

Ethical Investing

■ Diane H. Schetky, M.D.

ETHICS COLUMN

MOST PSYCHIATRISTS PAY CLOSE ATTENTION TO the AMA's Principles of Medical Ethics and the AACAP Principles of Practice of Child and Adolescent Psychiatry regarding financial dealings with patients and colleagues. These principles admonish us to refrain from exploiting patients financially, engaging in financial practices that create a conflict of interest or fraudulent behavior with third party payers. However, these ethical principles do not govern what we do with our ethically earned money. Most physicians are too busy to investigate or manage financial investments and defer to stock brokers or money managers. These individuals adhere to ethical codes which differ from our own and probably do not consider the human exploitation or cost to the environment that underlies many a profitable stock.

The *New York Times* recently reported that "Asian sweatshops with hazardous conditions and semi-slave labor are producing many U.S. Toys." In 1983, a catastrophic fire occurred in a factory complex in Thailand, killing 188 workers, many of them teenagers and young girls. This factory, with substandard and dangerous work conditions, had been a manufacturer of toys for Toys "R" Us, J.C. Penny, Fisher-Price, and Gund and Hasbro. Similar conditions are said to exist in China which is also a major producer of toys sold in the USA.

Other examples of problematical investments include companies that have negative environmental impact, manufacture products hazardous to humans such as tobacco or handguns, and those which disregard health and safety laws or have discriminatory hiring policies. Equally offensive are toy companies that promote realistic toy guns and war toys.

As child psychiatrists, we advocate improving the welfare, family life, and the quality of life for our patients. These beliefs go beyond our professional roles and should also find expression in our financial investments. Socially responsible investing means asking the right questions such 1) Does a company's products or services contribute to a better and safer world? 2) Is the company committed to improving their community as well as their profits? 3) What impact do their products and the manufacturing process have upon the environment? 4) What is the company's track record in regard to hiring and promoting women, minority group members, and persons with disabilities? 5) What are the company's policies in regard to health insurance, family leave, and providing child care? 6) Are working conditions safe and are employees free from exploitation?

When I first signed up with a money management firm, I told them South African investments, munitions, tobacco companies



and polluters were out. The firm adhered to my wishes. Time passed and I failed to update my ethical guidelines on investments. I was recently startled to find I owned stocks in managed care companies and Toys "R" Us. When I instructed my financial manager to divest my portfolio of these offensive stocks, she looked surprised and reminded me they were among the fastest growing and most lucrative stocks. I held firm and she abided by my wishes.

A useful tool for screening investments is a publication entitled, *Investing for a Better World*, put out by Franklin Research's Insight. This monthly newsletter provides social as well as financial analysis of companies. Alternatively, one can look into one of about thirty SRI (socially responsible investment) funds. The down side is that many of them tend to lag behind other mutual funds in their performance. However, with care, socially responsible investing can benefit you, the environment, and the next generation as well. You may also sleep better at night. ■

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Herbert, B., *Terror in toyland*. Op-Ed, *New York Times*, Dec. 21, 1994.

Investing for a Better World is available by subscription for \$29.95 from Franklin Research and Development, 711 Atlantic Ave., Boston, MA 02211.

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Join the Academy's Trip to Southeast Asia!

AACAP PRESIDENT, William Ayres, M.D., will lead a trip for Academy members and their spouses to Southeast Asia, August 5 - 18, 1995. Space is still available. A brochure detailing the trip was sent in the end-of-year member mailing. For another brochure, contact Tamara Hodge-Wells at 1-800-333-7636, ext. 115.

The trip will include sightseeing in Singapore, Jakarta, Bali, and Bangkok. Professional exchanges and site visits are being arranged in Jakarta and Bangkok. The Academy will request continuing medical education credits for the trip. Join us for a Far East Escapade!