

# The Ethics of Socially Responsible Investing

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## **SRI and Social Screens**

"Hit em' where it really hurts, in their pocketbook" is a phrase which has seen plenty of use in our economically driven age. These truly are times where the great battles are fought and won on an economic landscape. A favorite technique for imposing American political domination upon smaller nations like Cuba and Iraq is the economic sanction. Arguably, the U.S. won the Cold War not because of savvy political maneuvering or military intimidation, but because we had the economic capacity to bankrupt the Soviet Union. The World Trade Organization, ostensibly an economic institution, now faces protest due to its overwhelming political influence. Even American internal politics, at least according to the likes of Ralph Nader, is less a matter of democracy and more a matter of strategic spending.<sup>1</sup> With the influence finance carries in almost every facet of modern social life, should it also play a role in our ethical considerations? Or, more appropriately, should our ethical considerations play a role in our financial institutions?

These questions, or versions thereof, are the principal motivation behind the significant rise of the socially responsible investment (SRI) strategy in the current market. Put quite simply, socially responsible investing seeks to hit the corporations where it will really hurt, in their pocketbooks. Over the course of the past forty years socially minded

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