The Ethics of Speculation in the Works of Oswald von Nell-Breuning
Stephen Nakrosis

The Jesuit theologian and economist, Oswald von Nell-Breuning (1890–1991), struggled with the question of how the conscientious Christian could properly use financial tools, including speculative trades. One of Germany's most-respected economists during his lifetime, Nell-Breuning's observations of the market span his 100-plus years, from the heady years prior to the Great Depression to the more modern and global financial markets of the late twentieth century. This paper will introduce some of his ideas regarding speculative trades, discuss his conclusions regarding the morality of speculative transactions, and attempt to apply his ideas and observations to the modern financial sphere.

To many, the term speculator indicates a dishonest financier, one who takes advantage of the unwary or unfairly plays the market strictly for personal gain. While it is true that some may use speculative transactions to reap large rewards with little effort, there are also many instances where such trades are a legitimate business tool. Players in the financial markets utilize a number of methods to generate profit, including the use of futures contracts, puts and options, all manner of derivative instruments, and speculative trades.

A trader who expects a certain market or commodity to move in price, either up or down, is able to make a deal to either “go long” or to “short” that market. There is little controversy to a trader going “long”—he is merely following the long-time axiom to “buy low and sell high.” But when a trader goes “short”—when she believes that the price of a stock or commodity will decline, and makes a wager based on that belief—she exposes herself to any number of criticisms from an ethical perspective.1

OSWALD VON NELL-BREUNING ON SPECULATION

The Jesuit theologian and economist, Oswald von Nell-Breuning, explored the question of whether and how the conscientious Christian could use financial tools, such as speculative trades. During his lifetime, Nell-Breuning was considered one of the leading proponents of Catholic social teaching. He was ordained a Jesuit in 1921, and in 1928 was awarded...
his doctorate from the University of Münster for his dissertation, *Grundzüge der Börsenmoral (Essentials of Stock Market Morality)*. His writing helped lay the groundwork for Pius XI’s 1932 encyclical, *Quadregesimo Anno*.

After the Second World War, Nell-Breuning was a member of the Advisory Council to the German Federal Ministry of Economics (1948–1969), Deputy Chairman of the Economic Advisory Council to the Federal Ministry for Planning and Housing (1950–1958), a member of the Advisory Council to the Federal Ministry for Family and Youth Affairs (1959–1961) and, from 1959, a member of the Economic Research Institute of the German Trade Union Federation. On his 100th birthday, German President Richard von Weizsäcker awarded him the Grand Cross of the German Order of Merit. While his work is well-known in Germany, the Netherlands, and Northern Europe, there are few references to it in English scholarship. Save for a translation of his *Reorganization of the Social Economy* (1936) almost none of his writing is available in English.

In the Catholic understanding of economic activity, it is not proper to separate the “religious” self from the “business” self. Rather, one must recognize, as Nell-Breuning wrote, “The fact that something ‘works’ economically by no mean implies that it is morally permissible.” On the other hand, Nell-Breuning recognizes the existence of economic law, and is aware that one cannot run a market using only ethical science.

Therefore, when discussing speculative practices, Nell-Breuning renders his objections on both ethical and economic grounds. In other words, he contends that certain forms of speculation may prove harmful not only to the moral self of those engaging in the practice, but also to the national economy more generally. Although Nell-Breuning criticized these harmful forms of speculation, he did not issue a blanket condemnation of speculative trading.

It can be difficult to distinguish between an investment and a speculative trade. In his 1928 doctoral dissertation, Nell-Breuning asserted “one general definition can not capture all the nuances” of speculation. According to him, the German Stock Exchange Survey Commission had defined speculation as “that mental work which takes experiences of the past, observations from the present and ideas about the future, and grounds such ideas in economic and financial action, with the intention to attain wealth.” He also cites the less objective opinion of “not a few writers,” who denounce speculation as gambling, a means to “strive toward wealth without labor.”

Nell-Breuning pointed to two different forms of speculative trades, what he referred to as “Stock Market Speculation” and “Tradesman’s
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Speculation.” The first is a purely commercial activity where the objective is to achieve a difference between the buying and selling price, for the purpose of enlarging one’s purse. In this case, “the speculative moment lies in calculating and influencing the market in one’s own interest.”

The second aims to make an evaluation of the market to determine future needs for the purpose of creating a viable and sustainable business. Here, “the speculative moment lies in the risk of objectively evaluating the economic situation.”

THE PURPOSE OF ECONOMIC ACTIVITY

The purpose of economic activity, according to Catholic social teaching, is to create goods and services to satisfy mankind’s needs and wants, to bring man into society and service with others and to duplicate the creative actions of God. Since, as Aquinas reminds us, man is a social animal, that economic activity takes place in society. “Thus,” Nell-Breuning writes, “it is a matter of course for St. Thomas Aquinas that property belongs fully to the owner, but that nevertheless this does not exclude but rather includes a certain common ownership among mankind.” He continues, “Thomas Aquinas made a clear distinction between the administration of goods, which is exclusively in the hands of the owner, and the use of goods, which is always shared by others.”

This is not to say that profit has no bearing on economic transactions, nor to disparage the profit motive. As Pope John Paul II reminds us in Centesimus Annus, profit is the sign of a healthy economic endeavor. But it should not be the sole motive, nor the primary motive and it should not be pursued to the detriment of the common good.

IS SPECULATION WORK?

Catholic social teaching also recognizes that it is good for man to work. Before the Fall, Adam labored in the Garden, and even after, when he was condemned to toil for his food (Genesis 3:17–19), work still retained a sacred character. Jesus labored with His earthly father, working as a carpenter, and his earliest followers were fishermen. As John Paul II observed in his encyclical devoted to the subject, “work is a fundamental dimension of human existence on earth.”

Nell-Breuning asks the question of whether speculation could be considered work. “It is material to ask whether the speculator works at all, whether that ‘mental activity’ spoken of by the stock exchange inquiry committee is really so substantial that one can talk about work.” Without doubt, he concludes, the speculator engages in work. “Its work is not the
Throughout the document, the following text is present:

"OBJECTIONS TO SPECULATION"

We can now raise the question of what manner of speculative trading might be considered improper by Nell-Breuning and try to come to an understanding of his opinion of the practice. As mentioned above, he looked at the nature of speculation from both an economic and a theological perspective. We’ll examine some of his economic analyses first, then look at his theological arguments.

**Financial Objections**

Focusing on the economic impact of speculation, Nell-Breuning asks in his dissertation “whether the function of stock market speculation, taken as a whole, is a useful or necessary element in the work of the stock market, or is it objectively harmful, devastating and destructive?”

Nell-Breuning concedes that there are beneficial effects to speculation, but also argues that some speculative bets adversely affect production and trade problems arise in the economy when speculators force commodity producers, and storage, shipping, and manufacturing companies to concern themselves not with market fundamentals, but with the possible actions of speculators. In their pursuit of financial gain, the speculative trader begins to work to the detriment of the greater good and the national economy.

Such speculation forces the prudent manufacturer to give first attention to price movements and above all to be constantly alert for the best moment both for getting raw materials, and for putting his own products on the market. Instead, his undivided attention should be given to his proper task—working raw materials by the best technical methods into really useful things for the consumer. The condition described has this result, that whole economic groups are tempted and to an extent forced, to put profits alone in the first place and to pursue them ruthlessly.

A second objection raised by Nell-Breuning is that the negative impact of speculation reaches many innocent bystanders. Unlike gambling—to which financial speculation is often compared—where the activities of a gambler take place within a small circle of others who are mutually participating of their free will, speculation can affect a wider swath of society, including many who will be impacted through no fault of their own. Nell-Breuning points to the fact that profit for the speculator engaging in “Stock Market speculation” is made possible, in large part, by the invest-
ment money of the masses. The public’s money, invested in legitimate stock transactions, or loaned to companies through the purchase of bonds, can be left unprotected to the attacks of speculators. As Nell-Breuning writes, “The gains of the professional speculator are fed by the losses of the amateur.”

Some speculative trades, Nell-Breuning points out, divert the direction of the economy away from the production of goods and services, and divert needed money from the productive sector of the economy. Nell-Breuning objects to this use of money, which could otherwise be utilized for the common good, whether in the creation of new jobs, new products or new opportunities.

The intention of the speculator is to increase the value of the market at present, make money, and exit the market with profits, but not to increase the value of the market or economy. This leaves regular investors without the possibility of proper returns. No honest speculator will deny this is true. Similarly, the two transactions involved in speculation (buying and selling, regardless of the order in which they take place), are carried out merely to increase one’s return, not the value of the assets, and does not take the equivalency principle into account.

Nell-Breuning also questions whether speculation “is an activity limited to hedging against developing price risk.” While he acknowledges that, theoretically, the answer may be yes, in “the real world the activity has a broader impact. It’s obvious that speculation creates new and large means of easy money, not merely a hedge on price movements.”

**Moral Objections**

Nell-Breuning’s moral analysis of speculation can be determined by examining the questions he raises regarding the practice of stock speculation and his specific response to these questions. The first question addressed is whether it is contrary to morality to achieve profit with minimal or no work on the part of the speculator.

Nell-Breuning answers that one major criticism of market speculation is the incompatibility of speculative gain with the equivalency principle, “where the work done by the speculator is in no way in line with the profit received.”

Speculative trading, Nell-Breuning observes, often leads to gains far out of proportion with the work done. This, in turn, leads to an improper understanding of the nature of human work, a misunderstanding which can be harmful to one’s self and to the community at large.

In 1936, he wrote,
Those engaged in production are not forbidden to increase their fortunes in a just and lawful manner: indeed, it is just that he who renders service to society and develops its wealth should himself have his proportionate share of the increased public riches. Only where profit, “get-rich-quick” and “success” are placed above everything else, there the Catholic must refrain, for he must respect the laws of God and the rights of his neighbors and use his property in accord with faith and right reason.\textsuperscript{20}

Nell-Breuning also questions whether stock speculation could cause moral harm to a trader and points to two examples where speculative trading can cause moral harm to a trader. In the first example:

Unfair or fraudulent speculation can be set into motion. “Fraud, machination or tricks” are elements one will encounter when examining these activities.

The second concerns timed speculative transactions. They don’t exhibit “fraud, machination or tricks,” because they proceed on appropriation from an increase in value. But they lack not only an economic purpose, they also violate the equivalency principle. The first is a criminal action, the latter a legal action by an independent agent. Is there a difference in the psychological outlook of a speculator and a gambler, and if gambling is legal, why not speculation?\textsuperscript{21}

Nell-Breuning then attacks the question of whether the act of stock speculation is intrinsically evil.

In the author’s experience, several well-intentioned young people have been put into positions where, professionally, they have to engage in speculation. Several, and others who engage in time trading or unspeculative interest transactions, ask if their action is cooperation with sin (whether formal or material). Not only do they ask these questions, but they try to evaluate for what point of view the moral evaluation is to begin.

Since morality is a normative science, and since some may be affected by an undesired judgment, they argue that speculation should not be subject to moral analysis. But let us ask: Is speculation intrinsically evil, in and of itself, and not because of any attendant circumstances? Is it forbidden by Natural Law?\textsuperscript{22}

He then goes on to say,
Nevertheless, the obvious consequences of a moral judgment can’t be drawn over speculation yet, because two facts need to be considered: on the one hand, the needs of the economy after risk discharge; on the other, to adopt or invent a replacement for speculation. That is, another, better technical means to cover price risks within the capitalist system.\textsuperscript{23}

He ends this argument with the rather tepid assessment that “much study remains to be done” before one can properly judge the intrinsic value of speculation, and whether it is in line with natural law.\textsuperscript{24} “Is speculation morally evil in and of itself?” The answer, Nell-Breuning writes, remains undecided.\textsuperscript{25}

That said, he also writes:

For all those who enter the exchange, especially those who enter the exchange with proper vocational and character training, the temptation is still large, they are still, if not in a near occasion of sin, in proximate occasion of sin, and we must ask if speculation is to be regarded as morally bad, if it is forbidden by Natural Law. It is difficult to come to a safe decision.

“Is speculation morally evil in and of itself?” The question remains undecided. The answer cannot be certain, but remains a judgment call by one who knows the proper principles, such as the importance of cooperation.

You can’t criticize one who speculates under duress, for example, when ordered to do so by their boss. Those who speculate for any reason other than “economically justified” reasons, under no duress, such activity should be contractually forbidden.

Trades made in the options market, where there is no intent of hedging risk, should not be done.\textsuperscript{26}

The lure of large profits, as Nell-Breuning mentioned above, could lead one to try to manipulate the market through “fraud, machination or tricks,” criminal actions which could cause harm not only the financial system but also one’s soul.

**POSITIVE FUNCTIONS OF SPECULATION**

Despite his criticism of speculative trading, Nell-Breuning does not issue a blanket condemnation of the practice. He acknowledges that there are positive, economically useful purposes for speculative trade, such as added liquidity to the market and the spreading of risk, although he points
out these positive effects might, in some cases, be replicated using less objectionable methods. To be sure, he acknowledges that speculative trades are one method used to hedge against price risks and to ensure a steady supply of materials, at a steady price, for manufacturers and consumers.

He suggests, as one possible solution, the creation of a quota system, which would allow a limited number of speculative trades to assist in hedging against price fluctuations. However, he is less than optimistic that this would ever come to pass. “Perhaps one could say a limited number of speculative trades could be for the exclusive purpose of hedging. Perhaps, with the help of a quota or concession system, this reality may come to pass. But, given the free nature of speculators, it seems doubtful.”

Nell-Breuning points out that

[i]n the free capitalist economy, there’s a difference between craftsman’s speculation and stock market speculation. Entering pure speculative risk trades must be open, which address a speculative contractor’s risks. The economically necessary element will not be performed without some chance of profit, as risk is involved. The average man will allow speculation, save in those cases of fraud, ill-intent or market-control by trusts. Human nature is what it is.

With that in mind, he offers his opinions as to when and how speculative trading can be practiced without economic or moral objections. (According to Nell-Breuning, Church Law forbids clerics from speculative trading. The Church teaches that trading is an activity incompatible with the duties of clerics, but does not condemn the practice unilaterally.)

Pure craftsman speculation, he concludes, is subject to very heavy moral considerations, but there is no conclusive evidence that it is contrary to moral law, nor that it is intrinsically bad. A craftsman using speculative practices to hedge risk, within a limited circle of contractors, could be seen as economically useful.

Therefore, Nell-Breuning says, those who use speculative practices in accord with its economically useful functions, even if they profit from it and even if their motive is to make a profit, are engaged in a practice that is morally permissible.

Other forms of speculation, such as stock market speculation, are seen as morally objectionable, and therefore are not to be practiced.

Speculation which fulfills no economic function, or which affects the economy in a negative manner, is morally inferior; profiting from such is strictly against justice. Stock Market speculation outside the strict exchange circle is economically
harmful, akin to gambling, and therefore to be condemned. A strict condemnation is given to those who make a living as speculators, since they perform no legitimate economic function and live off the losses of public speculation.\textsuperscript{33}

Nell-Breuning concedes that judging the morality of each speculative action is difficult. He admits to a “fundamental question” regarding the moral objections to speculative trades “[B]eyond the range of market ethics . . . at what point can ‘proof that many are affected’ be seen, and in what compelling manner, since divine revelation can’t be accelerated.”\textsuperscript{34} In the same section, he allows that so long as businessmen and economists argue that speculative trades can be necessary and helpful to the capitalist system, any moral judgment will be seen as more or less hypothetical.\textsuperscript{35}

Nell-Breuning saw there would be immense difficulty in regulating the activity of speculators skeptical about authoritarian efforts to regulate the market. He points out that markets have historically advanced via two highly different developments, “the authoritarian and the high-capitalistic (free-market). The authoritarian works well in economic theory, but less so when applied to the real world economy.”\textsuperscript{36} He also said “War is a continuation of diplomacy by other means, and central control is the continuation of speculation by other means, as bad as speculation on the market, by using a different weapon.”\textsuperscript{37}

In sum, Nell-Breuning’s conclusions concerning speculation seem to be largely negative, yet conflicted. He stresses the harmful personal and economic effects of speculation, but admits that certain types of speculation play a useful role in the economy. He leaves open the possibility that speculation might be intrinsically wrong, but elsewhere implies that at least certain forms are morally neutral. Even in Nell-Breuning’s day, applying Catholic social teaching to financial matters was a complex task.

**REFLECTIONS ON TODAY’S MARKETS**

Over the course of the almost one hundred years since Nell-Breuning wrote his dissertation, there have been dramatic developments in the nature of financial markets. Today, the financial sector dwarfs what Nell-Breuning knew in the 1920s and 1930s. Do Nell-Breuning’s analyses still apply, and if so, how?

One might wonder what he would make, for instance, of a manufacturing concern which trades overseas and which speculates on a foreign currency to hedge its risk. In this case, it seems likely that Nell-Breuning would accept that the speculative trade on foreign currency serves a legitimate business purpose, and that it fits with the “prudent calculations”
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expected of a company’s managers. Even if the trade pays off big, and
nets the concern a large profit, the original purpose of the trade was to
hedge risk and not to amass wealth for its own sake. To refer back to Nell-
Breuning’s definition of tradesman’s speculation, this trade demonstrates
a business making “an evaluation of the market to determine future needs
for the purpose of creating a viable and sustainable business.”

Compare that with the case of a hedge fund shorting a foreign cur-
rency, as when hedge funds attacked the Bank of England in 1995, or the
recent actions of those who shorted the Japanese yen when that country’s
government announced it was planning to weaken the currency to remain
competitive on international markets. Does this fit the definition of “a
purely commercial activity . . . for the purpose of enlarging one’s purse”
as Nell-Breuning said? It seems likely that he would define this as the kind
of “stock market speculation” that is morally objectionable.

Or, what would Nell-Breuning say about the massive bets placed
against mortgages in the years leading up to the 2007 financial crisis? The
financiers in that instance speculated that the U.S. housing market was
in a bubble, and that the bubble would burst when the number of people
defaulting on their mortgages rose. In many cases, the people making the
bets against the housing market had no property of their own and no in
vestments to hedge. But they anticipated how the market would move, and
were successful in amassing large fortunes. Is this activity an example of a
trade “which fulfills no economic function, or which effects the economy
in a negative manner . . . ?”

We can also consider the actions surrounding J. P. Morgan’s “Lon
don Whale”—Bruno Iksil—whose position on credit default swaps tied
to corporate debt was said to have other traders within J. P. Morgan bet-
ting against it.38 Were the gains of the counterparties, perhaps, fed by the
“losses of amateurs” as Nell-Breuning warned? If so, we may conclude
that such activity “is morally inferior; [and] profiting from such is strictly
against justice.”

There are many today who would agree with Nell-Breuning about the
negative financial effects which can be caused by “stock market specula-
tion,” especially by short-sellers. It is obvious that many see this practice
as a problem. For instance, in the aftermath of the financial crisis of 2008,
many governments passed temporary bans on short-selling of financial
and bank stocks.39 (Of course, whether such methods are effective has also
been called into question.40)

It seems that Nell-Breuning’s ambivalent judgment concerning specu-
lation is still applicable. As quoted above, he writes that “a strict con-
demnation is given to those who make a living as speculators, since they
perform no legitimate economic function and live off the losses of public speculation.” But at the same time, he tempers this when he states that since “divine revelation can’t be accelerated,” it is difficult to properly judge the actions of the speculator.

Still, given the enormous fortunes which were made by the traders in these recent examples, we can at least question whether their financial rewards are in line with the equivalency principle. Also, it may be that the occasion to reap such sums constitutes a proximate occasion of sin, as Nell-Breuning warned, and may lead one into the temptation to manipulate the market through “fraud, machination or tricks.”

**MAN'S NATURE AND THE MARKET**

As we look at financial markets today, it is evident that speculative trading, of both the tradesman’s and the stock market variety, will continue. But we can inquire along with Nell-Breuning, as to whether “speculation can change its nature to become, if not benign, at least a neutral force in the market.” And if so, what will be the impetus for this change?

He wrote, “We can ask if speculation, as an occupation, must wait until men attain a higher moral sense before it can be made fully proper. The old Scholastics saw this to be a dim prospect, and experience since then has proved them right.” Nell-Breuning states that either non-criminal speculation must be allowed as legitimate business, or one must “have the courage to condemn the capitalist economic system, due to the fact that man’s morality is not yet in the place needed.”

Nell-Breuning realizes the difficulty of raising ethical issues when one discusses economic practices. To many, the two spheres seem too far apart to even consider moral law entering the economic realm. However, as he wrote:

> Life’s various material spheres have their own foundations and principles of being; these laws however, do not exclude the validity of the general moral law governing the particular material sphere. Rather, they propose this validity.

Financial professionals must look to their souls’ sake when engaging in these practices. They should approach their business with an awareness that their activities, though confined to the financial sphere, could have a dramatic impact upon the larger society and upon their souls.

At the same time, it is not proper to cast aspersions and accuse others of sin. We can offer advice and instruction, but we should not condemn. Catholic financial experts Antoine de Salins and Francois de Galhau note that all men are sinners, and that the desire for power, egoism, and disregard for others can be found in financiers as easily as in other men: “But
the development of financial capitalism has merely channeled these impulses in a particular direction, not invented them.”

And the German Jesuit theologian and economist Heinrich Pesch wrote:

> It would be foolish to expect salvation from simply a new economic system if the nation and its people do not become morally better, if the materialistic, egotistical spirit at work in individuals, in corporations, in states and among nations, is not replaced once again by a genuine Christian spirit, if we do not finally come to appreciate that there is no better foundation, even for the material welfare of nations, than Christianity when it is put into actual practice.”

To condemn every act of speculation would be wrong. Speculation is a financial tool, and as such is value neutral. Only when evaluating people’s concrete actions can we discuss the question in terms of good and evil, and then in terms of their motives for using that tool. This is the approach taken by the popes in their social teaching. Pope Benedict XVI wrote in *Caritas in Veritate*:

> Economy and finance, as instruments, can be used badly when those at the helm are motivated by purely selfish ends. Instruments that are good in themselves can thereby be transformed into harmful ones. But it is man’s darkened reason that produces these consequences, not the instrument per se. Therefore it is not the instrument that must be called to account, but individuals, their moral conscience and their personal and social responsibility.

It is not capitalism that makes men greedy. Our wounded nature is what causes us to desire more and to desire that which is not good for us. If tomorrow every stock exchange in the world were to outlaw speculative trades, there would still be those who would search for and find methods to make a large amount of money with minimal effort. There would still be those financiers who would engage in fraudulent practices.

If, as Nell-Breuning wrote, mankind’s morality is not yet in the place needed, then men should take care before engaging in speculative trades, or indeed, in any financial transaction. They should temper their actions and conduct their business in accordance with the teaching of the Church and the message of the Gospel. While the individual is ultimately responsible for his actions, the Church has the right and the duty to instruct its members, and the world at large, when their actions are contrary to the common good and to the good of their souls. Nell-Breuning sought to bring the wisdom of the Church to bear on the financial practices of his day; it is our task to do the same in our own time.
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Notes

1. To cite one example, *The Catholic Encyclopedia* points out that while merchants will engage in speculative trades to transfer goods and services, “the speculator does not intend effective transfer. His buying and selling are fictitious; he only pockets his differences if he wins, and pays them if he loses.” http://www.newadvent.org/cathen/14211a.htm.

2. The biographical information was obtained from the website for the Oswald von Nell-Breuning Institut in Frankfurt. http://www.sankt-georgen.de/nbi/institut/pater-v-nell-breuning-sj/.

3. As Pope Benedict XVI wrote in *Caritas in Veritate* (no. 37), “every economic decision has a moral consequence.”


6. “Diejenige geistige Tätigkeit, welche aus der Erfahrung der Vergangenheit und der Beobachtung der Gegenwart einen Schluß auf die Zukunft zieht und auf Grund eines solchen Schlusses eine wirtschaftliche Handlung vornimmt in der Absicht, durch dieselbe sich bin Vermögensvorteil zu erlangen.” Ibid.

7. “Demgegenüber findet sich bei nicht wenigen schriftstellern die schärfste brandmarkung der spekulation als 1spiellssucht, das unsittliche Streben, ohne Arbeit Gewinste einzuheimsen.” Ibid.


To cite one contemporary example of speculation as labor, Michael Lewis discusses the tedious work done by some traders to sort through hundreds of bonds backed by mortgages and home equity loans to find the least desirable ones, which they promptly shorted using CDOs. Michael Lewis, *The Big Short: Inside the Doomsday Machine* (New York: W. W. Norton, 2010).

14. “Zunächst ist auf die oben zurückgestellte Frage zurückzukommen: Ist die Funktion der börsenspekulation als Ganzes genommen ein nützliches oder gar notwendiges Element in der arbeitsteiligen Verkehrswirtschaft, oder ist sie


16. “[D]ie Gewinne der Berufsspekulation aus den Verlusten der Amateurspekulation gespeist werden.” Nell-Breuning, *Grundzüge der Börse moral*, 136. We can note here that Frank H. Knight, in his work *Ethics of Competition*, reminded that “With rare exceptions, exchange on contracts between individuals affect, for good or ill, persons not represented in the bargain itself” (45).

17. “Die Absicht unseres Spekulantens geht also darauf hinaus, Beute zu machen auf Kosten des Marktes, d.i. seinen Anteil an der Gesamtgütermenge der Wirtschaftsgemeinschaft auf Kosten der übrigen zur Zeit im Markt befindlichen Wirtschaftsgenossen zu vergrößern, recht eigentlich gesagt Geld aus anderer Leute Taschen in seine eigene Tasche überzuleiten ohne irgend eine Gegenleistung. Kein ehrlicher Spekulant, der überhaupt weiß, was er tut, wird das leugnen können. Mögen auch die beiden Transaktionen, in denen sich die Spekulation vollzieht (Ankauf und Verkauf, gleichgültig, in welcher Reihenfolge sie stattfinden), jede für sich allein genommen eine Verletzung des äquivalenzprinzips nicht erkennen lassen, das Geschäft als Ganzes ist als Aneignung von Mehrwert ohne Gegenleistung gewollt und getätigt.” Ibid., 137–38.

By “equivalency principle,” Nell-Breuning means the idea that an exchange ought to involve goods of roughly equivalent value (otherwise it may be assumed that one party is somehow taking advantage of the other). See further discussion below.

18. “Auf die Frage, ob eine Spekulation, sei es als Tätigkeit eines einzelnen, sei es als Tätigkeit einer ganzen Berufsgruppe, die sich darauf beschränkt, die ohne ihr Zutun entstandenen Preisrisiken aufzufangen und so wirklich ihre Versicherungsfunktion zu erfüllen, wirtschaftlich lebensfähig ist, bleibt uns die Volkswirtschaftslehre die Antwort schuldig. Daß die Spekulation sich neue und große Verdienstmöglichkeiten schafft durch Hervorrufung ansonsten nicht vorhandener Preisbewegungen, wurde schon gesagt und ist offenkundig.” Ibid., 156–57.


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ist in allen fällen freibeutertum, als bloßes Glücksspiel legales freibeutertum, als kunstspiel je nach dem gewöhnlichen verlauf der dinge die spekulation sei es aus wirtschaftlichen, sei es aus psychologischen gründen sich auswachsen zum freibeutertum, sei es kriminellem, sei es legalem?” Nell-Breuning, Grundzüge der Börsenmoral, 156.

22. “Aus eigener erfahrung ist es dem verfasser bekannt, daß idealgerichtete junge leute, die in den kaufmannsstand eintreten, mit ihrem gewissen in schwierigkeiten kommen, wenn sie als angestellte berufsübergreifend spekulationsgeschäfte (Für rechnung des prinzipals) zu tätigen haben. Sowohl für diese angestellten, die ohne eigenes spekulatives interesse, als auch für die mehrfach erwähnten wirtschaftkreise, die mit ausgesprochen unspekulativem interesse in termin- und andern spekulativen markt arbeiten, ist die frage der mitwirkung zu fremder sünde (cooperatio ad malum, in erteren falle cooperatio formalis, in letzteren falle cooperatio materialis) brennend. Aber nicht nur als vorfrage zur frage der erlaubten oder nicht erlaubten mitwirkung ist die beurteilung der spekulation vom standpunkte der moral in angriff zu nehmen. Es ist daher die frage zu beantworten: ist die spekulation eine ‘res (intrinsecus) mala’ das ist in sich selbst und als solche, nicht nur wegen etwaiger Begleitumstände usw. Schlecht und durch das naturgesetz verboten oder nicht?” Ibid., 153–54.

23. “[S]o mußte das urteil über die spekulation als solche, als sozialökonomische kategorie, in der schwebe bleiben.” Ibid., 155.

24. Other authors have agreed that speculative trading is an activity that can bring great harm to one’s character. For example, Antoine de Salins and Francois Villeroy de Galhau write, “[T]he element of anticipation which is at the heart of speculation is not intrinsically immoral and can have an undoubted utility. Nonetheless, it involves certain spiritual and economic risks. It therefore requires certain limits, first for individuals who must keep themselves free from the corrupting influence of money—the ‘all-consuming desire for profit’ denounced by Pope John Paul II.” Antoine de Salins and Francois Villeroy de Galhau, The Modern Development of Financial Activities in the Light of the Ethical Demands of Christianity (Vatican City: Libreria Editrice Vaticana, 1994), 50.


26. “Ob für alle, insbesondere auch für diejenigen, die mit gehöriger beruflicher vorbild und gründlicherCharakterbildung den Börsensaal betreten, die Verlockung zum Spiel (oder zu noch Schlimmem) so groß ist, daß man von nächerer Gelgenheit schlechtthin (occasio proxima absoluta), einer für jeden Menschen der Natur der Sache nach nächsten Gelegenheit zur schweren Sünde im Schulsinne sprechen muß (die zugleich weder occasio proxima kaan), das ist die Frage, von der es jetzt in letzter Instanz abhängt, ob die Spekulation als in sich selbst sittlich schlecht, als schlechtthin durch das Naturgesetz verboten anzusehen ist oder nicht. Auch hier wird man zu einem sicheren Entscheid nicht kommen. Zu einem mit Sicherheit aufzustellenden theoretischen Urteil in der spekulativen Frage: ‘Ist Spekulation an und für sich sittlich verwerflich?’ Reichen die Unterla-
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gen nicht. Die Frage bleibt unentschieden. Das der Gewißheit bedürfende praktische Gewissensurteil (iudicium ultimopracticum) ist daher nicht mittels direkter, sondern nur mittels der reflexen Prinzipien in der bekannten Weise zu gewinnen.

„Noch ist ein Wort zu sagen zu der praktisch so wichtigen Frage der Mitwirkung (cooperatio). Slebst die ‘cooperatio formalis’ des kaufmännischen Angestellten, der für Reichung seines Prinzips speluliert wird—solang er nicht bewußt freibeuterische Spekulationen für seinen Prinzipal macht—keiner Beanstandung unterliegen.

„Der Prokurist, börsenvertreter.” Nell-Breuning, Grundzüge der Börsenmoral, 158–59.

27. „Mit hilfe eines ‘numerus clausus’ oder eines konzessionssystems ließ sich diese Möglichkeit vielleicht in eine wirklichkeit überführen. Bei freier konkurrenz der spekulantent scheint es dagegen mehr als fraglich, ob diese Möglichkeit gegeben ist.” Ibid., 157.

28. „In der freien kapitalistischen verkehrswirtschaft sei eine grenze zwischen unternehmerischer spekulation und rein händlerischer spekulation im engeren sinne weder theoretisch zu ziehen noch praktisch innezuhalten.

„Demjenigen, der spekulative unternehmerrisiken auf sich nehme, müsse die eingehung reiner spekulationsrisiken freistehen.

„Der wirtschaftlich notwendige unternehmerische wagemut könne, wie die menschen einmal beschaffen seien, nach psychologischen gesetzen nicht zur entfaltung kommen, wenn das wagnis als solches nicht locken, nicht gewinnquelle sein dürfe.” Ibid., 161.

29. „Ohne jede Frage sind dem Kleriker Börsenspekulation aller Art unbedingt verboten.” Ibid., 164.

30. „Die rein händlerische Speckulation im engeren Sinne unterliegt ganz im allgemeinen sehr schweren sittlichen Bedenken, ohne daß jedoch der schlüssige Beweis erbracht werden könnte, daß sie schlechthin dem Naturgesetz zuwider (ex genere suo res intrisecus mala ) sei.” Ibid., 163.

31. „Es gibt eine rein händlerische Spekulation im engeren Sinne, die eine in der arbeitsteiligen Verkehrswirtschaft volkswirtschaft nützliche imstande ist und diese Funktion, das ist die berufsmäßige Risikotragung, wenigstens zum privatwirtschaftlichen Vorteil eines volkswirtschaftlich immerhin nicht unbeachtlichen Kreises von Gegenkontrahenten tatsächlich ausübt.” Ibid.

32. „Da der Nachweis der sittlichen Verwerflichkeit der Spekulation als solcher schlechthin, trotz schwerer, ihr prinziell entgegenstehender Bedenken, noch nicht erbracht ist, muß daher die Spekulation in den Fällen, wo sie ihre volkswirtschaftliche Funktion ausübt, sowie die Inanspruchnahme ihrer Dienste in diesen Fällen als sittlich bedenkenfrei anerkannt werden.” Ibid.

33. „Publikumsspekulation (an der warenbörse selbst von der öffentlichen meinung geächtet, in effekten nicht beanstandet) ist volkswirtschaftlich schädliches, privatwirtschaftlich gefährliches glücksspiel und darum in allen fällen zu verurteilen. Gleiche und noch stengere verurteilung trifft die berufsspekulation in effekten, die sich selber eine volkswirtschaftliche funktion (mag sie früher eine
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solche gehabt haben oder nicht) heute im ernste nicht mehr zuschreibt, um so mehr, da sie von den verlusten der publikumsspekulation lebt.” Ibid., 163.

34. “[D]ie nicht nur über den bereich der börsenmoral . . . daß wir getrost uns derartigen beweisführungen überlassen dürfen, auch wo die kontrolle ihrer resultate an der positiven göttlichen offenbarung nicht möglich ist.” Ibid., 162.

35. “Auf diese Frage hat die ethische Prinzipienlehre Antwort zu geben. So dann handelt es sich um die konkrete Frage, was zum Funktionieren der kapitalistischen Wirtschaftsordnung tatsächlich erforderlich oder dienlich sei und was nicht. Was dies anbetrifft, so wurde schon eingangs der diesbezüglichen Ausführungen betont, daß, solange Wirtschaftler und Wirtschaftswissenschaftler hierüber streiten, jedes moralische Urteil mehr oder minder hypothetisch bleiben wird.” Ibid.

36. “Man sage nicht, die autoritäre marktregelung sei geschichtlich nur bezeugt für stadtwirtschaftliche, nicht aber für weltwirtschaftliche Verhältnisse.” Ibid., 150.


42. “Auch die frage, ob ein spekulant, der grundsätzlich betrügerische oder andere ungerechte machenschaften verschmäht, sich halten kann, ob es möglich ist, als schaf unter den wölfen zu wandeln, ohne zerrissen zu werden, d.h. ob ihm der wirtschaftliche ruin infolge übervorteilung durch skrupellosere berufsgenossen nicht mit gewißheit bevorsteht, wird kaum zu beantworten sein, weder mit anspruch auf allgemeingültigkeit noch im hinblick auf konkrete verhältnisse bestimmter orte, zeiten und branchen.” Nell-Breuning, Grundzüge der Börsenmoral, 157.

43. “In der frage, ob berufsspekulation nach den gesetzen menschlichen seelenlebens mit moralischer notwendigkeit sich zum freibeutertum auswachsen
müsse, ist der psychologe zuständig. Die alten scholastiker sahen in dieser frage recht schwarz.” Ibid., 158.

44. “[O]der man müsse den mut haben, die kapitalistische wirtschaftsordnung überhaupt zu verurteilen, weil die menschen, wie sie gewöhnlich und gemeinhin sind, den sittlichen belastungsproben, die diese wirtschaftsordnung mit sich bringt, nicht gewachsen seien.” Ibid.

45. Nell-Breuning, Reorganization of the Social Economy, 83.

46. This might be the place to point out that implementing the lessons of Nell-Breuning’s thought places a difficult task on those engaged in pastoral work with financiers, bankers, and traders. It would obviously be a hard sell to make palatable the message that perhaps one should stop engaging in a practice which has both widespread acceptance among one’s peers and makes one a large salary.

47. De Salins and de Galhau, Modern Development of Financial Activities.


49. Pope Benedict XVI, Caritas in Veritate, no. 36.