

## **Answering a Couple of Objections**

Code: B110529

Let me respond to some feedback that appeared in a different forum. I don't participate in the other forum, but the person who wrote this e-mailed it to me and invited me to respond. I'm posting my response here, because it might clear up some confusion other people have, too.

He writes,

I would disagree with him on this one [no losers in stock trading] to a certain extent. If I buy a stock at \$10/share, and the value goes up to \$20/share, ON PAPER it appears that ALL investors have earned money . . . BUT, that's only on paper.

That's simply untrue. It completely misrepresents how the stock market works. (See the links below.) Buying stock is an actual investment in a company. When stock value goes up, real jobs are created, company assets increase, and the potential for future profits is also increased. The increased wealth is not merely "on paper."

He further says,

If I decide to sell that stock, **SOMEBODY** has to fork out that extra money in order to purchase for \$20 what I bought for \$10. So, I am not sure if his attempt to show that the stock market has NO losers is air-tight. I seem to recall at the end of each stock trading day, there is always a report of the winners and **LOSERS.**"

You are turning language on its head and unnecessarily clouding the whole issue. The suggestion that someone who invests in stock at a higher price has "lost" money is absurd. Apply that claim to the buying and selling of real estate and you'll see why it simply doesn't work.

And the "winners" and "losers" in the stock market report are *stocks* whose value rose (winners) or fell (losers). What I said was not an "attempt to show that the stock market has NO losers." And

nowhere did I say there are "no losers in stock trading."

What I said was, "There are no losers *when a stock gains value.*" The point is that ***in the stock market, the winners' gains do not come at the losers' expense.*** It's not really a *complex* point, but it is a significant one. In fact, it touches on the central point of my whole argument, so please don't let it get buried under a mass of unnecessary confusion.

Anyone tempted to comment further in this vein ought to do a little reading about the stock market and how it works. Many fine articles are easily available on line that show why investing in stocks is not a form of "gambling." See for example:

- "The Five Biggest Stock Market Myths," from Investopedia
- "Chapter 1: Replacing Stock Market Myths," from *Five-Minute Investing*
- "Stock Market Investing Odds: The Odds Are in Your Favor!," from greekshares.com

Phil Johnson  
Executive Director

Available online at: <http://www.gty.org>

COPYRIGHT (C) 2015 Grace to You

You may reproduce this Grace to You content for non-commercial purposes in accordance with Grace to You's Copyright Policy (<http://www.gty.org/connect/copyright>).