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**Is Social Responsible Investment truly ethical?
A moral evaluation of the main mechanisms
in the Social Responsible Investment-market**

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‘The needs of society determine its ethics.’ (Jorge Louis Borges)

What are the needs of society and thus the needs of the individual investor in society? Facing the global complexity and inherent threats of climate change throughout society nowadays, the need for taking both responsibility and action becomes clear and urgent. According to the Argentinian author Jorge Louis Borges, this need determines exactly a society’s ethics. This also includes the investment market for acting socially responsible in its decision-making.

On the global financial market, a Social Responsible Investment (SRI)- or ethical market¹ has been developed in order to accommodate society's needs. This market has enjoyed growing attention, especially since the world financial crisis in 2007. More and more suppliers offer funds or indices that are called “socially responsible” or “ethical”. It is questionable however, whether all these products fulfil their promises in meeting the investors' needs.

Although the SRI-market is growing, there is no unified definition of “ethical” or “socially responsible”. No unified catalogue of criteria or a common acknowledged seal of approval has been developed to ensure the additional benefits. Because the SRI-market is a global market with different cultural, religious and moral views, it seems not possible to establish a mutually acceptable, unified definition without weakening the markets. Therefore, rather than examining the ethics of the existing products in the SRI-market it makes sense to initiate the examination with the currently applied selection mechanisms.

In this enquiry, I argue for the hypothesis: “If you invest in the SRI-market, you do invest ethically”. The following assesses whether the SRI-market is as ethical² as it is claimed in terms of the ideas of the moral theories utilitarianism and deontology. These theories are of general interest because they defend very conflictive positions. The former focuses on the end of an action and concentrates on the general well-being, whereas the latter concentrates on the

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¹ These two notions will be used synonymously because of their equivalent meaning (Sparkes 2001).

mean and seeks universalized evaluations. They make a generalised and extensive examination of the SRI-market possible. I will examine two of the most widely applied negative screenings – “weapons, munitions and armaments” and “tobacco”³ – by means of the ideas of hedonistic and preference utilitarianism, and also by means of Immanuel Kant’s Categorical Imperative (CI).

This paper is divided into two parts: Firstly, an introduction of the SRI-market and its investors; secondly, the analysis of two negative screenings on the basis of the two moral theories of utilitarianism and CI.

Social Responsible Investment

‘Defining “social responsibility” represents a major hurdle for investors attempting to implement a values-based investment strategy’ (Jennings 2007, 19) because there is no universal definition for SRI. Several definitions have been developed in the literature over the last 30 years. A change with regard to content can be observed. In the first definitions, the inaccuracy of the vast extent of different meanings in public awareness is striking. However, over time, the definitions have been focused on clearly integrating social, ecological and ethical matters with the financial maxim of maximizing profit. Today, a commonly used definition is edited by the European Sustainable and Responsible Investment Forum (Eurosif). There, SRI is ‘a generic term covering ethical investments, responsible investments, sustainable investments, and any other investment process that combines investors’ financial objectives with their concerns about environmental, social and governance (ESG) issues’ (Eurosif 2008, 2010).

² Ethical is defined as ‘acting in a morally appropriate manner, based on procedural moral standards or principles’ (Schwartz 2003, 197).

³ Having examined the negative screenings of ten global SRI-funds, such as the Sarasin OekoStar Equity Global (ecoreporter 2010) or the UniInstitutional IMMUNO Nachhaltigkeit (Union Investment Privatfonds GmbH 2011), and of seven global SRI-indices, such as the DJSI North America (Nachhaltiges Investment 2011) or the STOXX Sustainability Indices (Nachhaltiges Investment 2011), these two negative screenings are most frequent applied. 94% of these funds and indices exclude them.

In the SRI-market, there are different strategies that Eurosif divides into two market segments: the broad and the core SRI. This implies that there are two main approaches to choose companies for various portfolios. As the general definitions have changed continuously over the years, ‘the standard for the portfolio screening employed by SRI investment managers have changed [too], shifting from simple quantitative screens to more complex qualitative screens’ (Gay 2005, 35). The core SRI consists of *Negative Screening* and *Positive Scorings* that is often combined with the *Best-in-Class-approach*, and *Thematic Funds*. The broad SRI consists of *simple exclusion*, *engagement* and *integration* (Böttcher 2009). This paper will examine the ethics of negative screenings that is the most frequent used strategy in core SRI and consists in total of €1.854 trillion⁴ in Europe (Eurosif 2010). It seems not straightforward and also arbitrary why these exclusions are called ethical.⁵

The SRI-Investors, both institutional and private, have different incentives for engaging in SRI and they have different understanding of SRI. Their engagement can be explained by financial returns, but also by ‘non-financial returns that fulfil their own aspirations, moral obligations and values’ (Fung 2010, 44). This implies that ‘investors want more than the utilitarian benefits of low risk and high expected return when they choose investments, they want additional utilitarian benefit and they want expressive benefits as well’ (Statman 2004, 1). In general, although ‘the goals of socially responsible investors indeed vary’ (Statman 2008, 41), investors are interested whether their own desires or beliefs are satisfied by their investment. This is however not yet assured on today's SRI-market.

Each investor goes through stages when making his investment decision. Figure1 shows a simplified version of the generic model of ethical decision-making that is based on Viviers et al. (2008). They adapted the model from Carroll and Buchholtz (2000). As Viviers et al. (2008, 18) state, ‘[e]thical decision making should not be seen as a separate activity, but rather as an integral part within each of these stages’.

⁴ This includes the norms-/values-based exclusion and the simple exclusion.

⁵ The evaluation of integration for example that consists of €2.8 trillion in Europe could be also of interest at this point. Thereby, it is to question whether the inclusion of ESG risk factors into traditional financial analysis is enough in order to be called ethical.

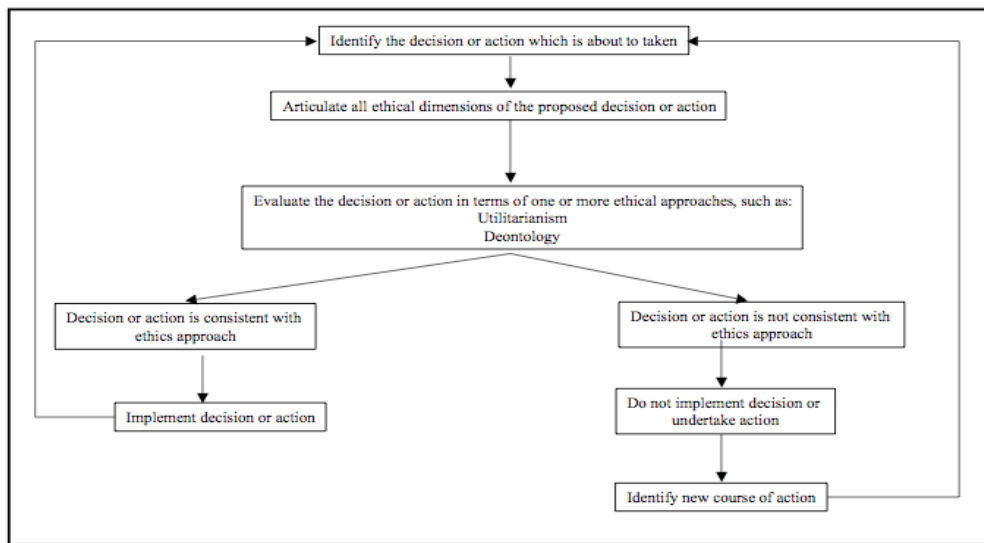


Figure 1: A simplified version of the ethical decision-making process according to Viviers et al. (2008) (author’s version)

In this ethical decision making-model, the investor identifies first the decision or action, which he is about to take. Then, he articulates all ethical dimensions of the proposed decision or action. In the third step, the ethical assessment of the investor happens, for he evaluates the proposed decision or action in terms of one or more ethical approaches, such as utilitarianism or deontology. Hereby, the investor has the freedom to choose the theory or approach or their combinations that he wants to use as ethical guidelines (Carroll 2000). If the investment decision is in accordance with the chosen moral theory, the action or decision can be implemented. If this is not consistently the case, then the action or decision is not implemented and new courses or actions have to be identified so that the decision cycle can be repeated.

The following makes the ethical assessment of step three in the ethical decision making-model by evaluating the decision for two negative screenings “munitions, weapons and armaments” and “tobacco”.

Analysis of ethical investment in the light of utilitarianism and deontology

Munitions, weapons and armaments

The following analysis encompasses the production and trading of weapons, munitions and military contracts. According to the Stockholm International Peace Research Institute, all countries together spent €1.5 trillion worldwide on military spending in 2009. 3% of the global economic performance can be assigned to investments in the production of munitions, weapons and armaments (Niesmann 2011). Therefore, military spending is not just morally contested, but it is also a huge market. In this analysis, the moral impacts of munitions, weapons and armaments will be examined in the extent of its involvement and enabling of killing people.

Firstly, it has to be defined whether weapons or munitions are in general being looked at as instruments that can kill human beings and animals. Or whether it just focuses on weapons, munitions or armaments that are used in wars. It is hereby of relevance whether these wars can be justified, as for example wars that rescue a civil population from a dictatorship, as in the case of Muammar al-Gaddafi in the North-African state Libya. Also, it is important to decide whether we want to take into account the probability that these weapons or munitions also could kill unintentionally a civil population, such as innocent children. This distinction is of great relevance because the result of various forms of killing is to be judged morally different, especially for the deontological examination, where the means of killing are decisive. In the following, the intentional killing of an innocent person, and not of animals⁶, with weapons or munitions will be morally examined, while the case of failing to save will be excluded.⁷ Also, the cases of using weapons in order to advocate for something good, such as strengthening the democracy in cruel dictatorships, are neglected.

Utilitarianism as one form of consequentialism is ‘a set of moral theories that make the good explanatory primary, explaining other moral notions, such as duty or virtue, in terms of promoting value’ (Brink 2007, 381). The latter can be understood as taking steps which may lead to a greater outcome overall according to Brink. Thereby the SRI-investor chooses investments that increase the well-being of the whole society and not for himself. This is for

⁶ For a deeper examination of the issue “killing animals”, compare Singer (1999).

example contrary to ethical egoism that tells the investor to promote his 'self' above 'others' (Viviers 2008).⁸ Beside the hedonistic utilitarianism, the preference utilitarianism will be in the focus of the examination. Hereby, the objects of investigation are human actions and their consequences. The agent has to choose the action that has the best-expected utility. However, act utilitarianism can lead to the killing of an innocent person, just so that the angry mob is being turned quiet and the leader can continue to reign in peace.

What is the value of a human life according to utilitarianism? Utilitarianism gives life only an instrumental value (Sulmasy 2011) that is dependent on supposed states of affairs in the future (Savulescu 1998). Exemplarily, the net outcome of maximising pleasure or preference satisfaction is relevant only in as much as success or wealth contribute to happiness or pain. The consequences must justify the good of that state, such as of the specific lifetime (Sulmasy 2011), for only the consequences of success or wealth are relevant. For Smart and Williams (1973) however, this result is an infinite regress in the assumption that no things will ever be good by themselves. Sulmasy (2011) also argues critically that the value of life cannot be interpreted with instrumental value only because 'there is something much more individual about the value of a human life than its contribution to the social whole' (Sulmasy 2011, 183).

If life has the instrumental value that utilitarianism claims, what does this imply about the intentional killing of an innocent person? Singer (1999) argues that there is no special value in the life of a member⁹, but there is special value in the life of a person¹⁰. Yet, a self-conscious person has desires and beliefs about the future, which will not be fulfilled if that person's life is brought to an end.

Therefore, according to hedonistic utilitarianism, the person killed is not directly relevant to the immorality of killing because 'there is no direct significance in the fact that desires for the future go unfulfilled when people die' (Singer 1999, 90f.). But the person is indirectly of

⁷ Utilitarianism makes no differences between these two cases (Singer 2009).

⁸ Ethical egoism as 'the view that human conduct should be based exclusively on self-interest' (Facione 1978, 45) could be suitable to evaluate the SRI-market from the investor's view who is only concentrated on his own well-being. However, as Vivier et al. (2008, 23) claim this '[r]epresents a weak form of moral investing'.

⁹ According to Singer (1999), there is no special value of a "member of the species *Homo Sapiens*" in comparison to other beings. This is why the wrongness of killing cannot depend on the species, for to prefer a member of the species *Homo Sapiens* just because it is a member would be the same as any racist's preference of a person just because he or she belongs to a certain tribe or nation.

importance because of the killing's negative effects on the happiness and pleasure of other people. If a civil population is aware that killing could be justified at any given moment, anxiety would penetrate everyday life, reducing the enjoyment of its existence. Therefore, the hedonistic utilitarianism 'can defend a prohibition on killing persons on the *indirect* ground that it will increase the happiness of people who would otherwise worry that they might be killed' (Singer 1999, 91). It is important to note that the same hedonistic utilitarianism might also see killing as morally wrong in case of the unintentional killing of a person.

However, hedonistic utilitarianism fails to 'take seriously the distinction between persons' (Rawls 1999, 24), for it does not consider the "separateness of persons". This explains why utilitarianism does not consider how the sum of pleasure or satisfaction is distributed among the people and among a single person's life. However, there is no reason 'why the violation of the liberty of a few might not be made right by the greater good shared by many' (Rawls 1999, 23). In the case of intentional killing, hedonistic utilitarianism does not distinguish between the actual victims and the society around. It does also fail to distinguish between the pleasure maximisation in the victim's life, whether the victim had a happy childhood or if happiness came later in his life.

When looking at the preference utilitarianism, this intentional killing is morally wrong, too. As stated by Hare, everyone has preferences and desires to be satisfied. Acting for the best is 'the sum of the products of the utility and the probability of the outcome for all the alternative possible outcomes of the action' (Hare 1989, 189). This can be achieved by a set of principles or dispositions 'that is most likely to lead to the maximization of preference-satisfaction' (Hare 1989, 189). However, preferences can be formed under very specific and limited conditions because the positions of the agent are significant for the evaluation of the preference satisfaction and the agent's mental state (Sen 1985). For example, socially oppressed women may become content with their situation by having limited their preferences to this injustice.

Reflecting a victim's preference for living a long life in future, the intentional killing is morally wrong. The killing is contrary to the preference of the victim, unless his preferences are outweighed by competing preferences. If other preferences, such as using weapons in a

¹⁰ Singer uses the word "person" 'in the sense of a rational and self-conscious being' (Singer 1999, 87).

war to rescue the civil population from their dictatorship are stronger than the preferences of a long life, then intentional killing can be seen as morally right according to preference utilitarianism. People's primary preferences might be to kill a cruel dictator. It is unclear however whether every intentional killing of innocent people in a just war can be seen as morally right. Difficulty lies in weighing all possible killings that lead to the higher goal of killing the dictator or against the original preference of killing of the dictator himself.

In reality, putting preferences in a general order is not possible because of the subjectivity of preferences, but each investor can ask what preferences he has and which weight he gives them individually. One investor may prefer to support the elimination of a cruel dictator rather than accepting the victim's preferences for a long life. This very personal kind of ranking is then crucial to examine whether the screening "munitions, weapons and armaments" is morally wrong for the specific investor. For this utilitarian evaluation, the impact for the whole society remains significant for the very individual weighting.

In conclusion, consistent with hedonistic and preference utilitarianism, the negative screening of "munitions, weapons and armaments" can be seen as morally wrong. The consequences of intentional killing with weapons are directly and indirectly morally wrong. However, according to preference utilitarianism, the preferences of a long life can be outweighed by other preferences so that the negative screening can be also seen as morally right. Hence, the screening is morally wrong, although there are disputed borderlines. Although they can be approached through the moral theories, it is each SRI-investor's conscious decision about the extent of his support.

Deontology claims that an action can be seen as moral or immoral according to its intrinsic value, and not just in consideration of its consequences. It is important hereby that the action was pursued in compliance to specific principles or out of duty (McNaughton 2005). The SRI-investor sets thereby principles that he applies on the negative screenings. The outcome of the investments is not of interest, but its motivation only. Kant is seen as the most famous defender of deontology.

In his "Grounding for the Metaphysics of Morals", Kant argues that the CI is 'the fundamental law or principle by means of which we determine what is and is not practically required of us, that is and is not in our duty' (Sedgwick 2008, 8). It is the maxim that everyone achieves

through matters of duty (Korsgaard 1985). For Kant, there is only one CI that he formulates in three versions: the formula of “universal law”, the formula of “the law of nature” and the formula of “the end in itself”.

It seems that Kant claims ‘that a dutiful action can have moral worth only if it is done from the motive of duty alone’ (Herman 1981, 359). This would suggest that humans behave only dutiful if their only motive is duty. However, according to Herman this interpretation¹¹ is mistaken. On one hand, there is no reason why Kant thinks that humans should eliminate any non-moral incentives in order to do their duty. On the other hand, the motive of duty is for Herman the reason that matters why the ‘friend of mankind’¹² (Kant 1785 (1993)) helps other people. He can also have other motives, though they must not be the primary motive (Herman 1981).

Therefore, for Kant matters the maxim on which the ‘friend of mankind’ acts. He points out that ‘[a]n action done from duty has its moral worth, not in the purpose that is to be attained by it, but in the maxim according to which the action is determined’ (Kant 1797 (1995), 399). Merely accomplishing an action does not determine the moral worth, but ‘the principle of volition according to which, without regard to any objects of the faculty of desire, the action has been done’ (Kant 1797 (1995), 400). Investments should not be done with some intention to promote the good, but the specific volition of the single investor must be to increase the good.

Consequently, it is to question whether it is immoral from Kant's perspective to kill an innocent person, who does not have the intention to finish his life. The answer will depend on the specification of the end of this action. It must be distinguished between the killing that helps to finish the horrible doing of an unjust dictator or the killing that even finishes the life of this specific dictator who used to be in charge of many inhuman crimes. Also it is of relevance whether the killing is just one among many in a war in which the parties fight for natural resources and consequently for wealth.

In order to apply the CI to the case of intentional killing, it must be adapted to the people's circumstances in the order of nature. The CI-procedure makes this adaptation ‘as it takes into

¹¹ For example, Singer (1995) writes about this interpretation of the CI in his book “How are we to live?”.

account the normal conditions of human life by means of the law of nature formulation' (Rawls 2000, 167).¹³ Rawls sets out a CI-procedure that develops and tests the CI-version of the formula of "the law of nature" that is to '[a]ct as if the maxim of your action were to become through your will a universal law of nature' (Kant 1785 (1993), 421), into four steps.

Step one consists in the identification of the action: killing an innocent person intentionally. This action is rational to the agent. It is rational from the point of view of the particular person in consideration of his situation and the available alternatives in conjunction with his desires, abilities and beliefs. For Rawls, maxim I is sincere and rational. This implies that intentional killing is rational and the right thing to do given a certain situation, such as being in a war about natural resources. Therefore, the agent's maxim is as follows when the agent is increasing his power or providing access to raw materials, such as oil or water:

(I) I am to kill an innocent person in circumstances C (in a situation of war) in order to bring about Y (winning a war about natural resources).¹⁴

In the second step, the maxim of the first step is generalized. The result has to be 'a universal percept' (Rawls 2000, 168) that is valid to everyone. This percept becomes a practical law if it passes the test of the CI-procedure becoming an objective principle with validity for all rational beings.

(II) Everyone is to kill an innocent person in circumstances C (in a situation of war) in order to bring about Y (winning a war about natural resources).

For the third step, the universal percept from step two has to be turned into a law of nature.

(III) Everyone is to kill an innocent person in circumstances C (in a situation of war) in order to bring about Y (winning a war about natural resources), as if by a law of nature (as if natural instincts implemented such a law).

The fourth step – according to Rawls the most complicated one – has the intuitive idea that '[w]e are to adjoin the as-if law of nature at step [three] to the existing laws of nature (as these

¹² Kant differentiates between the 'friend of mankind' and the 'sympathetic person', whereby the former acts in a dutiful manner.

¹³ Rawls emphasizes at this point the difference between the moral law and the CI. The former is 'an idea of reason. It specifies a principle that applies to all reasonable and rational beings [...] whether or not, they are, like us, finite beings with needs' (Rawls 2000, 167). The CI is only aligned to all reasonable beings 'who, because they are finite beings with needs, experience the moral law as a constraint' (Rawls 2000, 167).

are understood by us) and then think through as best we can what the order of nature would be once the effects of the newly adjoined law of nature have had sufficient time to work themselves out' (Rawls 2000, 169). This results in a new order of nature, which is called 'adjusted social world' (Rawls 2000, 169). It is implied that the agent has a legislative intention in step one to legislate such a world.

However, is the law of nature in step three applicable in reality? Can natural instincts effect that in a defined situation of war, an innocent person is always to be killed? Comparable to Kant's reflections on suicide, these instincts cannot become a law of nature for 'once a contradiction in a system of nature whose law [destroyed] life by means of the very same feeling that acts so as to stimulate the furtherance of life' (Kant 1785 (1993), 422). The very same feeling is self-love that is a precondition of duties to other people (Hill Jr. 1991). People have a duty that is 'derived from a basic requirement to respect the provision of morality' (Hill Jr. 1991, 17). According to Hill (1991, 13), 'morality as a system of equal fundamental rights and duties, is worthy of respect, and hence a completely moral person would respect it in word and manner as well as in deed'. Hence, if everyone practiced self-love and respected morality, then the killing of an innocent person who is longing for life out of self-love, becomes a law of nature. Pure rational human beings yearn for law. This is why this maxim contradicts the system of nature by destroying lives by means of the very emotion that otherwise stimulates the continuation of a long life. People would act contrary to their duty, and hence following the provisions of morality. Although the laws of nature are logical by themselves, it is emphasized that the moral wrongness lies in the contradiction that is inherent in the system of the laws of nature (Brassington 2006; Prichard 1912).

These duties are being criticized as counter-intuitively absolute, for they cannot be overridden by other moral considerations (McNaughton 2005). For example, claiming that a lie is always wrong runs counter to one's own moral intuitions, even if a person can be saved by it. In addition, it seems obvious that morality is important, but it is unclear why it should have priority over other reasons, such as love or commitment. Also, Kant omits answering why morality needs a special importance (Prichard 1912; Scanlon 1998), for he does not make a

¹⁴ This maxim has an "in order to" part that refers to an end. According to Rawls (2000), all actions have ends for Kant.

clear ‘difference between a lack of concern with considerations of right and wrong and a failure to respond to reasons of other kinds’ (Scanlon 1998, 149).

An action is morally permissible for Kant if it proves universally justifiable through the CI-test. The rules have to be liveable by everyone and the reasons for an action should be generally desirable. Deontology gives a universalized rule for the negative screening that is applicable to every investor. It is not subjective as it is for example in the case of subjectivism, ‘which holds that conduct is invariably right which the agents [investor] believes to be right’ (Laguna 1904, 642). It seems the maxim of killing an innocent person in a war about natural resources does not pass the CI-test. Therefore, this action is morally wrong.

However, there are two limits to processing information in the CI-procedure according to Rawls (2000). Firstly, ‘we are to ignore the more particular features of persons, including ourselves, as well as the specific content of their and our final ends and desires’ (Rawls 2000, 175). In the CI-test, special characteristics about the victim do not find consideration, such as its gender or popularity. The second ‘is that when we ask ourselves whether we can will the adjusted world associated with our maxim, we are to reason as if we do not know what place we may have in the world’ (Rawls 2000, 175f.).

In addition, the formula of “the end in itself” that is to ‘[a]ct in such a way that you treat humanity, whether in your own person or in the person of another, always at the same time as an end and never simply as a means’ (Kant 1785 (1993), 429) will be examined. For Kant, the characteristic of humanity is ‘[t]he capacity to propose as an end to oneself’ (Kant 1797 (1995), 392), for humanity are ‘those of our powers and capacities that characterize us as reasonable and rational persons who belong to the natural world’ (Rawls 2000, 188). These may be ‘the capacity and disposition to act on principles or maxims’ (Hill Jr. 1980, 86). To act without treating a person as a means implies not that one is never allowed to use someone else as a means in the strict sense, but ‘insofar as they are used as means, they must be able to adopt the agent’s end, [...] without irrational conflict of will’ (Hill Jr. 1980, 89f.). Here, the maxim that the agent acts on ‘is such that there is no irrationality in anyone’s willing it as a universal law’ (Hill Jr. 1980, 90). A person must always be regarded as an end, for every ‘rational being, inasmuch as he is by his very nature an end and hence an end in himself’ (Kant 1785 (1993), 436) and never as a mean in the strict sense. Kant claims that one ‘cannot dis-

pose a man in [his] own person by mutilating, damaging, or killing him' (Kant 1785 (1993), 429). Consequently, the killing of another person for example for the sake of increasing pleasure or diminishing pain or aiming any other possible desired goal is morally wrong (Hill Jr. 1980).

It is of great importance to note that Kant does not reject every killing. For example, in certain stages of history he agrees to killing as part of a just war (Kant 1796 (1999)). Ultimately, unlawful killing of another person must be punished by death (Kant 1797 (1995)).

In summary, the decision whether the negative screening "munitions, weapons and armaments" is morally right according to Kant, depends on the agent's end in mind. As the examination of the CI demonstrates, killing an innocent person intentionally is wrong because it cannot become a law of nature. However, if the war in which the weapons or munitions are used can be seen as just, killing can be considered as morally right according to Kant. When investing in SRI applying negative screenings, investors are mostly not aware of the kind of war the munitions or weapons of the company are used for. Respectively, they have to decide individually on weighing the probable risks that innocent persons can be killed.

Tobacco

This section adheres to the production and manufacturing of tobacco, but also to its distribution, retailing and supply. The effects of the tobacco industry are evaluated through its widespread and addictive use. This analysis does not include the use of tobacco as part of ceremonial rites or its positive effects, such as fostering feelings of bonding or belonging.

What are the impacts of tobacco? According to the World Health Organization (WHO), the consequences of using tobacco kill more than five million people per year. It is among the five greatest risk factors for mortality and is responsible for the death of one in ten adults. The WHO predicts that if current patterns continue, tobacco will kill more than eight million people per year by 2030 (World Health Organization 2011).

For this moral examination of the negative screening of tobacco, the focus lies on its negative impacts as a drug, such as creating addiction and as a great factor in contributing to early death, but also the immense costs to a society's economy.

First, as in the moral examination of negative screening of weapons, men's value is to be questioned. Why does it matter that a person dies earlier after smoking an entire life? For utilitarianism, there is only an instrumental value of life in net outcome of pleasure and pain or in preference satisfaction (Sulmasy 2011). Focusing on the smoker, it seems that he seeks great pleasure in smoking. One can only assume whether the possible pains that come with more than 70% with lung, trachea and bronchus cancer (World Health Organization 2011) are greater than the amount of pleasure of smoking over time. However, assuming that the person could have stopped smoking during his life, the net pleasure would be probably much higher and potentially longer depending on how the intensity of his years of smoking effects the typical smoker diseases. In addition, it is considerable whether a smoker could have more pleasure when spending the funds for tobacco on alternative goods, such as good food or holidays. Questioning further, does the investment in tobacco really create the highest pleasure for smokers? An addictive person probably expects greatest pleasure from tobacco consumption, but this seems misguided when acknowledging the possible negative consequences. As Moss et al. (1991) found out, pain and suffering contribute significantly to lowered happiness and likely lead to depressions later on in life. Respectively, the net outcome of pleasure and pain is seemingly maximised when a person does not smoke. The subsequent risk of early death and the pain of related diseases are much reduced, so that the negative screening of tobacco is justified when weighing the pleasure and pain of an addicted person.

However, the conclusion may change when taking into account the possibility of voluntary euthanasia, defined as 'the killing of those who are incurably ill and in great pain or distress, for the sake of those killed, and in order to spare them further suffering or distress' (Singer 1999, 175). Voluntary euthanasia is only carried out at the request of the person whose life is set to an end.¹⁵ The lifetime addict could enjoy smoking his whole life, only to ask for euthanasia when being afflicted by the pains and sufferings. This results in a greater overall net-outcome of pleasure over pain. This concept of voluntary euthanasia can be justified in the light of hedonistic utilitarianism. As the knowledge about painful suffering creates a lot of fear 'the argument from fear points [is] in favour of voluntary euthanasia, for if voluntary euthanasia is not permitted we may, with good cause, be fearful that our deaths will be unnec-

¹⁵ For examination of the cases of involuntary euthanasia or non-voluntary euthanasia, compare Singer (1999).

essarily drawn out and distressing' (Singer 1999, 194). This suggests that voluntary euthanasia can end the life of a smoker at the point when happiness and maximum pleasure turns into suffering.

Consequently, concluding the negative screening "tobacco" as non-ethical is not valid under consideration of voluntary euthanasia. However, it remains questionable whether this form of individual freedom stretches too far in the overall social environment.

Looking at this case from the perspective of preference utilitarianism, an addictive smoker has his preferences most satisfied when smoking as much as desired over his lifetime. Nonetheless, it is arguable if the addiction to a specific product can be seen as a proper mean for preference satisfaction, especially as the person is not able to decide rationally about the consumption due to his physical and psychological dependency. For Bozarth (2011) '[d]rug addiction seems to cause a break down in the rationality associated with many of our behaviors'. Drugs can change people's behavior, their values and even their concept of the "self".

'Preference utilitarianism must count a desire to go on living as a reason against killing, so it must count a desire to die as a reason for killing' (Singer 1999, 195). Accordingly, the smoker first enjoys maximum preference satisfaction while consuming tobacco during his life and then appeases his desire of a painless end of life. The smoker has full preference satisfaction so that the negative screening "tobacco" can be reckoned ethical from the perspective of preference utilitarianism.

Moving from the analysis of the individual's satisfaction, the greater social impacts deserve further attention. The total economic costs of tobacco are truly vast.¹⁶ Beyond adding the 'high public health costs of treating tobacco-related diseases, tobacco users are also less productive due to increased sickness, and those who die prematurely deprive their families of much-needed income' (World Health Organization 2011). These costs and lost benefits could be spent for example on many other projects and needs that may result in a maximally positive effect in society. The high medical costs could be used for education or health prevention projects that will benefit the well-being and efficiency of society as a whole. In addition, the negative effects that family members or other close people suffer through second hand smoking are similar to those of active smoking over the years (Passivrauchen 2011). Hence, the

maximum amount of pleasure cannot be reached as the effects of smoking prevent that a society as a whole produces the maximum total or average amount of pleasure. Smoking needs to be recognized as morally wrong.

In conclusion, smoking is reasoned to be morally wrong according to hedonistic utilitarianism because of its effect on the individual smoker, but also on the whole of society. However, in consideration of the possibility of voluntary euthanasia in hedonistic utilitarianism, the conclusion changes to a moral acceptability of smoking. The same applies for preference utilitarianism. The moral judgement is dependent on assessing the preferences of an addictive person, but it is clearly morally right when the option of voluntary euthanasia is being considered.

How does deontology judge the screening? With a high probability, the consumption of tobacco can lead to an early death. This assumption is supported by the WHO studies. The majority of smokers are aware of the huge risks of smoking nowadays, but they continue despite the danger of an accelerated death. This early death can be interpreted as a kind of suicide, although it is lacking the same clear maxim behind its actions as outlined in Kant's acknowledgement of suicide in order to 'shorten [...] life when its continued duration threatens more evil than it promises satisfaction' (Kant 1785 (1993), 422). The smoker does not follow a maxim of killing themselves consciously in their life, but they follow a lifestyle maxim that can result in death with a very high probability.

Initially, the CI-procedure will be used again for testing the following maxim.

1. I smoke in circumstances C in order to give me pleasure unless I do not have the possibility to do so.

This maxim is generalized, resulting in a universal principle that is applicable to everyone.

2. Everyone smokes in circumstances C in order to give them pleasure unless they do not have the possibility to do so.

For the third step, this universal principle must be transformed into a law of nature.

3. Everyone always smokes in circumstances C in order to have pleasure, as if by a law of nature.

¹⁶ For exact costs, compare WHO (2011).

As in the first case study, the argument for smoking cannot become a law of nature for ‘once a contradiction in a system of nature whose law [destroyed] life by means of the very same feeling that acts so as to stimulate the furtherance of life’ (Kant 1785 (1993), 422). Kant insinuates a feeling of self-love that prevents rational human beings from agreeing that this maxim turns into a universal law of nature. If they agreed on this maxim to become a universal law of nature, they would act against their interest of a long and healthy life, as the consequences would be lethal with a great probability. People are interested in a long life under normal circumstances without great suffering. It is here that the consequences of this law of nature could imply that an early death is a kind of suicide. Therefore, it does not pass the universality test and is contrary to the supreme principle of duty.

Sequentially, it is worth looking at the “formula of the end” again. As stated previously, ‘humanity is our rationality and capacity to set ends’ (Hill Jr. 1980, 93). According to Hill, humanity has for Kant a special value, so that ‘one would refuse to do anything which damages or impairs a person’s rational capacities’ (Hill Jr. 1980, 93). In the case of tobacco, people become addicted and change their behaviour and desires (Bozarth 2011). Thus, it may be doubted whether smokers can access all rational decision making capacities in situations like prolonged deprivation of tobacco. Smoking, especially for a longer time, is clearly an act of self-destruction, as supported by Hill’s claim that ‘one who sufficiently valued persons’ rational capacities would presumably not want to destroy the persons themselves’ (Hill Jr. 1980, 93). In addition, a person who smokes in order to increase her pleasure does not treat humanity as an end, as demanded by the CI. Interpreting Kant, Hill notes that ‘to take the life of someone with humanity for the sake of something of mere price [pleasure] is always wrong, an undervaluation of humanity’ (Hill Jr. 1980, 95). What is wrong with smoking is the great probability that leads to death for the sake of increasing pleasure.

Analogue to the preceding analysis, the case of voluntary euthanasia can be looked at when the sufferings are turning to be too painful to bear. Kant opposes suicide for the sake of avoiding sufferings that are more evil than good. But does he also exclude voluntary euthanasia? A classical response is that if suicide is impermissible, so is euthanasia because in both cases life is shortened intentionally. For Brassington (2006), this response is made too quickly. He identifies a moral difference between euthanasia and killing, for providing the means to commit suicide and killing oneself is not the same as killing the person. The prob-

lem for him is that in carrying out euthanasia ‘we are treating a person wholly as a means to an end: we have desired that we want to minimise suffering, and we have chosen to kill as a means to that’ (Brassington 2006, 573). This is congruent with Kant’s formula of “the end in itself” being impermissible. Therefore, the case study of euthanasia does not change the previous conclusion about the ethical judgement of smoking.

This analysis, as guided by Kant’s CI, concludes that the consumption of tobacco is morally wrong. On the one hand, the maxim of smoking cannot become a universal law of nature. On the other hand, the maximization of the smoker’s pleasure must not generate self-inflicted destruction that is the inherent danger to use him as a mean alone. Furthermore, euthanasia does not allow for an expanded positive evaluation of smoking. This implies that the negative screening of “tobacco” in SRI is justified.

Conclusion

The two most applied negative screenings “weapons, munitions and armament” and “tobacco” can be seen as non-ethical from the point of view of hedonistic and preference utilitarianism and Kant’s CI. Therefore it is right to exclude them from the SRI-universe. However, in some cases it seems not only unambiguous, but also very individual, whether it is ethical to exclude a sector in SRI. Nevertheless, the two chosen moral theories concentrate on the well-being of the whole society and seek universalised principles for ethical investments.

As this examination has shown, my hypothesis “if you invest in the SRI-market, you do invest ethically” is in most cases right. It is only in most cases right because only two examples of negative screening have been considered ethically and even in these, the exemplary inclusion of euthanasia can change the conclusions. It is important to note that this examination is limited in only analysing two negative screenings of the broad SRI-universe and in analysing the SRI-market solely out of the ethical point of view. But it is sufficient in helping to get an idea of “the ethical” in the SRI-market. Further research can deepen and expand these findings.

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