

THE MEANING OF DIVIDENDS

THE dividends drawn yearly or half-yearly provide incomes for a very considerable number of people, and many by this provision are relieved from the necessity of earning a livelihood. Sometimes these dividends provide incomes for people quite incapable of earning a living for themselves. In other cases they supplement the incomes of hard-working professional men and women.

The incomes from dividends, when sufficiently large, are an assurance to their possessors that the material needs of this life shall be satisfied: that is, that money will be duly forthcoming to pay for necessary food, clothes, and house-room. It may even happen that the income from dividends alone will provide not only the bare necessities of life, but allow us to gratify the desire for pleasant comforts and joyful luxuries, without working.

Small wonder is it then that so great an attention is paid to this matter of dividends.

The list of newspapers, both daily and weekly, entirely devoted to finance is long, while every important paper, no matter its politics, contains its city article explaining the fluctuations of the money market, and promising a solution to the problem: How to combine a high rate of interest with a safe investment. (The poor have their own problems and money difficulties; they are at least exempt from the financial problems that beset peculiarly the rich—the problems of prudent yet highly remunerative investment of money.) As for the advertisements of new companies, or new issues of capital for old companies, they confront us constantly in the Press and promise glittering

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rewards in this world. Incidentally these advertisements are an important source of revenue to newspaper proprietors, who cannot afford to be too delicate in the rejection or acceptance of a prospectus that suggests more than can be fulfilled. The business of the money market alone, the promotion of new companies, the buying and selling of shares that may or may not pay dividends, these things are the occupation of intelligent people throughout the civilized world. Long ago in *Our Mutual Friend* Charles Dickens commented characteristically on this phenomenon of shares :

“ As is well known to the wise in their generation, traffic in Shares is the one thing to have to do with in this world. Have no antecedents, no established character, no cultivation, no ideas, no manners ; have Shares. Have Shares enough to be on Boards of Direction in capital letters, oscillate on mysterious business between London and Paris, and be great. Where does he come from ? Shares. Where is he going to ? Shares. What are his tastes ? Shares. Has he any principles ? Shares. What squeezes him into Parliament ? Shares. Perhaps he never of himself achieved success in anything, never originated anything, never produced anything ? Sufficient answer to all : Shares.”

So alluring are the benefits in this pursuit of riches, so exhilarating to financiers the chase after other people's money ! (True, there are well attested drawbacks to this exciting adventure. For no man, be he even a multi-millionaire, has yet established conclusively that the service of mammon is compatible with the service of God.)

Nevertheless, because the desire to make money, as the phrase goes, becomes so readily such an absorbing business, repeatedly destructive of goodwill, justice,

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and friendly relations, so that St. Paul could speak of it as a "root of all evil," a quite definite repugnance to professional money-lending has continuously existed within and without, but in especial within, the Catholic Church.

And all dividends are simply a revenue from money-lending.

Instead of setting up a pawnbroker's shop, or opening a money-lender's office, and making loans to private persons, the investor lends money to banking or trading companies, to the Government of a country or to a municipal corporation, and receives interest on the loan, just as the pawnbroker and professional money-lender receive interest on the loans they grant. Money-lending does not cease to be money-lending because it is called an investment; and interest and usury remain interest and usury until the end of time, however much we speak of them as dividends.

Yet so strongly are we affected by names that many who would be shocked at the notion of becoming pawnbrokers or professional money-lenders scan eagerly the financial columns of the Press, rejoice openly when their dividends are increased, and are not in the least ashamed that their incomes are provided by interest on loans.

And what reason is there for shame, unless pawnbroking and money-lending are regarded as shameful trades?

If an instinctive shrinking from professional money-lending and pawnbroking is found amongst Catholics to-day, as it certainly was so found in the Middle Ages, it is because we feel that to live prosperously by lending money to impecunious neighbours is a thing altogether repugnant to the spirit and teaching of Christianity. We may be fully aware that both pawnbroker and money-lender frequently help their customers out of temporary difficulties, and supply a necessary want

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in our civilization. The fact we cannot forget is that in both trades riches are commonly amassed out of the weakness and poverty of the borrower.

Now with the income derived from dividends we have no uncomfortable sensation that the interest on our loans comes from the poor. We have furtive interviews neither with needy and distressed persons, pledging their household treasures for food and drink, nor with young men prepared to sign away at great cost their future prospects to escape from present trouble. Our lawyer or our stockbroker arranges our investments, i.e. our loans for us, and is responsible for the dividends, i.e. the interest, being duly paid to our banking account. There is nothing to harrow the feelings of the most sensitive mind in such proceedings.

And yet, after all, there is still the question to be answered—Where do these dividends of ours come from ?

It is certain that our lawyer and stockbroker, however well disposed towards us, do not provide them from their own resources. It is equally certain that it is not out of pure affection or admiration that we are presented periodically with these pieces of papers, whereby we are able to obtain corn and wine, raiment and lodging, and to pay our dues.

Who, then, does pay the interest on our loans ?

If our investments are Government bonds, the Government pays our dividends from the taxes it collects from the whole community. We lend to the whole community, including the millionaire, the struggling middle-class family, and the casual labourer, and all who buy half a pound of tea or half an ounce of tobacco, all with incomes over £3 a week, are taxed to pay the interest on our loans. (Of course the payment of this interest is only one of the many items of national expenditure for which we are all taxed.)

Similarly, if we have invested in some municipal or

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county council stock then the interest is paid to us from the money raised by rates in the particular area, and all ratepayers are our debtors.

In the case of dividends from loans to foreign Governments and municipalities the Governments concerned raise the money for the interest on our loans by taxation, and no matter how poverty-stricken the population, the tax must be paid. Were all the conditions that accompany the finding of the money for dividends in certain far-off places fully known to the investor his discomfort would probably be as acute as though he had spent a Monday morning in Walworth behind the pawnbroker's counter.

There remain the numerous investments in oil, coal, iron and steel, shipping, inland transport, breweries, tea-shops, general supply stores, and other human activities. (Every day the private trading firm is being turned into a limited liability company, and the limited liability company is amalgamating with other companies to form a trust for the absorption of lesser companies, so that very rapidly all the natural wealth and the great industries that supply the needs and comforts of mankind are passing into the possession and control of quite small groups of persons.) The dividends are provided in all these cases by a tax on the producer and consumer levied by the company to whom the money has been lent. Take, for instance, the high dividends paid by the big tea-shop companies in London and elsewhere. Waitresses, customers taking their meals therein, coolies labouring on tea plantations, seamen who man the vessels that carry the tea, dockers unloading at the ports, drivers and porters of the goods traffic, packers and unpackers, all these are but a few of the host from whom come the dividends. For shipwrights, engineers, and general labourers construct the ships and railways, glass-makers, house-decorators and the workers in the pot-

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tery trade build and render habitable the tea-shops. Bakers, cooks, dairymen and all connected with agriculture must also be included. We cannot end the list of this vast collection of people, of all trades and of so many nationalities upon whom the business of a single tea-shop depends. And the list is not confined to manual workers only. The judgment, foresight and experience of the caterer, the wise direction of foremen and forewomen, the skill and training of architect and designer are also engaged.

The investor lends his money to the company, which in turn hands over a certain proportion to every one in its employment, and by a deduction from the result of the joint labour so employed the dividend is obtained. The vastness and the complications need not obscure the plain facts. Instead of lending to one person who will repay with interest from the fruit of his toil, in all these companies we lend to an exceedingly large and varied number of persons who repay us with interest from the sum total of their united labour.

By a strange irony we talk of people as "independent" when their incomes from dividends annually suffice for their requirements and need does not compel them to work for a living. In reality they are entirely dependent on the labour of others for the living and leisure they enjoy, and would be lost as far as this world is concerned if deprived of their dividends.

Of course the question is asked : Should Christians take interest at all for lending money ?

Certainly before the Reformation the notion that Christians could live by money-lending was quite incomprehensible to Catholics generally. The Jews were the money-lenders, and so bitterly was the trade resented that the Parliaments of Edward I, when all England was Catholic, not only passed Acts forbidding the Jews to hold mortgages on land and to practise usury—ordering them to live by honest commerce

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instead—but finally banished all Jews from the realm, permission to return coming more than three hundred years later from Oliver Cromwell.

Protestantism and the increase of foreign trade in the years of Elizabeth changed the outlook on the justice of living by interest, and with other times came other manners. To Calvin has been assigned the discovery that usurers might go to heaven—and babies to hell.

Catholic opinion in the Middle Ages tolerated serfdom and slave-holding, but not living by interest or dividends. Catholic opinion to-day tolerates living by interest or dividends, but not slave-holding or serfdom.

On faith and morals the infallible authority of the Catholic Church speaks with infallible utterance throughout the ages. On economics and politics, which change with the changing customs of mankind and vary with climate and race, Catholic opinion makes no claim to pass infallible judgments; as the Catholic Church has seen empires, monarchies, republics, slaveries and serfdoms pass, it may see the passing of interest and dividends. For the justice of living by interest or dividends is as vital an issue to-day as slave-holding in British colonies was a hundred years ago.

And millions, adding daily to their numbers, throughout the world think a social system that permits people to live by money-lending entirely wrong, as Catholics thought it wrong in the Middle Ages. These millions, too, these ever-increasing millions, are as determined to abolish the privilege of living on interest without working for a living as our forefathers were to abolish the privilege of living by slave-holding in the West Indies. For dividends they would substitute the lending freely to one another without making any charge, or demanding any interest: the lending not only of money but of the great possessions

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of brain and genius, the treasure of the heart, the resources of the mind.

Shall we fight to the bitter end for our dividends, for the right to live on the interest of our loans, as the slave-holders in the Southern States of America fought for the right to hold their slaves? Or shall we in all goodwill seek to understand the social changes demanded in our time?

Are our dividends a stumbling block to understanding? Can we not recognize that now it is given to us to take some part in helping to transform a society, rent by the bitter anti-social strife of capital and labour, disfigured by the hateful antagonisms of rich and poor, into a co-operative commonwealth where each shall readily aid his neighbour without thought of gain, and where reward shall be not in mastery but in service?

JOSEPH CLAYTON.



CORRESPONDENCE

To the Editor of BLACKFRIARS.

THE COLLECTED POEMS OF ALICE MEYNELL.

[*With Mr. Page's leave I have submitted his letter to Mr. Osbert Burdett in order that both criticism and reply may appear in the same number.*—EDITOR.]

May 18, 1920.

SIR,

During this last year I have read with delight and almost entire agreement two articles by Mr. Osbert Burdett in *The New Statesman* and the *Dublin Review* on Coventry Patmore. It was therefore with amazement that I read his article on "The Poetry of Alice Meynell" in your May number, for there I find him attributing to Coventry