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Investing your values

MONEY | In the aftermath of Starbucks' shareholder meeting, Biblically Responsible Investing gets another look

The choice could not have been more clear—or dramatic—when Starbucks held its annual meeting in March.

Associated Press/Photo by Ted S. Warren
"IT'S A FREE COUNTRY": Schultz at the March meeting.

Tom Strobhar, a Christian shareholder activist, stood up to the microphone at McCaw Hall, a magnificent facility that's home to the Seattle Opera. Thousands looked on as he calmly objected to Starbucks' use of corporate funds to support homosexual activities: same-sex domestic partner benefits, sponsorship of "gay pride" events, support for homosexual activist speakers at Starbucks' corporate events, and CEO Howard Schultz's outspoken support for gay marriage.

Strobhar provided data saying drops in sales, earnings, and stock price coincided with Starbucks' pro-gay activism. But Starbucks' Schultz said other factors led to the drops, and he was unrepentant: "It's a free country. You can sell your shares of Starbucks and buy shares in another company."

Though it's hard to see any direct impact on Starbucks, increasingly Christians are investing their values. Though still a tiny portion of the total assets invested, funds using Biblically Responsible Investing (BRI) practices are growing, topping $13 billion last year.

The Presbyterian Church in America (PCA), for example, has more than $410 million in its investment portfolio, mostly in the form of retirement accounts for PCA pastors, missionaries, and other church staff. Gary Campbell, who administers the PCA's 24 funds, estimates that 60 to 65 percent of the funds are "screened" funds that refrain from investing in companies involved in abortion, pornography, homosexuality, or other activities his denomination considers a violation of biblical standards. According to Campbell, about 500 companies are on its exclusion list, including Amazon, Schlumberger Limited, and GlaxoSmithKline.

The largest Protestant denomination, the Southern Baptist Convention, also screens the approximately $11 billion in its investment portfolio, though it has a much looser standard. Its investment arm, Guidestone Financial Resources, refrains from companies that are "publicly recognized" as engaging in immoral activity. Timothy Head, a spokesman for Guidestone, would not identify members of the committee that determines whether a company is "publicly recognized" or say how the committee made the determination. "Our process is proprietary," he told WORLD.

Whatever the process, it did not screen out Starbucks. Strobhar estimates Guidestone owns about $25 million in Starbucks stock. Of the stocks listed above that the PCA refuses to hold, Guidestone owns them all. Though, to be fair, the PCA also owns Starbucks stock in its Large Cap Growth Fund.

One company that refuses to own Starbucks is the granddaddy of evangelical investment funds, The Timothy Plan, which has about $700 million under management. (Catholics have the Ave Maria Fund, which has about $1 billion.) The Timothy Plan founder Art Ally has long been a thorn in the side of Guidestone and other investment groups that refuse to tightly screen their investments. "They're funding evil," he said bluntly. Ally points out that tens of millions of Christians have hundreds of billions in investment and retirement accounts. "If we all got together and took our stewardship duties seriously," he said, "we could make a real difference."

The PCA makes its investment decisions using data from the Biblically Responsible Investing Institute (BRII), which tracks thousands of publicly traded companies and their activities. Rusty Leonard, BRII's founder and president, agrees with Ally that if more Christians would "invest their values," companies would behave differently. He said the current battles over same-sex marriage actually began decades ago when "corporations started granting same-sex domestic partner benefits." The Boy Scouts considered a change in its ban on adult leadership because of pressure from corporations. According to Leonard, "Corporations have been the front lines for these battles. Who knows what might have happened if investors had spoken up years ago?"

One possible objection to biblically responsible investing is its rate of return. The PCA's Gary Campbell says unscreened funds may outperform screened funds in the short term, "but over the long haul we haven't seen any difference." That was also the conclusion of a team of economists led by Sebastian Lobe from Germany's University of Regensburg. Their 2011 study concluded: "We find no compelling evidence in the data that ethical and unethical screens lead to a significant difference in their financial performance."

Campbell admits the choices in biblically responsible investing are not always clear, but he says it is important to start somewhere. "When you buy stock in a company, you're more than just a consumer. You're an owner. That brings with it a higher responsibility. Christian investors should take that responsibility seriously."