

THE STOCK MARKET

REV. PETER ENG

Five years ago, the vast majority of Christians said it was wrong to trade in the stock market, but it was acceptable to buy shares like SBS for long term investment, and to get a bus pass. Today, the mood seems to have changed. Sad to say, once again, the government seems to decide how Christians should think in terms of right or wrong.

Some time ago, I came to the conclusion that in itself, there is nothing wrong with trading in the stock market, but I knew most Christians thought otherwise. It seemed improper that a pastor should hold a standard more lenient than that of the general Christian public, so I kept my peace, except to a few select individuals.

Today, the mood has swung so drastically that now, by comparison, my position on the stock market seems very conservative. But I will happily assert that my position has remained the same except for refinements, for I conscientiously seek the biblical position. Circumstances may change, and applications of principles may change, but biblical principles do not. Let me share some of these with you.

First I will share with you what is right of the stock market, and then what is wrong in our involvement.

For the benefit of those who do not know what it means to buy shares, let me briefly explain. Companies doing a business usually start as a private company. That is to say, a few people get together and each invest a certain amount of money and perform certain duties to generate profit. After a while, the company may be doing well, but they are limited in their operations by the lack of fresh funds. To get more money to expand the business, they may make the company go public. That is to say, they offer to sell small chunks of the company to the public. People in the public then buy shares of that company. They do so to take part in the profits of the company, but they also bear the risk if the company fails. These share holders generally do not have much say because their percentage of the company is very small.

What is acceptable in the stock market

1. The morality of buying shares in a publicly listed company is no different from buying shares in a private company. There are myriad examples of businesses in the Bible. In the present age, we can buy the shares of a private company (if the profitable ones will sell) or a publicly listed company to share in the profits and the risks of the company. The company may make or lose money, but the activity of buying or selling shares in that company is not morally questionable.

2. The degree of risk does not determine morality. In the ancient days, sea trade was most risky because ships could sink, and there was no insurance. Yet we are told there is a place for sea-borne trade (Eccl. 11:1). This is qualified with a call to the wise to spread the risk (Eccl. 11:2). There is wisdom in caution, but there is no moral issue involved in the size of risk of a project.



3. The length of time in the trade does not determine morality. Some Christians said that if we buy stocks to keep as an investment, it is acceptable. But if we trade the market for profit, it is gambling. The length of time between the buying and selling of any commodity, be it coffee beans, house, stocks, or building material cannot have any bearings on the morality of the issue. Conversely, buying lottery that will mature only in five years does not make it right.

4. Profit and loss do not determine morality. Today, not many Christians say trading in shares is wrong. I think that is because most people are making money out of their trades. But the time will come when the market will crash, if history is anything to go by. There will come a time when people will start to lose money. That is the time we will hear Christian testimony that the Lord is 'punishing' them for trading in the stock market. Let us be reminded that gains can be immoral and losses can be moral. Hence, gain or loss are both amoral in themselves.

What is not acceptable in the stock market

When I say that trading in the stock market is not wrong of itself, it does not mean it is always right. There are many elements in trading that are wrong. It is like when we say the Bible does not prohibit drinking alcohol, it does not mean drinking is always right. Drunkenness is sin. Addiction is sin. Using our freedom without regard to our obligation is unchristian behaviour.

There are many moral pitfalls in shares trading. Human beings are by nature sinful, and pervert many things. While the use of alcohol is not sin, yet we find alcohol used in vices and not in virtues. It has caused more deaths than narcotic abuse. It is regularly associated with vice. Likewise, I cannot address the moral-ethical rightness of shares trading without addressing both the principles (trading is OK) and the practice (trading has many features that are not OK).

1. There are moral bearings on the type of stocks you purchase. When we buy shares of a company, we are partial owners of that company. If the company is doing something you consider improper, immoral, or unethical, you should not hold a share in that company. For example, most if not all Christians agree gambling is wrong. That being the case, we may not purchase shares of a company that has gambling as its business.

There is limited moral culpability even when your money is placed in companies that are involved in nefarious activity. Most trust funds and banks invest in companies that peddle vice. While we do not like the point that our funds are invested in such companies, it is outside our control, and there is therefore limited moral culpability. We cannot hold personal responsibility of a secondary morality unless the issues are obvious. It is like when we sell food for a living. We cannot be morally responsible for the food which sustains murderers, rapists and swindlers. If we invest in a trust fund that is closely linked to nefarious activities, we become willing and conscious participants of these activities. But if the banks or trust funds we invest in trade in one or two counters that we do not approve (that is if we even know what they trade in for they usually do not tell us), we cannot be made responsible for such secondary morality.

2. Trading without funds is morally incorrect. Some people make use of the time lapse between the buying and selling of a share to trade. That is, before they are due to pay for the shares, they sell it off

(contra deals). The moral issue is not the activity in itself. The issue is one of financial responsibility. Using the instrument available to do contra deals is fine if the person has the money to back the deals. If the person does not have the money, he is risking what he does not have. The wrong is not committed in the stock market, but in the home. Recently, the Straits Times reported a man who lost \$67,000 and said he had to force-sell because he had no money to hold his position. That is financial irresponsibility.

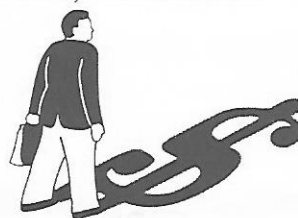
3. Trading with ignorance is not only foolish, it is wrong. When a person enters the stock market, he will get to know the ropes better after several years; and several thousand dollars in market 'tuition fees'. We do not have to be experts in a field before embarking on it. The ignorance I am referring to is trading in speculative stocks without understanding the risks. When the market is going up, many buy penny stocks (the very cheap ones) in the hope that they double or even triple their capital. This is not wrong, but it becomes financial irresponsibility when he does so without realising that he can lose everything if the market drops. If a person cannot afford that type of loss, but enters the market assuming that he can only win, it is wrong.

4. Trading with paid time is wrong. It is not right to use another person's time to trade. Friendly banter and even some stock trading is often acceptable. The problem is that many who trade can no longer concentrate on their work. If your employer finds it unacceptable, you have no right to use his time to trade. What we do during working hours is the right of our employers. Once you are told you may not trade by your boss, you are morally bound not to do so. If you insist on trading, you have to change job.

5. Losing the value of work. The time when the whole world seems to be trading is when there is a bull run. Naturally, everyone is making money. There is great danger even when you make money! You may be in danger of developing long term damage to your values. There is

virtue in work. When money comes easily in the stock market, there is a tendency to think that it is stupid to work so hard for money when it can come so easily in the stock market. This can lead to laziness and wishful thinking, which in turn may ruin a person's life.

Chinese folklore has a parable of the farmer who worked hard daily on his little farm. One day, on his way to the farm, he found a rabbit under a tree. The rabbit had hopped right into the tree trunk and was out cold. Delighted at his good fortune, he took the rabbit home and had a most satisfying meal of rabbit stew. The next day, he could not concentrate on his farming, and went around the trees looking for another rabbit. This happened the next day and the next day. Come harvest, he had only a field full of weeds to show, and no rabbit.



Related issues

I am often asked this question about the stock market and I think I should address it before I leave off this topic. That is, "Is it right to gain at another person's expense? In the stock market, if you gain, it means somebody loses. Should we gain on another person's expense?"

I concede that most of the time, in the stock market, one person's gain is another person's loss. Again, I need to point out that in everything we do in life, there must be winners and losers. You cannot have a soccer match with two winners. You cannot play chess with two winners. You cannot discuss two opposing theological positions with both persons right (though both can be wrong). In business the more you make, the more the other party has to pay. If he did not do his calculations right, he may even lose money. As Christians, we like to see that our gain is also another person's gain.

But I ask you to be honest. How many of you selling a house will not

try to get the best price, and say instead, "That person has such a heavy burden to bear, I think I ought to take it easy, and give him a discount"? If you buy a house from someone in a foreclosure sale, will you say you give him the highest you can afford, or will you try to get the lowest price on the basis that he is desperate to sell? Are you not heartless when you bring down the price of one who is desperate?

While gains and losses in the market are inevitable, and there is no virtue in gaining at another's expense, are there many other ways we can gain? Take a Christian doctor or lawyer. Most of their clients are poorer than they. But do they still levy a charge?

In any trade, as long as we have not done anything dishonest or cheat the other party of what is not right in the transaction, we do no wrong. There is insider trading and that is morally wrong. There are people who pool their funds and speculate on one particular counter. The foolish, seeing that the counter is beginning to move, will jump on the band-wagon. When there are enough of these people buying, the syndicate will sell, leaving the foolish with useless stocks in their hands. Christians should not be involved in setting up people for the kill. But I do not know people who are that well off and say it only as a point to note that there are unethical activities in the stock market - as in other businesses.

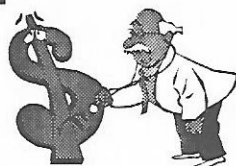
At the same time, I want to say that when one party is buying into a company, they will also cause the stock prices to increase. In that case, when you make money from the increase, you gain and the one who is trying to gain significant shares in the company also gains. So the uninitiated must not be so simplistic as to say that a person can gain only when another person loses.

In relation to the point of losing our work ethic, I want to add a related point. Trading in markets like stocks, currencies, commodities, and other such instruments are not apparently productive. Unlike

manufacturing which produces things that are tangible, such activities do not contribute directly to the growth and welfare of a country's economy.

There is contribution, but it is indirect. Governments and central banks need to trade currencies to control their country's economy. But they cannot do so properly unless there are speculators in the market. A country enjoys more productivity when companies can get public funds to expand their operations. But there must be investors and speculators to buy their shares.

In that sense, there is an indirect benefit to the country. I am of the opinion that this type of indirect contribution to the economy is not the best, but I cannot find any moral grounds to condemn it.



Conclusion

I am no expert in the trading market, or the stock market, But I write as one who has a working knowledge of the markets and as one who has thought about the moral and ethical ramifications of activity in such markets. I do not claim to have the last word. But what I do hope is that by my writing on this subject, I can stimulate thinking, discussion, and perhaps a Christian public better prepared to face such issues in their lives.

In the stock market as in many other areas, Christians think that morality and ethics are private matters. But right and wrong is judged by God, and is not subjective. I trust that with more openness, Christians can enjoy a better understanding of God's will for them. As in the stock market, many social and commercial issues are right or wrong depending on whether we can handle them. It can be right for one person and wrong for another. Let us examine our own hearts, and see if this is for us. If it is not, give it up. If it is, do it with caution and sensitivity that your liberty may not become lawlessness.



THE VISIT OF MR. STEPHEN PFANN



Dead Sea Scrolls? Who is interested in Dead Sea Scrolls? Evidently many people are. At least that was the message we received when Mr. Stephen Pfann gave his public lecture on *Dead Sea Scrolls and Christian Origins*. About 140 persons turned up for the talk while many others were turned away because of the lack of space. Mr. Pfann illustrated his talk with overhead projector transparencies of different manuscripts. The final evaluation was: why did we not get a bigger place?

On Tuesday 17th May, Mr. Pfann treated a group of Hebrew students and teachers from BGST and other schools to a talk on the Hebrew script and the special script used by the Qumran community. Again, the talk was illustrated, by both overhead projector transparencies and models of scrolls.

The course on Archaeology II: land nature and society was well attended by more than 30 students. It was a special treat from God to have this opportunity to learn from an authority like Mr. Pfann. We thank him for his ministry in our midst and pray for God's blessing on him and his family as they continue in their important ministry.