The Damnable Sin of Usury

by

R.H. Tawney

Appendix V
Usury and the Church of England

by

Henry Swabey

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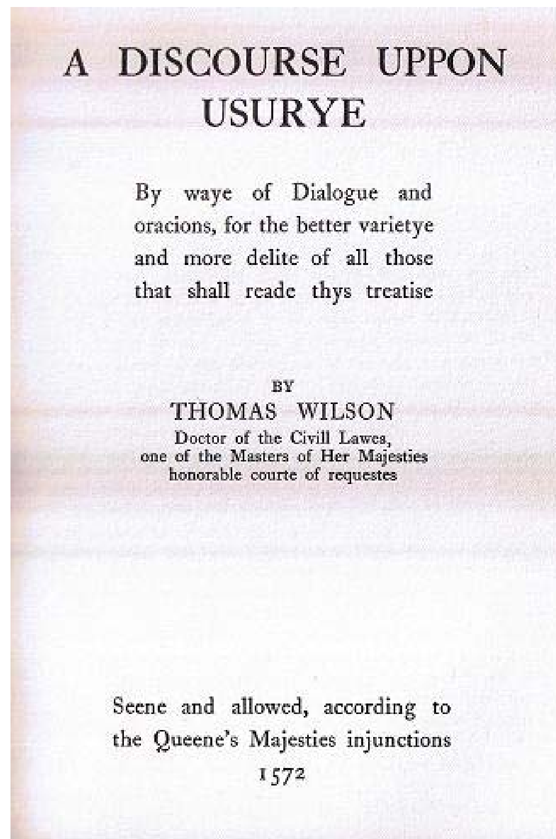

A DISCOURSE UPPON USURYE

By waye of Dialogue and oracions, for the better varietye and more delite of all those that shall reade thys treatise

BY

THOMAS WILSON

Doctor of the Civill Lawes, one of the Masters of Her Majesties honorable courte of requestes

Seene and allowed, according to the Queene's Majesties injunctions

1572

'The 17-page introduction by R.H. Tawney that Lord Sudeley mentioned to me in our brief conversation at the *House of Lords* last month turns out to be eleven essays that take up 169 of the book's 390 pages. So what Rev. Henry Swabey has led us to are Tawney's background essays to *Religion and the Rise of Capitalism* published the following year (1926). Attached are jpg files of G. Bell & Sons 1925 edition table of contents and the title page from the original 1572 edition of *A Discourse Uppon Usurye*.'

Peter Etherden to Anton Pinshof (2008)

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Appendix V. The Damnable Sin of Usury by R.H. Tawney

It is only after a struggle with established ideas that a new type of economic organisation is invested with the respectability of the triumphant fact, and it was not to be expected that the developments described in the preceding sections[1] should establish themselves securely without a prolonged agitation.

If the divine was shocked at the apparent incompatibility between the phenomena of *Early Capitalism* and *Christian Morality*, the plain man in village and borough felt a vague uneasiness at the growth of a power which seemed to menace his independence by 'bringing the livings of many into the hands of one'.

And even the *Statesman*, while he courted, used and was used by the *Financier*, was not disinclined from time to time to read a sharp lesson to what was stall regarded, in England at least, as a class of parvenus, at once parasitic upon the traditional structure of a well- ordered commonwealth and indifferent to its social obligations.

Hence, in most parts of Europe, the immense enlargement in the sphere of *Credit Operations* which took place in the sixteenth century produced a controversy hardly less acute than that which accompanied the rise of *Machine Industry* in England two centuries later. Men famous in *Religion* and *Politics* took part in it.

The insecure and impecunious governments of the age found themselves driven, however reluctantly, to give some attention to a question which reacted at once on *Social Tranquillity* and on *Public Finance*. In England the discussion continued down to the eve of the *Civil War*, and even left some traces on the literature of the *Restoration*.

Expressed in terms of the particular problem discussed by Wilson, the intellectual movement was a revision of ideas previously held as to the *Nature of Capital*, followed by a change an the law determining the *Rights of the Capitalist*.

When the century began, 'to live by usury as the husbandman doth by his husbandry' had commonly been treated as ignominious, immoral or positively illegal: when it ended, money-lending was on the way to enjoy the legal security of a recognised and reputable profession.

But that change itself was part of a larger revolution which was to set a naturalistic political arithmetic in the place of theology, substitute the categories of mechanism for those of teleology, and turn religion itself from the master interest of mankind into one department of life with boundaries which it is extravagant to overstep.

For the *Theory of Usury* which the sixteenth century inherited had been not an isolated freak of casuistical ingenuity, but one subordinate element in a general system of ideas, and the passion which fed on its dusty dialectics is intelligible only when it is remembered that what fanned it was the feeling that the issue at stake was not merely the particular question, but the fate of the whole scheme of medieval economic thought which had attempted to treat economic affairs as part of a *Hierarchy of Values* embracing all human interests and activities, of which the apex was *Religion*.

The phrase '*Medieval Economic Thought'* is, indeed, itself a misleading one. The doctrines in question had sprung as much from external conditions which made some form of monopoly almost inevitable as from the teaching of theorists.

They had been accompanied by elaborations and qualifications to which a bald summary does scanty justice. They had undergone a long process of development, had reflected the varying influences of different environments, and had assumed a form at once more realistic and more subtle in the hands of a writer like St Antonino, who had to adapt his teaching to the business conditions of a great *Financial Centre* such as fifteenth century Florence, than they had in those, for example, of Aquinas, whose experience had been of a simpler age.

But, in spite of such differences of place and period, the formal expression of *Medieval Theory* retained to the end the characteristics natural in a system which claimed to mediate between the *Humblest Activity* and the *Divine Purpose* and which, therefore, discussed economic issues as subordinate to the real business of life, which is *Salvation*.

It was the menace to this whole philosophy which caused contemporary religious opinion to find an almost

[1] This is R.H. Tawney's first essay in the third section of his three-part (170-page) introduction to the *G. Bell & Sons Limited* edition of Dr Thomas Wilson's *A Discourse Upon Usury* (1925, London, 390 pages) entitled *Public Policy and the Money-Lender*. Included in this section are: *The Harrying of the Usurer*; *The Struggle over the Exchanges*; *The Compromise of 1571*; *Conclusion* and this essay: *The Damnable Sin of Usury.* The second part entitled *The Principal Types of Credit Transactions* includes the following essays: *The Peasant and Small Master; The Needy Gentleman; The Financing of Capitalist Industry; The Foreign Exchanges*; and *The Antecedents of Banking.* The first part of R.H. Tawney's introduction is a 15-page essay about Dr Thomas Wilson. [Ed].

tragic interest in the controversy with regard to usury. For it had been through the *Theory of Usury* that the most persistent attempt had been made to translate these general ethical conceptions into a legal system applicable to the particular transactions by which *Property* is acquired and *Trade* carried on.

Into the discussions of the subject by *Men of Religion*, as into the practice of the declining ecclesiastical jurisprudence, space forbids us to enter.[2] They had inherited from the *Middle Ages* two legacies, one general and one particular.

The former consisted in the belief that the world of *Economic Conduct* did not form a closed compartment with laws of its own, but was amenable, like other departments of conduct, to moral criteria, the ultimate sanction of which was the authority of the *Christian Church*.

The latter was the body of legal principles with regard to *Money-Lending* and *Credit*, of which the most elaborate expression was the *Canon Law*, but which were also embodied in the policy of the *State* and of *Municipal Authorities*, since in this matter the *Canon Law* set the precedents followed by secular authorities down, at least, to the third quarter of the sixteenth century.

Never treated as relevant, apparently, to the larger financial operations of either ecclesiastical or secular authorities, and least of all to those of the *Papacy* itself, the *Canon Law* as to usury had been elaborated by later *Jurists* to meet the needs of an increasingly *Commercial Civilization.*

In the form in which it reached the sixteenth century it at once maintained the rule that payment could not lawfully be demanded merely for the use of money, and sanctioned such credit transactions as could reasonably be held not directly to conflict with that principle.

The investment in *Rent Charges* had always been regarded as unobjectionable, for the payment received by the *Capitalist* came from the *Bounty of Nature* and was not wrung from the *Necessities of Man*.

The *Commercial Partnership*, in which a sleeping partner invested *Capital* with a merchant 'to gain and to lose', is legitimate, for if he shares the *Profit* of the enterprise he also shares its *Risks*. *Annuities*[3] are blameless for the same reason: the gain is not certain, but contingent.

It is reasonable that the *Borrower* who fails to repay his *Creditor* at the appointed day should submit to a penalty, and that the *Creditor* who loses an opportunity of gain by standing out of his money should receive *Compensation*.

To the offer of *Interest* as a *Voluntary Gift* - a dangerous exception - there is little objection.

Of these types of transaction some had been expressly sanctioned by ecclesiastical legislation; others had been declared lawful by authoritative commentators upon it. All had been common enough even in an economic backwater like *Medieval England*.

It is no usury when Geoffrey de Exton grants William de Barwode three mark of silver in return for six shillings of annual rent, for this is the purchase of a rent charge, not a loan; or when John Spicer is advanced sixty shillings by Peter Chapman, with which to trade in Scotland, on condition that a 'third of both gain and loss should be consigned to the said Peter', for they are 'partners to gain and to lose'; or when the monastery of St. Mary's, Worcester, sells annuities for a capital sum paid down.[4]

What remained to the end unlawful was that which appears in the modem economic text-book as 'pure interest', and what medieval writers called 'the sale of time itself' - interest as a fixed payment stipulated in advance for a loan of money or wares without risk to the lender.

> "This is the proper interpretation of usury, when gain is sought from the use of a thing not in itself fruitful (such as a flock or a field), without labour, expense or risk on the part of the lender."

In the words of an earlier *Canonist*,

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[2] The whole subject is discussed by Neumann, *Gesichte des Wuchers in Deutschland*, and by Ashley, *Economic History*, pt. II. Something about it is contained in an article by the present writer in the *American Journal of Political Economy*, vol. XXXI, No. 4 (august 1923).

[3] Sir Edward Coke (1552-1633) during his incumbency as Lord Chief Justice of the King's Bench from 1613 to 1620 defined an annuity as 'a yearly payment of a certain sum of money granted to another in fee, for life or years, charging the person of the grantor only'. Edwin W. Kopf in *The Early History of the Annuity* notes that 'Dr. Thomas Wilson described in his *Discourse Upon Usury* the current practices of lending upon annuities in order to avoid the penalties of the usury law' and remarks that during the sixteenth century 'much speculation in annuities was transacted by private dealers, especially toward the end of the century'. [Ed].

[4] Tingey, *Records of the City of Norwich,* I, 227; Selden Society, *Select Cases concerning the Law Merchant*, I, p.78; Wilson, *The Worcester Liber Albus.*

> "Usura est ex mutuo lucrum pactum vel exactum…Quicquid sorti accedit, subaudi per pactum vel exactionem, usura est, quodcunque nomen sibi imponat."[5]

The emphases was on *'pactum'*. The essence of usury was that it was certain, and that, whether the borrower gained or lost, the *Usurer* took his pound of flesh. Medieval opinion, which did not object to *Profits*, provided they were reasonable, had no mercy for the *Debenture* holder.

What, if not quite so certainly unlawful, continued to be denounced as immoral, was the whole range of transactions that ran counter to the doctrine that an equitable bargain was one from which both parties derived equal advantage. If not strictly *usura* they were at least *turpe lucrum*. In practice, except by *Lawyers*, and not always by them, the two were not clearly distinguished.

The volume of ecclesiastical teaching on the subject, discussed by Wilson, had, therefore, been considerable. What was the attitude towards it of the age in which he wrote? The complaint that one effect of the religious revolution had been to undermine traditional doctrines of social ethics was advanced from more than one quarter in the generation which immediately followed it.

As early as 1543 Cranmer[6] wrote to Oziander protesting against the embarrassment caused to *Reformers* in England by the sanction to immorality, in the matter alike of economic transactions and of marriage, alleged to be given by *Reformers* in Germany, and Wilson himself has a word of warning against:

> "the dissembling Gospeller…who for private gain undoeth the common welfare of man."

By the seventeenth century the hints had become a theory and an argument. Bossuet[7] taunted Calvin and Bucer with being the first theologians to defend extortion.

Even a *Puritan Social Reformer* uttered a word of regret for 'the times of popery' in which 'usury was an odious thing'.[8] It only remained for a pamphleteer to adapt the indictment to popular consumption by writing bluntly that 'it grew to a proverb that usury was the brat of heresy'.[9]

These attempts to relate changes in economic opinion to the grand religious struggles of the age have their significance. But the *obiter dicta* of an acrimonious controversy throw more light on the temper of the combatants than on the substance of their contentions, and the issues were too complex to be adequately expressed in the sample antitheses which appealed to partisans.

In reality, however striking the revolution in economic practice which accompanied the expansion of *Financial Capitalism* in the sixteenth century, the development on doctrine on the subject of *Economic Ethics* was continuous, and the more closely it is examined the less foundation does there seem to be for the view that the stream plunged into vacancy over the precipice of the *Reformation*.

The *Theory of Usury* was, after all, merely a special case of the general rule that economic transactions should be conducted in accordance with rules of *Good Conscience*, derived ultimately from religious sources and interpreted by the *Church*. The principle was more important than the particular interpretation.

The gulf between the medieval synthesis and the social philosophy which was to carry all before it after the *Restoration* had its origin not in a mere modification of the *Theory of Interest*, but in the sharp separation of the spheres of economic expediency and the life of the spirit expressed in the eighteenth century epigram,

> "Trade is one thing, and religion another."

In the age of Wilson that conception of the two compartments, which could not collide, because they were never to meet, was repudiated with equal indignation by *Radicals* and *Conservatives*, and, if it is true that the *Reformation* undermined the theoretical supremacy of religion over matters of economic conduct, it did so without design and against the intention of most *Reformers*.

Luther might attack the *Canon Law* in general, protest that the Bible was an all-sufficient guide to action, and urge that the Christian needed no elaborate moral casuistry to teach him the duty of economic altruism which sprang directly from the text, 'Thou shalt love thy neighbour as thyself'.

But his criticism is that of a man impatient with the institutional apparatus of social morality, because he thinks that morality will be purer and more spontaneous without it; his indignation is directed less against the rigour of the *Canon Law* than against what he conceives to be the sophistry of *Canonists*; and when he deals in detail with

[5] *Bernardi Papiensis Summa Decretalium* (edited by Laspeyres), Lib. V, tit. xv.
[6] Gairdner, *Letters and Papers of Henry VIII*, vol. XVI, 337.
[7] Bossuet, *Traité de l'usure*: for an account of his views see Favre, *Le prêt-à intérêt dans l'ancienne France*.
[8] Cooke, *Unum Necessarium, or the Poor Man's Case*.
[9] *Briefe Survey of the Growthe of Usury in England with the Mischiefs attending it* (1673).

economic questions, as in his long *Sermon on Usury* in 1520, and his *Tract on Trade and Usury* in 1524, the doctrines to which he appeals are those of the *Canon Law*, unsoftened by the qualifications which later *Jurists* had attached to it.

Men should lend freely, as the *Gospel* commands, sell at the price fixed by authority or by common estimation, eschew *Speculation* and *Monopoly*, and so conduct their trade that they may practise it without injury to their neighbour or neglect of the *Law of Christian Charity*.

While Luther saw economic life with the eyes of a *Peasant* and a *Monk*, Calvin approached it as a *Man of Affairs*, who assumed, as the starting point of his social theory, *Capital*, *Credit*, large-scale *Enterprise*, and the other institutions of a *Commercial Civilisation*.

But he assumed them in order to moralise them, not to treat them as spiritually indifferent, and the qualified - the much qualified - indulgence to *Moderate Interest*, which is, perhaps, the best remembered element in his social teaching, as he feared it would be, was in reality less significant thin his repeated insistence that the maintenance of *Christian Standards of Economic Morality* was the province of *The Church*.

Where circumstances favoured it, in its expression of revolt against the medieval ecclesiastical system, Calvinism itself stood for a discipline, not laxer, but infinitely more strict, than that which it repudiated, and the social ethics of its heroic age savoured more of a collectivist dictatorship than of the individualism of which it has sometimes been regarded as the parent.[10]

Its spirit was expressed by Bucer, when, after denouncing the usury and monopoly of *Merchants*, he wrote that:

> "neither the church of Christ, nor a *Christian Commonwealth*, ought to tolerate such as prefer *Private gain* to the *Public weal* or seek it to the hurt of their neighbours."[11]

Both in its view of religion as embracing all sides of life and in its doctrine of the particular social obligations which religion involved, the central opinion represented by the *Church of England* did not differ substantially from that of the left wing of the *Reformation* movement.

Men eminent among Anglican divines, such as Sandys[12] and Jewel[13] took part in the controversy on the subject of usury. A Bishop of Salisbury gave his blessing to the book of Wilson; an Archbishop of Canterbury allowed Mosse's sharp 'arraignment'[14] to be dedicated to himself.

A clerical pamphleteer[15] in the seventeenth century produced a catalogue of six bishops and ten doctors of divinity - not to mention numberless humbler clergy - who had written on different aspects of the question of usury in the last hundred years.

In Wilson's day the subject was still a favourite of the ecclesiastical *Orator*. A century later the *Minister* of a city church who was indiscreet enough to criticise what had become the chief occupation of his wealthy *Parishioners* found himself obliged to seek a cure elsewhere.[16]

But the sixteenth century *Preacher* was untrammelled by the convention which in a more fastidious age was to preclude as an impropriety the discussion in the pulpit of the problems of the market place. The author of a widely-read book wrote:

> "As it belongeth to the *Magistrate* to punish, so it is the part of the *Preacher* to reprove usury…First, they should earnestly inveigh against all unlawful and wicked *Contracts*…Let them amend all manifestations in bargaining by ecclesiastical discipline. Then, if they cannot reform all abuses which they shall find in *Bargains*, let them take heed that they trouble not the church…Last of all, let them with diligence, admonish the *Rich Men* that they suffer themselves not to be entangled with the slow of riches."[17]

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[10] The 1925 text reads: 'The expression of a revolt against the medieval ecclesiastical system, Calvinism stood itself, where circumstances favoured it, for a discipline not laxer, but infinitely more strict, than that which it repudiated…' [Ed].

[11] Bucer, *de Regno Christi*.

[12] Sandys, second, tenth, and eleventh of *Sermons* (Parker Society).

[13] Jewel, *Works*, fourth part, p. 1293.

[14] Miles Mosse, *The arraignment and conviction of usurie*, 1595.

[15] John Blaxton, *The English Usurer, or Usury condemned by the most learned and famous Divines of the Church of England* (1634). The bishops cited are jewel, Sandys, King, Babington, Downam ("the hammer of usurers," Bishop of Derry), and Lake.

[16] David Jones, *A Farewell Sermon at St. Mary Woolnoths* (in Lombard Street), 1692. This appears to have provoked a rejoinder, which I have not read, *Lombard Street Lecturer's late Farewell Sermon answered, or the Welsh Levite toss'd de novo* (1692).

[17] *The Lawful Use of Riches* (1578), a translation by Rogers from the Latin of Nicholas Heming.

An Anglican divine wrote in reference to the ecclesiastical condemnation of usury:

> "This hath been the general judgment of the church for about fifteen hundred years, without opposition in this point. Poore sillie church of Christ, that could never find a lawful usury, before this age wherein we live."

The first fact which strikes the modern student of this body of teaching is its continuity with the past. In its insistence that buying and selling, letting and hiring, lending and borrowing, are to be regulated by a *Moral Law* of which the church is the guardian, religious opinion after the *Reformation* does not differ from religious opinion before it.

Contemporaries were conscious neither of the emancipation from the economic follies of the age of monkish superstition ascribed to them in the eighteenth century, nor of the repudiation of the traditional economic morality of Christendom which some writers have been the result of the revolt from Rome.

The relation in which they conceived themselves to stand to the social theory of the *Medieval Church* is shown by the authorities to whom they appealed. Wilson wrote:

> "Therefore I would not have men altogether be enemies to the *Canon Law*, and to condemn everything therein written, because the Pope was author of them, as though no good law could be made by them. Nay, I will say plainlie, there be some such laws made by the Pope as be right godly, saie others what they list."

On the lips of a Tudor official such sentiments had, perhaps, a certain piquancy. But Wilson, as we have seen, was a civilian, skilled in the *ius pontificium* as well as the *ius civile*, and, in their appeal to the traditional teaching of the church, his words represented the starting point from which the discussion of social questions still commonly set out.

The *Bible*, the *Fathers* and the *Schoolmen*, the *Decretals*, *Church Councils* and commentation on the *Canon Law* - all these, and not only the first, continued to be quoted as decisive on questions of *Economic Ethics* by men to whom the theology and government of the *Medieval Church* were an abomination. What use Wilson made of them, a glance at his book will show.

The writer who, after him, produced the most elaborate discussion of usury in the latter part of the century, prefaced his work with a list of pre-*Reformation* authorities running into several pages.[18] The author of a practical memorandum on the amendment of the law with regard to usury - a memorandum which appears to have had some effect upon policy - thought it necessary to drag into a paper concerned with the chicanery of *Money-Lenders* and with the *Foreign Exchanges*, not only Melancthon, but Aquinas and Hostiensis.[19]

Even a writer who, unlike Wilson, denied all virtue whatever to 'the decrees of the Pope', did so only the more strongly to emphasise the prohibition of uncharitable dealing contained 'in the statutes of *Holy Synods* and sayings of godlie fathers, who vehemently forbid usury'.[20]

The market for ethical teaching, as Gresham remarked of the Antwerp Bourse, 'is truly strange', for the commodity is one which has the singular property of being consumed in bulk more readily than retail. No church has ever experienced any difficulty in preaching righteousness in general: no church has found a specific to disguise the unpalatableness of righteousness in particular.

And while religious opinion continued in the sixteenth century to condemn usury as contrary to the law of God, the edge of its denunciation was being insensibly blunted through a more accommodating classification of the types of transaction to which the word usury might be held to apply.

The insistence on the application of *Moral Criteria* to *Matters of Business* had always been compatible with considerable divergences of opinion as to what precisely those criteria were. As Professor Ashley long ago pointed out, the medieval condemnation of usury had been neither so unanimous nor so undiscriminating as is sometimes suggested, and even before the matter began to exercise the mind of the post-*Reformation* divines, *Canonists* had taken a long step towards sanctioning transactions involving what was, in effect, payment for the use of capital.

With the expansion of new types of *Capitalist Enterprise* and the drawing apart of different churches after the *Reformation*, the problem of interpretation became in England, what it long had been in Italy and Germany, a matter not merely of speculative interest, but of urgent practical importance.

[18] Miles Mosse, *The arraignment and conviction of usurie*, 1595.
[19] *S.P.D. Eliz*., LXXV, 54.
[20] *The Lawful Use of Riches.*

It was on this ground that the controversial battles of the last half of the century were fought out. There was, as yet, no question of directly repudiating the attempt to try economic transactions by ethical standards, and, whatever the private sentiments of the business world, the demand for complete freedom of contract found few overt defenders either among *Men of Affairs* or *Men of Religion*.

Ostensibly almost everyone was agreed that usury was reprehensible. The question was whether usury was to be defined so as to include all interest, or whether, in certain circumstances, moderate interest was to escape from the general condemnation.

The straiter school stood on the letter of *Scripture* and the law of the *Church*, regarded usury as differing not merely in degree, but in kind, from payments which, like rent and profits, were morally unobjectionable provided that they were not extortionist in amount, and insisted that usury was to be interpreted as equivalent to 'whatever is taken for a loan above the principal'.

Liberal opinion, concerned to establish a *modus vivendi* between *Christian Teaching* and contemporary *Economic Practice*, admitted that the exaction of interest might, indeed, be reprehensible, but urged that its legitimacy depended on the circumstances of the parties and the purpose of the loan.

What mattered, it was argued, was not the letter of the law, but the spirit of *Christian Charity*; and if charity required free gifts to *The Poor*, and free or easy loans to the struggling *Tradesmen*, it could not reasonably be held to forbid the charging to substantial *Merchants* or *Landowners* of such rate of interest as they could be induced to pay.

The logical result of the position was to transfer the burden of proof from the defenders of usury to its critics. In so far as it was accepted, usury, instead of meaning the payment of any interest whatever, would mean the payment of interest which, in the circumstances of the case, was extortionate. Of these two interpretations the stricter, which represented the old-fashioned tradition, continued well into the seventeenth century to be the orthodox teaching of the *Church of England*.

English religious thought, which had stagnated in a happy backwater remote at once from the keen intellectual activity and strenuous business life of Italy and Flanders, shows no signs of having been influenced in the later *Middle Ages* by the latitudinarianism of innovating *Canonists*, and the post-*Reformation* writers who allude to the new doctrines do so usually, as Luther had done, in order to emphasise the danger of compromising with Antichrist.

When, with the expansion of *English Enterprise* and the closer connection with the continent, the controversy became acute, as it did towards the close of the reign of Henry VIII, Anglican divines, with hardly an exception, took their stand on the full rigour of conservative doctrine.

Advanced Reformers, like Latimer, Becon and Crowley, fulminated against usury with the same fervour as against *Enclosing*, and their influence was seen in the renewed prohibition of any payment whatever in excess of the principal contained in the *Act of 1552*.

Bishops, such as Jewel and Sandys, were explicit in repudiating the suggestion that conduct condemned by Scripture as sinful in itself could become venial when practised with judicious moderation. Such semi-official definitions of usury as were given by ecclesiastical authorities implied that it was to be interpreted as equivalent to any stipulated payment for a loan.[21]

Preachers and *Pamphleteers* could not, at any rate after the middle of the century, ignore the suggestion that the exaction of interest ceased to be immoral when it ceased to be oppressive. But they noticed it, in most cases, only to condemn it.

Stealing did not become lawful, merely because the sums stolen were small: God was no respecter of persons to condone, in those who financed *The Rich*, conduct forbidden to those who lent to *The Poor*. The direct results of a loan at moderate interest to a well-to-do *Merchant* might seem harmless. But the *Merchant* would pass it on in higher prices to the *Consumer*, and in the end the whole *Commonwealth*, including the poor, would suffer.

> "Usurie walketh in the dark, it biteth, few know when, where and how. Only thus much in general we must needs know, that the borrower upon usurie cannot afford their ware so good cheap by nine and tenne in the hundred."

Social expediency and the teaching of the Church are, in short, in agreement. The moral is to avoid fine distinctions, and to give a wide berth to a practice offensive to both.

[21] E.g. the abortive scheme for the reorganisation of the ecclesiastical jurisdiction drawn up by Cranmer and Fox; see Cardwell, *Reformatio Legume Ecclesiasticarum*, pp. 206 and 343, and Grindal's *Injunctions* (1671).

> "A man will not ride so near the brink of a ditch or pit as he can for fear of falling, but keep a certain distance off that he may be the more secure…Those men who will not abstain from some things which are lawful shall of necessitie commit many things that are unlawful."[22]

Clerical conservatism continued to repeat such doctrines down to the eve of the *Civil War*. But from the middle of the sixteenth century their influence was undermined not merely by frontal attacks from the world of business, but by dissension within the religious citadel itself.

A picturesque tradition asserted that the indulgence shown by later divines to moderate interest sprang from their sympathy with the necessities of *Religious Refugees*, who invested the capital which they took abroad, because in a foreign country they lacked the knowledge to employ it themselves. It is obviously not to be taken *au pied de la letter*, and the satire of a later generation made merry with the 'saints under persecution' to whom usury was 'very tolerable, because profitable'.[23]

What is clear, however, is that the new doctrine was an exotic, which, if it found congenial soil in England, was imported into it from abroad in the wake of the religious radicalism of Geneva. In the social ferment of the continental *Reformation*, usury, long a grievance with *Peasant* and *Artisan*, had become for a moment a battle-cry. Public authorities, terrified by the popular demand for the repression of the *Extortioner*, consulted divines and universities as to the legitimacy of interest; and divines and universities gave, as is their wont, a loud, but confused, response.

What emerged when the hubbub died down was, however, important. It was an attempt to discuss the question on a new plane and in a different temper. Of this attitude the principal representative was that worthy instrument of God, Mr. Calvin. 'Calvin', wrote an English divine who was concerned to minimise his innovations, 'dealt with usury, as the apothecary doth with poison'.[24] The apologetic was just.

- that interest was lawful, provided that it did not exceed an official maximum;
- that even when a maximum was fixed, *Loans* must be made *gratis* to *The Poor*;
- that the *Borrower* must reap as much advantage as the *Lender*;
- that excessive security must not be exacted;
- that what is venial as an occasional expedient is reprehensible when carried on as a regular occupation;
- that no man may snatch economic gain for himself to the injury of his neighbour.

A condonation of usury surrounded by such inconvenient qualifications can have offered but tepid consolation to the devout *Money-Lender*, and there have been ages in which it would have been regarded as an attack on *Financial Enterprise*, rather than as a defence of it.

The specific conclusions of Calvin were not strikingly original. In emphasising the difference between *Interest* wrung from the necessities of *The Poor*, and *Interest* paid from the *Profits* which a *Prosperous Merchant* could earn with *Borrowed Capital*, he had been anticipated by Major. In his indulgence to a moderate rate on loans to *The Rich* his position was the same as that already assumed, though with some hesitation, by Melancthon.

The picture of Calvin, the *Organiser* and *Disciplinarian*, as the parent of laxity in social ethics is a legend. Like the author of another revolution in economic theory, he might have turned on his popularisers with the protest: 'I am not a Calvinist'.

Nevertheless, for Calvin's influence on economic thought, it was the legend which counted, and both its critics and his defenders were not wrong in seeing in his doctrine a watershed.

What he did was to change the plane on which the discussion had been conducted, by treating the question of the ethics of money-lending, not as a matter to be decided by an appeal to a special body of doctrine on the subject of usury, but as a particular case of the general problem of the social relations of a *Christian Community*, which must be solved in the light of existing circumstances.

He made, in short, a fresh start, and appealed from Christian tradition to a common sense which he was sanguine enough to hope would be Christian. The *Mosaic law* may have suited the special conditions of the Jews, but it is irrelevant to the life of *Commercial Communities*. The time-honoured objection that 'money does no breed money' he dismisses with hardly more ceremony than was afterwards shown it by Bentham.

In practice, *Land* and *Capital* are interchangeable investments; why permit one and condemn the other? What is permanent is not the rule '*non fenerabis*' but '*l'équité et la droiture'*. On such a view all extortion is to be

[22] Fenton, *Treatise of Usurie* (1612).
[23] *Briefe Survey of the Growthe of Usury in England with the Mischiefs attending it* (1673).
[24] Fenton, *Treatise of Usurie* (1612). Calvin's views will be found in his *Epist. et Respon*., p. 355, and in Sermon XXVIII in the *Opera*.

avoided by Christians. But lending at interest, provided the rate is reasonable and the loans are made freely to the poor, is not *per se* more extortionate than any other of the economic transactions without which human affairs cannot be carried on.

Once stated, Calvin's position became that of the most powerful religious movement of the age. ‘It took with the brethren’, sneered an anti-*Puritan* critic of a later generations, ‘like polygamy with the Turks’.[25] Within ten years of his death, it was being expounded in England by Baro[26] and Bullinger,[27] whose *Decades* every candidate for holy orders was required to study. How eagerly it was seized on by legal and commercial opinion Wilson's dialogue is sufficient to show.

In the works of the clerical interpreters of his theory, as in those of Calvin himself, the tolerance extended to the *Money-Lender* was less conspicuous than the admonitions with which it was accompanied. Its logical conclusion would have been an arrangement, such as was, indeed, proposed by certain writers, under which loans were provided *gratis* or at low rates of interest for the poor, while the commercial world was left free to engage in what transactions it pleased.

But mankind finds in the arguments of theorists what it looks for. Calvin's indulgence to moderate interest, like Adam Smith's individualism, was remembered when the qualifications surrounding it were forgotten; and the practical effect of his teaching was to weaken the whole body of opposition to usury by enabling the critics of the traditional doctrine to argue that religion itself spoke with an uncertain voice.

The strength which the new doctrine derived from its recognition of economic realities is as evident as its appositeness in providing the growing *bourgeoisie* - in England and Holland, the standard-bearers of *Calvinism* - with precisely the moral justification required to hallow their economic practice.

A *Parson* of the straiter sort may decline to live upon income derived from interest on *Capital*,[28] and a *Layman* of meticulous conscientiousness, like D'Ewes,[29] may lay down in his will that his *Capital* should not be lent for a certain and stipulated interest, but used to buy either *Land* or *Annuities* as a provision for his daughters. But their very objections show that *Land* and *Capital* are convertible investments.

A *Philanthropist* may provide for the poor by presenting to the parish a cow which is to be ‘let on hire’. But cows are mortal; this particular communal cow is ‘very like to die of casualty and ill-keeping’. The poor will be more secure of their income if the cow is sold, and the money invested.[30] Is the step to be condemned as immoral on the ground of a mere technicality?

Nor was it only the impossibility of drawing a sharp distinction between income from natural objects and income from capital which gave its persuasiveness to Calvin's defence of interest. The theory of usury had been designed for the conditions of an age in which the *Lender* was rich and the *Borrower* poor.

Now the *Borrower* was often a *Merchant* who raised a *Loan* in order to *Speculate* on the *Exchanges* or to corner the wool crop, and the *Lender* an economic innocent, who sought a secure *Investment* for is *Savings*.

The defenders of usury were not slow to spy their advantage: How provide, except by interest, it was asked, for those who cannot provide for themselves? It is perhaps first in the sixteenth century that *Widows* and *Orphans* are marshalled, a tearful orchestra, by the *Capitalist* baton.

Compared with the stiff conservatism which denounced as immoral what had become the general practice of the business world, the new doctrine had the advantage of providing an ethical code not too inconsistent with the obvious facts of economic organization. It was inevitable that it should exercise an increasing influence on lay opinion and in the policy of *Statesmen*.

[25] *Briefe Survey of the Growthe of Usury in England with the Mischiefs attending it* (1673).
[26] See Cunningham, *English Industry and Commerce, Modern Times*, pp. 157-8.
[27] Bullinger, *Third Decade*, first and second sermons (Parker Society).
[28] Blakeney, *History of Shrewsbury*, vol II, pp. 364 and 412.
[29] Halliwell, *The Autobiography and Correspondence of Sir Simonds D'Ewes*, vol I, pp. 206-12, 322, 354, vol II, pp. 96, and 153-4.
[30] *Hist. MSS. Com., MSS. of Corporation of Burford*, p. 46.