

Virtuous Investment

Eve Poole

I should like to offer a few thoughts on the virtue of the Church's approach to investment. For the purposes of this debate, I shall assign a virtuousness scale of 0-10, with 0 languishing with the demons and 10 being positively angelic.

First, the four Cardinal Virtues: Justice, Fortitude, Moderation and Prudence.

Justice

Here ye what St Paul says: 'I say this to your shame. Can it be that there is no man among you wise enough to decide between members of the brotherhood, but brother goes to law against brother, and that before unbelievers? To have lawsuits at all with one another is defeat for you' (1 Corinthians 6).

The year 1991 saw the ruling in the famous Bishop of Oxford case, a spectacular theological own-goal. While this ruling effectively endorsed the Church's ethical investment policy, the intention had been to force the Church Commissioners in particular to take more materially into account the promotion of the Christian faith in their investment decisions, in the context of the debate raging over their investment in companies with interests in Apartheid South Africa.

This initiative effectively ceded primacy to the secular court over the 'court' of the Church, and has allowed Church investment bodies ever since to appeal to the 'justice' of their fiduciary responsibilities.

So, thanks to the former Bishop of Oxford, we can prove it: 10 out of 10 for Justice.

Fortitude

How brave is the Church about her money? The famous speculation of the late 1980s that produced such triumphs as the Metrocentre required great courage. So did the subsequent portfolio collapse and the efforts made to regain public confidence.

Has the Church been brave in confronting 'sinners' in its portfolio? Yes, with Synod's campaign against Nestlé - and possibly Caterpillar - in particular. Yet the investing bodies rarely challenge the status quo unless provoked.

On balance, an equivocal 5 out of 10.

Moderation

The Church has enjoyed better-than-average returns on its investment portfolio in general. But Oliver Twist – generally in the form of General Synod - keeps asking for more. Demand drives supply, so the investment bodies are under constant pressure to maximise returns.

I gather that a recent approach by a Scandinavian social credit venture was rejected because the rock-solid returns it promised were not high enough to meet the target rate of return. Likewise, Octavia Hill's legacy was carefully palmed off on the basis of its unattractiveness as an investment opportunity, in spite of weighty opinion on the merits of maintaining it as a social investment.

On the other hand, the Church cannot be accused of greed. In pursuit of its ethical mandate, the Church has hypothetically sacrificed some return by avoiding banned category investments. This is borne out by the performance of the Dallas-based 'sin stocks' fund VICEX, which tends to outperform its virtuous rivals.

Perhaps the Church needs to be more moderate in its demands on its investment bodies, so that they might be moderate in their approach. A score of 5.

Prudence

The patron saint of accounting. Apart from those exceptional forays in the late 1980s, the Church's stewardship of assets has been characterised by prudent husbanding and rebalancing, prudent scrutiny and review. Undoubtedly, 10 out of 10.

On the Cardinal Virtues, then, so far so good. 30 out of a possible 40. 75%. A First Class degree! And, moreover, in line with the United Nations' *Principles for Responsible Investment*, of which the CCLA is a signatory. The *Principles* encourage engagement with companies on environmental, social and governance issues, where to do so would be consistent with an investor's fiduciary duties. .

This leads us to the three Theological Virtues: Faith, Hope and Charity.

Faith

Fides. 'Fiduciary duties?' An impoverished definition. Perhaps the Church should restore the theology to this currently rather secular and legalistic virtue. I thought we were a Church justified by faith. We are already saved. So what are we doing to demonstrate our salvation in our stewardship? *How* we make our money is as important as *what* we make it for. I applaud the murmurings of the Ethical Investment Advisory Group (EIAG) towards positive investment, but by their fruits shall ye know them. *Adeste, Fideles*. Get to the back of the class. *Null point*.

Hope

The Church is fundamentally hopeful in its stewardship of assets. The act of investing implies hope. The policy of retaining the odd questionable investment to enable engagement is also an act of hope, that an organisation might redeem itself. So the Church scores well, except perhaps that its preoccupation with future financial security has a pessimistic flavour. 8 out of 10.

Charity

Faith, hope and charity. And the greatest of these is charity. The EIAG asked in its last annual report: In this age of globalization, who is my neighbour? Who indeed. At the moment, it is the clergy pensioner living in the diocese of Chichester. And of course, charity begins at home. But it is also ending there, and this is not good enough.

Why can't we do both/and, instead of either/or? There are legal and budgetary constraints. But why not use the Church's financial muscle to more proactively shape the world? Organisations that deliver both an ethical and a financial return could be part of a rebalanced portfolio with a balanced scorecard of return.

For Charity, 2 out of 10. Charity is the word most often used to translate the Jewish concept of *tzedekah*, whose root means justice, so we have come full circle.

Our virtue scoreboard reads: Cardinal 30. Theological 10. That's 40 out of 70. A Theological Fail, or at best a Gentleman's Degree. Just on the side of the angels. Must try harder.

Eve Poole lectures in Leadership at Ashridge Business School, is researching for a PhD in Capitalism and Theology at Cambridge University, and is a Trustee of the Christian Association of Business Executives and the Foundation for Church Leadership.

Note

This article is adapted with permission from Eve Poole's presentation at 'Treasure in Clay Jars: The Church and Her Money', the JustShare debate (www.stmarylebow.co.uk/justshare), 6 March 2007

ECCR *Bulletin* no. 66 September 2007