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In Service of Whom?:
The Impact of Vincentian Universities’ Institutional Investment Practices on Global Poverty

BY
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More than one billion people live on less than one dollar per day. Adding those who live on less than two dollars per day brings the figure to approximately three billion.¹ These human beings live in what is termed “absolute poverty” — that is to say, they are not “scraping by,” but living in imminent danger of death. This is not an overstatement. In the fifteen years immediately following the end of the Cold War when, arguably, the immense resources that the U.S. alone directs to warfare could have been redeployed to attack global poverty, “[s]ome 18 million people have died prematurely each year from poverty-related causes, accounting for fully one third of all human deaths.”² Thomas Pogge’s conclusion places these figures in stark perspective: “This 15-year death toll of 270 million is considerably larger than the 200-million-death toll from all the wars, civil wars, genocides and other government repression of the entire 20th century combined.”³

About 1 billion of the desperately poor are children.⁴ Thirty thousand children under five years of age will die today from malnourishment or  

¹ The figures of $1 and $2 per day are calculated in terms of “purchasing power parity,” pegged to what $1 and $2 would buy in the U.S. in 1993. See Anup Shah, “Causes of Poverty: Poverty Facts and Stats,” at http://www.globalissues.org/TradeRelated/Facts.asp (accessed 17 July 2007), for documentation of these and other statistics related to global poverty. There has been a large debate regarding the World Bank’s claim that the numbers of poor people living on $1 per day have declined by 400 million over the period of 1981-2001. But even the World Bank figures indicate that if the $2 per day figure is chosen, the number of desperately poor people worldwide has increased during this same period. For a balanced assessment of the debate, see Ingrid Robeyns, “Assessing Global Poverty and Inequality: Income, Resources and Capabilities,” in Global Institutions and Responsibilities, Christian Barry and Thomas Pogge, eds. (Malden, MA: Blackwell Publishing, 2005), 31.


³ Ibid. See also Thomas Pogge, World Poverty and Human Rights (Malden, MA: Blackwell Publishing, 2002).

preventable diseases.\(^d\) Vincentian universities claim to be in service to the poor, yet it seems safe to assume that, short of a major change in the organization of the human community, not a single one of these one billion children will graduate from a Vincentian university. What, then, is the role of a Vincentian university confronted with this brutal reality?

Biblical and Catholic social teachings present a clear norm for evaluating it: "God has a special care and predilection for poor people."\(^d\) The Psalms and all the literature of the Hebrew Bible constantly maintain that God hears the cries of poor people. "Blessed are you poor," Luke’s Jesus proclaims, "for yours is the Kingdom of God" (Luke 6:20). God will protect poor people even though no one else seems concerned about them.\(^d\) Even though no one else seems concerned about them. To the misery of poor people we add the salt of our obliviousness. "The ultimate injustice," declared the U.S. Catholic bishops in their pastoral letter, Economic Justice for All, "is for a person or group to be treated actively or abandoned passively as if they were nonmembers of the human race."\(^d\)

While Vincentian universities in the U.S. have adopted the rhetoric of their founder, the truth is that as social institutions they conform in their business practices to the economic system that, in its prevailing form of globalization, arguably exacerbates the condition of poor people or, at the very least, has not decisively altered it.\(^d\) A critique of the gap between rhetoric

\(^5\) Shah, "Causes of Poverty."


\(^7\) Ibid.


\(^9\) For the claim that structures governing the global economy have been established to further the interests of rich nations while, in fact, fostering growing inequality, see Pogge (2002, 2005) inter alia. Given such examples, it seems at best naïve, and at worst willfully blind, to think that the neoliberal form of economic globalization left unimpeded will overcome poverty. In fact, between 1973 and 1992 the wealth gap between the wealthiest and the poorest countries has increased from 44 to 1 to 72 to 1 (Shah). Clearly, the prevailing global economic system, functionally speaking, pursues a preferential option for the wealthy few. On the inclination of all social institutions to pursue egoistic and thereby irresponsible ends, see Reinhold Niebuhr’s classic treatment in Moral Man and Immoral Society (New York: Charles Scribner’s Sons, 1960).

Let me be clear: I am not attacking capitalism as such, nor the principle of private, for-profit enterprise. By focusing on socially responsible investment, in fact, I am concentrating upon a reform of the capitalist system using the means of capital. I do challenge the neoliberal model of globalization as inherently skewed to the benefit of the rich. This challenge arises not only out of my research and ethical reflection, but out of twelve years of experience studying at first hand the workings of the maquiladora industry on the U.S./Mexico border.
and practice in Vincentian universities, however, can easily become merely another rhetorical exercise. It is of little use apart from a careful social and ethical analysis that examines the multiple roles of the university within a global society.

Our first instinct is to treat our universities as educational institutions. We are justly proud of our commitments to educating first-generation college students, a diverse student body, and a greater percentage of Pell Grant recipients than other colleges of our type. Resisting the cult of prestige that ends up reinforcing social and economic inequalities is a hallmark of Vincentian universities.\(^{10}\) We can also claim that various curricula prepare our students for lives of social responsibility. But I wish to examine our universities as educational institutions, that is, not in terms of their core mission but in terms of the business practices that establish and preserve them within a defined economic system.

The lens through which I wish to view these universities as social institutions is that of Catholic social teachings (CST) with their emphasis upon a preferential option for the poor. Charles Curran, in his historical analysis of CST, sees a gradual evolution toward what he calls a “relational/responsibility model” in contrast to earlier combinations of deontological and teleological models. In the new model, CST’s consistent emphasis upon the social nature of the human person is interpreted not on the basis of static, organic metaphors of society with their tilt toward hierarchical relationships, but on the basis of a dynamic understanding of “the human person in multiple relationships with God, neighbor, world, and self and acting responsibly within these relationships” with the tilt toward freedom, equality, and participation.\(^{11}\) Curran points, in fact, to American education as exemplifying the relational understanding of the human person.

Education — especially higher education — also emphasizes the social nature of human beings. The language of higher education is very communitarian. We speak of the college or the university community. The word “college” itself has communitarian undertones that refer to people who are bound together or read together.... We claim that education is better ordered... in a community setting where we can learn from and teach one another.\(^{12}\)

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\(^{11}\) Curran, *Catholic Social Teaching*, 80-81, 151-152.

\(^{12}\) Ibid., 135.
The principle of solidarity becomes the new way of understanding both the relative autonomy of each of our universities' multiple relationships and the expansion of ethical responsibility beyond the limited boundaries of the campus walls. "What we nowadays call the principle of solidarity..., argued Pope John Paul II in Centesimus annus, "is clearly seen to be one of the fundamental principles of the Christian view of social and political organization."\(^\text{13}\)

The traditional principle of subsidiarity, for its part, recognizes the importance of multiple institutional agents within society. The state is neither omnicient nor solely responsible for achieving the common good both at home and abroad.\(^\text{14}\) In a healthy, pluralistic society with many different kinds of institutions, power is distributed widely and exercised through many different types of relationships. Given the high degree of freedom that institutions enjoy in our society to enter into and shape relationships within the framework of prevailing laws, the principle of subsidiarity rightly holds them accountable for how those relationships affect the common good.

The three principles — solidarity, subsidiarity, and a preferential option for the poor — provide a framework within which to evaluate the day-to-day practices of Vincentian institutions. Viewing universities as social institutions from a relational model, I see four types of relationships:

- university as internal community
- university as contractual partner
- university as responsible investor
- university as responsible citizen

DePaul University's mission statement not only describes its self-understanding as a community of learners, but also explicitly views its connection with the larger human community in relational/responsibility terms.

As an urban university, DePaul is deeply involved in the life of a community that is rapidly becoming global, and is interconnected with it. DePaul both draws from the cultural and professional riches of this community and responds to its needs through educational and public service programs, by providing leadership in various professions, the performing arts and civic endeavors, and in assisting the community in finding solutions to its problems (DePaul University, "DePaul's Mission," 3, at http://www.depaul.edu/about/mission/index.asp [accessed on 14 July 2007]).

Viewed in ethical terms, this statement emphasizes a principle of reciprocity as well as solidarity. However, it focuses almost exclusively on the university's role as an educational institution and does not address its impact as a well-resourced, social institution.


\(^\text{14}\) David Hollenbach, S.J., draws out the implications of the principle of solidarity for Catholic colleges and universities, but he concentrates solely on their role as educational institutions. See "Strength in Mission through Solidarity: Catholic Higher Education in a Divided World," Current Issues in Catholic Higher Education 23:2 (Summer 2003): 5-14.
In this article I will concentrate on the last two types of relationship. A good deal of ethical reflection has been focused in Vincentian universities on business procedures as they affect the internal community—manifest, for example, in discussions concerning a "living wage." To be sure, new issues will arise. For example, as universities increasingly rely on market benchmarks in setting salary rates to stay competitive, it will become very important to keep in mind that our society at large is characterized by increasing income inequality. Solidarity would seem to require that Vincentian universities resist this widening of the income gap and maintain a much more compressed salary range. Likewise, in terms of contractual partnerships, ethical discussion at Vincentian universities, as elsewhere, has led to the development of licensee codes of conduct. More recently, the discussion has expanded to consider the adoption of vendor codes of conduct. Certainly CST maintains that contractual relationships are subject to norms that go well beyond commutative justice (fair exchange) to include the norms of solidarity and a preferential option for the poor.\(^{15}\)

**University as Responsible Investor**

To my knowledge, much less ethical reflection in Vincentian universities in the U.S. has been focused on the remaining two types of relationships: The university as responsible investor and the university as responsible citizen. A paradigm shift in the consciousness prevailing within Vincentian institutions will be necessary to frame this discussion. From the point of view of the world's poor, Vincentian universities in the U.S. are wealthy institutions. In resources and revenue they are closer to Saint Vincent's Bourbon benefactors than to his initial followers. A paradigm shift is in order because for much of its history, DePaul University, at least, lived hand-to-mouth. Now, with annual revenues from tuition and other sources over 400 million dollars, DePaul University, to follow this example, earns more than the gross domestic product (GDP) of East Timor, a nation of nearly one million people, and numerous other countries besides. While we, at DePaul, may lament our degree of tuition dependence, a 300 million dollar endowment, when compared to the resources at the disposal of many poor nations, is a powerful investment tool.

The U.S. Catholic Bishops, in their pastoral letter, *Economic Justice for All*, are quite clear about how such tools are to be used. "The investment of wealth, talent, and human energy should be specially directed to benefit those who are poor."\(^{16}\) Investments are a form of agency; they empower


\(^{16}\) Conference of Bishops, *Economic Justice*, #92.
corporations to act in certain ways which may promote the economic well-being of all or exacerbate the persisting levels of poverty.\textsuperscript{17} As such, investment practices have moral implications. According to stakeholder theory, investors not only have rights to a share in a corporation's profits, but they also, in the post-Enron era, are responsible for how those profits are produced.\textsuperscript{18} To take responsibility for one's actions, as an individual or as an institution, is to become an authentic moral agent.

\textbf{The Loop campus of DePaul University, located in the heart of Chicago's central business district.  
Public Domain}

Drawing heavily on \textit{Economic Justice for All}, the U.S. Catholic bishops in November 2003 went one step further, issuing a set of guidelines for investments consistent with CST. Quoting their earlier pastoral letter, they insisted that "all the moral principles that govern the just operation of any economic endeavor apply to the Church and its agencies and institutions; indeed the Church should be exemplary."\textsuperscript{19} The range of issues detailed in these guidelines was comprehensive. Beyond the issues connected with protecting

\begin{tabular}{l}
\textsuperscript{17} The percentage of people who are poor in the U.S. has fluctuated between 12 and 14 percent for the last 30 years while the raw numbers have steadily increased. In 2005 it stood at 13.3 percent. This has occurred during a period in which the wealth generated (GDP) has grown enormously. It is hard to avoid the conclusion that the current economic system is not structured to alleviate poverty and that unacceptable levels of poverty will persist indefinitely unless these structures are altered. For the most current data on poverty in the United States, see U.S. Census Bureau, "Income, Earnings and Poverty Data from the 2004 American Community Survey," \textit{American Community Survey Report} (August 2006), accessed at http://www.census.gov/prod/2005pubs/acs-01.pdf.

\textsuperscript{18} Russell Sparkes, \textit{Socially Responsible Investment: A Global Revolution} (Chichester, West Sussex, UK: John Wiley and Sons, Ltd., 2002), 41-42.

\textsuperscript{19} Conference of Bishops, \textit{Economic Justice}, #347.
\end{tabular}
human life, the bishops also focused on promoting human rights, including sufficient wages and decent working conditions, opposition to racial and gender discrimination, access to pharmaceuticals, prohibition of the manufacture and sale of indiscriminate weapons of mass destruction and antipersonnel landmines, support for fair labor standards and affordable housing, protecting the environment and encouraging corporate responsibility.  

On the face of it, the bishops' ethical argument would seem to violate the fiduciary responsibility of boards of trustees as commonly understood—that is, to ensure that the investments of Vincentian universities maximally benefit those institutions, securing both their present and future well-being. However, this conflict between the principles of CST and the responsibilities of the universities' boards can be reconciled through what has been called "socially responsible investment" (SRI).

SRI emerged as an investment strategy in the late 1960s during the Vietnam War and specifically focused on divestment in corporations like Dow Chemical, which produced napalm and Agent Orange. Impelled by the actions of churches and college students, SRI gained momentum as part of the anti-apartheid movement in the late 1970s. Since then, however, it has moved decisively away from single-issue advocacy to a more constructive engagement with capital markets using three basic tools:

- shareholder advocacy
- social screens
- community investment

With these tools SRI seeks a reasonable rate of return on investments. By 2005, $2.29 trillion in assets were invested in the U.S. alone using one or more of these approaches.

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21 While this article was being edited, Amnesty International USA and the Responsible Endowments Coalition announced a joint campaign to encourage universities to engage in SRI and to join networks of active owners who “support corporate reform in areas such as human rights, environmental responsibility, and equal opportunity and who encourage accountability to the communities in which they live and learn by supporting community development and participation.” As part of this campaign, AIUSA and REC have published Integrating Environmental, Social and Governance Issues into Institutional Investment: A Handbook for Colleges and Universities, accessed at www.aiusa.org/business.

Colleges and universities have relied primarily on shareholder advocacy as their preferred form of engagement. Committees of faculty, staff, and students at leading universities debate dozens of proxy resolutions each year, making recommendations to the committees of their boards of trustees that are responsible for monitoring investments. While affirming the fiduciary responsibility of its board, Duke University’s guidelines go on to state:

At the same time, the University wishes to be a good corporate citizen and a responsible and ethical investor. The authority of its Board of Trustees to take ethical factors into account when setting investment policies and practices derives from the very stewardship responsibilities which attend the ownership of endowment securities. We recognize that sometimes a corporation’s policies or practices can cause substantial social injury — that they may have a gravely injurious impact on employees, consumers, and/or other individuals or groups that results from specific actions by a company. For example, corporate actions may violate domestic or international laws intended to protect individuals and/or groups against deprivation of health, safety, or civil, political, and human rights. (Italics inserted)

It is worth noting that Duke grounds its guidelines in a broadened understanding of the ethical implications of “stewardship,” a concept that subsumes and expands the conventional definition of fiduciary responsibility. I suggest that a Vincentian university might well ground its guidelines in the intersecting CST principles of solidarity, subsidiarity, and a preferential option for the poor. Duke’s guidelines also stipulate a step-by-step procedure that moves from “substantive discourse” within the university about specific investments to a recommendation by a designated university committee to the board of trustees. Following upon the board’s decision to act, the university may engage in “a) direct correspondence with [corporate] management, b) proxy votes, c) sponsoring shareholder resolutions.” Only then will it move to possible divestment.


23 See www.sriendowment.org/schools.html for eleven examples of such committees, their structures, procedures, and actions.


25 Ibid.
Social screening is the second mechanism for exercising social responsibility. Traditionally, social screens regarding investments have ruled out arms industries and “sin stocks” (e.g., tobacco, alcohol, gambling — a Vincentian analysis might argue that these industries disproportionately hurt the poor). But as investments have multiplied, the screens have become much more varied.

Currently, socially screened pools of assets tend to be defined by the application of some combination of environmental, social, and governance ('ESG') factors. Examples of ESG issues include the near consensus emerging about the link between human activity and climate change (environmental), concern over investments related to the crisis in Darfur (social), and perceptions of disproportionate executive pay (governance).  

While some have discounted the impact of negative social screens on corporate behavior, Duke’s guidelines emphasize the symbolic value of these actions. Even small socially responsible actions can have a ripple effect. Moreover, the role of social screening of investments as part of the anti-apartheid movement clearly counters this skepticism. From the standpoint of the relational/responsibility model of moral agency, a stronger argument can be made: We are, whether as individuals or institutions, a network of relationships. In solidarity with whom and for whose benefit do these relationships place us?

Among Catholic universities, Boston College is a leader. It has had a socially responsible investment policy in place for more than fifteen years. The college’s statement is broad in scope:

Boston College is a Catholic and Jesuit institution of higher education. In the management of its investments, Boston College reflects the ethical, social, and moral principles inherent in its traditions. In particular, the University is firmly committed to the promotion of the dignity of the individual, personal freedom, and social justice.

The Board of Trustees desires that Boston College investments be handled in accordance with these principles so that gains from investments will not be derived from fraud, abusive power, greed, or injustice, especially through

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26 TIAA-CREF, “Socially Screened Investing,” 2; see also Sparkes, Socially Responsible Investment, 21.
discrimination by reasons of race, sex, age, or religion.

A constant attempt will be made to apply these principles to the university's investment practices. This means that investments held by the University will be examined periodically to ascertain whether the firms involved engage in practices or procedures opposed to the ethical, social, and moral principles deriving from Boston College's heritage. It also means that the University will not undertake new investments in companies that affront these principles.27

Not only has the policy been applied, but students and administrators have engaged in vigorous debate over how well the social screens are working. Most recently, the debate has centered on whether or not firms that have invested in Sudan, and thereby abetted "state sponsored terrorism," may have slipped through the screens.28 In quite impressive ways, this debate unites the educational mission of Boston College and its social commitment as a Catholic and Jesuit institution.

As the demand for more ethically sophisticated screens has grown, so has the demand for high performance on investments. SRI fund managers have responded by developing funds that are matched to the performance of such benchmarks as the Standard and Poor's 500 and developed to minimize the risks entailed when certain categories of stocks are excluded.29 In fact the Domini Social Equity Institutional Fund has out performed the S&P 500 in the period 1991-2001 by creating an 18.9 percent return versus a 17.4 percent overall return.30 In the period between January 2001 and January

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27 Boston College, "Policies and Procedures Manual: Investment Policy" (1 July 1990 rev.) at http://www.bc.edu/offices/policies/meta-elements/doc/policies/rev/polrev5-100-020 (accessed 29 October 2007). As part of its leadership role, Boston College sponsors the Center for Corporate Citizenship. As part of its programming, the Center houses the Institute for Responsible Investment, which does research on SRI. More information online at www.bccc.met/responsibleinvestment. An example of a Catholic university with a much more limited social screen is The Catholic University of America. Despite the comprehensive statement of principles articulated in the USCCB policy on investments, the university focuses narrowly on companies engaged in "manufacturing, distribution, or provision of products or services" that involve a) contraceptives, b) abortion, c) research involving human embryos or fetal tissue obtained by direct abortion, d) military weaponry inconsistent with Catholic teachings on war...." (The Catholic University of America, "Official University Policies: Finance Investment Policy" [9 November 2005], at http://policies.cua.edu/finance/finance/invest//full-Investment.cfm).


29 Sparkes, Socially Responsible Investment, 29.

30 Ibid., 257-58.
2007, TIAA-CREF reports that its Institutional Social Choice Equity Fund outperformed its benchmarks by more than .75 percent per year.\(^{31}\) Clearly, fiduciary and ethical responsibilities do not represent exclusive options. A recent article in *The Chronicle of Higher Education* pushes this claim a step further when it asserts that "a growing body of research by academic, corporate, and nonprofit organizations has found that companies with sound environmental practices and diverse work forces are outperforming companies that do not emphasize those goals."\(^ {32}\)

If, as Russell Sparkes argues, one out of every eight dollars invested under professional management in the U.S. is connected somehow to SRI, the universities that publicly proclaim a preferential option for the poor must, as wealthy investors, walk the talk.\(^ {33}\) With more than 230 mutual funds for institutional investors to choose from and with financial advisors able to develop customized investment strategies,\(^ {34}\) it is no longer defensible to claim a lack of effective means toward this ethically justified end.

Those universities looking for investment funds that explicitly reflect CST may have recourse to the Christian Brothers Investment Services (CBIS), which celebrated its twenty-fifth anniversary in 2006. CBIS invests over 4.3 billion dollars in assets of more than 1000 Catholic institutions in the U.S.,\(^ {35}\) and favors a three-pronged approach to socially responsible investment. It stresses active engagement in a dialogue with a firm regarding its business practices. Only if the firm is unwilling to engage in such a dialogue will it shift to filing shareholder resolutions and voting proxies at shareholder meetings. CBIS recognizes that such dialogues take time. "Yet," it insists, "this form of engagement offers the best way for SRI investors to fundamentally change the way a corporation does its business."\(^ {36}\) In 2006, CBIS was involved in thirty-six such dialogues "on issues including human rights and vendor standards, global warming, environmental justice, diversity in the workplace, fairness in global finance, violence in the media and access to

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\(^{33}\) The Social Investment Forum estimates one out of every ten dollars invested is involved in SRI.

\(^{34}\) Harrington, "Socially Responsible Investing," 2, 8.

\(^{35}\) As far as I have been able to determine, religious orders are prominent in CBIS' portfolio of Catholic institutions, with some dioceses and health care institutions also participating. While CBIS does not publish a list of investors on its web site, Catholic colleges and universities appear to be notable by their absence.

medicines. CBIS pointed to its dialogue with Sears, Roebuck and Company, as one strong sign of the effectiveness of this approach:

Our multi-year engagement with retailer Sears reached a new milestone of progress last summer when the company created a set of guidelines that will help vendors improve working conditions at the factories that make products sold at Sears and Kmart stores. Sears' new guidelines raise the minimum age of workers, limit the hours worked, and add stricter and more specific language to prevent human rights abuses. CBIS and our dialogue partners provided advice and direction throughout the policy development process.

**University as Responsible Citizen**

Many forms of social responsibility could be clustered under the heading of university as responsible citizen, but let us keep our focus on the university as a wealthy investor and how that affects poor people. It seems obvious, for example, that screening out investments in the arms industry, which has fueled disastrous decades of civil war in some poor countries, is one way to ensure that investment decisions do not exacerbate poverty. It is less clear, however, that socially screened investments have a direct effect on alleviating poverty. The responsible corporations that the institution does invest in do not necessarily serve to empower the poor. The third tool of SRI — community investing — is a different matter.

Community Investing directs capital from investors and lenders to communities that are underserved by traditional financial services. It provides access to credit, equity, capital, and basic banking products that these communities would otherwise lack. In the U.S. and around the world, community investing makes it possible for local organizations to provide financial services to low-income individuals and to supply capital for small businesses and vital community services, such as affordable housing, child care, and healthcare.

The Social Investment Forum (SIF) has developed a "1% or More

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Campaign” to encourage individuals and institutions to pick up this tool and use it.40

We are familiar with the success of Nobel laureate Muhammad Yunus and the Grameen Bank with microfinancing as a form of community investing. There are banks in the U.S. as well whose missions accord with SIF’s definition. In fact, one of the pioneers of community investment in this country is Chicago-based ShoreBank. ShoreBank Corporation, founded in 1973, describes itself as “America’s first community development and environmental bank holding company.” Its mission statement is a bold departure from the narrow norms governing most for-profit institutions:

We strive to meet three objectives simultaneously: building wealth for all in economically, integrated communities, promoting environmental health, and operating profitably. We do not accept the world as it is — we recognize value where others may not. We create practical new tools that increase economic equity and produce a healthier environment.41

ShoreBank reported $2.1 billion in assets in 2006, with $433 million invested in that year alone in environmental and community development loans. It financed 52,000 affordable housing units and made $129 million in loans to small businesses while supporting faith-based and nonprofit organizations with $71 million in loans. Through ShoreBank International it provided training services and technical assistance “to financial institutions in Africa, Asia, Eastern Europe, and South America.”42 Given this track record, ShoreBank Corporation could be seen as putting into practice the three principles of solidarity, subsidiarity, and a preferential option for the poor in ways from which Vincentian universities as social institutions involved in a myriad variety of business relationships could well learn.

In January 2007, TIAA-CREF announced that it had made a $22 million investment in ShoreBank and ShoreBank Pacific as part of a “global microfinance investment program.” TIAA-CREF indicated that many of its clients seek investments “that offer competitive returns that are also socially responsible” and credited ShoreBank for “stimulating economic development and

catalyzing positive social change." As with the case of socially screened investments, it can no longer be argued that community investment somehow jeopardizes the fiduciary responsibilities of those who manage universities' investments. One study of 107 community development financial institutions indicated that they had "a better payback rate than commercial banks" and a default rate of about one-half that of all commercial banks. The "1% or More Community Investment Program" would appear to involve little financial risk to a Vincentian institution. Yet, as in the case of DePaul University, a $3 million investment in environmental and community development projects, primarily in the Chicago metropolitan area but also globally, through an institution like ShoreBank would have a direct positive impact on poor people.

Evan S. Dobelle, former president of Trinity College, which invested $6 million of its endowment in community-development financial institutions, has pointed out the contradiction of universities that teach students "the lessons of citizenship" while sitting "atop endowments that in many cases are in the hundreds of millions... arguing that to draw down these resources for civic purpose would undermine their long-term institutional viability." The image that comes to mind is that of a dragon in its lair jealously guarding its pile of gold. Imagine, on the contrary, a Vincentian university that exercises a prudently preferential investment option for the poor in its own surrounding community and beyond. How might that social and financial commitment affect its educational mission to prepare all students to be socially responsible leaders?

CST and the Preferential Option for the Poor in Theological Perspective

Given the enormity of global poverty and the increasing inequality


45 The focus of this section of the paper is on ShoreBank because of its pioneering role in the area of community development banking and because of its birth and early development in Chicago, which is where DePaul University is also located. Community development banks represent only one option for universities seeking to invest in the well-being of their communities. Community investment portfolios represent another option. "With this option investors can purchase a larger pool of CDFI investments through intermediaries and reach a number of different types of programs at once.... Two examples of pooled approaches include the Calvert Community Investment Program and the National Federation of Community Development Credit Union's Nominee Deposit Program." Camis, et al, "Investing in Michigan's Future," 9.

46 Ibid., 2.
fostered by the prevailing form of economic globalization, the recommendations I have made for socially responsible investing must seem akin to fighting a wildfire with a few buckets of water. Yet CST sees human actions, whether by individuals or institutions, as rooted in hope. For the Christian that hope, in turn, is grounded in a Trinitarian vision of a gracious creator, a redeemer who "united himself in some fashion with every human being" and a spirit whose action "fills the earth."\footnote{John Paul II, \textit{Sollicitudo rei socialis} (1991), in \textit{Catholic Social Thought: The Documentary Heritage}, David J. O'Brien and Thomas Shannon, eds. (Maryknoll, N.Y.: Orbis Press, 1992), #47; cf. Curran, \textit{Catholic Social Teaching}, 42-43.} Faced with the myriad variety of social institutions, each one complex in its own right, CST's consistent emphasis upon the human community as one family must seem utterly naïve. Yet that image functions eschatologically as both challenge and promise. We are called, as institutions as well as individuals, to live in solidarity. The world's poor are affected by our institutional practices, and we can never anticipate what the ultimate ripple effect of even the most hesitant of steps based on solidarity with the world's poor will be. Nonetheless, we are called to act.