Twitter Thread by The British History Podcast

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It's always been detached, and it's always made the real economy worse.

[THREAD] 1/10

> I know people think this is fun but -- why do we have a stock market? So productive firms can raise capital to do useful things. Detaching stock price from fundamental value (Gamestop is now worth almost as much as Best Buy) makes the markets serve the real economy worse.
>
> — Josh Barro (@jbarro) January 27, 2021

What is profit? It's excess labor.

You and your coworkers make a chair. Your boss sells that chair for more than he pays for the production of that chair and pockets the extra money.

So he pays you less than what he should and calls the unpaid labor he took "profit." 2/10

Well, the stock market adds a layer to that.

So now, when you work, it isn't just your boss that is siphoning off your excess labor but it is also all the shareholders.

There's a whole class of people who now rely on you to produce those chairs without fair compensation. 3/10

And in order to support these people, you and your coworkers need to up your productivity. More hours etc.

But Wall Street demands endless growth in order to keep the game going, so that's not enough.

So as your productivity increases, your relative wages suffer. 4/10

Not because the goods don't have value or because your labor is worth less. Often it's actually worth more because you've had to become incredibly productive in order to keep your job.

No, your wages suffer because there are so many people who need to profit from your work. 5/10

Meanwhile, that class of shareholders move their money around these various stocks often on the basis of feelings and rumors.

Panic buying, panic selling. These are common things in the market and aren't necessarily related to anything you do in the chair factory. 6/10

And as a result of this market of feelings, you might come into the chair factory one day and discover shareholders got nervous and the stock price collapsed.

So the company was sold to Bain Capital who closed shop and took it as a loss in order to reduce their tax burden. 7/10

So now the chair factory, that you have been working at for your entire life, has closed and everyone has lost their jobs.

Not because of anything you did, nor anything related to the market for chairs. 8/10

And, like your wages, this had nothing to do with your skill at making chairs.

It was all due to the decisions people were making on how best to monetize your life. And in the end you were worth more to them unemployed than doing what you're best at: making chairs. 9/10

But sure, the Wall Street is super rational and productive and is incredibly good for the "real economy", and it's just people on Reddit who make it bad. 10/10