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ולזכות בתם החיילת  
בצבאות ה' ח' מושקא תח'ל

# PRACTICAL HORA'OS

A CLOSER  
LOOK AT  
SOME OF  
THE REBBE'S  
HORA'OS

## INVESTING IN THE STOCK MARKET ON SPECULATION AND PEACE OF MIND

### 'NOT A GOOD IDEA'

Stock market investments are synonymous with speculation. In addition to that, investing in the stock market usually comes with anxiety and stress (presumably a result of the former, the uncertainty associated with the stock market).

These two factors were the primary reasons the Rebbe laid out for his opinion regarding investing in the stock market.

"... My general opinion is that it is not a good idea to invest the major part of one's savings in stocks," the Rebbe wrote in a relatively long letter detailing his opinion about stock market investments.

"In addition to the consideration that such an investment would be of questionable financial prudence," the Rebbe continued, "there is also the factor of the nervous strain that the stock market fluctuations cause to the investor. Also, because such a situation is completely independent of the investor's intelligence and judgment, or at any rate, largely so.

"Finally, the present day and age is full of unpredictable developments, and the market is highly sensitive to national and international events. In view of all this, to those who ask my advice with regard to the stock market, my usual advice is to rather forgo a percentage of dividends, and invest in more secure and suitable investments."<sup>1</sup>

### SPECULATION

As mentioned, the reason for the Rebbe's opinion about investing in the stock market was two-fold: The fact that investing in stocks is basically a matter of speculation, and the nervousness associated with such investments.

The first reason was the speculative nature of the stock market.

"Regarding your question about investing in stocks," the Rebbe wrote, "generally I am not in favor of it, since this is largely a matter of speculation. Indeed, a prominent businessman once said to me that he did not wish to engage in the kind of business where he and an ignoramus have the same chance."<sup>2</sup>

Mr. Shlomo Perrin was a London furrier who came from a family that was close to Lubavitch for generations. In 5716\*, he got word that the Shell Oil Company was going to take over another oil company, Canadian Devonian, and when that happened, the shares of the Canadian company would go through the roof.

Mr. Perrin thought this was a sure way of making a fortune and he wrote a letter to the Rebbe, asking how much money to invest. The Rebbe replied that he didn't trust the stock market and recommended that Mr. Perrin

have nothing to do with it. The Rebbe explained that a businessman has no control over the fluctuations of stocks and such an investment is very dangerous. The Rebbe finished by suggesting that if Mr. Perrin so desired, he should buy just a thousand pounds worth.<sup>3</sup>

Intrigued by the Rebbe's words, Mr. Perrin bought a thousand pounds worth of shares, and waited to see what would happen to his shares.

As it turned out, because of the Suez Crisis of 1956, Shell never bought the Canadian company, whose shares started going downhill. In a short time, Mr. Perrin's thousand-pound investment was worth only two-hundred-and-fifty pounds.

After asking the Rebbe what to do, the Rebbe told Mr. Perrin to wait until it goes back up to five hundred, and then to sell. Mr. Perrin did just that and sold at five hundred—meaning he only lost half of his investment—and after that the bottom fell out of the whole thing.

## NO PEACE OF MIND

The second reason the Rebbe emphasized in regards to investing in the stock market was the lack of peace of mind (which presumably is an extension of the first reason, the uncertainty of the stock market).

“In regards to what you write about stocks,” the Rebbe wrote, “why should you involve yourself in matters of gambling, when there are many ways to earn a living without matters of *pizur hanefesh*, like the above mentioned.”<sup>4</sup>

During the Machne Israel Development Fund conference on 26 Adar 5751\*, Mr. Eduardo Elsztain, a wealthy Argentinian businessman, asked the Rebbe about investing in the stock markets.<sup>5</sup>

Mr. Elsztain: I invest for people; for myself and other people. I've been doing portfolio management in risk countries in Latin America, especially Argentina, for more than four years, giving advice and doing for myself.

I now have a big portion to invest. I ask for a blessing; I have more than \$15 million [to invest]. I'm doing very well, but I'm asking the Rebbe's opinion if I should go on investing, as I've done until now...

The Rebbe: May G-d Almighty bless you to have good news... On the stock market... I am not so happy about putting money in the stock market, because it has no connection with *menuchas hanefesh* (peace of mind).

If you are investing in the stock market then it is disturbing you... to sleep properly—if you know that your money is invested in the stock market. Because of that, if you can transfer it little by little—not by losses, but transfer it little by little—into some other investment, it will be a good thing.



THE REBBE SPEAKING WITH BUSINESSMAN MR. EDUARDO ELSZTAIN AT A MACHNE YISROEL YECHIDUS, 26 ADAR 5751\*.

Mr. Elsztain: But I take risky positions for people, they want risky portfolios, portfolios all over the world.


The Rebbe: If they want so, then you have no choice, you must give in to them. But about yourself, it is not safe to do so; better something which is safe.

## THE RIGHT WAY

When writing to people who had invested in stocks, the Rebbe did lay out some guidelines regarding the right way to invest.

One principle is to speak to a professional: “In regards to what you write about stocks—in general I do not approve of speculation on the stock market,” the Rebbe wrote. “More specifically, you should consult with a professional.”<sup>6</sup>

And when the Rebbe advised people to pull out from the stock market, he advised them to pull out in a way that they wouldn't lose money.

“With regard to the question of stocks,” the Rebbe wrote, “my opinion is that they should not be sold if there would be a loss, G-d forbid. Otherwise, stocks should be sold on the advice of an experienced broker at such a time that the broker thinks is right for the particular stock.”<sup>7</sup> 

1. Teshura Zirkind-Miller, 12 Kislev 5779, pg. 17.
2. English letter dated 5726, available at Chabad.org/821810.
3. The Rebbe's letter to Mr. Perrin is published in Igros Kodesh vol. 21 letter #8120.
4. Igros Kodesh vol. 16 letter #6066.
5. See To Greater Heights, Derher Elul 5775, pg. 30. Living Torah program 250.
6. Igros Kodesh vol. 19 letter #7237.
7. Teshura Zirkind-Miller, *ibid*.