A REVIEW OF DIVESTMENT BY MEDICAL ORGANIZATIONS AND ACADEMIC INSTITUTIONS OF SHAREHOLDINGS IN TOBACCO COMPANIES

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Over the past twenty years, various individuals and organizations, most notably in the health professions, have aired concerns about the ethics of profiting from investments in tobacco. The accepted definition of social investing is the integration of financial and social criteria when making investment decisions. The premise is that investing is not "value neutral," meaning that ethical and social criteria should be considered in how we use our money and profit from an investment. Proponents of social investing believe that one can feel good about the nature of an investment and derive profit at the same time.

The concept of socially responsible investing became current in the 1970s when various religious organizations began telling their investment brokers not to put their money into alcohol, gambling, or tobacco stocks. The actual theory dates to the mid-19th century when various American religious orders refused to invest in these so-called sin stocks. The resurgence in this kind of moral investment in the 1970s also included manufacturers of nuclear weapons, companies involved in the manufacture or use of nuclear power plants, and firms doing business in the Republic of South Africa.

Since 1980 in the US public pressure resulting from publicity surrounding social investing has resulted in dozens of universities, retirement funds, and even cities dropping their investments in certain companies in favor of others with more acceptable policies and products. At the level of the individual consumer, one organization has produced a shopper's guide listing each company's products alongside a table of the company's social policies such as the hiring of women and minorities. Thus it is conceivable that some consumers may be avoiding a certain brand of ketchup after learning that the manufacturer lacks a daycare facility for the children of employees.

It is now estimated that over $400 billion is invested in so-called do-good stocks that are not involved in harming human beings; this compares with $40 billion in 1985 but is still a minute fraction of the overall investment capital in the US. By 1990, if weapons manufacturers and companies doing business with South Africa were included in the list of unacceptable stocks, virtually every company on the New York Stock Exchange could be considered