

CORRESPONDENCE

To the Editor of BLACKFRIARS

“ DIVIDENDS : ANOTHER MEANING ”

SIR,

It is hard to read any conclusion into Mr. Clayton's article in BLACKFRIARS other than that “ the labourer is not worthy of his hire.” For if money, representing tools, seed, materials, skill, brains, toil, in other words, *productivity*, is to be freely exchanged without obligation, then all production will dwindle and cease. Let us first clear the ground by eliminating usury. Usury is the loaning of money to the necessitous at an oppressive rate of interest. So, you may say, the difference between usury and so-called fair interest is only one of degree. True enough, but it is all the difference between fair and foul, between hiring a man for a worthy wage or exploiting his necessity by a starvation one.

Wealth in any form is productive, and productivity is wealth. Such a productive entity is a bucksaw with which A may saw wood for kindling and for sale. The saw will not work without muscular action, neither will A's right arm cut up the wood without the saw. If A can saw two dollars' worth of wood in a day, it is fair to assess a proportion of this to the saw and the balance to his own labour. And the proportion allotted to the saw is “ Dividend.” Let us say, for argument's sake, that A is entitled to a dollar for his toil and the saw to the other dollar. Now, if A sprain his arm and be deprived of the fruit of his labour, is he to forgo the productivity of the saw, should B offer him a dollar a day for the use of it? There are three alternatives open to him.

- (1) He can, like a curmudgeon, refuse to lend his saw at all.
- (2) He can accept B's offer.
- (3) He may lend the tool free of charge.

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In other words, he claims a dividend of—

- (1) Infinity.
- (2) A dollar a day.
- (3) Zero.

Case (1) cannot be justified ; (2) is a mean between two extremes and therefore a probable solution ; (3) will ultimately lead to (1), for human nature being what it is, if B can borrow a saw free whenever he wants it, he will lack the incentive to acquire his own and will exploit A's free-handedness, whereupon A, for self-protection, will be bound to refuse to lend his tools.

Now, since all wealth is convertible, A may exchange his saw for a set of chisels, or an axe, or what not, or their value in currency. And the same truths will apply : that these productive entities may be loaned for a fair rate of hire or "dividend." If A buys the seed for B to sow, then it is not unfair for A to clear some profit from the harvest. And with a greater undertaking than a few tools or bushels of seed the principle of shares must be extended. Whilst it may be true at the present day that a man may own a fleet of ships, in the Middle Ages it would be more probable that a ship was owned or chartered by a fleet of men, and they would share *pro rata* according to their holdings in the profits or dividends of the venture if successful, or, be it noted, in the general average if incurred. For in all ventures there are such things as losses, and the share or dividend system provides the only equitable means of distributing them. It will further occur to the reader that the great mercantile maritime countries of the Middle Ages were Catholic.

But the damnable feature of modern corporation industry is not the dividend system, which is in itself essentially distributive, but the monopolistic one. In our crude example of the owner of a saw the case would be altogether changed if A acquired all the saws in sight, including the craftsmen who rolled and tempered, and set them for the purpose of loaning them at whatever rate he thought fit. Or if a hundred men own a ship or a farm and one man buys out fifty-one of them, the same pernicious policy persists.

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There is no suggestion of a probable solution in Mr. Clayton's essay and there is little in mine. But a first step would be a rigorous limitation of any man's holdings in a joint stock company. Fifty-one per cent of the shares in one man's hands should be impossible. Further, the marketing of shares ought to be hedged around with limitations which would obviate stock gambling. If it took a month for a man to complete the formalities for a sale or purchase of stock, gambling would be practically eliminated and industry stabilized. Lastly, patents and concessions should be distributed and granted for a more limited franchise, after which they would be free for exploitation by anybody. If the number of shareholders in any industry were to be not less than the number of wage-earners employed, we should see an end of the exploitation of the many by the few.

It is hard to see a way out of the industrial muddle which would not involve chaos, but the above suggestions would help to turn the present machinery to better uses.

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MR. JOSEPH CLAYTON'S REPLY.

SIR,

The real point in the matter of dividends has been overlooked in this letter. It is not questioned that a return is fitting in exchange for services rendered (though a charge is no more exacted in a neighbourly society for the loan of a wheelbarrow or a saw than it is between members of the same family). The question put by Catholics in the Middle Ages was this: What useful service is rendered to society by a person who lives solely on interest, and does not labour? The answer to this question was always: None; with the additional reminder that such a livelihood was contrary to Christian teaching. Now as all dividends are interest on loans, we find that to-day the same question is put by millions of non-Catholics throughout the world. And the answer is the same as that given by Catholics in the