CHAPTER 5

“An Owner’s Sense of Interest”: The Ethics of Socially Responsible Investing

What is the strongest force on the planet? It is you and your investment account and me with my investment account. What I’m arguing here is that, at some fundamental level, the people that move the money, move society. We need to take responsibility for that impact. The way you make money makes a difference.

Amy Domini (Domini Social Investments 2003a)

At the very moment that the NYSE’s mass-investment programs were beginning to stutter, a different program of popular finance was in the process of formation. A function, in some important ways, of the social disruptions of the moment, socially-responsible investing (SRI) emerged in the early 1970s as an attempt to frame the ownership of corporate stock within the political lexicon of the civil rights struggle and other “new social movements.” It was the inescapable shadow of war, however, and the American intervention in Vietnam, that formed the most immediate crucible in which SRI began to enunciate an ambitious, if fledgling, attempt not only at a particular vision of popular finance but also at a connection between “everyday” investment and an explicitly ethical practice. Concerned in particular with the countless ways in which everyday investors were implicated in the war, and the corporations that benefited from it, SRI advocates began to sketch out a domain in which everyday investment and progressive, even antiwar, politics could be stitched together. In early August 1971, for example, at a moment deeply marked by conflict and debate over the war, Luther Tyson and Elliot Corbett, two figures connected to the United Methodist Church, launched Pax World Funds, the first publicly

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available mutual fund that explicitly avoided investments in firms connected
to or profiting from the misadventure in Vietnam.

By sketching out this kind of domain, SRI advocates attempted to place
a moral and ethical language into the center of the financial world and the
ways in which everyday individuals exist within that world. Moral and ethical
languages have long been summoned to laud or to denounce Wall Street
and the inclinations of popular finance. Writing in 1889, Rev. George G.
Hubbard, for example, launched an explicitly “ethical” broadside against
the increasingly popular pastime of speculation. “The moral character of
speculation,” Hubbard implored, “is seldom called into question . . . But
the time is coming when the disguise must be removed . . . A moral evil
requires a moral remedy . . . there must be . . . a thorough change of moral
sentiment” (1889, 43–51). Although Hubbard’s language is striking and
bold, it was neither the first nor the last attempt to recast popular finance
in moral terms or to locate popular investing on an explicitly moral-ethical
terrain. The whole terrain of “thrift,” wrote J. F. Wilkonson in 1891, “is more
even than a piece of economic conduct; it stretches out into the domain of
conscience and morals” (1891, 1; see also Calder 1999; Chamberlain and

Now one of the most rapidly growing areas of personal financial markets,
SRI asks individuals to structure personal financial life, in a fundamental
manner, around explicitly articulated ethical or moral concerns and to place
individualized ethics (however they may be construed) at the very center of
how personal financial conduct is to be governed. SRI has experienced
important growth in the Anglo-American and (to a lesser extent) the
broader European contexts; recent figures indicate that over $6 billion in
assets are now managed in Canadian SRI instruments, while over $2 trillion
are managed in American ethical or SRI products and 3.7 billion pounds have
been deposited in products in the UK (Brill et al. 2000; Asmundson and
Foerster 2001; Benn 2001, 5).

How should SRI be understood? What kinds of critical assessments can be
drawn about SRI and the “ethical” space it seeks to occupy? To begin to answer
these questions and to place SRI in critical context, this chapter is framed
by two broad points. A first point situates SRI as a particular formulation
of the property/democracy rationality experimented with in the NYSE program
outlined in chapter 4. Although both programs promote an individualized
form of economic security grounded in private financial spaces, they do so
in quite different ways. SRI advocates often ask individuals to engage in a
deeply active (even intimate) process of knowing the self and intervening
directly into ownership structures in the name of that ethical self. In doing
so, SRI activists seek a form and depth of intervention that NYSE programs