

Investing in the Global Age

BY LAURA SINGLETON

If we keep our money anywhere but in the mattress, it is being used to finance other activities. We enter the economic fray not only by necessity but also to see God's will—for economic justice and compassion—done on earth as it is in heaven. How can we invest in a way that furthers the ends of God's Kingdom?

How do we participate *justly* in the global economy? In many ways, the challenge we face is nothing new. At its heart, it is just one more opportunity to live out Jesus' maddeningly difficult and paradoxical directive to be "in the world but not of it" (see John 17:14-19). Even in a country where not Caesar's image but, somewhat ironically, "In God we trust" appears on currency, we face the same realities as did the Jews whom Jesus questioned about the Roman coin. Participating in any world system—as citizens, consumers, stockholders, or business professionals—entangles us with its rules and associated obligations, and these rules, affected as they are by the world's brokenness, will limit our capacity to achieve moral ideals within that system.

On this side of the Fall, humans occupy a world characterized not by the plenteous bounty and joyful dominion of Eden, but by scarcity and toilsome labor. The economic system is governed by supply and demand, and competition produces not just winners but losers. Our desire may be to see every worker paid generous wages, but a manufacturer who cannot sell goods for more than it costs to produce them will not be in business long. Where competitors sell for less and consumers see no quality advantage that justifies paying more, raising the price may be untenable. If strong demand or a monopoly on supply makes higher prices feasible, increasing the price may decrease well-being in the wider society by forcing all buyers to devote a greater share of income to this purchase. Where, then, do we find a godly wage principle that we should urge the business owner to honor?

Similarly, our heart's desire for all children is to see them enjoy opportunities for constructive play and learning, not wage labor, during their preteen years, but an absence of schooling options and presence of family economic needs may combine to produce a scenario in which employment is the wish of both parents and child. If the likely possibilities for a twelve-year-old girl to generate income are sex trafficking or factory work, factory work seems by far the better option. How can we know whether the factory producing the goods we buy employs girls in this situation and provides them with safe and clean working conditions, or if it rather enslaves workers largely against their will? To avoid this dilemma, should we buy goods made only in the United States or other countries where factories are well-regulated, or does such a choice just make the rich richer by recirculating wealth within already-developed economies?

As Christians confront such complexities in the economic system of a fallen world, the potential for discouragement and frustration, or even apathy and outright disengagement, looms large. It feels like just the kind of worldly entanglement that Simeon Stylites clambered up the pillar to avoid, and, frankly, his choice is looking better all the time.

SEEKING KINGDOM ENDS

Our motivation to enter the economic fray, however, comes about not only by necessity (our needs for food, clothing, and shelter, for a start) but as part of our desire as Christians to see God's will—a will that we know includes economic justice and compassion—done on earth as it is in heaven. If being in the world means participating in its economic life, how can we do so in a way that treats this necessity as an opportunity to further the ends of God's Kingdom?

Even as I attempt to address the subject here, I hesitate to be too narrow in my definition of what those ends are, because a holistic view of ethical business practice worldwide can include so many different dimensions: the physical climate, for instance, but also the moral climate—we would like to see businesses that pollute neither the air nor the airwaves. We want workers treated fairly and granted a living wage, but our value for human lives is also reflected in the desire not to see laboratory experiments treating human embryos as disposable elements in the quest for healthcare innovations. We would like to see businesses avoiding corruption and bribery, and we would also like to see transparent financial management and reporting. Such issues of desirable business practice are not neatly separable into global versus domestic, and much of what I suggest regarding being effective Christians in the global economy will include actions that are quite local in nature.

Acknowledging the complexity and difficulty of prescriptions, I want to consider three basic choices that we have in disposing of our after-tax income: spending it on goods and services, saving it, or making a charitable donation. It strikes me that one fiscal strategy for the Christian is to minimize the first two outlays in the interests of maximizing the third. In a sense, this approach is designed to keep those difficult-to-resolve puzzles of worldly interaction to a minimum. While it may not amount to joining Simeon on his perch, it nevertheless reflects a strategy of retreat. We will not, however, short of monastic asceticism, be able to reduce both our spending and saving to zero, leaving some level of interaction with the economic system unavoidable. The other difficulty with minimizing our spending and saving to maximize our giving is that economic efficiency (the basic principle undergirding a low-consumption strategy) is not always associated with a superior moral choice, as I will discuss further below.

Given that all three options—spending, saving, and giving—will be part of a household's financial activities, whatever the level, it seems important to consider them all. However, I find that most notions of how to impact the economic sphere begin and end with the spending component, while advice regarding savings or investment for the Christian seems barely discernible from secular materials. Accordingly, I would like to start with that second option and then address the others more briefly.

INVESTING WISELY IN COMPANIES

Perhaps you consider your household's savings meager, but if you are keeping money anywhere but in the mattress, it is being used to finance other activities, whether you recognize that or not. To start with, banks actively lend out a portion of their deposited funds—that's where they get the money to pay interest. Assessing how the companies in which we save or invest our money measure up to scriptural priorities for good business practice can begin here. In the United States, the Community Reinvestment Act (CRA) and Home Mortgage Disclosure Act (HMDA) require banks to share information about how and where they lend money. The legislation was introduced to curtail the practice of "red-lining" neighborhoods—refusing to lend in disadvantaged areas, thus supporting discriminatory credit practices and perpetuating urban decay. Do you know what your bank's CRA rating is? This is publicly available data, and you could vote with your savings for a bank that lends money effectively in ways that build up the community.

Holding corporate stocks, either directly or via a mutual fund, entails actual ownership of a business. Stock investments are by no means restricted to the elite in America, but are presently held by about half of all households, and more than half of these have total annual incomes between \$35,000 and \$99,999.[1] Even if we invest in what are known as socially responsible mutual funds (adhering to practices often labeled as SRI, for "socially responsible investing"), we should be taking the time to explore the companies in which the fund invests, a list of which can be found in the fund's prospectus. The prospectus should also state the guidelines for qualifying companies—be sure to look for any evidence of "wiggle room" in them.

For instance, a long-established SRI fund in which I held shares initiated a proposal to change its guidelines so that investing in businesses where gambling activities played only a *minor* part was permitted (a retreat from their prior zero-tolerance standards). I voted against this change with my proxy statement (another privilege of ownership we should be exercising thoughtfully), but it passed, and I sold my shares in the fund as a result.

When looking at SRI guidelines, it is also worth considering not just whether they include issues that you deem important but whether all the practices they require are ones you feel companies should be demanded to enact to be considered "socially responsible." As SRI funds increasingly codify their definitions, the process is dominated by secular priorities not always shared by Christians, leading to guidelines that may force conformity on issues where you might support freedom of conscience.

In response to these trends, a new subcategory of mutual funds, sometimes termed "values-based investing," has been initiated with a Christian audience in mind. A typical distinctive of such funds is maintaining the protection of human life as paramount alongside other principles familiar to SRI. Unfortunately, new or better screening rules do not address the fundamental nature of investor capitalism, the system in which today's mutual funds are embedded—a system that prioritizes shareholder returns, particularly in the short term, over virtually all else. Funds are managed for high returns, whether or not portfolio companies are initially screened for social goals, and a fund manager's patience with a short-term downturn in profits, even to pursue a social good, may come at the cost of his or her job. Mutual funds also serve to concentrate corporate ownership in institutional as opposed to individual hands, meaning that the leverage exerted over a company by a single buy or sell decision is much higher. Any investor in a mutual fund must question whether those investments are being managed in such a way as to reward businesses that may be making conscience-based choices that depress short-term profits.

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Recognizing the potential discord between desires for high returns and desires for socially responsive practices, management scholars have studied the association between social responsibility and business performance. (It is hard not to wonder if this also reflects, at least on the part of some, a quest for scientific proof that a thorough-going modernism can substitute for inconveniently religious moral dogma in making the "right" investment choices.) Alas, in some ninety-five studies over the past thirty years, evidence for the association is suggestive but mixed—just over half the studies that attempted to predict financial performance based on some measure of social responsibility showed a positive and statistically significant connection; the results were somewhat better (over two-thirds positive) in showing that social responsibility *followed* good financial performance.[2] Still, those who choose the good cannot unequivocally claim it assures higher returns, and those who prioritize high returns cannot feel confident that they are encouraging better moral choices.

That the case cannot be proven I take as a sign of God's sovereignty and mercy, protecting us from developing that unhealthy dependency on wealth as a sign of virtue. It is inconvenient to realize that doing the right thing does not always pay off in worldly terms, but anyone who worships a crucified Savior should have no difficulty understanding that this is so.

It means, however, that investor capitalism as a system is unlikely to favor companies that make a sacrificial choice to take the lead in socially responsive practices, and is correspondingly more likely to reward companies that conform to minimum established standards and deliver maximum profits. It is no accident that many firms known for innovative or unusually principled attitudes toward social practices—from Levi-Strauss to Chick-Fil-A to Timberland to Cadbury, to name just a few—have a long history of family-driven ownership, in whole or significant part, which protects them from exposure to a market system that does not share those priorities.

A potential opportunity to support such practices in publicly traded firms can come through directly investing for the long term in companies that implement practices matching your priorities and through expressing your loyalty by holding the stock even in downturns. Moral goals, in other words, may at times be at odds with personal financial goals, which again should be no surprise.

Taking the time to research an individual company for both sound management and global social practices may seem daunting, but a well-informed consumer decision requires almost as much research, so prioritizing the investigation of a company that produces goods or services your household buys regularly could deliver both a spending and investing option that strengthens global economic welfare. Again, though, I would encourage researching beyond simple checklists—it is worth remembering, for example, that Enron consistently appeared on lists of "most admired companies" before it crashed. Similarly, membership lists of global standards organizations such as Britain's Ethical Trading Initiative certify little if practices are not policed, which is hard for even such bodies to do. In March 2007, Levi-Strauss withdrew from the ETI because it felt unable, in good conscience, to ensure its suppliers were complying with the organization's Living Wage stipulation. The same month, Chiquita International, still an ETI member, disclosed a $25 million settlement with the U.S. government on charges of making protection payments in 2003 to Colombian guerrilla organizations. It is hard to know whether the current or former organization member, in this case, reflects the superior ethical stance.

THINKING SMALL AND THINKING LOCALLY

I would also urge consideration of investment options determined not by conventions of individualistic American culture, but by a unified reality of the Body of Christ, in which early Christians held everything in common, selling and giving to one another as each had needs. We recoil at the thought of economic entanglements in others' lives, but this may be one more arena where counter-cultural thinking is demanded to bring Kingdom realities to pass. If we as Christians want to see businesses run globally in ways that we believe they should be run, then one obvious solution is for like-minded Christians to be running businesses. How much better that a collective of families within a church or churches help raise seed money for a worthy business entrepreneur than for that same business to begin either encumbered with debt or with outside investors disinterested in the importance of following Christian principles? Thinking small and thinking locally, in other words, may be a way that our investment dollars can help multiply businesses with a strong social conscience.

My sympathies increasingly lie with the economic principles behind Distributism, a policy that was promoted in the early twentieth century by prominent British Catholics including Hilaire Belloc and G. K. Chesterton. To their minds, capitalism and socialism were mirror-image engines of consolidation that would concentrate ownership and control of assets in the hands of elites, decimating the possibility for small shopkeepers, farmers, or craftsmen to lead lives of modest self-sufficiency. While the Distributists' vision for slum-dwellers to find new lives as subsistence farmers may seem quixotic, a small-business owner undoubtedly has greater potential for prosperity than an employee, regardless of the employ-

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er's level of enlightened business practice. As such, multiplication of business ownership across a wider range of socioeconomic strata, both at home and abroad, is still a viable route to individual well-being.

This is the principle behind microfinance, as practiced by organizations like Grameen Bank in Bangladesh, where tiny loans are managed in collective circles and participants share resources to help build sustainable small businesses. Because microfinance operations are not managed for shareholder return, there are no opportunities to invest in them per se, but at least one Web site (*www.Kiva.org*) allows individuals to make no-interest loans directly to entrepreneurs worldwide, and other microfinance organizations, both Christian and secular, receive charitable donations for this purpose.

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CALLING GIFTED BUSINESS LEADERS

This discussion of savings and investment priorities, I hope, also suggests kinds of businesses we may wish to lend our support to as consumers—small businesses, family-run businesses, Christian-run businesses, as well as large businesses whose global practices we have investigated and feel good about supporting.

When it comes to charitable priorities, our concern to see businesses around the globe run by Christian principles should also go hand in hand with our desire to see Christians in every tribe and nation around the globe. To be an effective Christian participant in the global economy, in other words, we should be contributing to worldwide missions efforts as God enables. In fact, business enterprises and business training form an increasing part of missions today, particularly in offering Christians opportunities for involvement in cultures closed to church-planting or other traditional missionary activities.

Yet a final priority for Christians who desire to influence the global economy positively should be the extent to which we support and disciple those within our midst who are gifted as potential business leaders. Despite Weber's assertion that Calvinism resolved the tension between Christianity and the pursuit of business profits, I sense ample continued ambivalence on this subject in the church, even among those whose denominational traditions (such as that of my Southern Baptist congregation) flow directly from the Genevan springs. I was recently struck by a lesson in a group Bible study that presented Peter's departure from the fishing boat to follow Jesus as a "working person's response." True enough, but what of those whom Jesus may call to serve him by staying in the boat? Much has been written on this topic, and marketplace ministries are multiplying, but the temptation to compartmentalize working hours as non-sacred continues, and it operates contrary to our aims to see businesses, along with all of life, transformed by Kingdom principles.

In the end, there is no substitute for our individual involvement with and consideration of global economic issues as Christians. We cannot outsource our moral decision-making to investment managers or to those who create global trading standards. Further, we cannot succumb to the temptation to equate economic efficiency with virtue, as moral priorities may require us to invest with more modest expectations of return, or to pay more for goods produced by higher-wage workers or in conformity with above-and-beyond environmental standards. I realize the strategies I suggest neither maximize individual wealth nor eliminate all possibilities for selfishness, but I am nevertheless hopeful that they may be strategies that could distribute wealth to the benefit of others.

NOTES

1 "Ownership of Mutual Funds and the Internet," *Research Fundamentals* 15:6 (Investment Company Institute, October 2006).

2 Joshua Daniel Margolis and James Patrick Walsh, *People & Profits: The Search for a Link Between a Company's Social and Financial Performance* (Mahwah, NJ: Lawrence Erlbaum Associates, 2001), 10-11.

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