REVIEWS

Social Impact by Proxy

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PEOPLE/PROFITS: THE ETHICS OF INVESTMENT
Edited by Charles W. Powers
New York: Council on Religion and International Affairs 1972 214 pp
$2.95

Both the questions and the answers about the "now" issue of investor responsibility are in the infancy of development. The basic question addressed here is: To what extent does the right to vote a proxy obligate the investor to concern himself with the social impact of corporate activity? This question is one that should concern *all* investors. But it has been of particular concern to churches, foundations, and educational institutions because of the nature of their institutional objectives. Buy/Sell decisions — as well as response to, or initiation of, proxy issues — call for a fine tuning of the investor's conscience that must go beyond surface issues.

Concern about moral perspectives related to the evaluation of securities prompted the Council on Religion and International Affairs (CRIA) to organize a three-day seminar to discover and develop ethical guidelines for concerned investors. A condensation of the discussion and the three papers presented at the seminar are the text of *People/Profits.* A cross section of representatives from corporations, organized labor, churches, universities, foundations, and the financial community met to discuss the legitimacy of the stock portfolio as a means of affecting the forces that shape the quality of life.

The spectrum of inquiry in such a discussion ranges from the concept of social injury to the concept of affirmative duty to support a positive impact on society. Do we refrain from direct injury to others? Is it enough to seek out the minimum that morality calls for, or does duty call for the investor to support a positive program of social betterment? The more complex questions arise for the investor when he begins consideration of promoting an affirmative program.

The portfolio manager of the eleemosynary enterprise is encouraged to take a minimum position with regard to the production of dangerous products, pollution of the environment, and the practice of discrimination. His dilemma in considering these items is to decide to what extent the maximization of return on the portfolio takes precedence over his concern for the quality of life. If there is to be progress in social issues, the evaluation of portfolio management must reach beyond financial data. One would hope to look forward to a social audit of the manager's stewardship in the future.

Is it possible to develop criteria for the selection of investments that include social considerations? Or must the investor rely on intuitive integrity? Some of the discussion participants suggest that there is no real dichotomy, but that in the latter case there are criteria even when they have not been articulated. In the main, efforts to develop criteria have been overlooked by those who encourage institutional investors to exercise their prerogatives in the corporations whose stock they own. Charles Powers recognizes this problem in his presentation, "Case Studies in Ethical Criteria" (chapter 4). He avoids the tendency to engage in a theoretical discussion, but settles for the development of what he calls ethical categories and their application to various types of institutions.

Influence on the improvement of corporate conduct is an especially complicated issue for the educational institution. A university is hard pressed to defend its position of academic neutrality, and at the same time to fulfill its obligation to select an investment portfolio that positively supports social betterment. To promote social activism over the objections of corporate officials when one is a potential recipient of the financial support of the corporation calls for a high degree of courage. The current financial crisis in higher education may cause managers of university investment portfolios to be especially reluctant to become involved in ethical investment questions.

How does one answer the challenges of social responsibility when dealing with the multinational corporation that must survive in the host countries? Do investors in South Africa support the apartheid policy by their presence? Is it possible to survive in a multitude of cultural environments and accept responsibility for social concerns? The case of a large oil company in Angola serves as a basis for discussion of the multinational problem. A major protestant organization charged the company with racism and the support of colonialism in Portuguese Africa. The gap between the corporate manager and the socially conscious investor is most evident in this case discussion. Management found the confrontation a hair-raising experience; investors appeared to agree that the company should have exercised more foresight in the selection of its host country.

It may have been implied, but not directly addressed, that a cause of the failure of business to respond to social challenge is that business activity has too often been viewed as an independent subsystem rather than as a part of the total social system. Adolph Berle points out that almost half of the world's manufacturing potential is in the control of five hundred United States corporations.[1] To leave this economic power entirely in the hands of a few managers who all too often have seen their basic goal in terms of profits is a risk that should not be taken. As the beneficiaries of corporate profits, investors will protect their existing degree of control by concerning themselves with individual rights, consumer welfare, the environment, and the quality of life.

Should there be more participation on the part of stockholders? Three choices (in order of preference) are offered the concerned investor: face-to-face talk with corporate executives, the proxy mechanism, and the sale of the stock in those cases where he cannot influence change.

People/Profits is a beginning in the development of both questions and answers as to the social impact of proxy holders. The questions are easier to discover than the answers. The discussion provides a number of alternative answers to each question proposed, but with very little consensus. Beginnings must be made on complex issues.

REFERENCE

1 Adolph Berle, *Economic Power and the Free Society* (Santa Barbara, California: Center for the Study of Democratic Institutions 1964), p. 102.

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Wake Up!

JAN PAULSEN

MISSION: POSSIBLE
By Gottfried Oosterwal
Nashville: Southern Publishing Association 1972 122 pp $2.95

For a people who spend much on *mission* and who are at times almost in a frenzy to keep personnel rotating, it must surely surprise observers that so little on the subject of mission has been and is being written by the Adventist church. Whatever strategies in mission the church may have, they originate with boards of trustees — albeit "guided by the Spirit," but as interpreted by trustees. Objective external assessment of the strategies or examination of mission objectives has not been encouraged. New suggestions may be considered judgments against patterns of the past. To query may raise the question of disloyalty. Yet, if one wishes to be open to the leading of the Holy Spirit, does not the Spirit most effectively break through when the church is provoked out of its tranquility?

Gottfried Oosterwal's *Mission: Possible* may well be a breath of fresh air — stimulating the church to awaken and look anew at itself, its priorities, and its motives.

According to the author, "each chapter was written specifically for Seventh-day Adventists" (p. 13). Well, *almost all* were. It may have slipped his mind temporarily that chapter four was written specifically "for a discussion group of Protestant and Roman Catholic theologians" (p. 12). The book is primarily a collection of articles and lectures, most of them prepared for different audiences, except for chapters one and seven, which were written specifically for this book. These two chapters are similar in mood (in contrast to the varying accents of the other chapters, because of the differences of the groups addressed) and are complementary in the concerns they express.