Should Christians Invest in the Stock Market?

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To evaluate the morality of stockholding, it is necessary to know what stockholding is. The article will explore the history of investment in ventures and in companies, to explain how we arrived at the point where stockholding, in the modern day, is a form of "ownership" of a company that involves one neither in managing the company nor in the profits and losses of the company: one that produces profit only in a "secondary" way, when one sells one's "ownership" to another person who is convinced that its value—a mysterious idea, under the circumstances—has risen.

Then, the article will explore why this form of "ownership" is at odds with Christianity. Christianity values the production of real goods, goods that intrinsically subserve the flourishing of people in common—not the production of mere money through illusion. What is more, shareholding, by its very structure, builds up a world of companies devoted to infinite, indefinite growth: which can only result in an assault upon real goods and real order. The Christian Tradition has always preached that our wealth, after we have provided for the necessities of our vocation, belongs by justice to the poor. It is our duty, if we are able, to make genuine investments: investments in projects oriented not to detached profit but to profit only through the production of real goods for a particular community. (—Editor)

The majority of Americans own stocks. American workers generally depend on stocks for their retirement, through IRAs and 401(k)s. Every Catholic diocese and college in America invests funds in the stock market. Popular wisdom tells us to put our money in the market, saying that "if you're not investing, you're losing." If we do not invest, we are not merely losing out on potential gains, but we are also losing the very value of our money through rampant inflation, which devalues every dollar that "just sits" in the bank. Stock trading is the common activity of the American rich and an increasing necessity for the middle class if they are to maintain their position in society. But what is it?

This is a difficult question to answer—and not merely because one must use economic jargon to do so. The trading of stocks is set up to appear like a straightforward, natural activity. In this way, it is like typing on a computer: one knows that it works, but who could really say *how* it works? One takes a certain sort of action (the *same* sort of action, no matter what the stocks in question are) and money comes out. Years of investments simply turn into a retirement payout, or we click "sell" on an app and receive cash in return. But it is necessary to understand the inner workings of this apparently natural process to be sure of *what*, precisely, is making us money. Why should we care? First, as a matter of sociality: only by knowing what an activity *is* can we know what it is doing to the world. Second, as a matter of morality: it behooves us to know whether what is being done to the world, which results in money, involves delivering bagels to the hungry—or building sweatshops in the South Pacific. And finally, as a matter of theology: we praise stock-trading because it makes us money, but this rather leaves out the question of whether it makes us saints. We know what the world thinks of stock-trading: that it is prudent, clever, and increasingly necessary. But what does God think of it?

[1] We would like to thank William Bednarz for his help on this article, both editorially as well as theoretically.

From Partnerships to Shareholders

To understand a thing, it is helpful to know where it came from. Like most of the venerated institutions of our society, modern investing has its roots in the Middle Ages, which saw a rise in trading expeditions, the financing thereof, and the development of a distinct mercantile class. St. Thomas Aquinas gives us a glimpse into this world and how it understood itself. He says that an investor who pays for the costs of a merchant's journey with the hope of sharing in his profits creates a type of *societas* or "joint activity" with him. In medieval Latin, *societas* first denoted a personal relationship, even being used to refer to marriage, but the term came to carry a technical meaning as well: a single-venture agreement between an investing partner (called a *stans*, "staying one") who stayed at home and a traveling partner (called a *tractor*, "hauling one") who accepted the personal challenge of the venture.[2] The former would put up "two thirds of the money and the traveler one third, with profits (or losses) split fifty-fifty."[3] Both parties were subject to unlimited personal liability if the venture was unsuccessful. For example, the traveling partner might use the money to sail to Portugal, procure wine, and bring it back to sell in the local market. After paying the costs of the travel, whatever was left over was split evenly with the investing partner. If the merchant capsized and lost everything, then they both lost their investment. Raymond de Roover writes that "it would be a mistake to consider the *stans* as a sort of sleeping partner, who was only interested in getting a return on a speculative investment."[4] The investor was often an older merchant, well practiced in business, who advised the young merchant on where to go and what to buy, and would aid him in selling the goods upon his return. The proceeds of the profits would be divided between the merchant and the investor, and the *societas* would end once the funds were distributed.

According to Edwin Hunt, a new business arrangement became popular after St. Thomas died, one organized around multiple partnerships that endured for a set time, rather than being limited to a single venture. These agreements lasted according to the partners' preference: usually between two and twelve years. A typical example of this type of enterprise is the 14th century's Peruzzi Company.[5] It consisted of twenty-one partners. Each partner contributed money to the ventures, entitling them to a proportional percentage of the total profit of the company. Still, the venture took the form of a *societas*: a venture of laborers and investors, risking loss, in the hope of providing goods to their communities and of remuneration by a share in the profits. In the case of the Peruzzi Company, "most, if not all shareholders, along with several sons of shareholders, worked actively for the company, [and] none received any apparent remuneration other than their pro rata share of profit."[6] The investor became an explicitly active member of the

[2] Edwin S. Hunt and James M. Murray, *A History of Business in Medieval Europe, 1200–1500* (Cambridge: Cambridge University Press, 1999), 61.

[3] Ibid.

[4] Richard de Roover, "The Organization of Trade," in *The Cambridge Economic History of Europe from the Decline of the Roman Empire*, ed. M. M. Postan, E. E. Rich, and E. Miller, vol. 3 (Cambridge: Cambridge University Press, 1963), 42–118, at 50. Obviously, some investors *were* interested only in money, as the constant diatribes from the pulpit against such greedy behavior makes clear.

[5] Edwin Hunt, *The Medieval Super-Companies: A Study of Peruzzi Company of Florence* (Cambridge: Cambridge University Press, 1994).

[6] Ibid., 91.

joint-action. This, we will argue, distinguishes the medieval *societas*, even in this later form, from the modern company.

In the centuries that followed, an important feature arose that made way for our modern stock market: the legal concept of a "company." As should be clear by this point, the *societas* described *people*. "Company," as we now use the term, describes a legal entity, an "it." People can own a part of "it" (and own a part of "it" for an unfixed period of time), where once they had a relationship to an "us."

The transformation of the *societas* into the company, the "us" into an "it," has a complex history, and certainly did not result from a single historical cause. It suffices to point out that, for this shift to be possible at all, it was necessary for an investor to begin to relate to the venture as something that exceeded the life and the purposes of any of the individuals that made it up. This could not have happened without the practice of temporally indeterminate investments. If an investment is neither for a determinate venture, with which it concludes, nor for a set time, then the work the investment enables must have no end. While a *societas* is marked by a terminus, a company is marked by a quasi-immortal life; and while a *societas* is marked by a definite work, a company is marked by "any" work. However it came about historically, this transformation allowed an investor to claim ownership of a company in the same manner he might claim to own any other "it," such as a table, a car, or a house—without a terminus and without a need to work for the enterprise, continuously fund it, or take a proportional share of its profits or losses. The "partner" became the "shareholder."[7]

The first example of a publicly traded company, with shares traded among "dormant partners" (that is, speculators), is the Dutch East India Company (DEIC), founded in March of 1602.[8] While, as in the *societas*, investors were promised a percentage share of the profits, the DEIC profits were not shared at the conclusion of this or that venture. Rather, they were reinvested into the company for the sake of greater growth—and this meant that, unlike the *societas*, the investors did not know what definite actions they were funding. The company itself, and not this or that person making a single trip, became the object of their investment.

Initially, speculators were required to hold their investments for ten years before the company would disclose its monetary success and allow them, if they wished, to recall their money along with any profits. However, the directors of the company realized, prior to their public sale of shares, that this period was too long—that people would not buy. Instead of shortening that period, however, they allowed investors to sell their share of the company to someone else. On the first page of the share register agreement, they added: "Conveyance or transfer [of shares] may be done through the bookkeeper of this chamber"—that is, investors no longer had to wait until 1612 to make money on their investment; they could do so by selling their shares at any time to another investor. This enabled investors to buy them not for the sake of profiting from the eventual payout but for the sake of selling them to another investor for more than they had paid for them. Like all commodities, the value of these shares began to fluctuate through supply and demand—one could sell a share at a higher price to someone willing to pay more for it. From August 1602 to April 1603, the price of shares rose 6.5 percent.[9]

This new market, generally called the stock market, is also called "the secondary market," a term which describes the activity of seeking to profit from the sale of shares in a company (secondary) rather than from than from the company and its activities (primary). Functionally, we operate within the secondary market by selling shares to fellow speculators. The money that one spends to procure stock in the company seldom goes to the company itself. Rather, it goes to the previous owner of the stock: we are taking his place in the company. When we sell, we give up our position to another. Jim may sell his place to Joe, and Joe may sell it to Justin, but at no point does the merchant—somewhere (perhaps) in the water around Portugal—benefit from their transactions. The money does not go toward the real work of getting the (say) spices and sugarcane.

[7] For the 14th-century *societas*, in distinction from later developments, as Hunt notes, "the word 'shareholder' can be used interchangeably with the word 'partner'" (*Medieval Super-Companies*, 76).

[8] The transition to this was very slow. For instance, it was in 1408 that, for the first time, a dormant investor could put money into a trip with limited liability. See de Roover, "The Organization of Trade," 75. Despite popular perception, the first time that a secondary market arose was not in Catholic Europe but in the Protestant Netherlands.

[9] See Lodewijk Petram, *The World's First Stock Exchange* (New York: Columbia University Press, 2011), 15–17.

From Shares to Dividends … and Beyond

Like the investors of the *societas*, modern stock owners become legal owners of the company whose stock they purchase. However, since the innovations of the DEIC, this "ownership" no longer entails a share in that company's profits. The DEIC offered their investors dividends, which were not a percentage of the company's profits (or losses) accrued at the conclusion of a venture—since those, under the terms of the contract, were automatically reinvested in the next venture—but an arbitrarily determined sum of money, regularly paid out to investors, capable of being increased or decreased by the company's directors as time went on. The difference might seem slight—and indeed, in this early transition from percentages to dividends, the amount paid out in dividends was very high by today's standards. But it was a radical break with the past and with any direct relationship between the success of an individual investor and the success of the venture in which he invested. Companies no longer needed to pay dividends that were proportional to profits, except by convention or as a way of incentivizing shareholders. In fact, as is the case with many modern companies, they no longer needed to pay dividends at all.[10] This legal sacrifice of one's share in the profits is the most obvious difference between the company and the *societas* that preceded it, and it is this sacrifice that firmly separates the secondary market of stock trading from the actual activity of companies: *if one has little or no share in the profits, then the only benefit one receives from this ownership is one's ability to sell it to someone else.*

Successful stock-trading *is* made possible by the profit-producing activity of a given company. But the legal sacrifice of sharing in these profits renders this relationship *contingent* rather than necessary. Owners of companies, who share in their profits, make more or less money according to the immediate success or failure of the company's productive activities. Shareholders, who sacrifice their share in the profits, make more or less money to the degree that they can sell their stocks to others, and this ability to sell their place *may* be affected by the success or failure of the company—or it may not.

Going Public

The owners of a company have an executive control of its operations and a legal right to the profits it produces. When a company "goes public" its original owners surrender both of these, in a legal move (appropriately) called a "public offering." They no longer have a right to the profits; instead, they are given a certain amount of stock. They no longer exert executive control over the company; they typically take part, instead, in a voting board of directors. This board is nothing other than a group of people who also own stock in the company, albeit often a larger amount than the general public. The board of directors have the responsibility of representing all shareholders of the company to ensure that the stock price increases.

The transformation is subtle, but profound: the immediate purpose of a company is no longer fulfilled in the goods it produces and the profits it earns except insofar as those goods and profits increase the capacity of stockholders to sell their stock to another person for more than they paid for it. If, for instance, the board of directors determined that this ability to maximize the future sale of their investment would be better served by a bakery ceasing to bake, and beginning to produce, say, plastic wrap—it could and would be done; Facebook could become Meta. "Going public" unties a company from any particular purpose outside of the production of a higher stock price.[11]

This problem of profits explains a phenomenon seen in companies such as Amazon: the founder and former CEO of the company, Jeff

[10] See below for examples of this written in legal agreements.

[11] Of course, such a transition could take place in a private company, but the point is that the goal of individual gain, firmly separated from than any vocation to a trade or any love of a product, drives a publicly traded company.

Bezos, received no more than $81,840 as his base pay for the last several years—with no bonuses at all. Elon Musk does not even receive a base salary from Tesla. These CEOs' sole earnings are the rising prices of their stocks.[12] The person who holds a little Amazon stock and a little Tesla stock is in the same position as Bezos and Musk—just to a lesser degree.

Within economic jargon, the difference "going public" makes can be expressed by the difference between a company's "book value" (its worth based upon its balance sheet) and its "market value" (the amount for which the company could be sold on the open market). Book value relies on profitability—how a company is performing in its actual production and sale of goods and services.[13] Market value relies on how much stock in the company can be sold for by one stockholder to another.

There is a common perception that a company's market value is based upon its book value—in other words, that the gains that stockholders receive are related to the productivity of the company. Strictly speaking, this is not the case. Stock traders do speculate (that is, buy stocks) on the basis of the future book value of a company—but only so far as it is a useful data point for predicting its future *market* value. The underlying factors that the traders consider are possible future market expansion, or possible new products, etc. But this, again, is based on conjecture, and often has no relation to current profitability or even to future profitability, since the real concern of speculators is the future *market* value of the company. As a result of this, and the increase of people buying into the market and bidding up the price of stocks, a company's market value can far outweigh its book value. Currently, Tesla's market value is approximately 40 times larger than its real book value. In 2021, a group of people on Reddit agreed to buy stocks from the stockholders of GameStop—an all-but-failed video game company whose stock price was sitting around a few dollars. Because of this "demand" for GameStop's stock, the stock price went up to nearly $500—after the company had just announced a $200 million loss in 2020. Now, in 2022, the stock price has settled around $100: five times its book value per share.[14] In the shoe company All Birds' recent IPO filing, they disclosed that, "The value of a corporation's assets can be measured in a number of ways and may not necessarily equal their book value."[15] The connection between the profitability of a company and the popular perception of the company, between the real and the apparent, can be miles apart.

If the main source of individual monetary gain coming from a company is found in its market value and not its book value (that is, if it is run by stockholders who benefit by an increase in stock price, not by the profits of the company), then the company is going to make decisions based upon how it can increase its *perceived* value. Being a good company that makes good things and produces profits is still important, but only insofar as it contributes to this perception—only insofar as it leads someone to want to buy stock from the stockholders who control the company. As was obvious in the case of GameStop and Tesla, being a profitable company need not be a factor in producing this perceived value. The buying of stocks can produce this perceived value "all on its own." Through the secondary market, the primary purpose of a company becomes the production of this perceived value—that is, the purpose becomes what we might call marketing. For the public company, production is simply another form of this marketing. A company

[12] CEOs' compensations are increasingly constituted of stock-related components. In 2020, realized stock awards and options made up 83.1% of total compensation; the percentage was only 73.1% in 2016. The growth of these stock components were the sole driver for the 40.5% increase in CEO compensation during these years. See Lawrence Mishel and Jori Kandra, "CEO pay has skyrocketed 1,322% since 1978," *Economic Policy Institute*, August 10, 2021, www.epi.org/publication/ceo-pay-in-2020/

[13] A company's book value is calculated by subtracting total liabilities (future sacrifices of economic benefits) from its total assets (resource owned or controlled by the company). In other words, if a company filed for bankruptcy, this would be its worth. Shareholder's equity is mostly composed of the book value of stock and a line item called "retained earnings." Retained earnings fluctuate each filing period according to the company's profitability as net income links into this balance sheet line item.

[14] Despite what some may respond—namely, that regulations prohibit market values from getting too far afield from book value—the regulations do little, if anything, to stop trading.

[15] "Registration Statement: All Birds, Inc.," *US Securities and Exchange Commission*, August 31, 2021, www.sec.gov/Archives/edgar/data/0001653909/000162828021017824/allbirdss-1.htm.

might increase the value of its stock by making watches or by saying, via advertisement, that they *will* make watches.[16]

Unlimited Growth and Personal Ownership

The opinions of others generate the existence of the stock price. If opinions about the company do not improve, and as a result people do not buy the stock, then the stock price will stagnate. And if the stock price does not rise, then people will put their money elsewhere. Take it from the father of capitalism, Adam Smith:

> The speculative merchant exercises no one regular, established, or well-known branch of business. He is a corn merchant this year, and a wine merchant the next, and a sugar, tobacco, or tea merchant the year after. He enters into every trade when he foresees that it is likely to be more profitable, and he quits it when he foresees that its profits are likely to return to the level of other trades. His profits and losses can bear no regular proportion to those of any one established and well-known branch of business.[17]

What results from this "economic law" is the fact that a company will ever attempt to expand their operations for the sake of an increase in stock price, lest they lose investors.[18] Holding steady, when it applies to profits, is a sign that an equilibrium has been reached, and *may* even be a sign that a genuine need, for which people are willing to pay, is being adequately served. Holding steady, when it is applied to market value, is a sign of failure, as those who have purchased the stock are unable to sell it at a higher price. The real driving force behind the company is not any particular plan, but the "need" for indeterminate growth of *market* value.[19] This is why founders such as Steve Jobs can be ousted from their own businesses, even when they may be the only ones with the original vision in mind.[20]

While the secondary market was flourishing during Charles Dickens' time, a capitalist was still largely one who owned industrial factories and great swaths of farmland—in short, one who owned the productive property. At the end of each

[16] If going public is a legal redirection away from products and profits and toward marketing and stock exchanges, why do people who care about making good products go public at all? Because it is an efficient way to get capital. The initial public offering, by which owners become stockholders, leads to an immediate influx of cash: unlike most subsequent purchases of stock, these initial purchases go to the company. Amazon went public in mid-1997. In 1996, they had a total of $15.7 million in revenue; in 1998, they brought in $609.8 million. In 1996, Bezos pocketed roughly $500,000 from profits; but he was a billionaire in 1998. In 1979, Nike was having problems with cash flow; after taking the company public in 1980, they had more money than they could spend that year.

[17] Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations* (Carmel, IN: Liberty Fund, 1981), 130.

[18] This is, of course, quite unnatural. Growth is for the sake of achieving an equilibrium. Consider, in contrast, natural forms of growth. The human man begins as a baby and grows into an adult only to stop around 5'9". He grows to the point that he can adequately live in service to his neighbor. Part of man's teleology—which is a search for peace—is to achieve this natural equilibrium, in which needs are fulfilled and rest is achieved. For publicly traded companies to surrender the apostolate of harmony and to replace it with the exercise of perpetual growth implies that they have no end, no purpose of filling needs or attaining social peace. Instead, they begin to use their neighbors for the sake of growth. This is one of the sources of our culture's rote, technological optimism: we must say that the technological future is good because we are already selling it as a product; if we were to say it is bad, then we would lose money. Some distinction needs to be made between this kind of growth and the growth within the logic of supply and demand: a capitalist of an age past might aim at the unlimited sale of a product, but would be checked naturally by people's limited willingness to buy it. To be able to chase unlimited sales, he would either have to expand the market or invent a different product. A modern capitalist, when he has reached a material limit in a population's demand for his product, may begin to sell a spiritual good, namely, the assurance of doing more and selling more in the future. This form of capitalism is really a form of simony, as it sells time, history, and human hope, all of which have been sanctified by Christ, for profit.

[19] This is the thesis of Douglas Rushkoff's *Throwing Rocks at the Google Bus* (New York: Penguin, 2016). Modern companies are often not expanding operations to increase market value, but are, rather, utilizing share buybacks to create a perception of growth. See footnote 32 below.

[20] And this explains why, all things considered, everything tends toward banality and crap. Genuine innovations and excellent productions become the fuel for the indefinite production of whatever will work. The very values upheld by the neoconservative defense of the free market—such as leadership and entrepreneurship for the sake of the common good—are compromised by the secondary market, which subordinates decisions of quality, consumer satisfaction, production, profit, and, most importantly, any motivation of "doing good in the world" to the production of an appearance of future growth.

quarter, the capitalist of the 19th century would take home *all* of the profits his factory produced. The factory was his personal money tree.

Today, the average Joe is an "owner" by virtue of holding a few shares in a company he does not work for—thus separating his labor from his capital—and yet he is not counted among the historic capitalists. At least, Dickens, Chesterton, and Marx would never think to call him one. Joe rarely receives the fruit from his tree, if ever. What, then, is the nature of his ownership? If the Catholic magisterium has promoted the idea that each person ought to own productive property, then does a diversified portfolio count? Venerable Fulton Sheen once answered this question:

> Some representatives of monopolistic capitalism, sensing [...] evil in their system, have tried to silence criticism by pointing to the diffused ownership in the great corporations. They advertise, "No one owns more than 4 percent of the stock of this great company." Or they print lists of stockholders, showing that these include farmers, schoolteachers, baseball players, taxi drivers, and even babies. But there is a catch to this argument, and it is this: although it is true that individuals of small means own shares in the company, it is not true that they run the company. Their responsibility for its policies is nil. Possession properly has two faces, two aspects: we all have a right to private property, but this is accompanied by our responsibility for its righteous use.... Everyone admits that the farmer who owns a horse is obligated to feed and care for it, but in the case of stocks and bonds, we often forget that the same principle should prevail.[21]

The venerable bishop argues that true ownership requires responsibility. For this reason, he suggests, following the larger Catholic Tradition, that labor and capital ought to be married.[22] In

[21] Sheen, "The New Slavery," in *On Being Human* (New York: Doubleday, 1982), 138–140, at 138–9.

[22] According to the magisterial tradition of the Church, the division between capital and labor is de facto impossible. Leo XIII and St. John Paul II both recall the universal destination of goods: the doctrine that "God gave the earth to the whole human race for the sustenance of all its members, without excluding or favoring anyone" (*Centesimus Annus* 31). This "first principle," as the popes call it, directs how the world should be used—for the common good—but it also suggests that there can be no a priori division of the land. So how does private property arise? St. John Paul II states that it is through work:

> It is through work that man, using his intelligence and exercising his freedom, succeeds in dominating the earth and making it a fitting home. In this way, he makes part of the earth his own, precisely the part which he has acquired through work; this is the origin of individual property. (*Centesimus Annus* 31)

Again, he writes in *Laborem Exercens*: "Work understood as a 'transitive' activity, that is to say an activity beginning in the human subject and directed toward an external object, presupposes a specific dominion by man over 'the earth,' and in its turn it confirms and develops this dominion" (*Laborem Exercens* 14; see the whole of 12–15).

When the saint turns to the modern economic division of capital and labor, he states that it "is contrary to the very nature of these means and their possession" (*Laborem Exercens* 65). He is speaking of the obligations arising from nature, not from law or jurisdiction (though these have their place). As he argues, this metaphysics of ownership is predicated upon man being like God: "Man is the image of God partly through the mandate received from his creator to subdue, to dominate, the earth" (*Laborem Exercens* 13). Creation reveals God, and this (as it were) "externalization" of the Godhead in created being receives additional reality as man impresses his own likeness, his "image of God," onto the world through his operation. This likeness, theologically speaking, is the basis of private possession. St. John Paul states that, "In the Church's teaching, ownership has never been understood in a way that could constitute grounds for social conflict in labor. As mentioned above, property is acquired first of all through work" (*Laborem Exercens* 65).

Through our juridical systems, we have enabled one to lay claim to a possession that he never operates or a property he has never even seen—to call a piece of the earth "his own" without working it. This creates a pretense of ownership in conflict with "the very nature of these means [i.e., capital] and their possession" (*Laborem Exercens* 65).

Christians desperate to salvage the good in capitalism will often retort in one of two ways.

First, they may say that the founder of the company, the one who created the business model and managed its design, has set an indelible mark upon the organization and therefore ought to maintain ownership over it. But this is to ignore the workers who enacted his idea. This response treats labor as "a special kind of 'merchandise' or as an impersonal 'force' needed for production" (*Laborem Exercens* 29). John Paul states that the workers themselves are unceasingly creating capital, actualizing and realizing the goal of the founder through embracing the same idea. The idea is not what is able to be claimed as private property, but the matter itself—and that matter is obtained, molded, and developed by everyone in the company. It is for this reason that St. John Paul II, following many previous magisterial documents, advocates for employee ownership and/or a just share of profits.

Second, they may make the argument Sheen addresses above.

the same vein as the bishop, we must ask: is the term "owner" at all meaningful for the modern shareholder?

Does the modern shareholder own the means of production? What claim on the company does the common shareholder actually have? In terms of management they are impotent. They might sell their stocks as a minuscule suggestion to the company that it should change its ways—but then, by selling, they have gotten rid of their ownership, nullifying the argument.

What about their claim to profits, the fruit of productive property? Some might argue that "dividends" are the same thing as a share of the profits. And indeed, dividends are money regularly paid to stockholders (usually) from the profits of a company.[23] But dividends do not increase or decrease according to the success or failure of a company—they are not *proportional* to the profits. In this sense, they are used to *incentivize stockholding* rather than to distribute ownership. This is why about 87% of large-cap stocks (shares in companies with a market value greater than $10 billion) offer dividends, while only about 53% of small-cap stocks (shares in companies with a market value of less than $2 billion) do the same: an investor is more likely to buy stocks in a smaller company with the potential to grow than a larger company which will likely remain stable, not lending itself to successful "buying low and selling high." Dividends make up for this perceived loss. But again, a significant number of companies do not pay out dividends at all. Consider, for instance, Amazon's legal agreement from 1997: "The Company has never declared or paid any cash dividends on its capital stock. The Company currently intends to retain any future earnings of its business, and therefore does not anticipate paying any cash dividends in the foreseeable future."[24] Or, for another example, the shoe company All Birds, which, as mentioned, recently went public: "We currently intend to retain all available funds and future earnings, if any, to fund the development and expansion of our business, and we do not anticipate paying any cash dividends in the foreseeable future. Additionally, our credit agreement with JP Morgan Chase Bank, N.A. contains covenants that restrict our ability to pay dividends."[25] Not only are they choosing not to give dividends, but they are restricted by a third party from doing so.

So in these cases, the companies' investors have legally agreed with the companies' assertion that they will not pay profits to their investors: their owners. And the investors have no ability to manage or to be in any way responsible for their company and its assets. Stockholding for them, therefore, has *neither* of the "two faces" that constitute true ownership for Sheen. But does any shareholder *ever* have access to the assets of a company? If the company collapses, what happens to its buildings, computers, patents, vending machines, and the like? According to the US Securities and Exchange Commission, in the case of a public company's collapse, "Stockholders do not have to be notified of the Chapter 7 [Bankruptcy] case because they generally don't receive anything in return for their investment."[26] A stockholder's "ownership" is so meaningless that even the government of the United States thinks it unnecessary to relay anything to him. The common shareholder does not even have a right to visit the assets of the company. If someone

[23] Importantly, a company does not necessarily pay dividends out of its profits; they could, for instance, come from savings. More specifically, dividends are promised prior to knowing the profitability of a given quarter or year; so, intrinsically speaking, dividends are not related to profit.

[24] Amazon's Final Prospectus Filed to SEC, dated May 15, 1997: www.sec.gov/Archives/edgar/data/1018724/0000891020-97-000868.txt.

[25] "Dividend Policy," All Bird's Registration Statement.

[26] "Bankruptcy: What Happens When Public Companies Go Bankrupt," United States Security and Exchange Commission, January 19, 2016, www.sec.gov/reportspubs/investor-publications/investorpubsbankrupthtm.html.

The paragraph as a whole reads:

> Their assets are sold for cash by a court appointed trustee. Administrative and legal expenses are paid first, and the remainder goes to creditors. Secured creditors will have their collateral returned to them. If the value of the collateral is not sufficient to repay them in full, they will be grouped with other unsecured creditors for the rest of their claim. Bondholders, and other unsecured creditors, will be notified of the Chapter 7, and should file a claim in case there's money left for them to receive a payment. Stockholders do not have to be notified of the Chapter 7 case because they generally don't receive anything in return for their investment." But, in the unlikely event that creditors are paid in full, stockholders will be notified and given an opportunity to file claims.

Note that even if assets remained, the stock owner would still need to file for them, leaving an opportunity for some to beat others to the punch.

who owns some shares in Ford decides he wants to see the famous assembly lines and walks into the factory, he will not be greeted as a member of the company—rather, he will be dragged out by the security team. There is no proper category for a shareholder who does not work for the company or sit on the board of directors. His claim is ethereal and his ownership does not entail dominion, control, or use of what is owned; there is no metaphysical reality behind his "ownership."[27]

A defender of stocks might argue that this is a quantitative difference, not a qualitative one: that is, that one *would* be included into the fullness of ownership if one owned more stock. A shareholder may always potentially buy enough shares to sit on the board of directors, and so take part in executive decisions. But this form of responsibility must be distinguished from the responsibility Sheen is speaking of. First, it is not an intrinsic fruit of labor, in which, as St. John Paul taught, the more one works on a project or product the more one is responsible for it, as bearing one's likeness.[28] Rather, it is an extrinsic, merely legal kind of responsibility: just how many shares constitute an invitation to join the board of directors is arbitrarily determined when a company goes public, and even if a shareholder does hold the requisite amount, he may still elect not to take on this responsibility. This is not the same as the responsibility that accrues to a person from creation and labor, which gives responsibility *de facto*. Secondly, the board of directors is an entity with the power of surveillance over the real activities of the company for the sake of aligning them with the production of market value. Directors "direct" toward higher share prices. An extrinsic, optional, and purchased capacity to survey and police a company within the scope of one's self-interest is not the same as a share in the profits.

Ten-odd people typically sit on a board of directors; hundreds of thousands of common investors do not. This is evidence not of an application of the adage "to whom much is given, much is expected," but a legal arrangement in which wealth, not labor, is rewarded with responsibility. The responsibility that accrues to someone from labor is gradated (the more work, the more responsibility, from the lowest of menials to the highest of executives) and diversified (different kinds of labor, and their requisite virtues and skills, lead to different kinds of responsibilities, i.e., executive, managerial, for excellence in craft and production, etc.). The responsibility that accrues to someone from shareholding is not gradated (one must own, say, 5% for a chance to sit on the board, and there is no parallel gradation among those who own less) and it is homogeneous (money is rewarded with a chance to survey and police a company into a higher market value, and nothing more).[29]

Unlike the 19th-century capitalist who could point to his factory and lay claim to it (and the profits that came from it), the 20th-century capitalist cannot point to anything. Unlike rocks, trees, gold, or animals, a stock has no existence outside of the minds and agreements of a group of people. It is a legal reality, a bookkeeping entry.

The value of a stock is usually determined by a conjecture regarding a company's future worth. But, because the future is unknown to us, we often have wild and imaginative ideas about what it will contain—and others have the ability to manipulate what we think of it.[30] Consider, for instance, the Wall Street corporate raiders of the 1970–90s. Investors bought up stock, which automatically created the appearance that a company's value was increasing, leading others to want to buy the stock—so they could sell it to them at the inflated price and spend the money on real material goods. By expanding the perceived worth of artificial goods, they were able to trade them for a greater amount of natural goods and resources.[31] This introduced a now-standard technique in the industry.[32] For market value to exist, it is

[27] See footnote 22 above.

[28] See footnote 22 above, and especially *Laborem Exercens* 29 and its surrounding context.

[29] For this reason, there is an obvious, and often humorous, antipathy between executives and boards of directors, in which those who work to make a change in the world or to meet some human need are pitted against a group of people who do not work but, because of their investment, are flown in from around the world to look over a company's plans and analyze whether they are in their self-interest as shareholders. This appears to be an institutional, legal, and structural solidifying of an enmity between capital and labor that the popes have always denounced as an unnatural perversion of a primary friendship.

[30] For one book on the topic, see Michael Lewis, *Flash Boys* (New York: W. W. Norton & Company, 2014).

[31] Bill Gates, knowing how this works, has been selling his Microsoft stock—so as to become the largest private owner of farmland in America.

[32] Take a real life example: Apple's operating income hardly

necessary—and sufficient—that people believe in future worth and act according to this belief. So long as people believe in the effectiveness of their agreement that a stock has value and act accordingly, the value of a stock will hold strong.

Of course, in terms of wealth accumulation, investors in the secondary market put the 19th-century capitalists to shame. But the only way in which they can cash in their investments—and thus convert them into *actual* wealth—is by giving up their share in the company altogether. For the founders of a company, going public is, in many ways, a decision that is ultimately self-defeating. It converts their ownership into stock, which puts them on the path to accumulating great wealth, but this path leads away from ownership. In 1997, Bezos owned 42% of Amazon; today he owns 10%. Similarly, Bill Gates has dropped his share in Microsoft from when the company went public in 1986, when he held 45% of the company, to 1%, as of 2020. Although these founders cash in, they inevitably must give up legal claims over their own companies.

Policy makers have long attempted to get more of the middle class into the secondary market. Consider, for instance, the federal reserve's "monetary easing" policies which encourage reallocation of money from savings accounts (where the interest rate is now 0.1%) and into riskier assets like stocks (where one can have a relatively reliable 10% return year over year). Or consider the first drafts of the 2021 Build Back Better Act, which required "employers without employer-sponsored retirement plans to automatically enroll their employees in IRAs or 401(k)-type plans" and would have imposed "an excise tax on an employer for failing to maintain or facilitate an automatic contribution plan or arrangement."[33] Many promoted this idea, claiming that everyone should benefit from modern financial techniques. While good intentions can take one very far, these sentiments do not protect the common employee from becoming dependent on market prices for their livelihood in old age. There's an odd dynamic here: instead of purchasing productive property such as farmland, the financially responsible employee puts away 10% every month into his IRA so that he may live off of it later; meanwhile, those who are billionaires on paper sell their stocks, which are, as Aristotle would say, "artificial riches," and trade them in for natural riches: Bill Gates is the largest private owner of farmland in America, growing vegetables such as carrots, soybeans, and potatoes (some of which end up in McDonald's French fries) for the average, financially responsible American employee. Jeff Bezos, for his part, owns 420,000 acres of land. Precisely because of this phenomenon, the cost of tangible assets such as land, homes, and art have skyrocketed since the 1990s. What appears to be a downfall of the financier's plot—that he must give up his control

changed from 2015–2020, yet its market value more than quintupled, and its stock price increased from ~$23.00 to ~$122.00. How did this happen? It occurred almost entirely by artificial means, namely, by having the company itself buy back $337 billion worth of stock, approximately 30% of its total value. In this scenario, the board and managers of the company had the company itself (which is nothing more than a legal fiction) buy its own stock to drive up the price—which no doubt motivated other investors to buy Apple stock to get in on the growth, accelerating the price increase. Meanwhile all of the shareholders grew immensely in wealth without contributing anything more than what they were already doing. This is by no means a singular event; it has become an industry standard. And, contrary to the retort of many market ideologues, the stock prices are not self-correcting. We have seen an incredible stasis of companies on the Nasdaq and S&P 500 since companies began implementing these techniques in the 1990s. For proof, read Herman Mark Schwartz, "Vampires at the Gates?," *American Affairs* 5.4 (2021):

> Dividend payouts and buybacks have risen considerably as a share of profits from the 1990s to the present, but net fixed investment—a major contributor to both GDP and productivity growth—has fallen by nearly half from the 1980s to the 2000s. The 461 firms that managed to stay in the S&P 500 from 2007 to 2016 spent more than half their net income on share buybacks and a further two-fifths on dividends, retaining only 6 percent for reinvestment. Instead of productive investment, the cash from dividend payouts and share buybacks has flowed into the purchase of various sorts of positional goods—prime properties, artwork, etc.—and into existing financial assets. The prices for these kinds of assets have rocketed up since the 1990s.

For a technical survey of some of these raids, see James P. Walsh and Rita D. Kosnik, "Corporate Raiders and their Disciplinary Role in the Market for Corporate Control," *Academy of Management Journal* 36.4 (1993): 671–700.

[33] Ted Godbout, "Ways and Means Greenlights Automatic Retirement Arrangements," *National Association of Plan Advisors*, September 10, 2021, www.napa-net.org/news-info/daily-news/ways-and-means-greenlights-automatic-retirement-arrangements. For the text of the bill, see Rep. John Yarmuth, H.R. 5376 – Build Back Better Act: www.congress.gov/bill/117th-congress/house-bill/5376/text.

of a company in order to cash out—is actually his great bait and switch. According to the National Bureau of Economic Research,

> From 1989 to 2017, $34 trillion of real equity wealth (2017:Q4 dollars) was created by the U.S. corporate sector. We estimate that 44% of this increase was attributable to a reallocation of rewards to shareholders in a decelerating economy, primarily at the expense of labor compensation. Economic growth accounted for just 25%, followed by a lower risk price (18%), and lower interest rates (14%). The period 1952 to 1988 experienced less than one third of the growth in market equity, but economic growth accounted for more than 100% of it.

Major shareholders have been able to increase their companies' value without increasing economic outputs, new products, or jobs; without real "value-add"; without, that is, working or contributing to the common good. In fact, as the above report shows, they largely increase their wealth at the expense of labor. Of course, not all elites engage in this bait-and-switch strategy: some of our wealthy are so habituated to watching the stock-tickers that there is no "real good" waiting for them at the end of a lifetime of increasing market value; they never cash out. They are, in a strict sense, misers. Elon Musk is a prime example of this; he does not own a single home. He is living out the World Economic Forum's dream: "You will own nothing, and you will be happy."

For people to surrender their money, which they can use to procure tangible goods, to a corporation that will not pay them their proportional due of the profits would be deranged—except that it works. Of course, it only works if everyone keeps valuing perception over reality, the future over the present, and wealth produced by speculation over wealth produced by work.

But Is It Okay to Own Stocks?

Owning stocks in a company makes us part of a larger collective that is responsible for the perceived value of the company, and thus contributes to its continued existence and activity within society. It says, to a board of directors self-interestedly watching stock-prices, "I buy on the basis of what you are doing, therefore, keep doing it."[34] Because of this, the stockholder is morally responsible for his stocks: his purchase of them promotes certain activities that build up a certain kind of world, however nominally his purchase of stock motivates this fact. (This is the reason why so-called "ethical funds" such as Ave Maria and Knights of Columbus exist.[35])

From this perspective, the Christian is responsible for his investments, but because of the nature of the secondary market, he purchases responsibility without a concomitant purchase of power—it does not come with any meaningful sense of ownership, or the ability to run, manage, or decide anything regarding the company. The only moral disapproval one might express with a company is to divest, selling one's stocks, but far from "taking power away from the company" the act of selling means that some new stock-

[34] The fact that all individual earnings from a public company are now only nominally related to the actual activities of a business does not mean there is no relation. It would be false, for instance, to argue that one could invest in a nefarious company because it is not the company that gets one's money but the stockholder who sells one the stock. The great 20th-century capitalist Ludwig von Mises articulated the importance of this new relation:

> [T]he changes in the prices of common and preferred stock and of corporate bonds are the means applied by the capitalists for the supreme control of the flow of capital. The price structure as determined by the speculations on the capital and money markets and on the big commodity exchanges not only decides how much capital is available for the conduct of each corporation's business; it creates a state of affairs to which the managers must adjust their operations in detail. (Ludwig von Mises, *Human Action* [San Francisco: Fox and Wilkes, 1963(1949)], 306–7)

According to Mises, the shareholder supports the company in two ways. First, by buying and holding the company's stock, the person is enabling the company to leverage against his stock price to get more money from the bank. In this way, the investor indirectly enables the company to borrow more money for operations, if they so desire. Second, by buying and holding stock which raises the stock price, the investor is communicating to the company: "I like what you're doing; keep going." And, as we will see in the next section, this is the main, perhaps even the only, message the boards listen to: share price.

[35] For an evaluation of these funds and more, see Jacob Imam's "The Case Against Blind Investing," *New Polity*, December 15, 2021, newpolity.com/blog/against-blind-investing.

holder now takes one's place—a new piece of the collective production of good opinion about the company's future. One gets out only by convincing another to get in.

And perhaps, in this odd moral bind, we see the purpose of the stock market as a whole: the stock market locks people into extending the power and presence of a company beyond its useful life. The world that such a system creates is one of constant marketing disconnected from any definite improvement of products; one with an emphasis on an indefinitely improved future "worth betting on," rather than an emphasis on a happy present in which life is worth living; one that values advertisement over any other skill; one that gradually loses useful production and trade; and one with an overwhelming presence of absurdly, contemptuously useless things, the existence of which is not maintained by any self-evident goodness or any usefulness for human flourishing but solely by marketing.

St. Thomas argues in his *Summa* "that the common desire [to sell dear and buy cheap] is not natural, but is a vice, and therefore common to many who walk on the broad way of vices."[36] Catholics are not to buy low with the express purpose of selling high later: not to desire profit without having poured their work into the object, for the simple reason that work is the means by which we serve the common good, taking the material of this world and making it more useful for our neighbors and for ourselves. We deserve a just reward for our work *because* it is a service to the common good. "Wealth without work" is a way of describing a man who does not or will not work for the common good, but only for himself: a man who desires to receive without giving.

In the case of stocks, there is indeed no work done to one's shares—there is no work even *capable* of being done to them, beyond marketing. There is nothing that a Christian could do to enhance their usefulness. The only reason why a person wants a stock is to increase in personal wealth. Indeed, for what other reason do we trade on the market? It is a purely speculative purchase—buying an asset in the sole hope of selling it later for a better price.

Can it be argued that, if one wants a good company to succeed, one should buy stock to increase its perceived value? We would object that someone need not put himself into a position of speculative profit-seeking in order to promote the good perception of a company: one could far more effectively promote it by proclaiming the company from the rooftops—telling one's friends and family, and so forth. That such "volunteer marketing" appears absurd as a substitute—despite its obviously greater effectiveness at making sure the company's products get bought—just goes to show that it is individual profit that is "naturally" sought through participation in the stock market, not some benefit to the common good.

Or can it be argued that buying stock can be justified as a form of investing? To call buying something on the stock market "investing" is a misnomer: nothing is actually being invested in. No institution is being built up by your purchase; your money is not (usually) going to the company (and, except at a public offering, you won't know if it does). If I put money in my friend's new coffee shop, I can see the fruit of the productive investment and know that my funds helped to achieve it. More than that, I, and others, can enjoy the shop; people actually benefit from the investment. But none of this is achieved by purchasing a share on the secondary market. Doubtless, the purchase helps the company in some highly indirect way, but, strictly speaking, the funds go to someone I do not know for a purpose I cannot know; and the thing obtained by my "investment"—as a claim of abstracted "paper" ownership—cannot be enjoyed by anyone. I have not helped to build or produce anything. If I buy stock in Starbucks, my purchase does not make my neighbors, or anybody, any more able to sip a cappuccino than they were before. The thing "invested in" can be enjoyed only by me—and only after I sell it at some future point for a higher price.

Pope St. John Paul II made the same case. In *Centesimus Annus*, the saint commends investing but, in two different sections, says that speculation does not qualify as true investing. He states:

> the spread of improper sources of growing rich and of easy profits deriving from illegal or purely speculative activities constitute one of the chief obstacles to

[36] STh. II-II, q. 77, a. 1 ad 2

> development and to the economic order.[37]

Speculation deforms the social order by putting personal good before the common good, and therefore contributes to destroying a just economy—which is an economy oriented toward building up all people. In the second passage, he makes a distinction between real ownership and illegitimate ownership:

> Ownership of the means of production … becomes illegitimate, however, when it is not utilized or when it serves to impede the work of others, in an effort to gain a profit which is not the result of the overall expansion of work and the wealth of society, but rather is the result of … speculation, or the breaking of solidarity among working people. Ownership of this kind has no justification, and represents an abuse in the sight of God and man.[38]

For John Paul, just because one has a legal claim to a share in a company, and is thus, in some sense, an owner, does not mean that this ownership is just. He categorically denounces pure speculation.[39]

As St. Thomas states: greed can be "a sin directly against one's neighbor, since one man cannot over-abound (*superabundare*) in external riches, without another man lacking them, for temporal goods cannot be possessed by many at the same time."[40] This is obvious in the case of physical goods: hoarding land deprives those who need to use it. It is also the case with shareholding, albeit less directly. The shareholder grows in wealth, and so in purchasing capacity, without working, starting businesses, providing jobs, or otherwise improving the world for others. On the one hand, this is a sort of sin of omission: the shareholder does not contribute to the common good. On the other hand, his increased purchasing capacity increases the prices of goods and services in the society in which he is embedded. This can be clearly seen in real estate prices: if he buys houses with the money produced by shareholding, he will raise rents and house prices for his neighbors, without providing them with any social benefit to make up the difference. The fact that one is able to increase in wealth while not putting in any *productive* labor to attain that

[37] *Centesimus Annus* 48. *Haec quidem securitas si deest, grassante publicarum potestatum corruptione et increbrescentibus rei familiaris illicite augendae capitibus ac facili lucro, quae omnia in actibus constant illegitimis vel simpliciter speculativis, unum ex praecipuis habetur impedimentum ad progressum oeconomicumque ordinem.* One might reply that he could be using the term "speculation" in its colloquial sense: a *risky* investment. But, for numerous reasons, such a conjecture is not supportable. First, the term "speculation" has a technical economic definition—it means to purchase an asset (stock, bond, commodity, goods, or real estate) with the hope that it will become more valuable in the future. Second, even if the pope *was* targeting high-risk investments, these differ from low-risk investments only by degree: in both cases, one buys low to sell high without value-add. And in any case, we know that he was not thinking of this form of investing, given the Latin rendering of the term "speculation" in another passage; see footnote 38 for an exposition. This passage has been left out of consideration by scholars such as Samuel Gregg, *For God and Profit* (Spring Valley, NY: Crossroads, 2016), who considers the question in detail. Instead, people prefer to look to CCC 2409, which addresses a certain type of speculation: "The following are also morally illicit: speculation in which one contrives to manipulate the price of goods artificially in order to gain an advantage to the detriment of others."

[38] *Centesimus Annus* 43. This passage is more interesting than the other, as he does not use a form of the verb *speculor* but instead writes "*ex quaestibus faciendis*"—meaning more literally, "making monetary profits." Far from referring to the colloquial usage of speculation as high-risk, high-reward investments, this official Latin rendering harkens back to the medieval critique of unjust trade and usurious lending. For example: "*pecuniam in quaestu relinquere;*" "*omnes homines ad suom quaestum callent et fastidiunt*" (*Dictionary of Medieval Latin from British Sources* [Oxford: British Academy, 2018], ed. R. K. Ashdowne, D. R. Howlett, and R. E. Latham, s.v. "*quaestus* [*quaestūs*]"). John Paul's paragraph in full reads: *Is insuper interest operibus aliorum qui in eadem administratione operantur, et etiam laboribus provisorum atque consumptioni clientium, instar coniunctionis continuae, quae gradatim se extendit. Etiam possessio instrumentorum bonis gignendis tum in quaestuosa industria, tum in agricultura iusta est et legitima, si labori utili servit; sed illicita evadit cum in profectum non vertitur, aut usurpatur ut labori alieno impedimento sit, ad lucrum consequendum, quod non oritur ex universali amplificatione operis et divitiarum socialium, sed potius ex horum coercitione, ex illicito lucro, ex quaestibus faciendis et ex abruptione illius necessitudinis in provincia laboris.*

[39] He even includes a footnote after the last sentence to a passage in his *Laborem Exercens* in which he states that work is a transitive activity, "that is to say an activity beginning in the human subject and directed towards an external object [which] presupposes a specific dominion by man over 'the earth', and in its turn it confirms and develops this dominion" (*Laborem Exercens* 14). But within investments on the stock market, the activity is *in*transitive; no operation is done to the object and so no dominion, no creative control is expressed over it; and thus he goes even further than Sheen, by stating that this sort of ownership is in itself illegitimate. It is a form of gaining wealth without giving to others.

[40] STh II-II, q. 118, a. 1 ad 2.

increase—or without dignifying the labor of someone else, leading to an overall increase in productive labor—means that someone, somewhere, is worse off.[41]

Can it be argued that buying stock is justified if one is seeking an increase of funds so as to pay for a home, retirement, or even, say, to create an endowment for a parish? But the ends do not justify the means. Good intentions cannot justify bad actions.[42]

Thus far, it does not seem that shareholding can be justified as either a form of ownership or as a means of investment. Likewise, it does not seem to be justified as a way of relating buyer and seller—as a stance for one person to take toward another. It is difficult to buy or sell stocks in a mutually beneficial exchange—the only way one may licitly earn money. A shareholder sells his shares because he believes that the asset is bad. He may be wrong—but he would not risk it; it is time to get out. He sells to another what he considers to be a liability. Now, the buyer may know more than him—that the company will soon sign a new contract, that its sales will rise, that the impression of the company will duly improve, and thus also the share price. But the seller does not believe this is so; he offloads what he considers to be rotten eggs. The buyer, meanwhile, buys because he thinks the seller is wrong in his assessment. Structurally speaking, both assume that they are getting the better of the other, the seller that the buyer is a dupe, and the buyer the seller is foolish, and so conclude their business in an act of mutual disdain, however impersonal their trading platforms make it. Obviously, one can envision a *possible* mutually beneficial exchange, as in "I believe that this stock will grow and serve you well, but I simply need cash right now, so I'll sell not a liability but an asset." One might also simply divest of all one's stocks, in whatever state they may be—upon, say, retirement—with no care for whether they are assets or liabilities. But, obviously, this is not a typical practice. And even if we can imagine some ideal case in which one transfers a stock to another as an asset, it will (in actual fact) be an asset only if the recipient can sell it at the right time, which requires that *he* find a dupe on whom to pawn the thing, even if circumstances conspired to allow the original seller to make a mutually beneficial exchange. If everyone intended to simply sell their stocks "upon retirement," or "as needed," rather than buying low and selling high, stock trading as a source of gain would not exist. Trading apps, mutual funds, 401(k)s, and the like automate and depersonalize this process, but do not structurally alter the ultimate means of its efficacy: buying low and selling high.

A Christian should not own stocks any more than he should pursue individual wealth apart from work in any other area of his life. In 2 Thessalonians, St. Paul recalls:

> When we were with you, we gave you this rule: 'If a man will not work, he shall not eat.' We hear that some among you are idle. They are not busy; they are busybodies, not doing any work. Now such persons we command and exhort in the Lord Jesus Christ to do their work quietly and to earn their own living.... Take note of those who do not obey what we say in this letter; have nothing to do with them, so that they may be ashamed. (2 Thess 3:10–14)

The Greek word that St. Paul uses, badly translated as "busybodies," is the participle of περιεργάζομαι (*periergazomai*). Dictionaries of ancient Greek say this word literally means to "tell others how to buy and sell,"[43] or to "bargain, haggle, 'περὶ τῆς τιμῆς' " over, that is, saleable goods in the market.[44] If these dictionaries are indeed correct, then the apostle hereby makes plain the Christian orientation toward wealth: a

[41] There is widespread condemnation of this in the tradition beyond St. Thomas. See, e.g., Pseudo-John Chrysostom, *Opus imperfectum in Matthaeum* [PG 56:839–40]; Gratian, *Decretum*, I, 88, 11; Cassiodorus, *Expositio Psalmorum* (CCL 97:634–5); Astesanus, *Summa*, III, 8, 10: 125vb–126ra; Alexander of Hales, *Sum.theol.*, III, 490, IV, 723.

[42] As St. Thomas says, the act of making money from money is "unjust in itself" (*secundum se iniustum*) and "evil simply" (*simpliciter malum*): STh II-II, q. 78, a. 1, resp. and ad 2; see also his *Commentary on the Politics*, I.8.

[43] Johannes P. Louw and Eugene Albert Nida, *Greek-English Lexicon of the New Testament: Based on Semantic Domains* (New York: United Bible Societies, 1996), 767.

[44] *Greek-English Lexicon* (New York: Clarendon Press, 1984), ed. Henry George Liddell and Robert Scott, s.v. "Περιεργάζομαι." The *glossa ordinaria*, cited in STh II-II, q. 187 a. 3 c., seems to generally concur: "Those who made a living through illegal means."

person must engage in productive labor in order to deserve his place in the community.

Conclusion

In 1991–92, Taikichiro Mori was the richest man in the world, holding $18.5 billion. Now, thirty years later, Elon Musk now claims the prize with $245 billion. This absurdly fast concentration of wealth is staggering and, we have argued, sinful. Shareholding has allowed a relative few to procure great fortunes, often with little or no contribution to the common good: the number of finance and investment billionaires has grown by 50% in the past year, without any obvious 50% improvement in the social orders in which they are embedded.

Of course, these figures manifest the very concern that Pope St. John Paul II had regarding the problems of speculation. If shareholder wealth is increasing without a true value being added to society (if, in the pope's words, "profit ... is not the result of the overall expansion of work and the wealth of society"), then it is unjust—indeed, it "represents an abuse in the sight of God and man." Speculation opposes the Christian Tradition.

But speculation is not the same as investment. Investing has a very important place within the Tradition, being categorized somewhere nearby almsgiving. The Tradition from the beginning, but especially in the popes of the last centuries, has been forceful in stating that our excessive funds must go to the poor. For instance, Pope Leo XIII states: "when what necessity demands has been supplied, and one's standing fairly taken thought for, it becomes a duty to give to the indigent out of what remains over. 'Of that which remaineth, give alms.' "[45] And Pope St. John Paul states that one has a "duty to give from one's 'abundance,' and sometimes even out of one's needs, in order to provide what is essential for the life of a poor person."[46] As the capital we designate for investments are by all accounts "out of our abundance," the latter pope considers investment alongside almsgiving, stating that

> even the decision to invest in one place rather than another, in one productive sector rather than another, is always a moral and cultural choice. Given the utter necessity of certain economic conditions and of political stability, the decision to invest, that is, to offer people an opportunity to make good use of their own labor, is also determined by an attitude of human sympathy and trust in Providence, which reveal the human quality of the person making such decisions.[47]

Investment is, by nature, intended to dignify the labor of our neighbors. Our investments should be oriented toward the common good, through ourselves (insofar as we use the returns on our investment to better serve the common good) and through others (as our investment should provide them with new businesses and opportunities for work).[48] Just as the ventures of Christendom, at their best, brought miniature "societies" into being, our investments must also be obedient to the command of Christ to "make use of your base wealth to win yourselves friends, who, when you leave it behind, will welcome you into eternal habitations" (Lk 16:9, KNOX).

As St. Augustine taught, what we love informs what type of institutions we build.[49] The West as a whole has been too taken with mammon. The corruption in the markets is not the fault merely of elites or of the managers of companies: we, as a people, have created a system to try to guarantee our security in the future.

In some respects, the secondary market is an instance of the larger heresy of liberalism, which claims agnosticism about whether there is any purpose for human life beyond the fulfillment of one's individual desires. The secondary market crushes any genuine effort to use capital for the sake of the common good, by detaching it from the pursuit of any specific ends and legally tying it to the production of individual gains. A society that concentrates its life and power in such companies admits, confirms, reifies, and expands the illusion that human life is a purposeless pursuit of individual satisfaction. It thereby increases the degree to which the claims of the Catholic Church, which posit Christ as the definitive purpose of life, can only be seen as a violence. That such a society of undirected power-accumulation can end only in the rule of those tyrants who succeed in accumulating power is not a prediction but a certainty—and an observation of the present times. The present situation, too, will only get worse. Any future crash in the stock market, when it comes, will crush the poor, who will be unable to obtain the increase in wealth that they were hoping for; the rich, however, who have exchanged their spurious stock-ownership for real goods, will emerge as lords over them. That is to say, the abstractly rich will turn out to be the concretely powerful: they will own the land, the food, and nearly every type of the productive property, having used the great mass of stockholders as a mechanism for a magic trick, namely, the transformation of opinion and perception into farmland, real estate, and weaponry.

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[45] *Rerum Novarum* 22.

[46] *Centesimus Annus* 36. Gregory the Great situates gifts to the poor as a matter of justice, not charity—a position that the 1992 Catechism endorses (CCC 2446): "The demands of justice must be satisfied first of all; that which is already due in justice is not to be offered as a gift of charity: 'When we attend to the needs of those in want, we give them what is theirs, not ours. More than performing works of mercy, we are paying a debt of justice.'"

[47] *Centesimus Annus* 36.

[48] See *Rerum Novarum* 5.

[49] Since a community, according to the saint, is a group of "reasonable beings bound together by a common agreement as to the objects of their love, then, in order to discover the character of any people, we have only to observe what they love" (*City of God* 19.24).