and moral responsibility in the social realm?

WAR

The Christian recognizes that wars will grow worse and worse and will continue to the end of time.² As much as one may pray and work for world peace, it is false eschatology to believe that peace will be achieved. At the same time, the church believes that the gospel of Jesus Christ is a gospel of peace — which stands in opposition to war.

In America there is an increasing swing toward militarism. More and more money is being spent on weapons and defense. The Pentagon budget for 1971 was larger than the entire federal budget in 1957. “America has become a militaristic and aggressive nation. Militarism in America is in full bloom.”³

We cannot stop war, and it is futile to believe that we can. And as citizens of America, participating in its life, we cannot avoid contributing to the war effort. But investing in war is quite another matter. The church avoids investments in liquor, not because it can thereby end the use of liquor, but because the church opposes its use, and because the church does not believe that profiting at the expense of another is in harmony with the gospel. The church cannot escape all responsibility for war, but through its investments it can refuse to profit from war. Some of the Christian’s tax money may support war, but none of the church’s investment money need support war. It can refuse to invest funds in companies which are profiting from the manufacture of products that destroy both human life and natural resources.

Through investments in these companies (see tables), the church places itself in a position of complicity with their acts. Christians have a special obligation to question that complicity.

Some argue that it is impossible to find any large company that is not involved with the business of war. That is a false generalization. The January-February 1972 issue of *Economic Priorities Report* pointed out that of *For-*

TABLE 1. GENERAL CONFERENCE INVESTMENT HOLDINGS WITH FIRMS HAVING SIZABLE DEPARTMENT OF DEFENSE CONTRACTS — JUNE 30, 1971¹

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| TOTAL ² SHARES HELD | COMPANY | 1971 ³ DOD RANK | MILITARY PRODUCTS PRODUCED ⁴ |
|--------------------------------------|----------------------------------|----------------------------------|--|
| 12,000 | American Telephone and Telegraph | 5 | Nike Hercules missiles |
| 16,000 | General Electric | 5 | M-16 rifles, Phantom jets, weapons |
| 5,000 | North American Rockwell | 13 | Military transports, aircraft engines |
| 14,000 | General Motors | 17 | Howitzers, antipersonnel launchers |
| 7,000 | IBM | 19 | Bombing navigation, weapon systems |
| 9,000 | Honeywell | 22 | Major producer of antipersonnel items |
| 13,400 | IT&T | 23 | Sensors and military systems |
| 12,500 | Ford | 24 | Grenade launchers, missiles |
| 15,000 | Standard Oil, New Jersey (Exxon) | 27 | Gravel mine sensitivity studies |
| 21,000 | Olin | 30 | Ammunition, missile guidance systems |
| 10,000 | FMC | 37 | Guns, ordnance, rocket launchers |
| 34,000 | General Telephone and Electric | 42 | Missile and weapon systems |
| 26,000 | Texaco | 44 | Fuel for military transport vehicles |
| 8,000 | Control Data | 64 | Data process for ballistic missiles |
| 10,000 | City Investing | 68 | Missile and weapon components ⁵ |
| 12,000 | Eastman Kodak | 69 | Operator of Holston Army Ammunitions |
| 14,000 | Atlantic Richfield | 85 | Producer of DOD petroleum products |
| 7,000 | International Harvester | 90 | Tanks; aircraft used in air warfare |
| 4,000 | American Airlines | 94 | Military transport use |

1. Tables compiled by Jere Chapman.

2. Investment and Income Funds shares have been totaled where this is necessary. Source: General Conference Quarterly Reports issued for Investment and Income Funds.

3. Based on dollar volume of military prime contract awards in fiscal year 1971. Source: Department of Defense Comptroller, Directorate for Information Operations, October 29, 1971.

4. Source: Department of Defense, Office of the Comptroller, Directorate for Information Operations; Corporate Information Center, Office of Resource Studies, National Council of Churches.

5. Subsidiaries have produced artillery shells, fragmentation warheads, antipersonnel cluster bombs. Subsidiary (American Electric) gained brief attention by taking napalm prime contract from Dow Chemical.

TABLE 2. AMOUNT OF GENERAL CONFERENCE INVESTMENTS WITH FIRMS HAVING SIZABLE DEPARTMENT OF DEFENSE CONTRACTS — DECEMBER 31, 1972

| COMPANY ¹ | 1972 ³ DOD RANK | GENCON ⁴ INVEST- MENTS |
|----------------------------------|----------------------------------|---|
| Gen Electric | 4 | \$ 1,238,875 |
| American Telephone and Telegraph | 6 | 1,160,500 |
| IBM | 20 | 2,814,000 |
| IT&T | 21 | 237,000 |
| General Motors | 23 | 1,622,500 |
| Exxon | 25 | 1,312,500 |
| Ford | 28 | 875,875 |
| FMC | 31 | 1,125,750 |
| General Telephone and Electric | 36 | 1,205,000 |
| Texaco | 48 | 1,425,000 |
| DuPont ² | 52 | 1,420,000 |
| Olin | 58 | 396,375 |
| Eastman Kodak | 62 | 1,928,875 |
| Control Data | 73 | 1,026,375 |
| City Investing | 79 | 291,250 |
| TOTAL | | \$18,079,875 |

1. See TABLE 1 for military products produced by the companies.
2. Producer of military explosives and powders.
3. Source: Department of Defense Comptroller, Directorate for Information Operations, October 6, 1972.
4. Market value of combined General Conference funds in these companies.

tune magazine's list of the 500 top U. S. corporations 110 had few or no military contracts (\$100,000 or less).⁴

Others take the view, since military contracts may make up only a small portion of a company's business, and since most of the resources are involved in manufacturing products useful to society, that the company cannot be condemned. Here, there are two points to consider: (a) If a thing is wrong, the percentage of its "wrongness" is irrelevant. Would we invest in a mutual fund that had "only" 2 percent of its money in a brewery? (b) Merely considering the percentage of business a company does with the military is

misleading. For example, in 1971, although AT&T did less than 6 percent of its business with the military, that represented over \$931 million in contracts. Compare that sum with the total of United Aircraft Corporation, which did over 37 percent of its business with the military, yet held contracts worth \$60 million less than AT&T. And what about the products? Although Department of Defense contracts represent only 2 percent of General Motors' business, GM makes Sheridan tanks, M-16 rifles, and M-109 howitzers, all of which are designed to kill human beings.⁵

INJUSTICE AND OPPRESSION

Just as war will continue to the end of time, racism, injustice, and oppression will continue and will grow worse — for their source is the selfish heart of man. And until men are transformed by the grace of Christ, they will continue to exploit their brothers. But this does not stop the Christian from calling oppression and exploitation sin and from living in opposition to them. The message of the gospel is a message of liberation for all men. While on earth, Christ identified himself with the poor and the oppressed, and he asks the Christian to do the same.

Many companies in the United States practice injustice and oppression in the way they treat employees, especially minority peoples. Part of a Christian stockholder's responsibility is to see that the companies he supports with his money are concerned about their employees — about equal opportunity, about putting minority people in leadership positions — and are seeking to eliminate structures that help bind and oppress men.

This question of justice relates especially to companies that do business in South Africa. The Union of South Africa is not the only country in the world with problems of racial justice. Nonetheless, South Africa is one of the few nations in which an official policy of white supremacy is in action. "We want to keep South Africa white . . . [and] 'keeping it white' can mean only one thing, namely white dominance, not 'leadership,' not 'guidance,' but 'control,' 'supremacy,'"⁶ This imposes inferior status on some of God's children solely on the basis of their color. Apartheid transposes what the Christian knows to be wrong into a right.

What about investments that support this system? Most corporations (and investors) argue (*a*) that only by "keeping the lines open" with South Africa can they hope to influence government policies and (*b*) that their companies are supporting a slow but steady improvement in the position of blacks and coloreds. This is the position taken by Polaroid Corporation after its study of the question.⁷ But certain facts speak otherwise.

American corporations reflect the apartheid system in their general practices. All facilities in the U. S. corporations' plants in South Africa have: (a) racially segregated (and not equal) facilities; (b) all the best jobs are reserved for whites, and no black man may ever supervise any white, no matter what his skills are; (c) the black trade unions, such as they are, are powerless; and (d) employment of men under the migratory labor system who may not live with their wives and families.

All of this is not surprising when one discovers that in a study conducted by the Charles St. Thomas group in 1969, only 10 percent of U. S. businessmen interviewed in South Africa felt that apartheid was wrong.⁸

Any investment in South Africa by a U. S. company involves the expenditure of considerable capital. When a company begins to profit from its investments, it ends up with a vested interest in the economic and political stability of the country where its plants operate. So, U. S. business interests become tied up with the interests of the minority which imposes its will on South Africa.

It is easy — and conscience-soothing — to believe that by being in South Africa, a business can help to influence and change government policies. No sacrifice is necessary. Just invest, rake in the profits, and the change will inevitably come. This ignores the real dynamics of the struggle in South Africa.

The basic fallacy in the argument of those who hold out any hope of political change through economic expansionism is that they fail to understand a single fact of history: In authoritarian societies economic forces are controlled by political forces, not the other way about.

It is naive to suppose that South Africa's white society would give up its power, its privileges and its present system of security for the sake of rapid economic expansion. The change-through-expansion argument should be seen for what it is — a rationalization to justify what is in the best economic interests of those who employ it. Hard-headed political analysis shows that it is almost certain to be a dangerous delusion.⁹

After a visit to South Africa last year, fifteen clergymen stated: "Even progressive action on the part of American companies will not bring the basic changes in society that we support because of our Christian commitment to freedom, justice, and self-determination."¹⁰

The Christian investor cannot end the evils of injustice or racism. But he can refuse to profit from them and the human suffering they cause. He can bear witness that whenever his prosperity rests on the misery of another person, he will raise his voice in protest and testify to another way — the way of brotherhood in Christ.

POLLUTION

In the beginning, God gave man dominion over the earth and responsibility for it.¹¹ Thus the Christian stands in opposition to anything which

tends to hurt or destroy the earth. "Concern for cleanliness and order, for the fragile balance of nature that man cannot tamper with or destroy with impunity, follows naturally from the Seventh-day Adventist understanding of life itself — its origin, present predicament, and destiny."¹²

Pollution is becoming an increasing problem as men continue to waste the earth. Some companies have taken important steps to combat this evil. Others who have been lax continue to pollute the environment at alarming rates. The Christian investor has a responsibility to make his concerns known to all companies he supports — and to be sure that they are complying with laws in these areas. He can encourage them to take positive additional steps to reduce the destruction of God's earth. Thus he can bear witness to a positive way of living now.

Inherent in the Adventist church's investment posture is the failure of the church thus far to take into account the nature of moral commitment. The dimensions of an ethically based theology should be broad enough to encompass horizons that touch on every phase of human existence — economics, politics, aesthetics, and other cultural reality.

The Judeo-Christian tradition can and ought to be expressed through various "secular" modalities. There are really no nonreligious categories. To the total Christian posture, there are no spheres that are outside one's concern. When one assumes the human dimensions based on the life of Jesus Christ, the secular and the spiritual merge. The Christian responds to the total world from his own unique experience.

The Seventh-day Adventist church should begin asserting itself in these larger dimensions of the religious and spiritual outlook by examining more carefully issues that have universal ethical implications and are not merely parochial to the Adventist church.

Traditionally the Adventist church has maintained a position, whenever possible, of a noncontroversial nature. The assumption seems to have been that official aloofness from social and political issues is in the best interests of the church. Continuing in this tradition of discretion, the church should give immediate and serious consideration to the question of what to do with those companies in its portfolio which will continue to create controversy and criticism because of their involvement in areas antithetical to Christian concerns.

REFERENCES AND NOTES

- 1 In addition to this, the Pacific Union Conference has approximately \$30 million in its own investment funds. Nearly \$4 million is invested in a General Conference international fund, which serves the overseas divisions.
- 2 Matthew 24:6, 7; Luke 21:9, 10.
- 3 David M. Shoup, The new American militarism, *Atlantic Monthly* 223:51, 56 (April 1969).
- 4 The *Economic Priorities Report* is published twice a month by the Council on Economic Priorities, 456 Greenwich Street, New York, New York 10013.
- 5 These statistics are taken from a pamphlet entitled *Church Investments, Technological Warfare and Military-Industrial Complex* (New York: Corporate Information Center 1972).
- 6 Dr. Hendrik Verwoerd, the late prime minister of South Africa, made these remarks to the House of Assembly in January 1963.
- 7 Documents explaining the Polaroid viewpoint can be obtained without charge from the Polaroid Corporation, Cambridge, Massachusetts 02139.
- 8 The statements are taken from a pamphlet entitled *Are Things Getting Better in South Africa?*, by Don Morton, a South African Methodist minister.
- 9 Colin Legum, American investments bolster racism, in *Southern Africa, a Time for Change* (New York: Friendship Press 1969).
- 10 *U. S. Investment in Southern Africa: A Focus for Church Concern and Action* (New York: Southern Africa Task Force, United Presbyterian church 1972).
- 11 Genesis 1:26-28.
- 12 Herbert E. Douglas, Adventist leadership in ecology (editorial), *Review and Herald* 149:14 (May 4, 1972).