

# Background

by  
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## Chapter 1

### Usury and the Church of England

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## Chapter 1. Background

### The Scriptures

The prohibition of the business of usury<sup>1</sup> is clear enough in the *Old Testament*. It was against the *Law of Yahweh* to lend £100 and to expect back more than £100.

In early days transactions would have been done by weight of bullion (sheq) or by goods. References are scattered throughout *Law* and *Prophets*, and in each case usury is a deadly sin.

A double standard is allowed in the legislation of *Deuteronomy* where a Jew may lend on usury to a stranger (a non-Jew) but he may not lend on usury to a brother.

In spite of this clear code, money lenders were largely responsible for the social changes that altered Palestine from a land of small farmers, in the time of the earlier kings, to a series of large estates worked by slaves in the time of Jeroboam II. For the difficulties of the small farmer drove him to the *Usurer* and all too often their mortgaged goods, families and persons were sold, which meant slavery.

There is no wonder that the *Usurer* was hated.

In the *New Testament*, the 'hard man' expected his money to be put out at usury. But the text which guided Christian writers was the word of *Our Lord* on lending and not expecting a gain. (St. Luke, VI, 34). The Christians inherited the Jewish moral law, and the covetous and extortioners were in the Pauline lists of deadly sinners.

We shall see many references to the *Old Testament* prohibitions when we consider the work of the Christian writers. They lived in the atmosphere where usury was banned; this was so clear to Clement of Rome, for example, that he did not trouble to mention it in his outline of ethics. Usury, in his eyes, would have been one of the causes of moral chaos.

Usury in Christian times was thought of with loathing for many centuries. The history of the *English Church's* dealing with the sin may be accurately dated until the years when it was no longer counted as evil. In recent times there has been a revival of interest both within and without the *Church* on the subject, together with the feeling that the ancient traditions were too hastily abandoned. It is my purpose to show what these traditions were and when they were deserted.

We may see partially why. At least, it will be clear that the *Church's Teaching* had a strong impact on the life of the world, particularly in *Medieval England*. The results of withdrawing the prohibition, or of minimizing its power, cannot be certainly weighed. It may be too much to attribute successive calamities to the tolerance of usury, but it is too little to write off the whole subject as irrelevant.

We have already seen that usury changed the social order of ancient Israel. It is hard to visualize a time when usury was thought of with as much loathing as adultery - more indeed as affecting so many people, and as being a violation of nature. But this was once the opinion of all the best minds.

### The Classics

But arguments were drawn from *Reason*, in addition to the prohibition conveyed through *Revelation*, against lending on usury. Aristotle, Plato and Cicero argued against it, and their theory was elaborated later, as we shall see. Their root idea was that it was against Nature (*contra natura*) to require a 'breed of barren metal'.

*Tokos*, the Greek word for usury, is from the root which means to breed or increase. Aristotle, who understood something of the nature of money, says:<sup>2</sup>

"Usury is most reasonably hated because its gain comes from money itself and not from that for the sake of which money was invented. For money was brought into existence for the purpose of exchange (*matboles...charin*), but interest increases the amount of the money itself (*poiei pleon*) and this is the actual origin of the Greek word: offspring resembles parent, and interest is money born of money); consequently this form of the business of getting wealth is of all forms the most contrary to nature (*para phusin*)."

<sup>1</sup> The commendations of *Psalm XV* are generally acceptable, but there is a phrase in verse 6 which modern readers, and singers, think is an archaism: "He that hath not given his money upon usury - *lo natan beneshék*." The Hebrew word *neshek* - usury, is from the root *n-sh-k* which means to bite.

<sup>2</sup> in *Politics I, iii, 23*:

This is H. Rackham's translation of the passage, but the translation of 'tokos' by 'interest' is not altogether happy. It certainly differentiates the term from 'obolostatike' - translated usury - an Aristophanic word for a petty money changer or weigher.

But the meaning of the passage is a clear condemnation of a practice that is contrary to nature. Translation may obscure more than it reveals.

In the passage from *Psalms XV*, silver - with, it is true, the derived meaning of money - was not given on usury, by no means quite without significance for times when a gold standard mentality has the fixation of a law of nature. The Hebrew word is KESETH.

Plato, whose works are the other source book of Western thought, was equally firm on the subject. After a caution about what we should now call foreign exchange - he prohibits the traveller from keeping foreign money - he says<sup>3</sup>:

“In marrying and giving in marriage, no one shall give or receive any dowry at all; and no one shall deposit money with another whom he does not trust as a friend, nor shall he lend money upon interest; and the borrower should be under no obligation to repay either capital or interest.”

The connection between marriage and finance is not so haphazard as might appear, and at least one thinker whose work we shall notice shortly has seen in the financial conventions that at different periods are connected with marriage a measure of the greed or idealism in society.

Plato continues (743):

“Therefore we say that gold and silver ought not to be allowed in the city, nor much of the vulgar sort of trade which is carried on by lending money or rearing the meaner kinds of livestock; but only the produce of agriculture, and only so much of this as will not compel us in pursuing it to neglect that for the sake of which riches exist - I mean soul and body...”

In the *Republic* (VIII, 555) he ascribes the transition from oligarchy to democracy to usury and debt:

“The rulers, being aware that their power rests upon their wealth, refuse to curtail by law the extravagance of the spendthrift youth because they gain by their ruin; they take interest from them and buy up their estates and thus increase their own wealth and importance... The men of business, stooping as they walk and pretending not even to see those whom they have already ruined, insert their sting - that is, their money - into some one else who is not on his guard against them, and recover the parent sum many times over multiplied into a family of children: and so they make drone and pauper to abound in the State.”

Cicero has been so highly thought of by some, although others have considered him a wavering politician, that he may be briefly considered. His case against the extortions of Verres in Sicily is well known, and he mentions to Atticus '*feneratores acerbissimi*' (most bitter usurers) and Parod speaks of draining the provinces by usury: '*ad fenerandas diripiendasque provincias*'.

Exactions, he says, are condemned which incur hatred, such as those of the *Toll-gatherers* and of the *Usurers*. He mentions too those who spend the whole income of their estates in paying *usura*. He clearly had no wavering ideas about the *Usurer*.

## Experience

A third type of argument has been based on *Experience*. We have seen what was the fate of the Jews when *Usurers* gained their grip, and Plato sees much the same result. But the world in which Christianity arose had experienced the same changes on a more imposing scale. Plautus mentions that the *Usurer* takes up his usual stand in the forum, and this is but one instance of the social change that had overtaken the Roman state.

A remarkable study of the process was published in America in 1896, called the *Law of Civilization and Decay*, by Brooks Adams. The book is dominated by the mechanistic fatalism then current, but the main outline and the collection of facts form a valuable contribution to the economic interpretation of history.

Professor Charles Beard, the reputable American historian, points out in his introduction that Adams had broken away from the Marxian outlook and

“concentrated on the driving greed of the *Usurer* or *Finance Capitalist*, never able to satiate his lust for money or power...the imaginative mind sank in the scale, and the economic mind became dominant.”

<sup>3</sup> *Laws V*, 742 - Jowett's translation

Adams hazards the opinion that the expulsion of Tarquinius was probably the victory of the monied class which:

“centralized government functions in a self perpetuating body.”

Neibuhr said that money-lending was originally a patrician privilege, and that the rich plebeians struggled against the oligarchy in the early republic to break the monopoly.

Macaulay pointed out that the ruling class in Rome was a monied class which made and administered the laws in its own interest, and that the great men held a large proportion of the community in dependence by advances at enormous usury. The law of debt was framed by the creditors for their own protection.

Livy said that every patrician house was a jail for debtors.

But the clearest picture of the Roman background is found in Mommsen's history. He showed how the burghers small farmers were ruined by usury and reduced to a proletariat. The family with its twelve acres was driven from the soil, and huge estates run by slave labour were formed. These were the '*latifundia*', of which Juvenal later wrote his well known comment: "*Latifundia perdidit Italiam.*"

*The Twelve Tables* to an extent checked the evil, but the commercial spirit, fostered by the *Equites*, often in league with the *Demagogues*, prevailed, and at length Roman husbandry was ruined by cheap imports of corn. The old order based on small farms was broken up, and violence together with the extremes of slavery and gigantic fortunes took its place. He said:

“It was the ancient social evils - at bottom of all the ruin of the middle class by the slave proletariat - that brought destruction on the Roman commonwealth.”

And the financial oppression soon extended to the provinces where it was heavier even than the taxation. '*The Financial Oligarchy*' were the most prominent feature of the epoch extending from before 100 BC. They owned most of the soil of Italy and enjoyed "the proceeds at usury of the capital monopolized by them."

Indeed, he gives a clear picture of Rome when he says,

“If we conceive of England with its lords, its squires, and above all its City, but with its freeholders and farmers converted into proletarians, and its labourers and sailors converted into slaves, we shall gain an approximate image of the population of the Italian peninsula in those days.”

About the time of the beginning of the Christian era, this power of the creditors was centralized under the Caesars. When the right of alienation had been established, all wealth tended to fall into the powerful *Usurers'* hands. It was a tragic change from the sturdy independent husbandmen, who had largely become *nexi* - workers on their own property for the money-lender - bound to this centralized money machine. The fiscal system also worked bankruptcies, and the tax farming was unregulated by law.

As Livy remarked, "*Ubi publicanus est, ibi aut jus publicanum nullum aut libertatem sociis nullam esse.*" Interest would soon raise the principal to many times the original amount when, for instance, debts were treated as bills at a year at 20 per cent.

Many were the convulsions caused by insolvency. In 495 AD the farmers refused to respond to the levy; Publius Servilius had to suspend prosecutions for debt and liberate the debtors. When the legions' demands were rejected, they marched to Mount Sacer. Camillus found himself impotent. The *Licinian Laws* granted partial liquidation of debt and redistribution of public land.

Rome was powerful as long as her farmers were free, but when debt assailed them, mutiny spread in the legions. As time went on, the small proprietor became a rarity, and was bankrupt at the first bad harvest.

Under Augustus, the currency was contracted and prices fell. Tiberius asked in 22 AD,

“How am I to restore the simplicity of ancient times...with the rage for jewels which drains the Empire of its wealth?”

Pliny, in his *Natural History*, tells how almost a million pounds of coin flowed to Arabia and India each year to purchase luxuries.

Tacitus<sup>4</sup> describes the '*Res angusta domi*' and describes how the *Usurers* who 'hoarded to buy low' precipitated a financial crisis and an agitation against the *Money Lenders* in 33 AD. The usurious *Senators* appealed to Tiberius who stayed the proceedings and then took revenge. To ease the shortage of currency, the coinage was adulterated.

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<sup>4</sup> *Annals*.

As if their financial hegemony was not enough, the usurers extended their control by the clubs, which bear a close resemblance to a kind of freemasonry. Mommsen gives a long description, from which the following is extracted<sup>5</sup>:

“All persons of quality, those of popular leanings no less than of the oligarchy proper, met in *Hetaeriae*...with these political clubs, everything was bought and sold...The *Hetaeriae* decided the elections, the *Hetaeriae* decreed the impeachments, the *Hetaeriae* conducted the defence...the *Hetaeriae* commanded by its compact bands the streets of the capital, and with the capital too often the state...the system of *Hetaeriae* was better arranged and administered than any branch of state administration...advocates of repute were not ashamed to give open and intelligible hints of their relation to the *Hetaeriae* of their clients.”

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Chapter 2 ►

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<sup>5</sup> *IV*, page 6-7