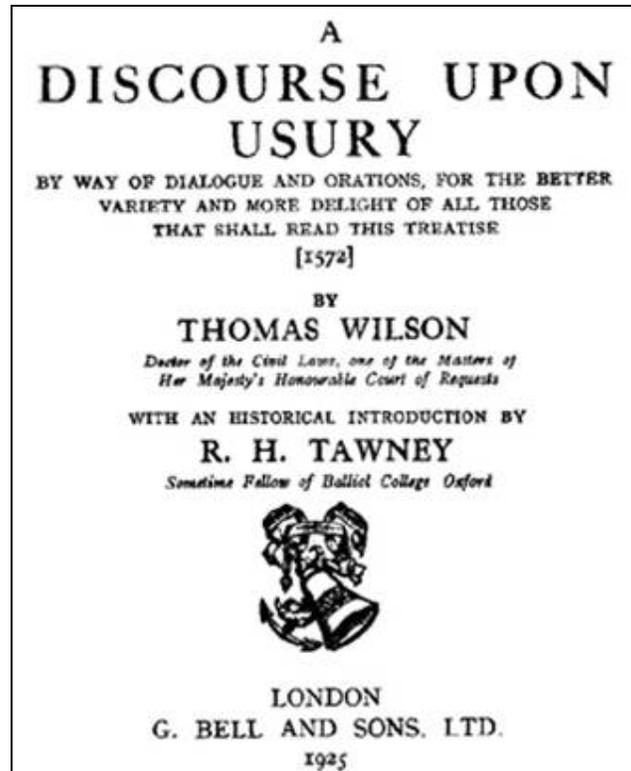


Historical Introduction

by

R. H. Tawney

to



[Complete Text of the Essays](#)

[Dr. Thomas Wilson](#)

The Principal Type of Credit Transactions

- ◀ [The Peasant and Small Master](#) ▶
- ◀ [The Needy Gentleman](#) ▶
- ◀ [The Financing of Capitalist Industry](#) ▶
- ◀ [The Foreign Exchanges](#) ▶
- ◀ [The Antecedents of Banking](#) ▶

Public Policy and the Money-Lender

- ◀ [The Damnable Sin of Usury](#) ▶
- ◀ [The Harrying of The Usurer](#) ▶
- ◀ [The Struggle Of the Exchanges](#) ▶
- ◀ [The Compromise of 1571](#) ▶
- ◀ [Conclusion](#) ▶

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Dr. Thomas Wilson

Books on usury by ecclesiastical writers of the sixteenth century are legion. What is not so common is a work on that perplexing subject by a distinguished *Layman*. At the former, *The City* shrugged sceptical shoulders, with the remark that *Parsons* know nothing about business:

“It is not in simple *Divines* to show what contract is lawful and what is not.”

Posterity has been disposed to follow it in dismissing the whole controversy as a clerical mare's nest constructed by pious *Rhetoricians* from the promising material of two mistranslations. Luther and Melancthon, Calvin and Bucer, Latimer and Laud, Heming, More, Fenton, and the author of that treatise whose title is itself a not inconsiderable sermon.¹

These simple *Divines* were not wholly devoid of a godly pugnacity, and their answer to the challenge is on record. Against the writer of the *Discourse upon Usurye* the familiar indictment does not run. For Dr. Wilson, *Dean of Durham*, and author of the *Arte of Logique* and the *Art of Rhetorique*, was also Dr. Wilson, *Member of Parliament*, *Master in the Court of Requests*, *Ambassador to the Netherlands*, and *Secretary of State*.

Whatever his prejudices - and his book shows that they were tough - the most truculent of self-made *Capitalists* could not have criticised him as a child in matters of finance. He had tried commercial cases, negotiated commercial treaties, haggled with *Financiers* at Lisbon and Antwerp, and wrestled with a *House of Commons* disinclined, in matters of business, to be 'straitened to the word of God.'²

If, by one of the agreeable abuses of the *Tudor Church*, he declined, like his friend, Sir Thomas Smith, into a Deanery, he did so only in the evening of an arduous *Public Career* and while retaining his official position in London. He was less concerned, it is to be feared, with the cure of souls than with supplementing the exiguous income allowed by Elizabeth to her *Secretaries of State*.

Wilson's biography has been written by Professor Pollard.³ His influence - apparently a not inconsiderable influence - in English prose has been discussed by Mr. Mair.⁴ We are concerned with him here only as the author of a treatise on what, after the land question, was the most burning social problem of the day, and we must not attempt to examine his diplomatic achievements or his place in literary history.

The first thirty-five years of his life, from 1525 to 1560, were neither remarkable nor commonplace. Eton, King's College, a tutorship in a noble family, two essays in the manner of the new scholarship, a tour in Italy where he studied the *Civil Law* - these things are not surprising in a clever young gentleman in an age when young gentlemen found in culture the charm of a not unfashionable novelty. That he was intelligent is suggested by his friendships: Cheke, with whom he travelled in Italy, Ascham, Haddon, and Smith are among the giants of the *English Renaissance*.

That he was not devoid of the wisdom of this world may perhaps be inferred from his relations with the Duchess of Suffolk, to whose two sons he became tutor on leaving Cambridge, with the Earl of Warwick, eldest son of the Duke of Northumberland, to whom he dedicated his *Arte of Rhetorique* and, at a later stage in his career, with Leicester.

Northumberland, the moving spirit in *The White Terror* of 1549-50, who attacked John Hales, the chairman of the *Midlands Committee* of Somerset's *Depopulation Commission*, for daring to plough up the great man's park, who let loose *German Mercenaries* against the *Peasant Army of Ket*, and who rallied the *Gentry* against Somerset himself with the cry that property was in danger, was a singular patron for a *Social Reformer*.⁵

By 1569, when the *Discourse upon Usurye* was written, Northumberland, Hales, and Ket had each gone to his

¹ *A general Discourse against the damnable sect of Usurers, grounded upon the word of God, and confirmed by the Authority of Doctors both ancient and modern, necessarie for all tymes, but most profitable for these late daies, in which, charitie being banished, covetousness hath gotten the upper hande. Whereunto is annexed another godlie treatise concerning the lawful use of riches* (London, 1578) The 'general Discourse' was translated from the Latin of Caesar Philippus, the 'godlie treatise' from that of Nicholas Heming. The translator was Thomas Rogers, formerly of Christ Church, Oxford, and Chaplain to Archbishop Bancroft. The book was dedicated to Sir Christopher Hatton, subsequently Elizabeth's Lord Chancellor.

² D'Ewes, *Journal*, p. 172 (Debate on Usury Bill, 1571).

³ In the D.N.B. A short account of him is given by Cooper, *Athenae Cantabriguenses*, vol. I, pp. 414-17. It should perhaps be noticed that Dr. Thomas Wilson has sometimes been confused (e.g. by Lodge, *Illustrations of British History*, vol. II, clx, note, and Nicholas, *The Life of Sir Christopher Hatton*, p. 101) with the Sir Thomas Wilson who was Keeper of the Records at Whitehall.

⁴ Introduction to Wilson's *Arte of Rhetorique* (1909).

⁵ For Warwick's attack on Hales, see Lamond, *The Commonwealth of this Realm of England*, p. xl; for the Norfolk rising, Russell, *Ket's Rebellion in Norfolk*.

own place, and Wilson described *Enclosing Landlords* as 'devouring caterpillars'.

In 1553 the *Arte of Rhetorique* put the boot on the other leg. At a moment when Latimer had hardly ceased thundering against the 'step-lords', and the step-lords had passed legislation reviving the *Statute of Merton*, and making any combination of more than twelve persons to pull down *Enclosures* or to reduce *Rents* or to lower the price of corn a felony, what young Mr. Wilson selected for special denunciation was the 'stubbornness' of commoners who:

"by long time have a ground...the which some of them will still keep for custome sake, and not suffer it to be fenced, and so turned to pasture, though they might gaine ten tames the value."⁶

Between the revolting *Peasants* and Somerset, the traitor to his order, who encouraged them with the unforgivable statement that:

"...the people had good cause to reform the things themselves [because] the *Lords of Parliament* were loathe to incline themselves to *Reformation of Enclosures*,"

the *Gentry* had worked themselves into a delirium of class consciousness. It was not surprising that Wilson, like his friends Cheke and Smith, should share their apprehensions.

But even so, in the light of the picture drawn by so sober an observer as Hales, his account of the *Tudor Land Problem* is obviously a little naive. It is possible that his respect for Northumberland, the leader of a godly reformation, outweighed his prejudices against Northumberland, the hammer of the peasants.

It is possible that he cultivated a discreet deference towards the parent of his noble friend, who happened incidentally to be *Lord Protector*. It is possible - the phenomenon is not unknown - that advancing years made him less patient of all the oppressions that are done under the sun and more sceptical as to the infallibility of arithmetical estimates of social felicity.

The connection with the Northumberland family became, in any case, highly compromising in the new world that arose on the accession of Mary, and towards the end of 1555 Wilson, like other *Protestants*, found it advisable to leave the country.

He travelled in Italy, where he established relations with some Italians, including one whom he afterwards encountered in the Netherlands when he himself was *Elizabeth's Ambassador* and his former acquaintance - a man 'full of cunning and mildness, as commonly Italians are'⁷ - was *Papal Nuncio*.

He was well enough known to be a marked man. The *Government* ordered him home to be examined by the *Privy Council*, and his refusal to comply was followed by an incident which came near closing his career. Nominally on charges connected with his books on logic and rhetoric - in reality, it may perhaps be presumed, in response to pressure from the *English Government* - he was in the course of 1558 arrested and imprisoned at Rome by the *Inquisition*. Released as the result of a riot in August of the following year, he took refuge in Ferrara, where he received the degree of LL.D. He returned to England in 1560.

With Wilson's establishment in London his official career begins, and from that time to his death in 1581 his contact with one department or another of the *Public Service* was continuous. He had been made *Master of St. Catharine's Hospital* in the Tower soon after his return. But the natural opening for a civilian was a practice in connection with the new courts which had grown out of the *King's Council*, the procedure of which 'was altogether according to the process summary causes in the civil law'.⁸

Wilson turned into the juicy pastures cropped by his friends Smith and Haddon, whose exceeding profitableness had been extolled by the former in his inaugural oration as *Professor of Civil Law* at Cambridge. He was admitted advocate in the *Court of Arches* by a commission from Archbishop Parker in 1560, and in the same year was made *Master in the Court of Requests*.⁹

One of the attractions of the *Civilian's* profession was that it led to posts in the *Diplomatic Service*, for the *Civil Law* was, in Sir Thomas Smith's words a *ius commune*. Dr Nicholas Wotton, an ambassadorial vicar of Bray, who served four sovereigns in succession, was *iuris ecclesiastici et civilis professor*. A civilian, a physician and a surgeon is the demand of Warwick in November of 1562, when he is negotiating - with the *Huguenots* at

⁶ *The Arte of Rhetorique*, p. 34 (1909). For Sir Thomas Smith's sentiments about the question, see Frazer Tytler, *The Reigns of Edward VI and Mary*, pp. 183-9; and for those of Cheke, his book, *The Hurt of Seditiion* (1549). The state of mind of the gentry is set out in Paget's letter to Somerset of July 7, 1549 (Styrye, *Ecclesiastical Memorials*) and in that of Sir Anthony Auchar to Cecil (Russell, *op. cit.* pp. lii-lxiii), Crowley, *The Way to Wealth*, and Latimer, *Sermons*.

⁷ *Hist. MSS. Com.*, *MSS. of the Marquis of Salisbury*, pt. II, pp. 151-4, and *S.P. For.*, 1575-7, 1429.

⁸ Leadam, *Select Cases in the Court of Requests* (Selden Society), p. xxi. The words are those of Sir Julius Caesar.

⁹ See list printed by Leadam, *op. cit.*, p. 136.

Newhaven on the eve of starting for France. Send a civilian to carry on negotiations in Germany; 'in Germany all things are done by doctors', is the advice of Rogers to Burleigh in 1578.¹⁰ On each occasion the name suggested is that of Wilson. It is not surprising, therefore, that he found his way from the *Court of Requests* to diplomatic employment.

He had represented *Michael Borough* in the *Parliament* which met in 1563 and was to sit again as *Member for Lincoln City* in 1571 and 1572. But in the ten years from 1567 onwards his most important work was in the field of diplomacy. He himself writes¹¹ that he was called 'to serve abroad' as early as January 1561, and in the next two years there are two letters from Sir Thomas Chaloner, the *English Ambassador at Madrid*, who was anxious to be relieved, suggesting that Wilson should be sent to take his place.¹²

But the first mission on which he is known to have been employed was that of 1567, when he was sent to Portugal. The reference in the *Discourse* to Portuguese methods of controlling *Exchange* business, and the commendation of Portuguese commercial morality, was, no doubt, the result of observations made during his mission. His duties seem to have been mainly in connection with commercial matters - his brother-in-law, Sir William Winter, the admiral, had business connections there - and on his return in 1568 he continued to be consulted as a recognised specialist in Portuguese affairs and questions of trade.

That he was a person in whom his employers placed some confidence is shown by the use which was made of him in the events following the *Northern Rising*, which one of the characters in his *Dialogue* attributes, 'next after the rebels' horrible loathing of wholesome religion', to the pressure of *Creditors* on men who had nothing to lose.

In September 1571, he was appointed with Sadler and Smith to convey Norfolk to the Tower,¹³ and throughout the summer and autumn of the same year he was employed, usually with the same colleagues, to examine the smaller fry. Tudor judicial methods were not fastidious. It must have been an odious business - browbeating hopeless wretches into admissions of treason with ambiguous cyphers and evidence of 'art magic' a quarter of a century old, the rack at their elbow and the scaffold in the background.¹⁴

The most one can say for Wilson and his fellow inquisitors is that, by their own account, they soon sickened of it. The amiable pedantry of their letter to Burghley asking to be released - 'they would not wish to be one of Homer's gods if they thought they should be Minos, Aeacus, or Rhadamanthus; had rather be one of the least *umbrae in campis Elysiis*'¹⁵ - is perhaps more attractive to posterity than the blood thirsty patriotism ascribed to Wilson by his contemporaries.

By 1571 therefore, Wilson was a public character of some importance. He had influential friends in high places, had risen to a considerable position in his profession, had sat in *Parliament* and been sent on a diplomatic mission. He was returned for *Lincoln City* at the election of 1571, and was fairly active in that parliament and in the first and third sessions of the parliament which met in 1572, making a speech on the first reading of one of the innumerable vagrancy bills, a long oration, of which something is said below, on the subject of usury, besides serving on various committees and taking part in conferences with the *Lords*, the most important occasions of both being those which arose from the business of the Queen of Scots, to whom also Wilson was sent by the Government 'to expostulate' in June 1572.

But his most responsible work was done as Elizabeth's *Ambassador in the Netherlands*. His first mission covered the months from November 1574, to the end of March in the following year. It was the moment of a *détente* in the diplomatic relations between England and Spain. Commercial intercourse had been formally resumed in April 1573, after more than four years' nominal interruption.

At the end of the year Requesens and a policy of appeasement took the place of Alva. Wilson's instructions¹⁶

¹⁰ *S.P. For.*, 1561-2, 1048, Nov. 14, 1562; and *S.P.D.*, 1577-8, 744, March 28, 1578.

¹¹ *S.P. For.*, 1561-2, 930, Jan. 24, 1561.

¹² *S.P. For.*, 1308, Dec. 20, 1562; and 237, Feb. 1, 1563.

¹³ *Hist. MSS. Com., MSS. of the Marquis of Salisbury*, pt. I, p.521.

¹⁴ *Ibid.*, pt. I, pp. 524-5.

¹⁵ *Hist. MSS. Com., MSS. of the Marquis of Salisbury*, pt. I, p. 525. For the sentiments ascribed to Wilson see Cooper, *Athenae Cantabrigienses*, vol I, pp. 414-17.

¹⁶ D'Ewes, *Journal*, p.165. The reference in D'Ewes to Wilson's parliamentary activities are as follows: p.165, April 15, 1571, speech on first reading of bill against vagabonds; pp. 172-3, April 19, 1571, speech on second reading of bill against usury; p. 190, May 28, 1571, member of committee on bill for Councillors' fees; p. 206, May 18, 1572, appointed to confer with House of Lords concerning the Queen of Scots; p. 219, May 28, 1572, member of another committee to meet the Lords, apparently on the same subject; p. 220, May 29, 1572, one of committee on bill for Sir William Harper; p. 222, June 7, 1572, member of committee to confer with the Lords on bill concerning the Queen of Scots; p. 224, June 25, 1572, Wilson and others take bills touching sea-marks and for severance of sheriffs of Beds. and Bucks. to the House of Lords;

contained, apart from the usual compliments, four main demands. He was to press for the withdrawal of the edict which had closed the Scheldt to *English Merchants*, for the expulsion from the Netherlands of *English Catholic émigrés*, for the concession to the *English House* at Antwerp of permission to worship in private according to the *English Book of Common Prayer*, and for the redress of such grievances on the part of individual *English Traders* as appeared to offer a plausible case.

The request for liberty of worship was accompanied by an explanation of the unsuspected efficacy of the *English Prayer Book* as an antidote to commercial malpractices:

“...showing the inconveniences which would grow to lieve so many without any exercise of their religion...the only stay of upright and conscientious dealing in their trade.”

This almost suggests that the instructions were drafted by Wilson himself. It was at least quite in the manner of the *Preacher* in his *Discourse upon Usury*.

According to his own reports to Burghley,¹⁷ he was successful in getting the *English Government's* demands accepted. He returned to London and to the *House of Commons*, where he again appears on various committees, in March 1575.

Wilson's second mission, from October 1576 to July 1577, took place at a more critical time and lasted longer. Eighteen months before he had written¹⁸ to Burghley, what it needed no great insight to discern, that the possibilities of peace in the Netherlands were remote.

Everything that happened in the interval had confirmed the prophecy. He arrived in time to learn at once of, if not to see, the Spanish fury - ‘the horrible and unmerciful massacre’ - in Antwerp, the temporary conversion of the *Revolt* into a united *War of Liberation*, and the entry of Don John into Brussels as a governor who was welcomed because it appeared improbable that he would govern.¹⁹

The ostensible object of his mission was to secure the release and compensation of *English Merchants*, and to contribute anything that might be possible to an accommodation between Spain and the Provinces. Commercial business took up part of his time; he secured certain privileges for *English Merchants* trading to Russia, and was engaged in tiresome negotiations concerning the repayment of one of Elizabeth's loans to the States.²⁰

But, in reality, his main function, as his correspondence shows, was to keep his hand on the pulse of all parties and to hold a watching brief for the *English Government*. On the great question - to intervene or to stand on one side - his mind was made up. A long letter²¹ written on May 18, 1577, to Leicester, of whose party he was and to whom he probably revealed himself more fully than in his official communications with Burghley, shows him a warm admirer of the *Prince of Orange* and an ardent interventionist.

If England has not yet been attacked, the reason is not ‘our own political wisdom’, but ‘the weakness of our neighbours’. The policy of running with the hare and hunting with the hounds is out of date:

“If wee have been the cawse of this trouble abrode, and fedde the factions (as the worlde gevvethe it out), the policie is not good because it is not perpetuale but temporarie and for a season, and in the end the harme wil whollie fawle upon us that are the suspected maynteyners covertlie and underhand of all these foreign broyles and troubles. Better not deal than not go roundelie to work.”

The right course is an open alliance with the *Prince of Orange*. He remained of the same opinion to the end of his life, but he did not live to see the policy carried out. Summoned to England in July 1577, he succeeded Sir Thomas Smith in November as *Secretary of the Council* with Walsingham, who plainly overshadowed him, was a member of the *Commission*²² to negotiate the Anjou marriage in November 1579, spoke in the *House of Commons* in favour of a proposal for a public fast and daily preaching, and served on various parliamentary committees. He was appointed *Dean of Durham*, though a *Layman*, in 1580, and died on June 16th, 1581.

p. 251, Feb. 28, 1576, member of committee, business not recorded; p. 255, March 8, 1576, member of committee to confer with the Lords concerning private bills; p. 282, Jan. 21, 1581, speaks in favour of a public fast and daily preaching; p. 291, Feb. 4, 1581, reports that Mr. Hall, when examined before the Privy Council, had admitted ordering an attack on parliament to be printed; p. 294, Feb. 9, 1581, member of committee to consider bill for paving streets within Aldgate; p. 301, Feb. 27, 1581, member of committee on bill to punish heretics called family of love; p. 309, March 18, 1581, member of committee to consider form of retraction to be made by Mr. Hall.

¹⁷ *S.P. For.*, 1575-7, 46.

¹⁸ *S.P. For.*, 1572-4, 1621.

¹⁹ *S.P. For.*, 1575-7, 1021 and 1424.

²⁰ *S.P. For.*, 1575-77, 1439 and 1494; 1577-8, 15.

²¹ *Hist. MSS. Com.*, *MSS. of the Marquis of Salisbury*, pt. II, pp. 151-4.

²² *S.P. For.*, 1579-80, 89.

It is not easy to discover the impression which Wilson made on contemporaries. He was not in the first flight of public men, nor had he the personal qualities which leave an ineffaceable impression. Good judges took him seriously. Ascham²³ refers kindly to him and puts him in a list of brilliant young Cambridge men of the day. Osorio,²⁴ to whom Ascham gave him an introduction, described him as a most cultivated person. His book on logic went through five editions, and his book on rhetoric through six.

The *Discourse upon Usurye*, of which two editions appeared, was commended by Jewel, and became a standard work which was quoted by most subsequent writers on the subject.²⁵ Men of affairs thought highly of him. It is Wilson, as we have seen, for whom Warwick asks when he wants a *Jurist* and whom Chaloner regards as his obvious successor. He made sufficient impression in the Netherlands for the *Princess of Orange* to call him the best friend, after Leicester, whom they had in England, and for official thanks for his services to be given him by the States.²⁶

Aerschot and Aldegonde send messages to him. Lodovlco Guiccardini,²⁷ whose commendation was worth something to a writer on economic questions knew him personally,²⁸ and suggested to Rogers, who succeeded him in the Netherlands, that Wilson should be sent on an embassy to Germany to induce the princes and the empire to put pressure on Philip to make peace. But, though obviously a competent *Public Servant*, he was not more than competent. Even in that age of versatility, he was perhaps too versatile to be supreme.

Wilson's literary work raises a more interesting question. His last book before he entered public affairs was *The Arte of Rhetorique*, which was apparently published (though the date seems not to be quite certain) in 1553. His next, a translation of Demosthenes, appeared nearly twenty years later, in 1570.

The *Discourse Upon Usurye*, though not published till 1572, was completed in 1569, soon after his return from Portugal. It was followed in 1578 by a *Discourse upon the kingdom's perils with their Remedies*, which has not been printed. There is nothing surprising in the friend of Ascham and Choke writing books on logic and rhetoric, and translating - the translation is said to be good - the speeches of Demosthenes as a warning to his fellow-countrymen of the machinations of another Philip.

There is nothing surprising in a *Secretary of State*, who was the friend and successor of Sir Thomas Smith, writing a treatise on the political condition of England. But how did a *Humanist* come to compose a work replete with citations from early *Christian Fathers* and *Medieval Schoolmen*? How did a fervent *Protestant* come to extol the *Canon Law*? How, above all, did a *Diplomatist*, whose speciality was commercial questions, who had carried through commercial negotiations in the financial capital of sixteenth-century Europe, come to treat the well-established credit system of the age in the tone of a *Medieval Friar* denouncing the deadly *Sin of Avarice*?

The answer is perhaps two fold. To part of it Wilson's own career is the key. Like the *Doctor* in his *Discourse*, he was a distinguished *Civilian* at a time when, as Maitland has shown, the *Civil Law* was pressing the *Common Law* hard. The *Civil Law* was, practised, as Sir Thomas Smith explained for the benefit of budding lawyers, in the *Court of Arches*, the *Episcopal Courts*, the *Court of Admiralty*. Bishops, chancellors, and commissaries were recruited from men who had made '*civilis et pontificii iuris profewssionem*'.

The procedure of the *Court of Requests*, of which Wilson had been a *Master* for nine years when he wrote his *Discourse upon Usurye* was in the words of another *Master*, Sir Julius Caesar, 'altogether according to the process of summary causes in the *Civil Law*'.

What attitude towards economic matters would such an experience develop? Certainly not the presumption in favour of *Freedom of Contract*, except when freedom was expressly limited by legislation, which was expressed by the *Court of King's Bench* a little more than a generation later when it was laid down that rules in restraint of trade:

"...are against the liberty and citations freedom of the subject...against the *Common Law* and the *Commonwealth*."²⁹

²³ R. Asham *epistolarum libri quattuor*, ed. 1703, pp. 116 and 226.

²⁴ *Ibid.*, pp. 425-6, "Thomas Wilsonus, vir ornatissimus, reginae vestrae legatus."

²⁵ E.g. Rogers, *A General Discourse against the damnable Sect of Usurers* (1578); Miles Mosse, *the arraignment and conviction of Usurie* (1595); Fenton, *Treatise of Usurie* (1612); John Blaxton, *The English Usurer* (1634); and the anonymous author of *The case of usury further debated* (1684).

²⁶ *S.P. For.*, 1577-8, 613 and 733.

²⁷ *S.P. For.*, 1577-8, 733 and 744. For Guiccardini's account of the Antwerp money-market see his *Discrittione di Tutti I Paesi Bassi*.

²⁸ Was this not Guiccardini the author of the best contemporary account of the Antwerp money-market?

²⁹ Coke's *Reports*, pt. XI, pp. 53-5, *The case of the tailors of Ipswich*.

The *Civilian*, brought up on an *Imperial Code*, and ready to believe that it might with advantage be introduced into England, had as little respect for the prejudice of common *Lawyers* in favour of the right of every man to carry on his trade as he pleased as for their barbarous pedantries.

It was not a chance that Starkey³⁰, a student, as he wrote to Cromwell, of the *Civil Law*, put into the mouth of Pole, not only the oft-quoted plea for its introduction into England, but an elaborate programme for the organisation of *Industry* by the *State* very similar in conception to that which was afterwards embodied in the *Statute of Artificers*, or that the pioneer of an intelligent system of secular *Poor Relief* was another *Civilian*, Vives,³¹ who lectured at Oxford in 1523, and who in 1526 published his book *De subventionem pauperum* for the benefit of the municipal authorities of Bruges.

It was not a chance that the administration of the *Elizabethan Industrial Code* had its mainspring in the activity of the *Privy Council*, the secretaries of which were not seldom civilians, and that by the *Restoration* it was well on the way to be whittled away by judicial decisions in the *Courts of Common Law*.³²

It was not a chance that when early in the seventeenth century the *Crown* and *Parliament* fell out over economic policy, the latter appealed to the *Common Law* - *oportet neminem esse sapientorem legibus* - and the former replied (through the lips of a *Master of the Court of Requests*) that economic necessities of state were 'a sufficient answer to all *Cavillers* and peevish *Lawyers*'.³³

The dependence of *Constitutional Government* on the survival of the *Common Law* is a commonplace. The significance of that survival for the rise of economic individualism in England has been less emphasised, but it is not less important.

As a *Civilian*, Wilson was qualified to practise in the *Court of Admiralty*, which, as Selden explained later, heard cases *de nautico foenore* and *de usuris nauticis*. Whether he did so or not, does not appear. What is certain is that for more than ten years he was a *Master of the Court of Requests*; and the whole tradition of the *Court of Requests*, the very purpose, indeed, for which it had been created, was to offer some legal security against the unconscionable dealing which is the spectre of the *Discourse upon Usury*.

It was a *Court of Equity* - 'a court of conscience appointed to mitigate the rigour of proceeding in law'.³⁴ Its original name had been the *Court of Poor Men's Causes*. As such, *Copyholders* and *Commoners* had flocked to it, for in the matter of *Tenant Right* there was a dreaded gulf between *Law* and *Equity*.

The *Rich* had protested against its encroachments, had 'prayed to be remitted to the *Common Law*', had rent first *Wolsey* and afterwards *Somerset* for using it. Cases of contract, of usury, of 'corrupt bargains' in general, were tried before it, and the complaint of *Gromel-Gainer* in Wilson's *Discourse*, who had 'felt some trouble in either of your *Courts*' and was 'not well pleased to have my occupation and living stabbed at', was not exceptional. They were decided by reference to the kind of precedents which are set out in Wilson's pages.

Is it surprising that Wilson, a *Humanist* and a *Civilian*, should have made free use in his book of the *ius civile et pontificium* as an arsenal from which to draw arguments against extortion? Is it surprising that - like a more famous *Civilian*, the great *Bodin* himself, who published his celebrated explanation of the influence of American silver on European prices in the year in which Wilson's book was completed, and whose authority on economic matters was above question - he should have swept the appeal to *Economic Expediency* on one side with a blunt reassertion of *Traditional Morality*?

³⁰ E.E.T.S., *England in the Reign of King Henry VIII*, pt. X, and pp. 152-6.

³¹ Pirenne, *Histoire de la Belgique*, vol. III, pp. 290-2. Ashley, *Economic History*, p. 343.

³² The history of the process has never been adequately investigated. A convenient statement of the legal position with regard to the analogous subject of guild rules about the middle of the seventeenth century, with citations of earlier cases, is contained in William Shepherd's *Of Corporations, Fraternities and Guilds* (1659), who lay down the position that "all bye-laws made against the liberty of the subject and freedom of the people, as to forbid or restrain a trade...are void." Cases on the apprenticeship clauses of the *Statute of Artificers* will be found in Hutton's *Reports*, p. 132, Moore's *Reports*, p. 886, Keble's *Reports*, vol. I, p. 848, and vol. II, p. 366, and Dunlop and Denman, *English Apprenticeship and Child Labour*, p. 119. By the latter part of the seventeenth century it appears to have been established that the apprenticeship clauses of the *Act of 1563* applied only to trades (i) in existence in 1563, (ii) requiring some degree of specialised skill, (iii) carried on in boroughs. In 1698 it was held that no proceedings could be taken against a man who had in fact followed a trade for seven years, even though not apprenticed. Blackstone, *Commentaries*, vol. I, pp. 427 ("the resolutions of the Courts have in general rather confined than extended the restrictions") states the position reached by the eighteenth century.

³³ Quoted Unwin, *Industrial Organisation in the Sixteenth and Seventeenth Centuries*, pp. 184 and 193.

³⁴ *S.P.D. Eliz.* (Add.), p. 99, Nov. 5, 1583, quoted by Leadam, *op. cit.* p. xx, from whom this account is taken, and who publishes some cases of the kind mentioned above.

“Il vaut beaucoup mieux s’arrêter à la loi de Dieu qui défend totalement l’usure.”³⁵

The second answer to the question how Wilson came to write such a book is more general. It is also, perhaps, more fundamental. Mr. Mair, in discussing his influence on *English Prose*, has suggested part of it.

“Though Wilson served the Queen faithfully as an ambassador and counsellor for twenty most eventful years of peril and stress, he cannot with any justice be called an Elizabethan. The word fits best the high sense of glory and achievement which sprang upon the nation after the destruction of Spain...Wilson belongs to an older and a graver age...He was one of the band of grave and dignified scholars, men preoccupied with morality and citizenship as well as with the lighter problems of learning and style.”³⁶

If that is true of his place in literary history, it is doubly true of his *Social Doctrine*. The economic outlook, the preoccupation with morality which he inherited, was that of the *Middle Ages*, and his target was the individualism which was destroying it.

The truth is that *English Society* in the latter half of the sixteenth century was a more complicated thing than we are inclined to allow when we talk easily of *Elizabethan England*. There were elements in the social life which were intensely modern: consider only the handling of economic questions by Gresham. One need not go further than the programme of *Social Reconstruction* prepared for the *Parliament of 1559* by such a typical Elizabethan as William Cecil to see how much in its spent, its view of *Class Relations* and *Social Ethics* was medieval.

In the greatest works of the age, *King Lear*, *A Midsummer Night's Dream*, or the *Faerie Queen*, the two elements were combined: the beauty of the evening lingered after the beauty of the dawn had begun. The smaller men chose one side or the other, according to their generation, their education and profession, their personal outlook on life.

Wilson, for all his scholarship, belonged to the older tradition, the tradition which held that:

“...this is the true ordering of the state of a well-fashioned *Commonwealth*, that every part do obey one head, one governor, one law, as all parts of the body obey the head, agree among themselves, and one not to eat up another through greediness, and that we see that order, moderation, and reason bridle the affections.”³⁷

This was the tradition of men so different as More and Starkey and Latimer, whose social philosophy was based ultimately on religion, and who saw in the economic enterprise of an age which *Enclosed Land* and *Speculated on the Exchanges*, not the crudities of a young and brilliant civilisation, but the collapse of public morality in a welter of disorderly appetite.

“Betwixt them both was but a little stride
That did the house of Richesse from Hellmouth divide.”

It is not surprising that he was critical of these new developments.

“Unhappy is the country where the meanest sort has the greatest sway...The *State* is unfortunate in which nothing is permitted to anybody, but much more unfortunate in which everything is permitted to all...The world is not governed by wisdom or policy, but by a secret purpose or fatal destiny. *Fatum regit mundum*.”³⁸

³⁵ Bodin, *République*, lib. V. “Et ceux qui soutiennent sous voile et religion que les usures modérées et rentes constituées à 4 ou 5 pour 100 sont justes, attendu que le débiteur en tire plus de profit que le créancier, abusent de la loi de Dieu qui défend si disertement qu’on ne la révoquer en doute.” Bodin is answering the argument derived from Calvin. On his general position see Favre, *Le Prêt a Intérêt dans l’ancienne France*.

³⁶ *The Arte of Rhetorique*, p. xxvii.

³⁷ *King Edward's Remains*, printed by Burnet, *History of the Reformation*.

³⁸ The quotations are taken from Wilson's correspondence: *S.P. For.*, 1578-9, 124 and 203; *Hist. MSS. Com.*, *MSS. of the Marquis of Salisbury*, pt. II, p. 81.

The Peasant and Small Master

The first assumption of Wilson's dialogue is that the transactions which he summarises under the name of usury present a practical problem of serious urgency. The second is that economic relations, in particular those of *Lender* and *Borrower*, are one department of moral conduct, that they are to be judged by a rule of right, not merely by considerations of economic expediency, and that the standards to be applied to them, while they ought to be enforced by the *State*, are derived ultimately from the teaching of the *Church*.

An attempt is made in a subsequent section to give some account of the treatment of the question by *Public Policy*. But, if theories are to be understood, they must be set in relation to the economic environment which supplies the practical premises of the theorist.

We begin, therefore, by offering a tentative classification³⁹ of the main types of credit transaction which formed the background of the controversies discussed in Wilson's book. If loans raised by the *Government* be omitted,⁴⁰ they were four and we begin with the *Peasant* and *Small Master*. Bacon wrote:

“Treasure doth then advance greatness when the wealth of the subject be rather in many hands than few.”⁴¹

The starting point of Wilson's treatise is that of almost all *Social Theory* before the *Political Arithmetic* of the *Restoration*. It is a society in which property is widely distributed, in which there is a large *Middle Class* and, outside London, a small, though growing, *Proletariat*, in which, in short, the typical worker is not a *Wage-Earner*, but a *Peasant Farmer*, a *Tradesman*, or a *Small Master*.

It is true, of course, that for a century or more this social order had been seen to be in process of transformation. It was, indeed, the collision between the vested interests of the *Peasants* and *Master Craftsmen* and new forms of *Capitalist Enterprise* in agriculture and industry which produced the social tension of the *Tudor Period*, and we shall have later to notice the important developments to which they gave rise in the special sphere of *Credit Organisation*.

But the change in the balance of social forces was gradual, and the adjustment of traditional social ideas to the new situation was more gradual still. In spite of the encroachments of *Merchants*, in spite of the growth of *Joint-Stock Organisation*, of a *Money Market*, and of a rudimentary *Factory System*, England down to the *Civil War* remained in the main, as Harrington was to emphasise, a *Nation of Property-Owners*.

After three generations of agitation against *Enclosing*, land continued, as the surveys show, to be widely distributed and the village where:

“the ground of the parish is gotten up into a few men hands, yea, sometimes into the tenure of one, or two, or three, whereby the rest are compelled either to be hired servants unto the other or else to beg their bread in misery from door to door,”⁴²

was still in most parts of the country the exception.

Except in the case of *Great Estates*, farms are worked with two or three servants, who have, or expect to have, a holding of their own.

Wage workers are relatively scarce - for there is always the alternative of squatting on waste land or hiring a loom. It is because they are scarce - because ‘young people will not go abroad to service’, because ‘the servants

³⁹ R.H. Tawney's brief introductory remarks set the scene for the four essays that follow in the second of the three parts of his historical introduction to the G. Bell 1925 London edition of Thomas Wilson's *A Discourse Upon Usury*. He entitles this part *The Principal Types of Credit Transactions* and includes essays on *The Peasant and Small Master*; *The Needy Gentleman*; *The Financing of Capitalist Industry*; *The Foreign Exchanges*; and *The Antecedents of Banking*. The first part includes an essay on *Thomas Wilson*. The third part is entitled *Public Policy and the Money Lender* and includes essays on *The Damnable Sin of Usury*; *The Harrying of the Usurer*; *The Struggle over the Exchanges*; and some brief concluding remarks. [Ed.].

⁴⁰ A large omission. My excuse for not dealing with the important question of *Public Credit* must be that to do so would have added greatly to the length of an introduction which is already too long. Though of great economic, as well as political, interest, in particular as showing the class of *Capitalists* from whom loans were drawn (see *The Antecedents of Banking* by R.H. Tawney) it raises somewhat different questions from the transactions discussed by Wilson and has received more attention from *Historians*. See Dietz, *English Government Finance, 1435-1558*, and Scott, *English Joint-Stock Companies*, vol. I, *passim*.

⁴¹ Bacon, *Of the true greatness of the Kingdom of Britain*. See also the essay, *Of Usurie*, “The fourth [disadvantage] is that it bringeth the Treasure of a Realme or State into a few hands...and ever a State flourisheth when wealth is more equally spread.”

⁴² Harrison, *Elizabethan England* (ed. By Withington), p. 20.

are grown so proud and idle that the master cannot be known from the servant⁴³ - that the policy of fixing maximum wages under the act of 1563 is practicable for the authorities and popular with the *Yeomen* and *Small Masters*, who, where their immediate interests are concerned, are important enough to command the attention of *Governments*.

In the textile trades, where one *Clothier* may 'set in occupation' 500 families,⁴⁴ there is, of course, a different policy. But outside the textile trades, it is, even in London, a *Large Employer* who gives work to a score of *Journeyman*s, and even in the *Woollen Industry* itself, the prominence of the Winchcombes, Stumps, Springs, and Byroms must not blind us to the probability that the type of *Employer* who worked with half a dozen *Journeyman*s and one or two *Apprentices* was far more common.

Sir John Smythe wrote to Lord Burghley of the men in Flanders and at sea:

"The thousands of brave English people that have been consumed by sea and land within these two years, have not been rogues, cut-purses, horse-stealers, committers of burglary, nor other sorts of thieves (as some of our captains and men of war, to excuse themselves, do report) but in truth they were *Young Gentlemen*, *Yeomen* and *Yeomen's Sons*, and *Artificers* of the most brave sort, such as did disdain to pilfer and steal, but went as voluntary to serve of a gaity and joyalty of mind, all which kind of people are the flower and force of a kingdom."⁴⁵

It is of such elements that a great part of *Elizabethan England* - 'its flower and force' - is composed. In spite of the growing concentration of property, it is still, in a convenient modern phrase, a *Distributive State*. Its problems are those, not of an industrial community - though, such as they are, they are hardly less acute - but of the *Peasant Farmer* and *Master Craftsman*.

Of these problems, the first, the subject between 1485 and 1640 of twelve statutes, seven *Royal Commissions*, and endless pamphleteering, concerned the *Tenure of Land*. The second, which was only less grave than the question of agrarian conditions, related to *Credit* and was described as that of usury.

In the society of *Small Property-Owners* who, in most parts of the country, gave its special character to the social organisation on *Tudor England*, borrowing and lending were common. It was with reference to the petty transactions, not to the world of high finance, in which *Merchants* speculated on the *Exchanges* and *Government Agents* wrangled with sharp Italians and obstinate Germans, that the attitude towards the *Moneylender* inherited by the sixteenth century had, in the first instance, been hammered out.

Unless the word *Banking* is to be confined to the particular type of *Credit Organisation* which developed in England after the *Civil War*, banking did not come into existence either with the foundation of the *Bank of England*, or even with the 'running cash' of its forerunners and competitors, the *Goldsmiths*.

In a world where seasons are uncertain and six months intervene between sowing and harvest, the need of advances was not the invention of man; it was inherent in the nature of things. If the first impression of the student accustomed to the *Centralised Financial Organisation* of modern societies is surprise at the small use made of credit, the second is likely to be surprise at its ubiquity.

The problem was not a novel one. The whole mass of ecclesiastical and secular legislation on the subject of usury, as well as the commentaries, legal text books, and manuals for the confessional to which the *Canon Law* on the subject had given rise, is in itself a proof of the prevalence of lending and borrowing in the *Middle Ages*.

At any rate by the thirteenth century certain main types of transactions were in sufficiently general use to be treated as common forms; and the authors of practical handbooks for the *Guidance of Administrators* were familiar with all the devices for disguising usurious contracts - time bargains, fictitious partnerships, excessive security, the exaction of interest in kind or in personal labour - which were practised three centuries later.⁴⁶

Quite apart from the great financial dealings of *Kings* and *Nobles*, *Monasteries*, *Bishops* and the *Papacy*, which strike the eye at once, even a cursory glance at the life of a *Medieval Manor* or *Borough* shows credit transactions springing spontaneously, even in a commercial backwater like England, from the ordinary necessities of humble people, who may curse the *Lender* but who cannot dispense with *Loans*.

⁴³ *Hist. MSS. Com., MSS. of the Marquis of Salisbury*, vol. I, pp. 132 and 322.

⁴⁴ E.g. letter of Cade to Cromwell, 1538 (quoted Gretton, *The Burford Records*, pp. 655-6, from *L. & P. Hen. VIII*)... "he settyth in occupacione dayly five C of the Kynge's subjets of all sortys."

⁴⁵ *Hist. MSS. Com., MSS. of Marquis of Salisbury*, pt. IV, pp. 4-5.

⁴⁶ See, e.g., Raymond de Pennaforti, *Summa Pastoralis* (printed by Ravaisson, *Catalogue Générale des MSS. Des bibliothèques publiques des départements*, vol. I, pp. 592 seq.). An account of the evasions commonly practised in the sixteenth century is given by Smith, *First Sermon on Usury*, parts of which are reprinted by Haweis, *Sketches of the Reformation*, chap. XII.

In the *Boroughs* it had been part of the ordinary business of *Municipal* and *Commercial Courts* to try the case of the man who had borrowed money to buy a bargain and found himself unable to pay when the debt became due.⁴⁷ There had been *Brokers* who earned a commission, and sometimes incurred a fine, for negotiating loans.⁴⁸ Professor Unwin has shown that in the London of Edward III a *Goldsmith* could carry on what was, in effect, a *Banking Business*.⁴⁹ 'Usurers,' whose practices were at once too scandalous to be tolerated by their neighbours and too convenient to be altogether suppressed, had existed in the fourteenth century even in villages.⁵⁰

In town and country alike the *Commercial Classes* had made free use of the *Contract of Partnership* which enabled them to trade with borrowed capital, while avoiding the suspicion of unlawful practices. A foreign visitor at the end of the fifteenth century, writing home to the commercial capital of Europe a description of the habits of the wealthy, though barbarous, islanders, found it worthy of note that 'they are so hardy that they do not fear to lend money upon usury'.⁵¹

He did not overestimate their hardiness. If only a single reference to money-lending appears in the proceedings of *English Church Councils*, and if Lyndwood,⁵² with unusual self-restraint, dismisses the subject in a couple of lines, the explanation is more probably that *English Business* was a somewhat slow-going affair, than that England was an Arcadia of economic innocence.

Matilda la Metre, who pledges seven ells of burrell with Moses of Dog Street, "Juetta [who] is a *Usuress* and sells at a dearer rate for accommodation," Richard, the *Parson's Chaplain*, who is a *Usurer*, John the Chaplain, *qui est usurarius maximus*⁵³ - minnows like these naturally slip out of sight before the voracious pikes, the Greshams and Stoddards, Pallavicinos and Spinolas, Foggers, Schetztes, and Rellingers, who rule the turbid financial pond of the sixteenth century.

Of the *Economic Revolution* which by the reign of Elizabeth had knit England to the web of *International Finance*, something is said below. But profoundly as these new forces were transforming the upper ranges of English life, it was only very gradually that they modified the economic practice of the great mass of the population. We shall not understand the collision of ideas portrayed in Wilson's book, unless we realise that neither in social organisation nor in social thought had there been any sharp breach with the *Middle Ages*.

Among the *Peasants* and *Small Masters* who form more than three-quarters of the population, and whose circumstances the traditional doctrine of social obligations had been forged to meet, the characteristic type of arrangement is what may be called *Casual Credit*. Borrow they must: they will lend - for a consideration - if they can. But except in the larger towns, there is no specialised class of *Moneylenders* and no organised machinery. *Moneylending* is not a profession but a bye-employment; a bye-employment which is intertwined with, and often concealed by, other economic transactions.

Consider, for example, a group of cases selected at random from those which come before the *Courts*.⁵⁴ Who are the *Lenders*? Generally they are quite unpretending people, *Farmers* who are a little more prosperous than their neighbours and see in their difficulties the chance of turning an honest penny, *Innkeepers* who gradually worm themselves into the abhors of the unwary customer, give long credit, and at the critical moment foreclose, *Tailors*, *Drapers*, *Grocers*, *Mercers*, who have a little money laid by, and take to lending it in order to eke out the earnings of their trade.

In country districts the character most commonly found advancing money is a *Yeoman*, and next to him comes probably the *Parson*, for both are slightly, if only slightly, better off and better educated than the humbler *Cottagers*. The outstanding debts are commonly articles such as grain, cattle, clothes, and household furniture. The security is usually some similar form of *Personal Property*.

It is true, of course, that, with the expansion of trade, credit assumed a different form in the larger commercial centres from that which it wore in the country, and that in London in particular, apart from the large-scale

⁴⁷ Sharpe, *Calendar of Letter Books of the City of London*, H., pp. 25, 27-8, 200, 261-2; Selden Society, *Select Cases concerning the Law Merchant*, pp. 105 and 125.

⁴⁸ Sharpe, *op. cit.*, pp. 24 and 27-8.

⁴⁹ Unwin, *Finance and Trade under Edward III*, pp. 26-28.

⁵⁰ *Hist. MSS. Com., Report on the MSS. of the Marquis of Lothian*, pp. 26-76.

⁵¹ Camden Society, *An Italian Relation of England*.

⁵² Gibson, *Codex Juris Ecclesiastici Anglicani*, vol II, p. 1026, and Lyndwood, *Provinciale, sub. tit., Usura*.

⁵³ Selden Society, *Exchequer of the Jews*, p. 116, and *Leet Jurisdiction in Norwich* p.35; *Hist. MSS. Com., MSS. of the Marquis of Lothian*, pp. 26 and 27.

⁵⁴ Information as to the occupation and social position of the parties concerned in *Money-lending* transactions is usually exasperatingly vague. But out of sixty-five cases in which it has been possible to trace it, in sixteen the *Lender* is described as a *Yeoman*, *Farmer*, *Gentleman*, or *Clergyman*, and in twenty-five as engaged in one branch or another of the *Clothing Trades*.

financing of *Exports* and *Governments* done on the *Exchange* and by great *Commercial Houses*, even the credit transactions represented by loans to *Necessitous Tradesmen* and *Impoverished Squires* were tending to pass into the hands of a recognised, if somewhat disreputable, *Class of Specialists*.

It is true also that, side by side with this *Casual Pawnbroking*, one can trace here and there even in villages in the closing years of the sixteenth century the emergence of a class of men who are marked out at once by their wealth and their habits as the *Financiers* of their districts, and who may almost be described as *Professional Moneylenders*.

But in rural England this type of *Rich Usurer*, of whom something is said in a subsequent section, is the exception. The money-lending which concerns nine-tenths of the population is spasmodic, irregular, unorganised, a series of individual, and sometimes surreptitious, transactions between neighbours.

It is, indeed, because the commonest type of credit is as far as possible removed from being part of a system, because it is a matter of *Mutual Aid* among men exposed to the common risks of uncertain seasons and perishable live stock, that it seems peculiarly odious for those who are fortunate to take advantage of the necessities of those who are not, and that religious opinion has been able for centuries to treat money-lending as a simple case of neighbourly or unneighbourly conduct.

The charitable man comes to the help of distress out of goodwill: like Fuller's *Good Yeoman*,

“He is the Joseph of the countryside who keeps *The Poor* from starving.”⁵⁵

The typical *Usurer* is apt to outrage, not merely one, but all, of the decencies of social intercourse Robert Danvers of Tenbury is not only a man ‘who doth put money out to use and take extortions’, but he is also:

“...a common barrator and breaker of the peace and one that doth keep ill order and is a lewd liver...a night walker, and a man of ill condition, and one that doth daily abuse his neighbours.”⁵⁶

John Ferror, of Norfolk, aggravates his ‘usury and extortion’ by oppression, embracery, and maintenance.⁵⁷

Thomas Hopkins is not merely a *Usurer*, but:

“...an instrument of the *Papists*, *Perjurer*, and assistant to the late *Rebels* in Norfolk.”⁵⁸

Thomas Wilcoxe, of Hereford, in addition to being:

“...a horrible, Usurer, taking a penny and sometimes pence for a shilling for the week,”

has been:

“...excommunicated and cursed by his father and mother, is a common breaker of his neighbours’ hedges and pales in the night-time, and every Sunday when the priest is ready to go to the Communion, he departs from the church for the recovering of his weekly usury, and doth not tarry the end of divine service three times in the year.”⁵⁹

In such cases the very intimacy and normality of the relations makes oppression at once doubly easy and doubly scandalous. It is not a question of the impersonal mechanism of the *Money Market*, which, if it excludes personal kindness excludes also the arbitrary caprices of personal avarice.

Borrower and *Lender* sneak off into a corner. The *Lender* protests that he has no money of his own and that he must raise it from a friend, or refuses point blank while giving his wife a wink to make an advance when his back is turned.

The *Borrower* is in temporary difficulties, and:

“...since he must either famish or take as is offered, borroweth either in money, which is very seldom, or in wares, which is the common use of most.”

For among these small people loans are constantly made in kind; and loans in kind, in a period of rising prices, not only prejudice the *Borrower*, but make it easier to conceal the rate of interest charged and thus naturally play into the hands of the stronger party. A *Pamphleteer* wrote:

“He that puts forth money dare not exceed the rate of ten in the hundred; but he that uttereth wares

⁵⁵ Fuller, *The Holy and Profane State*.

⁵⁶ J.W. Bund, *Kalendar of Worcester Sessions Rolls*, 1591-1643, pt. II, pp. 616-7.

⁵⁷ *S.P.D. Eliz.* clv, No. 65.

⁵⁸ *S.P.D. Eliz.* 1566-79, xxv, No. 119.

⁵⁹ *Hist. MSS. Com., MSS. of the Borough of Hereford*, pp. 333-4.

doth make the rate at his own contentment. In money they rate upon the conscience of the *Borrower* what he will bestow, in wares they use their own discretion in taking what they can get."⁶⁰

In such circumstances, there is no question of an equal bargain. Everything turns on the 'discretion' of the *Lender*. And the *Lender*, already in bad odour with his neighbours, and liable to be harassed by the authorities, is not seldom disposed to say with Shylock:

"But since I am a dog, beware my fangs."

Unconscionable bargains are made at all times and in all places. What gave their peculiar significance to the exactions of the *Moneylender* in the sixteenth century was that they were not a mere incident on the frontiers of economic life, but touched one of the vital nerves of the whole social system.

The special economic malaise of an age is naturally the obverse of the special qualities. For the *Peasants*, and *Small-holders*, of whose independence and prosperity *English Publicists* boast in contrast to the 'housed beggars' of France and Germany, the burning question is not that of wages.

The crucial matter is that of the relations of the *Producer* to the *Dealer* with whom he buys and sells, and to the *Small Capitalist*, often the *Dealer* in another guise, to whom he runs into debt. It is that of *Prices* and *Interest*.

The *Farmer* must borrow money when the season is bad, or when his beasts die on him, or merely to finance the interval between sowing and harvest.

The *Craftsman* must buy raw materials on credit and get advances before his wares are sold.

The *Young Tradesman* must scrape together a little capital before he can set up shop.

Even the *Cottager* who buys grain at the local market must constantly ask the *Seller* to 'give day'.

Almost everyone, therefore, at one time or another, has need of the *Moneylender*. And the *Lender* is often a *Monopolist* - a *Money Master*, a *Maltster* or *Cornmonger*, a *Rich Priest*, who is the solitary *Capitalist* in a community of *Peasants* and *Artisans*. Naturally, he is apt to become their *Master*.

The problem was particularly acute in connection with the *Land Question* of the day. Apart from the transactions of the *Greater Landowners*, in which considerable sums of money changed hands, borrowing on a smaller scale, as the warnings of agricultural writers against farming with borrowed capital show,⁶¹ was a normal and necessary incident in the life of *The Peasantry*.

Like the peasant *Proprietor* in Germany and Russia, before the devaluation of money had wiped out mortgages, the *Copyholder* or *Yeoman* of *Tudor England* was apt to step into a position where he was little more than the *Caretaker of his Creditors*. He borrows money to try to stock his farm. He gets an advance from his *Landlord*, and must work off the debt in personal labour on the demesne.⁶²

He appeals for help to a neighbour, is charged twenty per cent. for a loan of twenty shilling, forty per cent. for five pounds, and twenty-eight per cent. for seven pounds,⁶³ or is granted a loan of twenty pounds only on condition that he takes half of it in the shape of a superannuated mare 'not worth eight pounds'.⁶⁴

Since he has hardly any capital of his own, he cannot afford to wait for his money till his produce is sold. He therefore pledges his crops while they are still standing for immediate accommodation, or sells them outright at ruinous prices.

The *Corn Dealer*, who is the obvious, often the only, person to offer an advance, acts in the manner ascribed to the modern elevator company. He buys corn cheap, because the sale is forced, and sells dear because he can wait and pick his market. The result is that the cream of the profits is skimmed by the middleman. A Pamphleteer wrote in the last decade of the century:

"He that laieth out £100 in corne doth sometimes gain above 50, yea, 100; for not long since the price of corn so increased that necessitie willed many to pay the penalty of their bonds (rather than to make a delivery of their bargains). Hereupon some unreasonable *Cornmongers*, *Maltsters* and such like were grieved that they took no bonds, as discontent of double gain by their bonds. It is a

⁶⁰ *The Death of Usury, or the Disgrace of Usurers* (1594).

⁶¹ Fitzherbert, *Treatise of Husbandry*. See also Dudley, *The Tree of Commonwealth*; "Yee meaner occupiers and beginners, make not your bargaines, but soe as ye be able to pay: lest Westminster, St. Katherine's... be your reckoning place, and so your credit for ever is gone."

⁶² For an advance to stock a farm, see Surtees Society, *The Ripon Chapter Acts*, p.363: "to my cosen Edward Browne, I forgive thirtie pounds which I lent him to take his farme with all."

⁶³ Atkinson, *Quarter Sessions of North Riding of Yorkshire*, vol. I, pp. 46, 112, 209. Vol II, p. 225.

⁶⁴ Gardiner, *Cases in the Courts of Star Chamber and High Commission*, Attorney General v. Case and others.

common practice in this country, if a poore man come to borrow money of a *Maltster*, he will not lend any, but tells him, if he will sell some barley, he will give him after the order of fore-hand buyers. The man, being driven by distresse, sells his corne far underfoote, that, when it comes to be delivered, he loseth the halfe in halfe, oftetime double the value. I have heard many of these fore-hand sellers say they had rather allow after twenty in the hundred for money than to sell these beforehand bargains of corn."⁶⁵

The *Consumer* who paid a high price for his corn grumbled at such 'usury' as much as the *Peasant* who received a low one. 'And thus', wrote Gervaise Markham, in his *Hints to the Practical Farmer*:

"You may...sell everything at the highest price, except you take upon you to give day and sell upon trust, which if you do you may then sell at what unconscionable reckoning you will, which because such unnatural exactions neither agree with charity nor humanity, I will forbear to give rules for the same."⁶⁶

When even the tough conscience of an agricultural expert felt qualms, it is perhaps not surprising that a generation unacquainted with Adam Smith's famous comparison of the dislike of the *Middleman* to the fear of witchcraft should have regarded the *Bodger* with peculiar suspicion.

If the *Craftsman* did not suffer to the same extent as the *Peasant* from the uncertainty of the seasons, his dependence upon the *Moneylender* was, nevertheless, hardly less intimate and direct. Professor Unwin has pointed out that the broad movement in the *World of Industry*, which, though it begins in the *Later Middle Ages* and continues into the eighteenth century, reaches its climax under the *Tudors*, is a struggle over the *Control of Industrial Organisation* between the *Small Master* and the growing class of *Commercial Capitalists*.

The aim of the former is to retain their position as *Independent Producers*, and for that purpose to preserve or revive the protective machinery of the *Guilds*, with their corporate discipline, their restrictions on individual initiative, and their rough equalitarianism.

The latter, in the effort to secure the freedom and elasticity which will enable them to grow to what stature they can and to produce by what method they please, follow one of two policies. Sometimes, as in the textile industry, they quietly evade *Guild Regulations* by withdrawing from the *Corporate Towns* in which alone the pressure of economic conformity can be made effective.

More often they accept the *Guild Organisation*, capture its machinery, and by means of it develop a system in which the *Producer*, even if nominally a *Master*, is in effect *the Servant of an Employer*, on whom he depends for orders, for raw materials, and for the sale of his wares.

In the continuous, though silent, contest, an important part was played by the question of *Credit*, for it was on obtaining credit that the very existence of the *Tradesman* often depended. If he is to be a *Master Craftsman*, not a *Wage Earner*, he must find an opening to set up shop and possess the means to take advantage of it.

In a country where, as an enthusiast for emigration could urge in the early seventeenth century,

"...a man can hardly anywhere set up a trade but he shall pull down two of his neighbours,"⁶⁷

the attempt to find an opportunity to start in business was almost what the hunt for employment is to-day. Since at least a few pounds of capital were a necessity, it was the general practice of the age for the *Young Tradesman* to work with *Borrowed Stock*.

In the opening years of Elizabeth's reign, when serfdom was on its last legs, even a *Serf*, who was also a *Weaver*, might have lent some twenty pounds and owe ninety-four pounds;⁶⁸ and Bacon, who had given special attention to the question, could say that the practice of trading with loan capital was so universal that, if the *Lenders* called in their advances, the trade of the country would come to a standstill.⁶⁹ For the *Small Master* the *Question of Usury* was the *Question of the Terms* on which that *Capital* could be obtained.

It was almost in the nature of the case that he should be in a weak position *vis-à-vis* the *Lender*. We need not take too seriously the protestations of *Pamphleteers*, who commended their favourite project of *Public Pawnshops* by rehearsing the scandals of *London Brokers*, whose:

⁶⁵ *The Death of Usury, or the Disgrace of Usurers* (1594), see also Harrison, *op. cit.*, *Of Fairs and Markets*.

⁶⁶ Gervaise Markham, *The English Husbandman*, pt. I, p.118,

⁶⁷ Cushman, *Reasons and Considerations touching the lawfulness of removing out of England into the parts of America*; Archer, *Story of the Pilgrim Fathers*.

⁶⁸ Hoare, *The History of an East Anglian Soke*, pp. 297-8.

⁶⁹ Bacon's *Essays, Of Usurie*.

“...usual rate for small things is 12d. the week or month, which is 60 in the 100, and from *Oyster-women* and others that do cry things up and down the streets...above 400 in the 100 per year, besides the bill-money,”⁷⁰

or ascribed the *Failure of Tradesmen* to the mill-stone which hung about their neck in the shape of interest. But the difficulties of the *Small Master* in the *Later Middle Ages* are set out at length in case after case before the *Courts*.

On first setting up in business he borrows thirty pounds to be employed in merchandise. The *Lender* insists that he shall ‘be bound in xl to li and odd silver’, charges him interest at fifteen per cent., and demands the repayment of twenty-five per cent. more than the sum borrowed.⁷¹

Robert Francis has:

“...little substance of goods and is a young beginner,”

but he has inherited three small tenements in London producing a rent of three pounds a year.

Richard Batte, of London, *Draper*,

“...well knowing and understanding, craftily and subtly imagined means to impoverish him your said beseecher, to the intent that he should be driven to make sale of the said three meses...offered to lend him money to buy and sell with.”

Francis consents, borrows eight pounds on condition of repaying twelve pounds, ten shillings, and eightpence at the end of a quarter, or at the rate of rather more than 200 per cent. per annum, falls into difficulties and is obliged to sell the three houses for twenty pounds or less than seven years’ purchase, and finally brings a suit in *Chancery* against Batte for refusing to pay more than sixteen pounds, because, since Batte is a power in the city, he fears that he will get no justice in the *City Court* ‘by cause of affection’.⁷²

When the *Tradesman* has got a footing in business his dealings with the *Moneylenders* have often only begun. Business losses drive him to borrow, and the *Lender* makes what terms he pleases. He demands £480 for an advance of £289. He refuses to make any advance unless the *Borrower* will execute a bond declaring that he has received 100 sheep, and on the strength of the fiction demands interest at the rate of 100 per cent.⁷³

He sells a struggling *Tradesman* cloth worth thirty pounds for £100 to be paid in ten years, binds him under a penalty of £200 to find proper security for the discharge of the debt, and then proceeds against him for the whole £200, though the *Debtor* and his friends offer to repay the value of the goods.⁷⁴

The *Merchant* is doing well and sees a chance of extending his business. An acquaintance comes to him, says that he has ‘money lying by him which did him none ease’, offers to lend it, and then unexpectedly begins an action for profits alleged to be promised, though it is ‘plain usury and against God’s law and man’s law’.⁷⁵

The economic life of an age is not to be judged by the *Proceedings of its Bankruptcy Courts*, and leonine contracts of this kind must obviously not be taken as representing ordinary standards of business morality. But they offer some confirmation of the statements of publicists as to the prevalence of trading with borrowed capital, and they give us a glimpse of the conditions which made the *Moneylender* - ‘the insatiable *Usurer* which gnawes the *Poor People* daily to the very bones’⁷⁶ - at once a necessity and a terror.

It was in connection with these humble transactions, not with the large-scale enterprise of *Clothiers*, exporting *Merchants* and *Bill-brokers*, that ecclesiastical authorities had originally formulated the doctrine of economic ethics expounded by Wilson; and it was primarily such transactions, with all their possibilities of social disturbance, that the usury laws of sixteenth-century states were designed to control.

It is evident that the problem presented by this type of credit existed independently of that development of large-scale organisation of which something is said in a following section. There is a sense, indeed, in which its worst excesses were peculiarly the disease of a *Precapitalist Society*.

What made the *Usurer* indispensable was the helplessness of the *Farmer* or *Tradesman* without the reserves needed to carry him over a bad season, or to enable him to hold on while working up a connection.

⁷⁰ *Lansdowne MSS.*, 73, 18.

⁷¹ Early Chancery Proceedings, Bdle. 64, no. 291, quoted Abram, *Social England in the Fifteenth Century*, pp. 215-17.

⁷² Early Chancery Proceedings, Bdle. 64, no. 1089.

⁷³ Early Chancery Proceedings, Bdle. 37, no. 38.

⁷⁴ Early Chancery Proceedings, Bdle. 2, no. 307. Similar cases are common, see e.g. Bdle. 37, no. 33; Bdle. 46, no. 527.

⁷⁵ Early Chancery Proceedings, Bdle. 46, no. 307.

⁷⁶ *S.P.D. Eliz.*, cx, no. 51.

What made him not only a popular bugbear, but an object of suspicion to most men of public spirit, was the general persuasion that economic prosperity and social stability depended on the widest possible *Distribution of Property* among the largest possible number of *Independent Producers*, and that both were being menaced by the encroachment of a sinister *Money Power*.

Even in the middle of the seventeenth century, when the upper ranges of financial organisation had been revolutionised, similar evils were still evoking similar denunciations. In 1648 a *Puritan Reformer* wrote:

“The reason that so many *Young Tradesmen* in this city and other places miscarry, and are undone before they understand themselves, is that they take up money at eight per cent., and if they come to bad market they must sell though it be to loss, or the interest will eat them out...

“He that lends a poor man forty shillings to follow his trade does a more charitable deed in the sight of God and good men than he that gives him twenty alms to keep him in consumption of beggary.”⁷⁷

⁷⁷ Cooke, *Unum Necessarium, or the Poor Man's Case*.

The Needy Gentleman

When one turns from the petty dealings of *Peasants* and *Craftsmen* to examine the transactions of the larger *Landed Proprietors*, one finds oneself in a different world of social habits and economic interests. The improving *Landlord* made some figure in the sixteenth century, and still more in the reign of James I; but he was the exception.

Unlike the classes who depended directly on *Personal Labour* in *Agriculture* and *Industry*, the *Larger Landowner's* demand for accommodation represented, in the main, a diversion of savings from production into some form or another of luxurious consumption. When they resorted to the *Moneylender*, they normally did so, not to secure capital for business, but to meet the current expenses of their establishments, to stave off *Creditors*, or to renew debts.

The significance of this type of transaction was exaggerated by the literature of the age. For the misfortunes of the gentlemanly bumpkin in the hands of the *Scrivener* and the plucking of the young gull by 'coney-catchers' 'ferrets', and 'tumblers',⁷⁸ was a theme which delighted the *Satirist* as much as it shocked the *Moralist*.

But in view of the financial position of many *Landowners* in the reign of Elizabeth, the attention which it attracted is not surprising. Two generations later Harrington, in a familiar passage, described how the ruin of the *Feudal Nobility*, by democratising the ownership of land, had prepared the way for the *Bourgeois Republic*.

"A *Monarchy*, divested of its *Nobility*, has no refuge under heaven but an *Army*. Wherefore the dissolution of this *Government* caused the war, not the war the dissolution on this *Government*."

In reality, it may be suggested, that process was well under way for a century before he called attention to it. It was connected with a change in the relative economic positions of the *Business Classes* and the *Landed Gentry*. The wealth and influence of the former were obviously increasing. It is difficult to resist the impression that in the latter part of the sixteenth century the latter, both relatively and absolutely, were declining.

With large establishments in the country and expensive lodgings in London, compelled by social conventions to take part in the life of a *Court* where everyone, except its mistress, was extravagant, restoring their fortunes by the lucrative channels of trade only in exceptional cases, through an occasional speculation, a lucky marriage, or the success of a landless cadet, with an income from their estates of which the greater part was fixed by custom and which could be increased only after a prolonged wrangle with obstinate *Copyholders* - the life of the *Landed Aristocracy*,

"...what by reason of their magnificence...in expense, and what by reason of their desire to make and advance their own families..."⁷⁹

was apt to be an example of what a *Modern Economist* has called *Conspicuous Waste*. With all their thousands of acres, their financial position was often deplorable.

One must not, of course, make too much of hard cases. No doubt the vast majority managed, somehow or another, to keep their heads above water. But to the reader who looks at their situation in the light of cold figures, the surprising thing is that some of them survived at all. For their debts were not seldom overwhelming.

Consider for example, the picture drawn in some of the personal correspondence, mostly addressed to Lord Burghley and Sir Robert Cecil, of the last twenty years of the sixteenth century.⁸⁰ The Duke of Norfolk owes £6,000 to £7,000; the Earl of Huntingdon £20,000, the Earl of Essex between £22,000 and £23,000, Viscount Bindon £4,000, the Earl of Leicester (it is reported) about £59,000, Sir Francis Willoughby (who had spent £80,000 in building Wollaton House) £21,000, Sir Percival Willoughby £8,000, Sir Philip Sydney over £6,000, Lord Sandys £3,100, Sir H. Parke £4,600. And, of course, these figures must be multiplied by something like six to reduce them to the currency of to-day.

The Earl of Sussex is heavily in debt, though for an uncertain sum; so is Lord Thomas Howard; so is the Earl of Rutland. The Earl of Shrewsbury moves heaven and earth to borrow £3,000. Lord Vaux of Harrowden has been forced to pawn his parliament robes 'to a citizen where I have offered large interest,' and subscribes himself 'the unfortunate *Peer of Parliament* for poverty that ever was.'

The Earl of Southampton has surrendered his estates to his *Creditors* and 'scarce knows what course to take to

⁷⁸ Dekker, *English Villainies*.

⁷⁹ Bacon, *Of the True Greatness of the Kingdom of Britain*.

⁸⁰ *Hist. MSS. Com.*, *MSS. of the Marquis of Salisbury*, pt. I, pp. 526, 573-4; pt. II, pp. 325-6; pt. VII, pp. 526, 527; pt. VIII, pp. 338, 357; pt. XIV, pp. 94 and 341. *MSS. of Lord Middleton*, pp. 583-4, 387. Ellis, *Original Letters, Second Series*, vol. III, pp. 81-2; *Third Series*, vol. II, pp. 356-8; vol. III, pp. 41-4. Camden Society, *Leicester Correspondence*, pp. 454 and 457; Lodge, *Illustrations of British History*, vol. III, pp. 41-4.

live'. Lord Scrope cannot raise even £300, and is obliged to beg the loan of it from Cecil. Lord Lincoln has to hurry off a *Servant* to borrow £230 from a *Tradesman* 'this very day, for otherwise he cannot have it'. The Earl of Cumberland, on receiving a letter of *Privy Seal* requiring him to contribute to a loan, begs an advance from a *London Merchant* and explains that he can hardly raise twenty pounds.⁸¹ Lady Burgh and her five children face the world with a capital of £400.

Naturally, when the leviathans are in low water, the straits of the smaller fry - their poor relations, expectant heirs, and hangers on - are desperate. From the philosopher, who, being arrested for £300 by a *Goldsmith*, takes a high line with 'the *Lombard* - pardon me, if being admonished by the street he dwells in I give him that name' - to a nonentity who, having pawned his horse and clothes, is in debt for his food, they are in unending embarrassment.⁸² 'We that be courtiers', boasts Master Monopoly, in the play of Webster and Dekker, 'have more places to send gold than the devil had spirits.' They borrow and renew until their *Creditors'* patience is exhausted. The only house which is never to let is *The Fleet*.

A class with such habits and so economically straitened was inevitably in constant need of cash, not as capital to be invested, but to meet current liabilities. The transactions ranged from those of the most disreputable class of *Moneylenders*, who specialised in ruining young *Spendthrifts*, to the mortgaging by *Nobles* of thousands of acres to *Capitalists* with an international reputation. The first class of business has always been the lowest circle of *The Inferno*, and, except for the absence of the penny post, the methods of the *Elizabethan Moneylender* did not differ essentially from those of to-day.

The *Unthrifty Heir* who comes to London is followed by the *Moneylender's Touts*, inveigled into borrowing to pay his losses at cards, told, as he sinks deeper, that he can only have loans if he takes them in kind, till finally:

'Young Master Rash is in for a commodity of brown paper and old ginger, nine score and seventeen pounds, of which he made five marks ready money.'⁸³

Apart from commonplace swindling of this kind, a considerable amount of legitimate business is done in *Annuities*, and in financing *Gentlemen* who desired to raise funds for a marriage, for foreign travel, for the purchase of a wardship, to meet pressing debts, and for a dozen other reasons.

When the *Borrower's* credit was good, or when the *Lender* thought the price large enough to be worth the risk, money was advanced on note of hand, the *Borrower* binding himself, and such friends as he could induce to lend their names, under 'bonds and counterbonds',⁸⁴ involving penalties sometimes greatly in excess of the sum advanced.

When money was raised from the more cautious *Creditor*, who demanded tangible pledges, almost every kind of property from jewellery and plate, clothes, horses, and household furniture, to *Annuities*, *Offices* and *Pensions*, was pledged as security.

The *Broker* in the play, who refused a loan to a *Military Client* until he consented to deposit his wooden leg, is hardly a caricature.⁸⁵ *Petitioners*, in begging for a place under the *Crown*, point their appeal by the argument that, if it is granted, they can borrow on it.⁸⁶ Not the least attraction, indeed, of a *Patent*, as of a modern insurance policy, was that the impecunious holder could capitalise it.

Transactions of this kind attracted disproportionate attention, because they so easily lent themselves to fraud, and because the class which had resort to them were influential. *Members of Parliament* who regarded the *Usury Laws* as an antiquated remnant of *Popery*, protested, nevertheless against:

"the destruction of *Young Gentlemen*...by excessive taking."⁸⁷

Indignant parents petitioned the *Government* for redress against the *Tradesman Moneylender* who had their sons in his clutches.⁸⁸ And Bacon prepared a bill to stop the practice of *Lending in Commodities*.⁸⁹

⁸¹ *Hist. MSS. Com.*, App. To Third Report, p. 37. The date is 1556.

⁸² *MSS. of Marquis of Salisbury*, pt. VIII, pp. 359-61, 190-1; pt. IX, pp. 52, 254, 361.

⁸³ *Measure for Measure*, act iv, scene 3.

⁸⁴ *MSS. of Marquis of Salisbury*, pt. IV, pp. 49-50; pt. VII, pp. 280-1.

⁸⁵ Dekker, *The Wonder of a Kingdom*.

⁸⁶ *MSS. of Marquis of Salisbury*, pt. I, p. 351; pt. V, pp. 481-2.

⁸⁷ D'Ewes, *Journal*, p. 172.

⁸⁸ *Hist. MSS. Com.*, *MSS. of House of Lords*, App. To Fourth Report, p. 83.

⁸⁹ Bacon, *Works*, Bohn's ed., vol. II, p. 494. "Whereas it is a usual practice, to the undoing and overthrowing many young gentlemen and others, that when men are in necessity, and desire to borrow money, they are answered that money cannot be had, but that they may have commodities sold unto them upon credit, whereof they may make money as they can; in which course it often comes to pass, not only that some commodities are bought at extreme high rates and sold again far

But, though dealings of this type might provide money to meet the out-of-pocket expenses of a *Courtier*, to pay gambling debts or to stave off an insistent *Tradesman*, they obviously were inadequate to do more. The *Borrower* whose debts ran into thousands needed equally large sums to meet them. He could only raise them by pledging valuable securities.

Apart from jewellery and plate, the only security which the *Landed Proprietor* could offer consisted of the *Title Deeds* of his *Estates*. The process of mortgage, failure to pay of the mortgage, and sale for the benefit of the *Mortgagee*, which was stripping the *Crown* of its land, was only the most conspicuous example of conditions which involved almost all the *Greater Landowners* in the *Age of Elizabeth*.

It was, of course, no novelty. From the records of the *Exchequer of the Jews* to the *Paston Letters*, medieval social history is full of the mortgaging of land to *City Merchants*. What supplied an additional impetus in the sixteenth century, and gave to individual transactions almost the character of an economic movement, was the great increase in the *Wealth of the Business Classes*, combined with the *Poverty of The Gentry*, the long rise in prices, and the conservatism of the existing methods of *Land Tenure*. As the outburst of new *Companies* after 1570 shows, the former had money to lend, and the latter were at their wits' end to obtain it. In such circumstances nothing could prevent the vacuum being filled or stop Sir Petronel Flash from falling into the hands of Old Security.⁹⁰

Hence for a considerable part of their land *The Gentry* are only the *Caretakers* of the *City Merchant*. Of the *Noble Debtors* before mentioned, probably the majority had raised money on their *Estates*. Viscount Bindon had mortgaged two manors; the Duke of Norfolk three and the demesnes of two others; the Earl of Leicester his estates in Denbighshire; the Earl of Southampton his estates everywhere.

Gresham held manors as security for loans to Lord Thomas Howard, had advanced £4,000 on the Dorsetshire estates of Viscount Bindon,⁹¹ and was engaged in litigation with Sir Henry Woodhouse, who had mortgaged land to him, and was rash enough to take proceedings against him for usury.⁹²

Pallavicino had a mortgage on some of the estates of the Earl of Shrewsbury. Three *Wine Merchants* and a *Mercer* were the *Mortgagees* of four manors belonging to the Earl of Essex and of the parks of a fifth. Sir Thomas Egerton complains that his *Creditors* are 'violent to take advantage of forfeitures of mortgages and bonds'. The Earl of Huntingdon was suspected of being crushed by 'hidden mortgages'.

The circumstances of *Borrower* and *Lender* varied so enormously from one case to another, that it is impossible to say what was the market rate of mortgages, or indeed whether there was a market rate at all. But it is evident that the *Lender* held the stronger position, and that his terms were often extremely onerous.

Middleton's picture of the interview between the new heir, 'two *arch-Tradesmen*', and Mr. Bursebell the *Scrivener* is drawn from life.⁹³ A *Landowner* mortgages four tenements for twenty-five pounds, for which he must pay at the rate of thirteen pounds six shillings and six-pence per annum, and forty pounds when the mortgage is discharged.⁹⁴

For a loan of £200 - 'a plague upon these *Usurers*' - Lady Hungerford pays nineteen percent.⁹⁵ Edward Willoughby complains to his brother that *Lenders* refuse accommodation under twenty per cent.⁹⁶ A correspondent of Cecil's can only raise £800 on land producing £1,000 a year, and with a capital value of presumably twenty times that figure.⁹⁷

A *Grocer* who did business as a *Moneylender* gets a *Country Gentleman* into his clutches, discounts his bills at twenty-five per cent., renews them at compound interest, and finally, having sold up the *Debtor*, becomes *Lord of the Manor*.⁹⁸

A *Devonshire Squire* is introduced by a *London Saddler*, who acts as *Broker*, to a *London Merchant-Tailor*, and pays £100 for a loan of £500.⁹⁹

under foot at a double loss, but also that the party which is to borrow is wrapt in bonds and counterbonds, so that upon a little money which he receiveth he is subject to penalties and such of great value."

⁹⁰ See Marston's *Eastward Ho!*

⁹¹ *Hist. MSS. Com., of Marquis of Salisbury*, p. 573, for other references see back, note 3.

⁹² *Proceedings in Chancery, temp. Eliz.*, §§ 2, 14.

⁹³ Th. Middleton, *Father Hubbard's Tales*.

⁹⁴ Selden Society, *Select Cases in the Court of Requests*, pp. lxxvii-ix, and 11-14.

⁹⁵ *S.P.D. Eliz.* (Add.) 1566-79, xviii, no. 53.

⁹⁶ *MSS. of Lord Middleton*, p. 567.

⁹⁷ *MSS. of Marquis of Salisbury*, pt. VIII, pp. 190-1.

⁹⁸ Hall, *Society in the Elizabethan Age*.

⁹⁹ *Middlesex Sessions Rolls*, 191-6.

A *Country Gentleman* approaches a *Scrivener* for a loan of £100 to a friend who is in difficulties, and finds two other names to back the bill in addition to his own. The *Scrivener* demands twenty per cent. interest, two pounds as a fee for his time, twenty pounds for legal expenses in making the bonds, and twenty pounds in repayment of an old debt owing by an acquaintance of the parties concerned. Finally, after all the charges have been paid, 'there was no bond delivered'.¹⁰⁰

Even a *Great Noble* has to approach the all-powerful *Financier* on his knees. Sir Horatio Pallavicino, to whom Lord Shrewsbury sends his *Agent* to negotiate a loan of £3,000, is a figure who was typical of the seamy side of *Elizabethan Finance*.

Beginning his career under Mary as a *Collector of the Papal Taxes* in England, he had experienced a sudden conversion on the accession of Elizabeth, and had laid the foundations of his subsequent immense fortune by retaining in his own hands the funds which his conscience forbade him to deliver to antichrist.

Having made himself indispensable to the *Government* as one of its *Financial Agents* - it was largely through his hands that the funds advanced to the Netherlands passed - he was knighted, and bought property in Cambridgeshire, where he grumbled at the crushing weight of taxation like any *Country Squire*.

When *Lord Shrewsbury's Agent* applied to him, his pose was that of a plain business man who is anxious to oblige a friend but who sees practical difficulties. He laments the 'froward fortune' which prevents him accommodating his lordship. 'His affairs are much disordered'. Owing to official delays, he cannot obtain the money owed him by the *Government*. *Borrowers* take advantage of his good nature, and 'others deal not so freely in their bargaining as he doth'. Then a happy thought strikes him.

To do a service to the Earl, he will approach a friend in *The City*, Mr Maynard. But Mr Maynard has his weakness. He is a terrible *Miser*. Unlike Pallavicino, who 'would desire no other security, but your Honour's and Sir Charles', Mr. Maynard is 'very backward to disburse any money upon bond or any other security, but only land. Neither will he deal in land by way of mortgage for years or any long time, but only for two or three months'. His attitude is deplorable; but what can Sir Horatio do? 'Because Mr Maynard is drawn to this by him, he must content him'. With a blush of embarrassment he states Mr Maynard's terms.

The Earl shall have £3,000 if he conveys to Sir Horatio and his wife land worth £7,000, pays all legal and other expenses, and agrees to forfeit all interest in it unless the mortgage is paid off in three months!¹⁰¹

Besides Pallavicino and Maynard there were other well-known *Financiers* who did this lucrative business in mortgages on a large scale, such as Thomas Gresham, whose father had been the largest *Grantee of Monastic Estates*, and who, though better known as the *Government's Financial Agent*, advanced money to the *Nobility*; Stoddard, who from being a *Grocer's Apprentice* became a successful *Moneylender*. And, somewhat later, Audley, who, starting in a minor post in the *Civil Service*, was said, when he died, to be worth £400,000.¹⁰²

It did not, however, require a financial genius to make money by playing *Needy Squires* till the moment came to land them. In London there was evidently a good deal of *Free Capital* seeking investment - not so very long after it was said that *The City* was rich enough to buy all the estates in England several times over - and in the reign of Elizabeth *Landowners* were financed mainly by prosperous *Tradesmen*, and by the less reputable type of *Lawyer*, *Merchants*, *Mercers*, *Drapers*, *Grocers*, *Tailors*, *Ironmongers*, *Wine Merchants*, *Innkeepers*, *Goldsmiths*, *Scriveners*, as well as an indefinite number of *Citizens*, are all found making advances.

Apart from the financial embarrassments of *The Gentry* and the rapidly growing fortunes made in trade, the economic basis of the movement was the opportunity of increased profits offered by the more rigorous methods of estate management which were becoming the fashion.

The process by which the *Businessman* who acquired a derelict estate made it pay was similar to that which a modern euphemism calls the 'reconstruction' of a company. The *Speculator* bought it at a low figure, not merely because the *Owner* was in difficulties, but because, as long as an easy-going fashion of handling it obtained, the return was bound to be relatively small.

He made his profit by bringing the business habits of *The City* to bear on it. The opening for drastic reorganisation was given him by the fact that a large part of the *Landowner's* incomes consisted of customary payments which had often not been readjusted to keep pace with the rise in prices.

Of course, the *Purchaser* had often been forestalled. But, as surveys show, even in the seventeenth century, the margin between rents of assize and the market value of holdings was apt to be wide; the odium of a wholesale

¹⁰⁰ *MSS. of Marquis of Salisbury*, pt. V, pp. 363-3.

¹⁰¹ Lodge, *Illustrations of British History*, vol. III, pp. 41-4.

¹⁰² A short account of Audley, taken from a seventeenth-century pamphlet, is given by Disraeli, *Curiosities of Literature*.

revision of fines or of the *Substitution of Leases for Copies* was considerable; and, as long as a conservative or good-natured *Landlord* shrank from facing it, the unearned increment was pocketed by the *Tenants*.

By the use of judicious rigour, a newcomer brought up in the sharp commercial school of *The City* could screw a handsome return out of an estate which had brought its previous owner nothing but debts. A *Pamphleteer* at the end of the century wrote:

“There are some that hire house and land after 20 pounds the year and are good gainers by it, and yet they let the same to others and make after 60 pounds the year. I have known others that have laid out some £800 in purchase, and in less space than a year have sold the same again for £1,100 to another, and ready payment.”¹⁰³

The denunciations launched against the *Capitalist*, who, having bought land from an *Unthrifty Heir*, proceeded to ‘rack and stretch out the rents’, have sometimes been dismissed as the hysterical exaggerations of professional pessimists. But it may be doubted whether the *Speculators* would not have felt more annoyance at the slur on their acumen implied by their apologists than gratitude for the defence of their morality.

They themselves do not conceal the fact that ‘racking and oppression of *Tenants*’, though not everyone can afford to face the storm which it may produce, is one way of making an investment profitable.¹⁰⁴ Audley, aided by the position which he attained in the *Court of Wards*, had reduced to a fine art the policy of snapping up the states of *Distressed Gentlemen*, reconstructing their management, and then selling them for a capital sum which reflected their increased rent-roll.

The maxim ascribed to him by his biographer put the economics of the situation in a nut-shell:

“I would raise my rents to the present price of all commodities. For, if we should let our lands as others have done before us, now other wares daily go on in price, we should fall backwards in our estates.”¹⁰⁵

In his picture of the *Moneylender*, Massingham wrote:

“A manor bound fast in a skin of parchment,
The wax continued hard, the acres melting,
Here a sure deed of gilt for a market-town,
If not redeemed this day, which is not in
The unthrifts’ power; there being scarce one shire
In Wales or England, where my monies are not
Lent out at usury, the certain hook
To draw in more.”

The financial dependence of *Rural England* on credit supplied by London, of which these transactions were the symptom, had a social effect of the first importance. The steadily rising prices of the sixteenth century would in any case have depressed the *Landed Proprietor* and advantaged the *Merchant*. But, since only the *Merchants* could keep the *Landowners* afloat, what happened was that land was transferred from the *Dying Feudal Nobility* and *Old-Fashioned Squires* to the *Commercial Middle Class*.

Like the *Crown*, and for the same reason as the *Crown*, the *Aristocracy* was shedding its estates. The *Bourgeoisie*, which had bought land steadily throughout the fifteenth century and which benefited more than any other class from the spoils of the monasteries, picked up the fruit and, on occasion, shook the tree.

Apart from financial giants like Pallavicino, Gresham, and Audley, it was a common thing under Elizabeth for a *Merchant* to own enough land to pose as a *Country Gentleman*, and when the son of an *Alderman* apologises for his presumptuous match with the daughter of a *Peer*, his first excuse is to point out that, in addition to property in the city, he owns three manors in Hertfordshire.¹⁰⁶

The process was naturally unpopular with the *Peasantry*, who felt a commercial screw turned upon them by an *Absentee Landlord*. Conservative opinion disapproved of it on political grounds; it tended, it was held, to the *Confusion of Classes* and the *Undermining of Public Order*.

At the end of the fifteenth century, legislation¹⁰⁷ had attempted to protect the *Landowner* against the *Capitalist* by forbidding the *Mortgagee* to take part of the revenue yielded by the estates on which he advanced money.

¹⁰³ *The Death of Usury, or the Disgrace of Usurers* (1594).

¹⁰⁴ Lodge, *op. cit.*, pp. 41-4

¹⁰⁵ Quoted by Disraeli, *op. cit.*

¹⁰⁶ Ellis, *Original Letters, Second Series*, vol. IV, pp. 91-4.

¹⁰⁷ 2 Hen. VII, c. 8.

One of the maxims dictated to Edward VI by his teachers was that 'this country can bear no *Merchant* to have more land than £100'.¹⁰⁸

The programme¹⁰⁹ of *Social Reconstruction* prepared by Cecil for the first parliament of Elizabeth included a provision limiting the land which *Merchants* might buy to the value of £50 a year, unless they were *Aldermen* or *Sheriffs of London*. Needless to say, no more was heard of it.

The resentment of the *Landed Gentry* themselves, if less reasonable, was not less intelligible. Men may live on overdrafts, but few men love their *Bankers*. In spite of the close interlacing of land and capital in England, the outlook of the two classes, one spending, the other saving, one declining, the other rising, was too different for them to regard each other with more than a somewhat tepid tolerance.

Behind a deferential exterior, the *Merchant* watched with an ill-concealed sneer the extravagance of the *Squire* whose bones he looked forward to picking, and asked,

"How could *Merchants* thrive, if *Gentlemen* were not unthrift?"¹¹⁰

Unversed in the subtleties of *Compound Interest*, and sometimes badly served by their *Agents*, the *Country Gentlemen* replied with a curse at *Usurers* and *Bloodsuckers*, promoted bills to restrain their exactions,¹¹¹ and from time to time petitioned the *Crown* to take the question up.

Theorists rationalised the grounds of their dislike.

"Land and money are ever in balance one against the other; and when money is dear, land is cheap, and where land is cheap money is dear."¹¹²

This doctrine, which played so large a part in the controversies of the later seventeenth century, and which helped Chamberlayne actually to carry through *Parliament* his fantastic scheme of a *Land Bank* as a rival to the *Bank of England*, was already familiar at the beginning of it.

Owing to the dearness of money, land, it was argued, could not be improved or forestry carried on: when the rate of interest was ten per cent. estates sold for only fifteen years' purchase. To raise their value and increase employment on the land, it should be called down to not more than is Holland.

But the real reason for the *Country Gentlemen's* prejudice against the *Moneylender* was more obvious and more fundamental. It was the dislike of a *Debtor Class* for its *Creditors*.

¹⁰⁸ *King Edward's Remains*, in Burnet, *History of the Reformation*.

¹⁰⁹ *Considerations delivered to the Parliament*, 1559; *MSS. of the Marquis of Salisbury*, pt. I, 162-3.

¹¹⁰ Marston, *Eastward Ho!*

¹¹¹ *Hist. MSS. Com.*, App. To the Fourth Report, pp. 6, 118, 122. Draft of an Act for the reformation of retailing brokers and other pawnbrokers.

¹¹² *A treatise against usury presented to the High Court of Parliament*, 1621.

The Financing of Capitalist Industry

The casual and intermittent transactions described in preceding sections had supplied material to *Moralists* and *Legislators* since the *Early Middle Ages*. In the sixteenth century, though they continued to be important, they were coming more and more to lie on the edge of a world in which *Credit* was beginning to assume the character of something like a regular system.

For the characteristic movement in *Tudor England* was the rise of new types of *Capitalist Enterprise*. Capital was being incredibly spent on draining and enclosing land. Old mines were being deepened and new mines sunk. The *Iron Industry* of *The Weald* was developing rapidly. The *Government* was endeavouring to encourage the *Production of Munitions* and the *Trades* on which it depended, as well as of glass, alum, and salt.

The *Manufacture of Cloth*, the greatest of *English Industries*, was expanding rapidly. Exports rose from an average of 84,789 pieces in the period 1510 to 1524 to 122,354 pieces from 1540 to 1548. The value of cloth exported was returned as £896,079 in 1564; Camden put it a little later at £1,500,000; towards the end of the first decade of James the First's reign it was stated to be about £2,250,000.¹¹³

Not all these ventures involved an extension of credit facilities. A great - probably, indeed, the greater - part of the agricultural improvements, as of the building, of the age was made piecemeal out of income. Even in industries like the production of iron, which involved some considerable outlay, the capital required to set up a business, if too large for the *Craftsman*, was not beyond the means of the *Merchant* or *Country Gentleman*.

When large sums were needed, they could sometimes be raised by some form of *Joint Stock Association*, as in the case of the *Mining* and *Commercial Companies*, or of the association formed early in the seventeenth century for the purpose of draining the Cambridgeshire fens.

In advancing capital for investment in plant and equipment, particularly in connection with mines, the *Financier* played a part of growing importance, but his main activity and influence lay in a rather different region. The typical economic movement of the sixteenth century was the increase in the importance of *Commercial Capital*.

While the grandiose undertakings of *Company Promoters* and *Patentees* were often financial failures, one industry after another was passing into a condition in which the *Capitalist*, without interfering directly in the actual process of production, gathered into his own hand, all the threads of *Commercial Organisation*.

At once *Merchant* and *Financier*, he supplies raw materials, markets the finished product, and provides the working capital without which productive operations needing a considerable period of time for their completion cannot be carried on.

The part played by credit in the development of trades which had entered this stage of 'semi-capitalism' is illustrated by the conditions of two industries which were in other respects sharply contrasted. Alike in the ancient *Woollen Manufacture* and in the still youthful *Extractive Industries*, there was growing up a somewhat complex financial organisation, without which the expansion which they achieved in the latter part of the century would have been an impossibility.

With its two great departments of *Sheep-Grazing* and *Manufacturing* and with an organisation markedly different in the three main clothing areas of the western counties, East Anglia, and Yorkshire and Lancashire, the *Woollen Industry* comprised almost every type of economic unit from the independent *Master-Craftsman* to an incipient *Factory System*.

At one extreme stood the *Small Producers* who were specially typical of the north of England, but who were numerous even in districts where a *Capitalist Organisation* was firmly established:

“[Men] who make every week a coarse kersy, and are compelled to sell the same at the week-end, and with the money received for the same provide both stuff wherewith to make another the week following, and also victuals to sustain themselves.”¹¹⁴

Above these *Cottagers* were a large body of *Meaner Clothiers* who had normally started as *Weavers*, and who, without ceasing to be manual workers, had developed into considerable employers, like the *Tradesmen* in Baxter's native town of Kidderminster, where:

“...though the *Magistrates* of the town were none of them worth £40 per annum, and most not half so much, three or four of the richest thriving *Masters of the Trade* got about £500 or £600 in

¹¹³ Schanz, *Englische Handelspolitik gegen die Ende des Mittelalters*, vol. II, p. 18, gives exports 1509-47. For later figures see *Lansdowne MSS*, 10 ff., 121-2 (cited by Ehrenberg, *England und Hamburg*, p. 8); Camden, *Annals* (17-7 ed.), vol. I, p. 108; Scott, *English Joint Stock Companies*, vol. I, p. 142.

¹¹⁴ Quoted Westerfield, *Middlemen in English Business*, p. 187; see also V.C.H., Yorks., II, 415.

twenty years, and it may be lost £100 at once by an ill *Debtor*.¹¹⁵

The apex of the industry consisted of a class of *Capitalist Merchants* or *Rich Clothier*, like the famous *Clothiers* of Bath and Wells described by Leland, Spring of Lavenham in Suffolk, whose daughter married an Earl of Oxford, Winchcombe of Newbury, and Byrom of Manchester, who found work for 500 to 1500 employees,¹¹⁶ wrestled not unsuccessfully with the powerful vested interests represented by the *Merchant Adventurers*, set at defiance the paternal policy of *State* control favoured by the *Privy Council*, and mingled on terms of social equality, with the *Landed Aristocracy*.

An industry conducted on so large a scale necessarily required an adequate financial foundation. The *Grazier* needed capital with which to buy sheep, to meet the difficulties of a bad season, or merely to carry him over the interval before he received payment.

The *Cottager* had to be supplied with wool for which he could not afford to pay. The *Great Clothier* did not, indeed, have to incur the cost of expensive plant; but he was obliged to buy and hold large stocks of raw materials, involving some considerable initial outlay; £1,000 was suggested to Burleigh by a correspondent as the sum which a substantial *Manufacturer* needed to start operations.¹¹⁷ Different types of wool were required for different qualities of cloth, and, in the case of coal to-day, there was a complicated system of cross-freightage - the wool of Norfolk, for example, being:

“...brought three score miles or more to London, and from there carried eight score miles or more into North Wales and there draped into cloth and so sent back again and sold in London.”

This meant that either the *Grazier* or *Manufacturer* must be prepared to stand out of his money.¹¹⁸

Since there were several processes of *Manufacture*, the interval between the purchase of the raw material and the completion of the finished article ran into several months, during which wages were being paid; and, when the cloth was ready for the market, the cost of transport to London or some other port, the fees of the *Cloth Hall*, and other marketing expenses had to be met before any return was obtained.

Even in the later seventeenth century it was complained that the transport of wares by land to London was ‘as chargeable as a voyage to Spain or Turkey’¹¹⁹ and that, even when they had reached it, *Clothiers* were kept waiting for months before they could get payment.

At every point in this complex industry, from the breeding of sheep to the sale of cloth, credit intervened to bridge the gaps between the successive stages. The form which it assumed was normally that, not of a direct loan at interest, but of book-credit granted by the *Seller* to the *Buyer*.

A *Wool-Exporting Firm*, like the *Celys*¹²⁰ in the fifteenth century, bought from the *Growers* on six months’ credit, and paid them when the wool was sold abroad. A century later, when the export of cloth had largely taken the place of that of wool, the *Large Grazier* sold on credit to the *Clothier* and covered himself by charging a higher price, while the smaller men were financed by *Wool Merchants* who advanced them in spring the money needed to enable them to stock their land with sheep.

Among the *Cloth Producers*, the man with large resources employed *Agents* to travel into the pasture-farming districts and bought a year's supply of raw material from the *Grazier* on long credit. His humbler competitors, who could not afford the outlay involved in buying in bulk from the *Breeders*, relied on the *Local Wool Market* and paid for the material as they sold their cloth. The *Cottager* bought yarn or wool on credit once a week from a *Pedlar*, or was advanced it by the *Merchants* to whose order he worked.¹²¹

During the period of production the *Clothier* raised money for wage and other current expenses by borrowing, sometimes on ruinous terms, on a *Bill of Sale*,¹²² and put cloth out to be dyed and finished on credit.

¹¹⁵ *Reliquiae Baxterianae*, pt. I, p. 94.

¹¹⁶ R.H. Gretton, the *Burford Records*, pp. 655-6. “...he settythe in occupacione dayly five C. of the Kynges subjets of all sorts, and yff he might have kardings and spynnyng he wolde sett many moo in worke.” (March 1538.) For conditions in East Anglia in the early seventeenth century, see Reyce, *The Breviary of Suffolk*.

¹¹⁷ *Hist. MSS. Com., MSS. of Marquis of Salisbury*, pt. II, p. 320.

¹¹⁸ For an account of the distance travelled by wool of various kinds from the *Graziers* to the *Clothiers* see *S.P.D. Eliz.*, vol. CLVII, no. 4: “from Oscestrie to Shrowesburie and thence to London the cottones by horse are carried CXX miles”; and also *S.P.D. James I*, LXXX, 13, the latter quoted, Unwin, *Industrial Organisation in the Sixteenth and Seventeenth Centuries*, pp. 188-9.

¹¹⁹ Petyt, *Britannia Languens*.

¹²⁰ Camden Society, *Cely Papers*, pp. ii and xiii.

¹²¹ I take the account of the organisation of the industry from *S.P.D. James I* vol. LXXX, 13 (quoted Unwin, *Industrial Organisation*, App. A, 11).

¹²² *S.P.D. Eliz.*, CVI, 48.

When the cloth was finished, it was normally dispatched either to *Blackwell Hall* in London, or to some other of the exporting centres, mostly on the East Coast. If it was not immediately sold, the *Clothier* who was in need of ready money could on occasion get an advance from the *Merchant Adventurers* or the cloth-workers at *Blackwell Hall* by leaving it in their charge. In 1586, for instance, when there was a severe depression of trade, the *Merchant Adventurers* agreed, under pressure from the *Government*:

“...to take up on interest a good sum of money on their common charge, with which money they would buy up such cloths weekly as the particular *Merchants* for lack of ready money should not be able to buy.”¹²³

More often, it would seem, the *Clothier* gave long credit to the *Exporting Merchant* and was paid by the latter when the cloth was sold.

In the home trade credit was equally vital. The custom of the trade, a *Kentish Clothier* told Sir Robert Cecil in 1595, was that:

“In the dealings between the *Clothier* and the *Draper*, in delivery of cloths upon credit from one fortnight to another, they do not take specialties, but from time to time upon the delivery of new cloths receive money for the old upon account.”¹²⁴

A *Large Clothier*, like the famous Jack of Newbury, might have £500 owing him from a single *Draper*.¹²⁵ In the controversy between Chester and Shrewsbury in the reign of Elizabeth, which arose from the request of the former that it should be made the staple for the *Cotton and Frieze Industry* of the district, Chester admitted that the most dubious aspect of the proposal was the difficulty of raising locally the ‘stock to wield so great a matter’,¹²⁶ but urged that the difficulty of financing the trade might be overcome either by interesting *Bristol Capitalists*, or by inducing the *Government* itself to advance money.

Shrewsbury pounced upon the weak point in their opponents’ case, and made it the basis of a sermon on the indispensability to *Provincial Industry* of the *London Money Market*.

“Frieze and cottons in the hands of *The Poor* are such to find them from hand to mouth, and they must have thereby three things, viz., oft returne, ready payment, and easy furniture of victuals...

“The returns be now oft by reason of the trade of Shrewsbury to London, for they buy these things of *The Poor* in the market of Oswestry on Monday, and have them dressed, and send to London on the Friday after, where they sell them and receive money or employ in other wares...and so make return ordinarily for the most part within xiv or xx days...

“For speedy payment Chester is not furnished as London, and for the meantime the poverty of Wales cannot tarry for the enriching of Chester, where is to be noted that the workers of these friezes and cottons are commonly so poor as they be not able to pay their *Weavers* and *Fullers* till the cloth be sold.”¹²⁷

At present, *Owner*, *Weaver*, and *Fuller* settle weekly in the *Oswestry Market*; if Chester has its way,

“[*The Poor*] lacking their weekly returns must cause a stay of wool in the hand of the *Woolman*, their *Weavers* and *Walkers* to be without work, and the country without money.”

And since, with the principal foreign market, Rouen, the trade is on a credit basis, and *Chester Capitalists* cannot stand out of their money as long as the more powerful *London Houses*, the result must be a decline in exports. How dependent the little men in the *Textile Industry* were upon credit is shown by their wills.

A small *Cloth Producer* in Suffolk, who made an inventory of his property in the early seventeenth century, was owed money by the *Spinners* to whom he had advanced wool, by *Weavers* whom he had supplied with yarn, and by *Yarnmen* and *Drapers* to whom he had sold yarn and cloth on credit.¹²⁸

The importance of this indispensable and all-pervading nexus was revealed in the sensitiveness with which the highly organised *Textile Industry of Tudor England* responded to the effects of injudicious interference or of a

¹²³ *Acts of the Privy Council* (New Series), Dec. 24, 1586.

¹²⁴ *Hist. MSS. Com., MSS. of the Marquis of Salisbury*, pt. XIII, p. 560.

¹²⁵ Deloney, *The Pleasant Historie of Jacke of Newberie* (edit. By F.O. Mann).

¹²⁶ *S.P.D. Eliz.*, vol. CLVII, no. 4.

¹²⁷ *S.P.D. Eliz.*, vol. CLVII, no. 5.

¹²⁸ Camden Society, *Bury Wills*, pp. 168-70. For another example see *V.C.H., Suffolk*, vol. II, p. 259, where in 1577 a manufacturer sells cloth to the value of £53 10s., £40 to be paid before St. Bartholomew’s day and the remainder before Christmas.

trade depression.

Even the humblest *Producer* felt immediately any curtailment of credit facilities. *Governments* tried more than once to eliminate the *Wool Brogger* or *Wool Driver*, on the ground that he was a parasite who forced up prices by speculation, and made a living, not by honest labour, but by taking advantage of his neighbours' necessities.

But the *Wool Broker* was not merely a *Middleman* or even a *Distributor*. He was also, in effect, the *Banker* of the *Cottage Weavers*, on whose advances the latter was dependent for raw materials, and the effect of their well-intentioned intervention was to evoke a storm of protests from the very class which it had been designed to protect.¹²⁹

Among the *Great Clothiers* and the *Exporting Merchants* economic interdependence was so close that a commercial crisis spread like an infectious disease. A single *Exporter* might owe *Manufacturers* as much as £20,000, and by his failure to pay 'overthrow the estates of diverse *Clothiers*'.¹³⁰

During the depression of trade in 1621, which caused widespread distress in the textile districts and led to the appointment of a *Royal Commission*, the *Justices of Suffolk* reported to the *Privy Council* that in twelve towns of the county the *Clothiers* had lost £30,415 in the last five years through their inability to secure payment for cloth sold on credit to *Merchants*, and that in twenty towns they had cloth to the value of £39,282 lying on their hands, for which they had incurred all the costs of production, but for which they could now find no sale.¹³¹

Mining had in the sixteenth century nothing like the importance of the *Textile Industry*. While in the latter, England already led Europe, in the former she was behind the Continent. The pioneer in *Mining* in the *Later Middle Ages* had been Germany. The best theoretical treatise on *Mineralogy and Mining Technique* was by a German, and when attempts were made to develop the mineral wealth of the north of England, German experts had to be imported to teach Englishmen the business.

On the other hand, though in scientific methods England was backward, there had always been a good deal of *Surface Mining*, and tin and lead had long been regarded as among the most important of English exports.

In addition to these long-established industries, the sixteenth century saw the beginning of important new developments. One aspect of the *Commercialising of Land Tenure* was that *Progressive Landlords* threw themselves into developing the coal and other minerals on their *Estates*. The demand for *Ordnance* for the ceaseless wars of the age offered a market for iron ore. The *Government*, which was anxious for political reasons to develop a *Munitions Industry*, took the lead in promoting companies to mine for lead and copper in Westmorland and Cumberland.

The *Financing of the Mining Industry* presented special difficulties and special opportunities. Not only was the interval before any return could be obtained even longer than in the *Production of Cloth*, but there were the additional facts that, in the rudimentary conditions of *Mining Science* and in the absence of any class of *Professional Technicians*, the industry was far more speculative than it is to-day, and that the investment required before a start could be made with the extraction of minerals might be considerable.

There was, it is true, alike in lead, coal, and tin mining much surface working by individuals and partnerships of half a dozen *Free Miners*, who staked out a claim, and were protected in the exploitation of it by *Mining Custom*. But even these *Small Prospectors*, like the *Cottage Weaver*, required to be financed till the mineral was won and sold. Apart from them, the *Landlord* or *Merchant* who undertook operations on a larger scale with hired labour was faced with the necessity of considerable capital expenditure in sinking pits, draining water, and providing facilities for haulage.

In 1591 a Berwick *Mine Owner* is found spending £2,000 on a water gate which has fallen in, and is faced with additional outlay to clear it and to sink new shafts before any coal can be won.¹³² If, as sometimes happened, the *Entrepreneur* employed several hundred men, he incurred a large wage bill for some months before any return could be obtained. In such conditions credit was obviously vital, and the early problems of the *Mining Industry* arose largely from the difficulty of securing it. The arrangements which obtained in the small enterprises of *Working Miners* were much the same as those in the *Textile Trade*. The *Tradesman* who found a market for the ore, like the *Middleman* who distributed wool, was also a *Capitalist* who financed the *Producer*.

¹²⁹ E.g., 5 and 6 Ed. VI, c. 7; 2 and 3 Phil. And Mary, c. 13 (which gave a qualified indulgence to the Halifax wool-broker). For the dependence of the smaller producers on credit supplied by the chapman, see *S.P.D. James I*, LXXX, 13, "...yarn makers and poor clothiers that depend weekly upon the wool chapman which serves them weekly with wool either for money or credit."

¹³⁰ *S.P.D. James I*, CIX, 126.

¹³¹ *Hist. MSS. Com., MSS. of E. R. Wodehouse, M.P.*, p. 440.

¹³² *S.P.D. (Add.) 1580-1625*, vol. XXXII, 21, see also *History of Northumberland*, vol. IX, pp. 225-7, where a group of London capitalists guarantee capital expenditure up to £2,000 on mines at Cowpen.

The *Derbyshire Lead Miner* sold his ore to *Merchants* who not only smelted it, but kept him afloat with advances. In the Mendips capital appears to have been provided partly by the *Local Gentry*, partly by *Bristol Merchants*. The *Cornish Tin Miner* was financed by the *Tin Master* or *Contractor*, who had taken a lease of the properties, and who was in turn kept afloat by advances from those - often *London Merchants* - who had secured the pre-emption of the tin.¹³³

The *Durham Coal Industry* in much the same way obtained capital from the *Merchants* who controlled the sale. Under Elizabeth it was increasingly financed by a small group of *Newcastle Hostmen*, stated in 1590 not to exceed eighteen or twenty persons, who, by an arrangement which became famous or notorious as the *Grand Lease*, had obtained from *The Crown* a concession of its coal-bearing properties in the county.

They were already putting into operation the policy known later as 'the imitation of the Vend', and:

"...so engrossing the whole commodity, and reducing the trade into a few men's hands, have contrived themselves to sell their sea coal at their own prices for their best advantage and the public detriment."¹³⁴

When, as was more and more the case, mining was carried on upon a larger scale, other means had to be used. The fact that they were backed by the *Government* and were, in a sense, *Public Undertakings*, enabled the *Mines Royal and Battery Works* to be floated as *Joint Stock Companies* with capital obtained by subscriptions from *Shareholders*; and the *Municipality of Nottingham* in the early seventeenth century raised the funds needed to work a local coal mine in the form of one-pound shares. The *Private Landowner*, for whom such methods were impossible, had recourse to such *Merchants* or *Gentlemen* as could be induced to take an interest in the venture.

The Willoughbys of Nottinghamshire were an example of *Enterprising Landlords* who, for several generations, pursued a continuous policy of supplementing their income from agricultural land by opening coal mines and establishing iron works.¹³⁵

In 1542 their *Bailiffs*' accounts show them sinking pits, paying miners and arranging for the coal to be freighted to Hull. In the 1590s they are spending at the rate of nearly £20,000 a year on iron mills at Codnor; at the beginning of the next century they are considering a project carrying coal from Nottingham to London by shipping it by water via Gainsborough to Hull, and are in communication with an inventor of a new pumping machine which 'shall draw fifteen ton of water at one hour's space at one hundred fathom deep, with the help only of two able men'.¹³⁶

We can trace in the papers of the family the difficulties which accompanied the development of these enterprises. Apart from technical deficiencies the main problem was to obtain sufficient working capital. Their rivals in the local coal industry, the Strelleys, with whom they had been engaged in a law suit caused by the action of the latter in disposing of their water by turning it into the Willoughbys' pit, seem to have been financed by a group of *London Merchants*, and to have ended by surrendering the property to them as mortgagees.

The Willoughbys' policy was apparently to raise capital by note of hand, with the backing of friends, from the neighbouring *Merchants* and *Landowners*. The complaint of their *Employees* is always that what hampers their *Enterprise* is lack of adequate financial resources.

"Hentworth"...[a local competitor who bought coal on credit]...explains that an agent in answer to criticism, "may well overgo us in the carriage of more coal to Newark, because he neither payeth for coals nor carriage till he have sold them, and we pay beforehand, so that we are not able to have great stacks standing by us, for want of stock, as he may. But if it please your worship to afford a competent sum of money upon sufficient security and interest...then we would carry more than he can and can sooner sell them."¹³⁷

The problem was met by borrowing fresh capital, only to create, five years later, the further problem of how to repay it. "Good Sir," writes a despairing manager to Sir Percival Willoughby, who had borrowed from him as well as from others:

"Whereas you write unto me to pay Sir Phillip forty to fifty pounds...he seeth plainly that my receipts, as this year falleth out, will but pay the weekly charge; and for very truth the coal mines, for aught that I can see, cannot answer their own charges. Yet you know that I must pay 1,000

¹³³ V.C.H., *Derbyshire*, II, 831; *Somerset*, II, 375; *Notts.*, II, 327. See Galloway, *Annals of Coal-mining*, p. 99, and Lewis, *The Stannaries*.

¹³⁴ *Lansdowne MSS.*, 65, 11.

¹³⁵ For what follows see *Hist. MSS. Com.*, *MSS. of Lord Middleton*, *passim*, and V.C.H., *Notts.*, vol. II, pp. 324-7.

¹³⁶ *MSS. of Lord Middleton*, pp. 173-5.

¹³⁷ *MSS. of Lord Middleton*, pp. 175-6.

marks to Sir John and him, besides usury, which biteth to the very bone, and the continual charge of removing coal to the bridges...I have much ado for money, and so I have as ever I had in my life, neither know indeed which way to turn me...

“You have further written unto me to enter into two thousand pounds bond to Sir John Hollis and Mr. Zacherverall...You know, sir, that I am already bound for £3,000 for you, and that yet I could never by any possible means get out of any one bond that ever I entered into.

“Things have gone so cross with us both, and if Mr. Bate does but fail us in renewing our bonds in November next, then I am sure to be clapped...I am already so far in bonds about these businesses, all the coal mines in England should [stand] alone for me, before I would venture so far for them all.”¹³⁸

Nor were the conditions of Nottinghamshire exceptional. The manager of a Cornish lead mine writes in exactly the same strain - that wages are in arrears, that he has money in hand only for two weeks' more work, and that the pit will be drowned out by water unless he can secure an immediate advance of forty pounds.¹³⁹

Both the *Durham Coal Industry* and the *Lead Mines of Somersetshire* were crying out for capital and offered a golden opportunity to the *Speculator* who would advance it. The latter had its *Capitalist* in Bevis Bulmer, who anticipated under Elizabeth the methods subsequently pursued by Thomas Bushell under the *Commonwealth*; the former in Sutton, secretary to the Earl of Warwick, who financed coal mines at Whitehaven and Gateshead and was said to have accumulated the considerable fortune of £50,000.

When in 1595 *The Crown* leased part of its coal-bearing property in Northumberland to a *London Merchant*, the *Lessee* parted with it to a group of *Midland Financiers*, and they in turn transferred it to a *Syndicate of London Merchants* who undertook to advance £2,000 for purposes of development.¹⁴⁰

The system by which the *Tin Mines of Cornwall* were financed was similar in principle. But since tin mining was an important and long-established industry at a time when coal mining was in its infancy, and since the *Government* had special rights and obligations in the Duchy, the problem was more acute and the arrangements were more elaborate.

There were four main groups of interests concerned in the industry, the *Working Miners*, the *Mine Owners*, or *Tin Masters*, who owned or leased the tin-bearing properties, the parties to whom *The Crown*, when it did not retain it in its own hands, granted the pre-emption, and *The Crown* itself.

The tin exported from the mines of Devonshire and Cornwall from Michaelmas 1592 to Michaelmas 1593 was stated to be 827,900 hundred-weight: the amount retained to be worked up at home was uncertain, but was estimated as 162,000 hundred-weight. The total annual output of tin at that period, therefore, was about 989,900 hundred-weight.¹⁴¹

It was paid for twice a year, at midsummer and Michaelmas, when the coinage took place. Naturally, however, neither *Miners* nor *Tin Masters* could wait six months for their money; it was necessary to provide funds for financing them in the interval, the sum required being put by some estimates as high as £40,000, and by others as low as £10,100.¹⁴²

The principal problem of the industry concerned the methods by which, and the terms on which, these funds should be provided. The system actually adopted varied from time to time, according to the manner in which *The Crown* disposed of the pre-emption, which was sometimes leased to a *Syndicate of London Merchants*, sometimes granted to an influential noble, and sometimes retained by *The Crown* itself.

But in each case it was necessary to organise the credit without which the industry could not be carried on; and the only person who could supply it was the *Pre-emptor*, who bought and marketed the tin. The arrangement which obtained, when, as usually happened, the tin was taken by a *Group of Merchants*, was for the *Tin Master* to borrow cash from them for his current expenses in return for an undertaking to deliver a stipulated quantity of tin at the next coinage, and for the *Working Miner* in his turn to obtain advances from the *Tin Master*, which he subsequently paid off in tin.

It was explained in 1554 in criticism of the proposed grant of the pre-emption to a single *Monopolist*, that:

“The *Merchant Timmers* and the *Poor Labourer* use always to receive and take money beforehand

¹³⁸ *MSS. of Lord Middleton*, pp. 182-3.

¹³⁹ *S.P.D. Eliz.*, vol. CLXXI, no. 62.

¹⁴⁰ *History of Northumberland*, vol. ix, pp. 225-7.

¹⁴¹ *Hist. MSS. Com.*, *MSS. of the Marquis of Salisbury*, pt. XIII, pp. 514-5.

¹⁴² *Hist. MSS. Com.*, *MSS. of the Marquis of Salisbury*, pt. V, pp. 160.

to set themselves on work, and so bind themselves in great sums to deliver tin for such money as they receive at the day of deliverance...

“Thus [i.e., if the grant be made] a number of *Merchant Tinnners*, which keep a number of *Poor Labourers* at work and use to deliver unto some £5, unto some £6, and unto others £20 beforehand, after the rates of such quantity of tin as they yearly use to make, whereby the said *Merchant Tinner* shall disburse among the poor men £1,000 before he receive one pennyworth of tin, he cannot disburse such a sum beforehand without taking money beforehand of the *Merchant Buyer*...

“Thus [i.e., if the grant be made] the *Merchant Tinner* will lack funds to keep his *Tinnners* working, so in time many will be idle, and the whole tin business undone.”¹⁴³

Naturally the *Pre-emptor*, whether an individual or a *Syndicate*, who stood between the market and the industry, was in a position to make his own terms. There were constant complaints of the extortionate conditions which he demanded for granting accommodation, and of the enormous margin between what, to follow a modern analogy, might be called the *Pithead Price of Tin* - fifteen or sixteen pounds per hundred-weight - and the price of twenty-eight or thirty pounds paid by the *Pewterers* from whom the home demand for tin principally came.

The small group of *London Capitalists* who held the *Pre-emption* maintained a financial pressure which was felt in every corner of the industry. Like the brothers Lorenzo,

“Half ignorant they turned an easy wheel,
That set sharp wracks at work to pinch and peel.”

The profit which they made out of the *Mine Owners* amounted, it was said, to as much as forty to sixty per cent., and the *Mine Owners* in turn squeezed the *Miners*, to whom they made advances in money or in truck at usurious rates of interest.

The charge of prospecting was, of course, denied indignantly by the *Merchants*, who protested their philanthropic intentions to the *Government*, and claimed that,

“...[so far from taking] intolerable use for the loan of money unto *Tinnners*...for three parts of the tin at least, money was lent unto some after ten, and some after six in the hundred, and to some *gratis*, to be paid in tin after the common prices.”¹⁴⁴

But the arguments advanced for nationalising the purchase and sale of tin show that in normal years very large profits must have been made by *Merchants* who bought tin cheap in consideration of loans made to the *Producers*, and had enough capital to hold it till the market was in their favour. It was argued in 1594 that:

“In *Monarchy* the wealth of the *Prince* is the riches of the *Commonwealth*, and it being drawn into someone or few men's hands savours of a *Monopoly*, which her *Majesty*, by taking it into her own hands, doth prevent and remedy...

“In doing by her officer but that which three or four *Engrossers* do yearly, laying the stocks together to the great hindrance of her *Majesty* and the realm,” the queen could get back the capital invested in two years and after that make a profit of £7,000 a year.¹⁴⁵

Tudor Governments were not *Philanthropists* or *Social Reformers*. It was these financial attractions, rather than the bankruptcy of the *Tin Masters* or the distress of the *Working Miners*, which induced *Elizabeth's Government* to resume the pre-emption, and to advance £8,000 a year to the industry without interest.

What is more remarkable as an indication of the urgency of the credit problem is that private speculators, unmoved by considerations of a public character and merely because, in order to get money out of the industry, it was necessary first to put money into it, took up the same policy of establishing a *Loan Fund*, or ‘*Bank*’.

Among the different *Pre-emptors* in the reign of Elizabeth no less than five agreed to advance, either at a low rate of interest or for no interest at all, sums varying from £1,000 to £10,000.¹⁴⁶ The failure of later *Pre-emptors* led to general distress and provoked complaints in the reign of Charles I. The fact was, indeed, that, without credit, production was hardly more possible than it would be to-day. The author of a pamphlet in the reign of James I wrote that, ‘*Traders* will not be confined to trade with their own talents...What a world of *Trading*

¹⁴³ *S.P.D. Mary*, IV, no. 5 (quoted Lewis, *op. cit.*, pp. 213-14).

¹⁴⁴ *MSS. of Marquis of Salisbury*, pt. V, p. 160.

¹⁴⁵ *MSS. of Marquis of Salisbury*, pt. V.

¹⁴⁶ Lewis, *op. cit.*, pp. 218-9.

*Debtors are eaten up with usury!*¹⁴⁷

The situation was not confined to the *Textile* and *Mining Industries*; the small *Industry of Wire-Making* was financed in the same way by a goldsmith and his partner, who undertook to deliver fifteen tons of iron every six weeks in return for bills payable at six weeks, and their failure to implement their contract caused such severe local distress that the *Government* was obliged in 1598 to intervene.¹⁴⁸

It was an inevitable result of the transference of the control of industry from the *Individual Producer* to the *Commercial Capitalist* which, alike on the continent and in England, was the most conspicuous result of the industrial revolution of the sixteenth century.

The effect of that movement was twofold. It both rendered more acute the problem of maintaining the independence of the *Craftsman* against the *Financier* which had given its edge to the suspicion of the *Usurer*, and created in the higher ranges of economic organisation conditions in which that traditional sentiment lost much of its point.

In the increasing number of industries in which the *Craftsman* had ceased to be an *Independent Master*, buying his own raw materials and selling direct to the *Consumer*, the financial dependence which elsewhere had been felt mainly in the earlier years of his business life, or when he was harassed by exceptional misfortunes, became almost a normal and permanent relationship.

Whether, like most *Textile Workers* in East Anglia and the west of England, he was frankly a *Wage-Earner*, or whether, as in the case of the humbler members of some *London Companies*, he still regarded himself as a *Small Master* working on commission for the *Merchant*, he was in effect the *Servant of an Employer*, and of an *Employer* who had him the more completely at his mercy because he not only provided raw materials and marketed the goods, but often advanced the *Working Capital*.

Hence the redoubled agitation against usury on the part of *Social Reformers* and *Moralists*, the efforts of *Philanthropists* and *Municipal Authorities* to enable the *Craftsman* to maintain his independence by borrowing upon easy terms,¹⁴⁹ and the attempts of *Producers* to protect themselves against exploitation by the *Financier*.

In Suffolk, where the *Manufacturers* complained bitterly of the extortionate terms charged for advances – ‘we are forced... to pawn £40 worth of commodities for £20’¹⁵⁰ – the *Corporation of Cloth Producers* endeavoured to protect its *Members* by forbidding them to pay more than ten per cent. for advances.¹⁵¹

The *Tin Miners* paying ‘twopence in the shilling... and at his master’s mercy for his whole wage’¹⁵² continued down to the *Civil War* to clamour, and sometimes with success, for the establishment of an *Industrial Bank*. The *Hardware Trade* suffered in somewhat the same way from the domination of the *Commercial Capitalist*, and a bill was introduced on its behalf to forbid *Dealers* in iron from paying for iron goods in truck.¹⁵³ The *London Felt Makers* proposed to deliver themselves from ‘the extreme malice of the *Haberdashers*’ by raising a stock of £25,000 to be used in paying ready money for all hats produced by the *Members of the Company*.¹⁵⁴ The *Pin Makers* induced the impecunious *Government* of Charles I, which was always ready to combine philanthropy with profit, to agree to finance the commercial side of the industry by furnishing ‘a stock of £10,000’.¹⁵⁵

These attempts on the part of *Craftsmen* to maintain their financial independence were a practical illustration of that growth in the power of the *Commercial Capitalist* which was one occasion of the books of Wilson and his contemporaries. But the movement which provoked the denunciations itself made it impossible that they should have any practical effect.

It was not merely that, in an age when trade was almost universally conducted on a credit basis, the desire of the *Preacher*, as of other conservatives, that ‘every man would live his trade and calling’ without borrowing, was a mere pious aspiration.

A century and a half before Defoe wrote that ‘*English Tradesmen*... understand how to manage credit... better than any other *Tradesmen* in the world’, book credit between the *Shopkeeper*, *Wholesale Manufacturer*, and *Producer* of raw materials was already highly developed.

¹⁴⁷ *Usurie arraigned and condemned* (1625).

¹⁴⁸ *Acts of the Privy Council (New Series)*, vol. XXVIII, pp. 494-5.

¹⁴⁹ See *The Harrying of the Usurer* by R.H. Tawney.

¹⁵⁰ *S.P.D. Eliz.*, CVI, 48.

¹⁵¹ *V.C.H., Suffolk*, vol. II, p. 263.

¹⁵² *Lansdowne MSS.*, 76, fo. 34 (quoted Lewis, *op. cit.*, pp. 214-15).

¹⁵³ *Hist. MSS. Com.*, App. To Third Report, p. 11.

¹⁵⁴ Printed Unwin, *Industrial Organisation in the Sixteenth and Seventeenth Centuries*, App. A, IV.

¹⁵⁵ Printed Unwin, *Industrial Organisation in the Sixteenth and Seventeenth Centuries*, App. A, III.

Loans to enable rich *Capitalists* or *Landowners* to finance profitable undertakings, which had been the exception, were becoming the rule. Loans to meet the occasional necessities of the *Small Producer*, formerly the typical case, were dropping into an unrewarded background.

Economic opinion, the docile servant of predominant economic interests, was not slow to supply a victorious movement with the intellectual canonisation which it required. As usual, the reaction overshot the mark.

Theorists, observing rightly that doctrines designed to protect the *Peasant* or *Craftsman* against the *Pawnbroker* were not equally applicable to *Clothiers*, *Mine Owners*, and *Iron Masters* who were quite capable of protecting themselves, were beginning to swing from excessive rigour to excessive laxity. Having for centuries argued with little reason that interest was oppressive in all circumstances, within half a century of Wilson's death they were to argue with even less reason that it was oppressive in none.

The Foreign Exchanges

In inserting in his discussion of problems of credit a special section upon the *Foreign Exchanges*, Wilson was paying a significant, if hostile, tribute to what was the most typical and most important of the financial developments of his age.

A century before, few writers on the subject - certainly few English writers would have thought it necessary to select the *Exchanges* for particular examination from among the other forms of *Merchant Practice* comprised under the general heading of usury.

By the fifties of the sixteenth century, thanks to repeated depreciations of the currency, to the heavy payments which the *English Government* had to make to *Continental Armament Firms*, and to the large loans, which it was obliged to raise from *Continental Bankers*, the *Foreign Exchanges* had become a public question of the first importance.

From the accession of Edward VI to, at least, the late seventies, with short intervals of optimism, the *State Papers* are full of the apprehensions of *Statesmen* and *Publicists* at the low standing of sterling on the *International Market*, and, less than five years after Wilson's book appeared, the Government made one of the recurrent efforts at 'controlling' the *Exchanges* which continued at intervals down to 1628.

The public debate upon exchange questions profoundly influenced economic thought. It was as an incident in it that *Bullionists* and *Mercantilists* hammered out their rival theories of *Foreign Trade*. And, since problems of *Currency* and *Credit* lent themselves more readily than other economic questions to discussions in terms of mechanical causation, it was a potent factor in accelerating the transition from the casuistry of economic conduct represented by Wilson to the objective analysis of the *Political Arithmeticians*.¹⁵⁶

Space forbids us to do more than allude to the *Financial Mechanism* presupposed in Wilson's account of the *Foreign Exchanges*. The conditions of the development of an *International Money Market* are partly economic and partly political - the existence of *Financial Centres* by whose opinion the standing of different firms is gauged and of *Financial Houses* with sufficient resources to provide ready money against acceptable paper, close contact between deferent *Commercial Centres*, reasonably *Stable Currencies*, and confidence that liabilities will not be repudiated by *Government* or rendered incapable of discharge by war.

In its *International Politics* and its *Public Finance*, the sixteenth century was but little superior to the twentieth. The economic life of a great part of the continent was repeatedly paralysed by war. Its commercial and financial capitals, South Germany, Antwerp, and Lyons, were in turn ravaged or sacked. *International Commerce* was interrupted by recurrent blockades.

The currencies of all states were execrable. In Wilson's lifetime the *French Government* defalcated once, and the Spanish twice, while the latter, in addition to practising repeated confiscations, was again to repudiate part of its debts in 1596.¹⁵⁷

In its economic organisation the machinery of *International Trade* had reached a state of efficiency not noticeably inferior to that of three centuries later. Before the most highly-organised economic systems of the age were ruined by the struggle between Spain and the Netherlands, and by the *French Wars of Religion*, there were perhaps ten to twelve *Commercial Centres* whose *Money Markets* were the financial power-houses of *European Trade*, and whose opinion and policy were decisive in determining financial conditions.

In the Flemish, French and Italian cities where it reached its zenith, and of which England was the pupil, the essence of the *Financial Organisation* of the sixteenth century was *Internationalism*, freedom for every *Capitalist* to undertake every transaction within his means, a unity which had as its symptom the movement of all the principal markets in sympathy with each other, and as its effect the mobilisation of immense resources at the strategic points of *International Finance*. Its centre and symbol was the exchange at Antwerp, with its

¹⁵⁶ It is not possible here to enter into the details of the movement in exchange rates, for the study of which, however, considerable materials exist. A short account of public policy is given in my essay entitled *The Struggle Over the Exchanges*. Among the most important contemporary discussions of the question are the following: - *Harl. MSS.* 660, fo. 107 (a memorandum prepared for the Royal Commission of 1564); *Ibid.* 251, 57, fo. 112 (a collection of precedents as to the office of Royal Exchanger); *S.P.D. Eliz.*, vol. LXXV, no. 54 (*a Device for the remedyinge of some parts of the inconveniences which daylie growe in this realm by usury and dry exchange*); *Handelspolitik*, vol. II, pp. 611-48; Burgon, *Life of Gresham*, vol. I, app. VII, XI, and XXI; Pauli, *Drei Volkswirtschaftliche Denkschriften aus der Zeit Heinrich VIII*; Goldsmiths' Library, MS. No. 10, *Policies to reduce this Realme of England unto a prosperous Wealth and Estate*; Camden Miscellany, vol. II, *Request and suite of a true-hearted Englishman*, by Wm. Cholmley; Malynes, *The Canker of England's Commonwealth*. The best modern study is still that of Ehrenberg, *Das Zeitalter der Fugger*.

¹⁵⁷ The French repudiation took place in 1557, the Spanish in 1557, 1575, and 1596. For short accounts of the circumstances see Häbler, *Die Wirtschaftliche Blüte Spaniens und ihrer Niedergang*, and Ehrenberg, *op. cit.*, II, pp. 147-82 and 259-61.

significant dedication, '*ad usum mercatorum cujusque gentis ac linguae*' where, as Guiccardini¹⁵⁸ said, every language under heaven could be heard, or the fairs at Lyons which formed, in the words of a Venetian,

“...the foundation of the pecuniary transactions of the whole of Italy and of a good part of Spain and of the Netherlands.”¹⁵⁹

Apart from the crowd of *Traders, Speculators, and Promoters* who hung upon its outskirts, the personnel of the *International Money Market* consisted of the *Resident Correspondents* maintained by the *Great Financial Houses* of South Germany, Italy, France, and Spain, of the *Agents* employed by *Governments* either to negotiate their loans, or when, like Portugal and Spain, they traded themselves, to dispose of their products, and of an inner ring of *Successful Merchants* who found finance more profitable than trade.

The supply of capital concentrated at these nodal points flowed from every country and from every type of undertaking, productive enterprises such as the silver and copper mines of the *Fuggers* in the Tyrol and Hungary, the profits of trading ventures such as those of the *English Wool Staplers* and *Merchant Adventurers*, successful investments and speculations on the part of the *Financiers* themselves, and to a less extent, since the habit of leaving money on call at a fixed rate of interest had already gone some way in parts of the continent, from savings invested with them by the *General Public*.¹⁶⁰

The demand came from the need of large sums to finance the purchase of the produce handled on the world markets, such as spices - above all, pepper - copper, alums, and the precious metals, the insatiable appetite of *Governments* engaged in, or contemplating, war, and the requirements of *Merchants* occupied with *Foreign Trade*.

Linked to each other by the presence in each of the *Great Financial Houses* of the continent, with abundant capital seeking investment, a considerable class of *Financial Specialists* and a highly-developed financial technique, Antwerp, Lyons, Frankfurt, and Venice, and, in the second rank, Rouen, Paris, Strasburg, Seville, and London,¹⁶¹ apart from their importance as centres of industry and as markets for public loans, formed together the departments of an *International Clearing House* where bills could readily be discounted, drafts on any considerable city could be obtained, and the papers of *Merchants* of almost every nationality changed hands.

London, when Wilson wrote, possessed neither the resources nor the organisation of Antwerp and Lyons. Its exchange, though projected by Sir Richard Gresham in 1537, was not completed till 1567, and not formally opened by Elizabeth till 1571.

In spite of the merchant's boast that the city was 'the queen's ante-chamber' the *Government* down to the seventies was dependent mainly upon *Foreign Capitalists*; few of the *Great Financial Houses* who maintained agents at Antwerp, Lyons, and Seville, seem to have thought it worth while to do the same in London.

Though later in development, however, and humbler in the scale of its operations, *English Finance* reproduced most of the features of the more famous *Financial Centres*, and there was a close connection between the *London Money Market* and that of the continent.

Its personnel consisted partly of old-established foreign firms, principally Italian, partly of *English Merchants* connected with the *Wool Staplers*' and *Merchant Adventurers*' organisations, who had more recently entered the business. The Florentine houses, who had largely financed Henry VIII, had been superseded towards the end of his reign, as far as public loans were concerned, by the South German firms at Antwerp. But financial business continued to be largely in the hands of Italians.

When, in 1553, Cecil prepared a programme for controlling the exchanges, what he emphasised most was the necessity of keeping a tight hold on the Italians, who:

“...go to and fro and serve all princes at once...work what they list and lick the fat from our beards.”¹⁶²

Italian financiers, such as Pallavicino, Vellutelli, and Spinola, were employed by the *Government of Elizabeth* to raise loans abroad and to transmit subsidies to the Netherlands.¹⁶³ In the middle of her reign it was *Italian Bankers* who took the initiative in organising opposition to the proposal to impose a tax upon exchange

¹⁵⁸ Lodovico Guiccardini, *Descrizione di tutti I Paesi Bassi*.

¹⁵⁹ Tommaseo, *Relazioni degli ambasciatori Veneti*, I, 36 (quoted Ehrenberg op. Cit., p. 73.)

¹⁶⁰ See, e.g., the remarks of Wilson's apprentice, Guiccardini, *op. cit.*, and Ehrenberg, *op. cit.*, I, pp. 391-2, where the practice is defended as a convenience to the general public.

¹⁶¹ I take this list from *S.P.D. Eliz.*, CVI, no. 6.

¹⁶² *Hist. MSS. Com.*, *MSS. of the Marquis of Salisbury*, pt. I, pp. 162-4.

¹⁶³ *Ibid.*, pt. II, pp. 6 and 316; pt. VII. *S.P.D. Eliz.*, *passim*.

transactions.¹⁶⁴

The prominence of the *Italian Colony* in connection with the *Money Market* is significant, since it suggests that the more highly-specialised and intricate type of financial business, involving international connections and an accurate knowledge of foreign conditions, was still something of an exotic.

But it was everywhere the nature of finance to be cosmopolitan; in Antwerp itself the role played by native Flemings appears to have been insignificant; and from an economic point of view it obviously made no difference to the *English Exporter* whether his bill was discounted by a Londoner or by a Venetian.

What is more remarkable, as an indication of the growth in the complexity and resources of *English Economic Organisation*, is the increase in the number of *English Firms* who specialised in exchange business. By the latter part, at any rate, of the fifteenth century, and doubtless much earlier, the provision of credit for *Merchants* had become a regular trade, in connection with financing both imports and the principal English export of raw wool and, somewhat later, of cloth.

The policy of the *Wool Staplers*, it was complained,¹⁶⁵ was not to bring home the proceeds of their sales of wool at Calais, but to advance them to *English Merchant Adventurers* engaged in an import business between the continent and England who used the money to buy foreign wares, and subsequently repaid the *Lenders* in London.

The wool exporting business of the *Celys* was a case in point. Their practice was to sell to the foreign buyer partly for ready money, but mainly on six to nine months' credit. When paid in ready money at Calais, they frequently left it in the hands of their *Agent* there to advance to other *Merchants* till the next market.

Their bills they discounted almost invariably with one particular class of *London Tradesman*, namely the *Mercers*, who evidently were *Specialists in Financing the Wool Trade*, advanced *Exporters* sums of several hundred pounds at a time, and, in addition, carried on a certain amount of *Money-lending* of a more miscellaneous character.¹⁶⁶

A new impetus to this class of business was given by the enormous expansion of *Foreign Trade*, particularly of the export of woollen cloth, which took place in the reign of Henry VIII.¹⁶⁷ The personnel of the new enterprises was drawn, as was natural, from the ranks of the *Successful Merchants*, who had accumulated considerable capital in *Foreign Commerce*, acquired a knowledge of the markets, and saw in the financing of *Foreign Trade* a more profitable and less risky employment of their capital than in trade itself.

It was a common impression among observers of economic conditions that more than half the profits of the export trade, and far less than half the trouble, went to the *Financier*, who,

“...knowing certainly whether and what the *Merchants* gain upon the wares they buy and sell, [was able] to get a part and sometimes all his gains that employeth money taken up by exchange on wares, and so make others travell for his gains.”¹⁶⁸

The result was a movement precisely similar to that which Guiccardini described in Antwerp, and which had carried the *Fuggers* first from their humble textile business into financing silver mines, and then from mining to their dominant position in the *International Money Market*. The successful *Trader*, while continuing - to the confusion of posterity - to be called by the generic term of *Merchant*, retired from trade and became, in effect, a *Banker*.

The process was described by a hostile critic¹⁶⁹ who wrote at the close of the reign of Henry VIII, and a few years later by Gresham, who saw in it a cause of the catastrophic fall in the exchanges. According to both, what had happened was that the boom in the cloth trade had been followed by a period first of cut-throat competition and then of depression. Gresham complained that:

“*Young Merchants* hathe from time to time run in headlong into the feat of merchandise and so entered into credit; and when they had overshot themselves, and had burdened themselves with more than their substance would bear, both here and in England, then, for saving of their name and credit, they were fain to run upon the. Exchange and rechange; and the *Merchants*, knowing they

¹⁶⁴ Their protest is printed Schanz, *op. cit.*, pp. 642-3; see also *MSS. of the Marquis of Salisbury*, pt. II, p. 143, and pp. 151-3.

¹⁶⁵ Pauli, *op. cit.*, pp. 19-20.

¹⁶⁶ Camden Society, *The Cely Papers*, pp. 5, 6, 11, 15, 17-8, 39, 41, 107, 134, 204.

¹⁶⁷ Schanz, *op. cit.*, II, p. 18, where statistics are given.

¹⁶⁸ *S.P.D. Eliz.*, vol. CVI, no. 6.

¹⁶⁹ Pauli, *Drei Volkswirtschaftliche Denkschriften*.

had need thereof, would not from time to time deliver their money but at their price.”¹⁷⁰

In other words, the new businesses which entered the trade, having little or no capital of their own, could only keep their heads above water if given long credit by the *Clothier* and financed by some firm of *Merchants* which helped them with overdrafts. The author of a memorandum submitted in 1564 to a *Royal Commission* on the exchanges wrote to the same effect, that:

“A greate number of young *Englishe Merchant*s doe exercise merchandise with small stockes, who, selling the strange wares hastelly and needfully, retorne the money thereof still by delyverynge the same upon the exchange in Lombard streete.”¹⁷¹

The better established firms, seeing that while the market for cloth was overstocked and prices were falling, there was a golden opportunity for anyone who had capital to lend, gave up the export business in order to specialise in finance.¹⁷²

What they did therefore, was to make advances to *Wool Staplers*, *Cloth Exporters* or other *Merchant* trading to Flanders, by discounting bills, usually at two months, on Antwerp. Having been paid in Antwerp they brought their money home by lending it to *English Traders* who did an export business from the continent to England.

The profits of this double process were reported to be high. Gresham said that the banks made the *Merchant* pay through the nose; Armstrong said they charged fourpence or fivepence for an English noble; and a writer in 1550 put the interest at sixteen per cent.¹⁷³

This account was that of a partisan and must not be taken too much *au pied de la lettre*. There were obviously other elements which contributed to the growth of the money market besides ‘the rich old merchants’ of the woollen trade who ‘occupied their money by exchanges’.

What is evident, however, is that at any rate by the third quarter of the century the *Financing of Foreign Trade* had become sufficiently profitable to form the main business of a special group of *Brokers*¹⁷⁴ and *Discount Houses*. The discounting of bills, by means of which the *Merchant* received his money ‘a great while before it is money indeed’, is obviously of the essence of any regular *System of International Trade*.

As far as concerned the simplest aspect of the *Foreign Exchanges* - their use as a mechanism for the settlement of debts between *Merchants* of different nations - neither the practice nor the theory of the age differed much from our own. *Foreign Trade* was universally carried upon credit;

“the greateste quantitey of wares transported ether outward or inward is boughte by money taken up by exchange.”¹⁷⁵

In England, which had as its principal export cloth, and its chief market in the countries of Northern Europe, the exchanges which were of decisive importance were those on Antwerp; later when the *Merchant Adventurers* moved to North Germany, those on Hamburg; and throughout, though to less extent, those on Lyons and Rouen.

Down to the sixties of the sixteenth century the bill on Antwerp was the commonest form of *Commercial Currency*; the exchange between Antwerp and London was the measure to which *Merchants* and *Statesmen* recurred as the index of the condition of *English Credit*; the seasons when money was plentiful in London were those at which the *Flemish Importer* settled his account.

The *English Cloth Merchant* timed his supplies for the two great *Antwerp Fairs*, held in the spring and autumn, which continued to be the pivot of the cloth trade long after all other business had passed from them to the new *Bourse* erected in 1531, drew bills when the cloth was shipped, and either discounted them at once in London or was paid the settling days which followed the conclusion of these great markets.

Whenever there is:

“a soodene intellygence that thear wilbe presently a goode salle and a greate vente of English ware in the Lowe Countreyes...the merchantes of all nations run headlonge to the exchange for moneye

¹⁷⁰ Burgon, *Life and Times of Sir Thomas Gresham*, vol. I, App. VII: “So that by this ytt may apere unto your grace, thes men that be maid fre by this new hanske, for lacke of experience and knowledge, haythe bynne and is one of the chifftest occasions of the fall of the exchange.”

¹⁷¹ *Harl. MSS.*, 660, fo. 107.

¹⁷² Pauli, *op. cit.*, 34. “Then began old merchants to forsake occupying of clothes to occupie their money by exchange.”

¹⁷³ Burgon, *op. cit.*, vol. I, app VII; Pauli, *op. Cit.*; Schanz, *op. cit.*, vol. II, p. 642.

¹⁷⁴ For brokers, see Burgon, *op. cit.*, vol. I, pp. 98-9, 464-5, and I James I, cap. 21, which forbids malpractices on the part of “brokers...concluding bargains...concerning...moneys to be taken up by Exchange.”

¹⁷⁵ *Harl. MSS.*, 660, fo. 107.

to buy and transport accordingly.¹⁷⁶

Imports were financed in the same way, and what Antwerp was for the northern trade, Lyons was for the southern. It was by bills on Lyons, for example, that the *English Vintners*, with the help of *Italian Bankers* in London, paid for wine imported from Bordeaux, while the trade with France in Welsh friezes and 'cottons' was financed by *London Merchants* who discounted bills on Rouen.¹⁷⁷

The *Merchants* of the *London Hanse*, who, in spite of ceaseless attacks of the *Merchant Adventurers*, did a large business both as importers and exporters, were, in the words of Gresham, 'men that ran all upon the exchange for the buying their commodities'.¹⁷⁸

Foreign Exporters were either paid through the agents of *English Merchants* on the continent, or drew bills on London and discounted them on whichever of the *Continental Markets* they found most convenient. The heavy payments abroad in which the *Government* was involved by its debts and by its military intervention on the continent, were normally discharged in the same way, without the movement of *Bullion*, by bills on some continental market arranged through the *English Merchant Adventurers* or through the *Foreign Correspondents* of the *Italian Bankers* in London.¹⁷⁹

Statesmen and *Publicists* suffered paroxysms of nervous apprehension lest the country should be denuded of *Bullion* by an excess of *Imports* and by *Smuggling*; and it was true that a considerable business in exporting under-valued coins was done by *Goldsmiths* and *Bullion-brokers*. But as far as the general course of trade was concerned these petty malpractices, in spite of the excitement they produced, were without significance.

How rare it was for debts to be settled by any other way than by *Bills of Exchange* was shown by the dislocation produced by the recurrent spasms of *Government Intervention*. In the reign of Henry VIII it was noted as a surprising piece of bad management on the part of the *Government* that £20,000 had been sent abroad for the Swiss troops *in specie*, instead of by bills, which would have saved £2,000.¹⁸⁰

Richard Gresham warned Cromwell in 1538 that the effect of a recent proclamation restricting liberty of exchange would be the collapse of the English export trade in cloth, which got its money by bills on Antwerp, and a movement of gold from London to the continent to finance imports which could no longer be paid for in the ordinary way.¹⁸¹

When, in 1551, the *Council*, characteristically mistaking the symptom for the cause, ascribed the rise in prices produced by repeated depreciations of the currency to the fall in the exchanges, which had reduced sterling from thirty shilling to fifteen shilling Flemish on the Antwerp market, and endeavoured to correct it by renewing the prohibition of exchange transactions, the result was a *Commercial Paralysis* which compelled it in nine months to reverse its policy.¹⁸²

The significance of the machinery of the exchanges for *Foreign Trade* was set out clearly a quarter of a century later in the protests¹⁸³ of the *Business Community* against the proposal to make exchange business a *State Monopoly* and to impose a tax on each contract, with which the *Government* was coquetting in 1574.

The effect, it was urged, would either be to bring *Foreign Trade* to a stand-still, or else to produce the very drain of gold to the continent which the *Government* desired to avoid.¹⁸⁴ The *Government*, in short, as another *Critic* pointed out, could not have it both ways. It could prohibit the export of *Bullion*, or it could prohibit exchange transactions. What it could not do, unless trade were to be paralysed altogether, was to prohibit both.

"Seeing that the carriage of money from one realme to another is forbidden, it is necessary for the trade of merchants that there should be an exchange...merchants natural exchange was first devised and used by the true dealing merchants immediately that princes did inhibit the carriage of

¹⁷⁶ *Harl. MSS.*, 660, fo. 107.

¹⁷⁷ For Lyons, Schanz, *op. cit.*, II, pp. 642-6; for Rouen, *S.P.D. Eliz.* CLVII, 4, 85.

¹⁷⁸ Burgon, *op. cit.*, App. XXI.

¹⁷⁹ E.g. through the Merchant Adventurers, Burgon, *Life of Gresham*, I, pp. 257-62 and 348-53; *MSS. of the Marquis of Salisbury*, pt. IV, p. 529, and pt. XIII, pp. 259-60; through Pallavicino by bills on Rouen, *ibid.*, pt. VII, p. 21; see also *Harl. MSS.*, 660, fo. 107, for the lowering of the exchange "by makyng overe of the Princes' money for paymente of debtes beyond the seas."

¹⁸⁰ Gairdner, *Letters and Papers of Hen. VIII*, vol. II, pt. I, no. 1459. Knight to Wolsey (from Brussels, Jan. 29, 1516). "...They marvel that money should be sent from England to the Switzers when 2,000 might have been saved by the exchange. It is reported 20,000 pieces of English gold were sent over."

¹⁸¹ Printed Schanz, *op. cit.*, vol. II, pp. 632-3.

¹⁸² Frazer Tytler, *The Reigns of Edward VI and Mary*, vol. I, pp. 38-9; Schanz, *op. cit.*, vol. II, p. 67.

¹⁸³ *Ibid.*, vol. II, pp. 642-7.

¹⁸⁴ For the argument used, see my essay entitled *The Struggle Over the Exchanges*.

gold and silver out of their realme.”¹⁸⁵

Practical men realised, in short, that *Bullion* and *Bills of Exchange* were substitutes, and that, if left to himself, the *Merchant* would pay in the medium which was cheapest. The author of a memorandum on the exchanges wrote that:

“When wee have plenty of these (French) crownes hear...then will the cunyng merchant forsake the exchange in the streete and convey over their money by stelte in crownes to serve their turnes therewith at Antwerp. And so, for lacke of ordenary returne by exchange to Lombard street, the bankers and money merchantes shalbe driven to raise the exchange to an equall value to renewe the recourse thereto againe.”¹⁸⁶

It was not a long step from that position to the theory of gold points, and Gresham, at least, came near taking it. He wrote to Elizabeth in 1568:

“The exchange, being at this present at xxii s., all *Merchants* seek to bring into your realm fine gold and silver; for, if he should deliver it by exchange, he disburses xxii s. Flemish to have xx s. sterling; and to bring it in gold and silver he shall make thereof xxi s., iv d., whereby he saves viii d. in the pound; which profit, if the exchange should keep but after the rate of xxii s., in a few years you should have a wealthy realm, for here the treasure should continue for ever, for that all men should find more profit by £5 in the hundred to deliver it for exchange than to carry it over in money.”¹⁸⁷

The dependence of *Foreign Trade* upon exchange transactions was so obvious that it hardly required the explanations which *The City* from time to time addressed to an incredulous *Government*. Even Wilson, with all his scruples, allowed that, for the settlement of debts between *Merchants* of different nations,

“...the exchange according to the first institution thereof is very good and most necessary.”

It was one of the verdicts after which the defendant leaves the court with everything except his character, since what it omitted to acquit was nothing less than nine-tenths of his business. For the *Exchanges* were not only, of course, the means by which payment was made for *Imports*. They were also a *Mechanism* for the mobilisation of *Commercial Credit*.

When the *Business Man* of the sixteenth century protested that:

“The merchant can no more be without exchanges than the ships in the set to be without water,”¹⁸⁸

he was not thinking of anything so elementary as the simple conversion of sterling to francs and guilders at the mint par of exchange, which was the form of transaction that commended itself to *Governments* imbued with traditional doctrines of *par pro pari*.

In theory, no doubt, a *Bill of Exchange* might be a mere instrument for the transference of money from place to place, as unaffected by the condition of the market or the standing of the *Drawer* as a modern *Post Office Order*, and it was this theory which the *Canon Law* and the legislation of *English Parliaments* had attempted to enforce.

In practice, of course, since even the simplest transaction involved the element of time - ‘since the bill after delivery will be going to the place where it should be paid’¹⁸⁹ - even a bill payable at sight was necessarily an *Instrument of Credit*.

The *Drawer* who discounted a bill in order to receive in London the value of money which stood to his credit in Antwerp, or which would stand to his credit in a few months time, was obviously borrowing. The *Discounter* was making a loan for which he charged ‘half usance’, ‘usance’, or ‘double usance’ according to whether it was for thirteen days, one month, or two months.

The exchange dealings on which the whole fabric of *European Business* depended, in which immense sums of

¹⁸⁵ *S.P.D. Eliz.*, LXXXV, no. 54. The connection between the prohibition of the export of bullion and the development of transactions by bill is perhaps not so fanciful as might be thought. The same point was made in the next century by Fynes Morison, *Itinerary*, I, iii, 6. The writer was, of course, mistaken in speaking as though the prohibition of export had been introduced in comparatively recent times, i.e., under Henry VII, though probably this part of the traditional trade policy, like others, was administered more energetically under the Tudors than it had been previously.

¹⁸⁶ *Harl. MSS.*, 660, fo. 107.

¹⁸⁷ Burgon, *op. cit.*, vol. I, pp. 483-6, app. XXIV.

¹⁸⁸ Richard Gresham to Thom. Cromwell, 1538, printed Schanz, *op. cit.*, vol. II, p. 632-3. The phrase was common form; see its use by an Antwerp financier quoted Ehrenberg, *Das Zeitalter der Fugger*, II, pp. 22-3.

¹⁸⁹ *S.P.D. Eliz.*, CVI, no. 6.

money passed in a morning from hand to hand, and to which the *Greatest Financial Houses* of the day devoted their resources, were obviously, in short, not the mere money-changing of *Goldsmiths* to which *Moralists*, obsessed with the doctrine that 'value should be given for value', and, therefore, that any deviation from the mint par of exchange involved fraud, extended a grudging recognition.

They were the *Financing of Commerce* by means of discounts and overdrafts, loans to *Government* and *Municipalities*, *Speculations* on the *Money Market* effected by *Arbitrage Dealings* between the different *Financial Centres* of Europe. In the language of the age, they were not *exchange real* or *natural exchange*, or exchange '*solo per commodo delle mercanzie*', but *dry exchange* or *merchants' exchange*, or exchange '*solo con ogetto di guadagna*'.

The words *Dry Exchange* suggested sinister possibilities, and contemporaries were not slow to emphasise that the thing was as unpleasant as its name. Its definition had lured the *Parliamentary Draughtsmen* of Henry VII into prodigious if laborious obscurity;¹⁹⁰ Wilson visited it with invectives surprising even in a prospective Dean; and, a generation after Wilson wrote, another *Publicist* explained the phrase by the fact that having:

"...no more juice or sap than a painted tree, either in charity or in equity, but being a griping usury under the title of exchange, it drieth up the fountain of both."¹⁹¹

The cause of these Jeremiads was that the *Bill of Exchange* was being applied to new purposes. It had been used in the *Middle Ages* mainly as an instrument for paying *International Debts* and had been drawn against *Tangible Goods*. What puzzled and enraged *Moralists* and *Statesmen* in the sixteenth century was that its use was being extended from *Paying for Imports* to the *Making of Advances* and the *Raising of Loans*, without goods passing at all.

"*Dry Exchange* is to deliver money in one realme to be payd in another realme, where the *Deliverer* seeketh not to employ his money either upon wares or otherwise but only to exchange his said money home againe with lucre."¹⁹²

The purpose of these transactions was, of course, simple enough. *Dry Exchange* was nothing more mysterious than what today would be called a *Finance Bill*. It was sometimes distinguished from *Merchants' Exchange*, and sometimes, when both were contrasted with *Exchange Real*, treated as a particular species of it.

The difference between *Exchange Real* or *Natural Exchange* and *Merchants' Exchange* including *Dry Exchange*, was put in a nutshell by a *Publicist* who wrote about 1575.

"*Natural Exchange* is upon a certain sum of any *Prince's Money* containing certain number of ounces of fine silver in every pound weight, or carats of fine gold in every ounce of gold delivered in one place, to agree by bill to deliver like number of ounces of fine silver or like carats of fine gold coined in another place where it is desired.

"*Merchants' Exchange* is upon credit and a bill to deliver an able man that seeketh it any sum of money he requireth in any place, where exchange lieth, to repay there a certain sum that containeth more number of ounces of fine silver or carats of fine gold coined than the money did that was delivered him.

"In *Natural Exchange* the *Deliverer* seeketh out the *Taker*, maketh suit to the *Taker* to pay him his money where he desirers it, requireth only of the *Taker* value for value, delivereth his money for ease of carriage and danger of losing.

"In *Merchants' Exchange* the *Taker* seeketh out the *Deliverer*, maketh suit to the *Deliverer* to help him with so much money to have it at such a place again, agreeth the *Deliverer* shall gain by him, taketh it up either to pay his credit, or to employ it about profit, or to pay his necessaries, or to serve another man's necessity."¹⁹³

Wilson's own classification of exchange transactions was more elaborate. He distinguished not only between *Exchange Real*, or *Money Changing*, and *Exchange of Bills*, or *Merchandising Exchange* but between two kinds of the latter, the first of which consisted of *Bills Drawn Against Goods*, the second of *Finance Bills*. Both involved the use of credit and he regarded both as usury, though he reserved his special denunciations for the last.

The point was that in *Merchants' Exchange* the *Borrower* did not merely give 'value for value', but took up

¹⁹⁰ See 3 Henry VII, c. 5. An Acte against usury and unlawfull Bargaynes.

¹⁹¹ Fenton, *A treatise of usury* (1612).

¹⁹² *S.P.D. Eliz.*, LXXV, no. 54.

¹⁹³ *S.P.D. Eliz.*, CVI, no. 6.

money 'to pay his credit or to employ it about profit', and paid interest for it. English writers laboured the fact, because the comparative immaturity of *English Finance* and the public ignorance about it - an ignorance which enveloped most members of most *Elizabethan Privy Councils* - made what was a commonplace in Antwerp, Lyons or Venice still something of a novelty in London.

But in insisting, whether by way of criticism or of commendation, on the credit aspect of exchange transactions, the point which they made, if obvious, was fundamental. What gave the *Exchanges* their economic significance, their political importance, and their moral ambiguity was the fact that they were the machinery used by the *Money Market* as the foundation of a system of *International Credit*.

In so far as they worked smoothly, they enabled *Traders*:

"...to lay their money with gain in any part of the world where merchandise lieth...to compass ready money to get any proffered bargain...and to furnish their need for money that tarry the selling of their wares in any country until they come to the price they would have them for."¹⁹⁴

In other words, the exchanges kept capital fluid throughout the whole world of commerce, put the reserves, not merely of the national, but of the European, market at the disposal of any firm of good standing, and supplied a convenient channel of investment to *Merchants* and *Bankers* who desired to earn a high rate of interest on short loans. The ordinary method by which advances were made was, of course, the discounting of bills, and, in particular, the more complex form of the transaction known to contemporaries as *Cambium* and *Recambium*.

Cambium and *Recambium*, or *Double Exchange* appears to have reached its highest degree of elaboration in transactions between Flanders, Lyons and Spain, where, a scandalised *English Traveller* wrote,

"The chief merchandise now is clear and plain usury."

But it was practised on all markets, including London, and, in spite of his objection to it on moral grounds, the account of it given by Wilson was sufficiently accurate. A *Pamphleteer* wrote:

"The *Exchanger* outward, seeketh either the *Stapler* or *Stranger* that hath any money beyond sea payable and lakketh money here in England to be fayne to take money to his losse, for an English noble to give a 4. or 5*d.* the more for a five or six weeks' respite to be paid again at the mart at Antwerp...After which money so received again in Flanders, with the gain thereof, [he] seketh out adventurers of London, who will receive that money again to bestow it upon strange merchandise to bring it to England, and for the loan of every noble to give as much usury to the *Exchanger* again."¹⁹⁵

The *Lender*, that is to say, advances money by discounting a *Time Bill* drawn by the *Borrower* on Antwerp, the latter paying it at Antwerp out of the proceeds of a second bill drawn on London; or, conversely, he advances money in Antwerp by discounting a bill on London, which the *Borrower* meets by selling a bill on Antwerp.

His profit in either case depended partly on the difference between the rates of interest in Antwerp and London, partly on the course of the exchanges, the *Borrower* standing to gain if sterling fell and the *Lender* if it rose. To quote a contemporary who describes another form of the same transaction:

"I being at Antwerp have delivered to another *Merchant* at London £18 Flemish, for the which the said *Merchant* must repay me again at usance, which is within a month after the date of his bill, £20 sterling in London. Then I deliver it to another, or peradventure the same, *Merchant* back again to Antwerp to pay in Antwerp £20 Flemish. That being so paid, have I not gained in three months £2 upon £18, which [is] £16 upon £100 by the year. Is not this a pretty gain?"¹⁹⁶

The convenience of the arrangement to both parties was obvious. To the *Lender* it offered a safe investment which did not lock up his capital. An *English Merchant* in Spain, for example, advances 600 ducats to a *Local Agent* of the *English Government*, on condition that the latter binds himself to repay within a fixed time 'by *Cambeo* and *Recambeo*, in other words, that his *Employers* return the money from London by bills on Valladolid or Seville."¹⁹⁷

The *Borrower* not only, as was constantly complained by the critics of *Dry Exchange*, evaded the *Usury Laws*, but could, of course, use the advance for any one of half a dozen purposes, to meet pressing liabilities, to take advantage of a low rate of interest ruling abroad, to hold stock till the market rose, or simply as a means of insurance against the risks of business.

¹⁹⁴ *S.P.D. Eliz.*, CVI, no. 6.

¹⁹⁵ *Pauli*, op. cit.

¹⁹⁶ Schanz, *op. cit.*, vol. II, p. 642.

¹⁹⁷ Gairdner, *L & P. Henry VIII*, vol. IV, pt. I, no. 1132.

The *Merchant* who was pressed by his *Creditors* could not take the risk, as the *Italian Bankers* explained to the *Government*, of asking them to wait till he had got in the money due to him from his own *Debtors*. For the sake of his credit he must meet his bills on demand. What he did in practice was to have recourse to the *Money Market*. He 'takes up money by exchange to Lyons or Antwerp', discounts a bill for the benefit of his *Creditors*, and later, when he has collected his own *Debts*, remits by bill to the same place.

The *Foreign Exporter* who has discounted a bill on the strength of shipments to London, and then finds that the bottom has dropped out of the market, meets the situation by instructing his *London Agent* 'to take up by exchange again'. He draws a bill, for example, on his *London Agent* which is discounted on some *Continental Market*; his *Agent* meets it by drawing on him a bill, which the *Exporter* meets by discounting a further bill, and this in turn is met when finally, with the lapse of time, the vital element in the transition, the goods are sold.¹⁹⁸

Even *Outsiders*, whose connection with this *International Financial System* was remote, took advantage of it to secure an occasional advance. An aunt of George Cely, for example, held a bill for ninety-one pounds Flemish which she discounted with a *London Mercer* for eighty-five pounds, sixteen shillings and eightpence.¹⁹⁹

The transactions of *Capitalists* and of the *Government* were naturally on a larger scale and had more extensive ramifications. The *York Merchant Adventurers* in 1563 owed between £500 and £600 in Antwerp in advances made from market to market, and were in difficulties, their *Treasurer* wrote, because, having borrowed in addition their share of the money lent by the *Merchant Adventurers* to the queen, the *Company* would not allow their ships to be cleared till the debt was paid.²⁰⁰

The international character of the sixteenth century *Money Market* is illustrated even more clearly by the instructions for raising a loan which Gresham received from *Mary's Government* in 1554.

He was first to arrange with a *Financial Syndicate* of eight Antwerp firms, mostly German, to pay him 300,750 ducats in Spain at the two great fairs in which money was most plentiful and loans usually made, then to put the loan to the credit of *English or Foreign Houses* engaged in trade between Spain and England, and finally, as a condition of so doing, to obtain from them an undertaking to advance a corresponding sum in London to the *English Government*.²⁰¹

As an instrument for raising loans, the mechanism was obviously a powerful one. It is significant, indeed, that in all these accounts it is assumed that the *Money Market* is a unity throughout Europe, and that the *English Merchant* can borrow as easily in Antwerp, Frankfurt, Lyons or Rouen, as in *The City*.

Further, it will be observed that these transactions, resting, as they did upon a calculation of the future course of the exchanges between London and foreign centres of commerce, necessarily involved a considerable element of speculation.

In all dealings of the kind there were at least three factors to be considered, the rate of interest at which the bill was discounted or the loan made, changes in the course of the exchanges from day to day, and differences in the rates for money on different markets.

The degree to which the two last - *Futures* and *Arbitrage* - outweighed the first was the measure of the degree to which *Speculation* entered into the transaction. It is clear that on some *Continental Markets*, and, in particular at Antwerp and Lyons, this aspect of exchange business was of great, and sometimes of preponderant, importance.

The *Antwerp Agent* of a Nürnberg firm, who, with the aid of astrology, had invented an infallible *system* for forecasting the course of the exchange, wrote:

"You must often have noticed in my reports how often there is a great change from day to day in the exchanges on Germany, Venice or Lyons, so that in eight, ten, fourteen, to twenty days, with other people's money, one, two, three, four, or five per cent. more is won."²⁰²

The movements gave rise to a special class of business, in which *Dealers* betted on the percentage movements up and down, and settled their debts by transferring the margin between the loser's speculation and the actual course of the exchanges.²⁰³

There was a similar development of arbitrage dealings between different markets: a *Factor* of the great German

¹⁹⁸ See the statement of the Italian merchants to the Government, 1576. (Schanz, *op. cit.*, vol. II, pp. 642-6).

¹⁹⁹ Camden Society, *Cely Papers*, p.39.

²⁰⁰ Surtees Society, vol. CXXIX (1917), pp. 170-1.

²⁰¹ Burgon, *op. cit.*, vol. I, App. XI, pp. 472-4.

²⁰² Quoted Ehrenberg, *op. cit.*, II, 15-16.

²⁰³ Quoted Ehrenberg, *op. cit.*, II, 19-20.

firm of *Imhof* for example, calculates the rates for money in Antwerp, Venice, Frankfurt and Nürnberg, and decides that, money being tight, the instructions of his firm to borrow in Nürnberg and remit to Antwerp cannot be carried out at a profit.²⁰⁴

The gains to be reaped by buying currencies which stood low but were likely to rise were large, and naturally led to attempts to influence the course of the market by spreading false information, or by buying exchange heavily on a particular market so as to create an artificial stringency. It was for a corner of this kind that Gaspar Ducci, the *Financial Agent of the Empire*, was forbidden for three years to deal on the *Antwerp Bourse*.²⁰⁵

Against the last type of transaction at Antwerp - against 'the *Bankers and Rich Merchants* of the Low Countries who... will be able to make the exchange to rise and fall as they think good for their gain and our loss'.²⁰⁶ - there were frequent, and doubtless exaggerated, complaints in England.

Publicists drew a distinction between firms which did a straightforward export and import business - '*Merchants Traffiquers* of wares, who use the exchange only for need' - and the *Financial Houses* at Antwerp which handled *Futures* and *Arbitrage* transactions:

"Great Bankers or Money Merchantes that use the exchange onely for gayne by merchandysyng of money, who lye watching to take advantage of the tyme and occasyone to fall or raise the exchanges to their most proffyte."

While admitting that temporary movements were due to changes in the balance of indebtedness on *Private* and *Government* account, they believed that there was a deliberate conspiracy on the part of the *Antwerp Bankers* to depress sterling, carried out with the encouragement of the *Spanish Government*.

"Because keepinge of the exchange low is the comone benefyt of the Lowe Countreyes, gained upon the common detriment of the *Realme of England*, therefore it seemeth that the counsell of the finances in the Lowe Countrey have continually spurred the *Bankers of Antwerp* to keepe the exchange lower than the just proportyon of the vallues of the moneys of eythere realm hath duly required."²⁰⁷

This theory of 'a raid on sterling' has always had its supporters; in the sixteenth century it was naturally more popular than would have been a reference to the fact that, less than four years before these words were written, the *Government Debt* in the Low Countries had stood at £279,000, and had been reduced to a more manageable figure only by parting with capital in the shape of *Crown Estates*.

In reality, if *English Financiers* were not equally successful in the *Machtpolitik* of *High Finance*, it was not from any lack of will. An economic writer solemnly advised the *Privy Council* to 'make England *Lord of the Exchanges*' by using public funds to 'make a store of money upon the *Bourse of Antwerp*' to be subsequently used in selling dollars and buying sterling.

Gresham favoured the same plan, and, as his letters show, suffered from no exaggerated squeamishness as to the ethics of cornering the market. Till nearly the end of the century, however, the *English* cockleshell was towed by the *Continental* leviathans, and the financial resources needed for these grandiose *coups* were not available in London.

In other types of exchange business, as far as their humbler means allowed, Englishmen had little to learn from the continent. The very essence of the transaction known as *Dry Exchange* - the quality which gave it its sinister character in the eyes of *Moralists* - was that its object was not to pay for wares bought abroad, but to make a profit out of movements in the relative values of different currencies.

The growth of this kind of business is shown not only by the frequency of the denunciations of it, but by the long series of attempts to prevent it made by the *Government*, which are examined shortly below.²⁰⁸

Between 1552 and 1571, the period during which, under the *Act of Edward VI*, any interest whatsoever was forbidden, the movement was said to be due in part to the desire of *Capitalists* to evade the *Prohibition of Usury* by putting their money into an investment which could not easily be controlled by the *State*.

But in reality it had been taking place since, at least, the latter part of the preceding century, probably, indeed, much earlier, and its development was obviously a natural result of the growth of exchange transactions caused by an increase in *Foreign Trade*.

²⁰⁴ Quoted Ehrenberg, *op. cit.*, II, 21-2.

²⁰⁵ Quoted Ehrenberg, *op. cit.*, I, p. 222 and II, pp. 311-16.

²⁰⁶ Printed Schanz, *op. cit.*, II, pp. 648-9.

²⁰⁷ *Harl. MSS.* 660, fo. 107.

²⁰⁸ See my essay on *The Struggle Over the Exchanges*.

Richard Cely, for example, watched with anxious eyes the movement of sterling and foreign currencies, received reports from his nephew that:

“Money is still at Calais 2s. 2d. lower than it is in Flanders...there is no *Merchants* that spend a groat in the town of Calais but they lose a halfpenny’.

And, horrified by the fall of sterling, instructed him:

“...to send me no sterling money for the loss is so great.”²⁰⁹

The increase in the more risky kinds of these transactions which took place about the middle of the century was widely commented on.

English Merchants speculate on the course of the exchanges by selling sterling and buying dollars or guilders or vice versa;²¹⁰ take advantage of the lower interest of the *Continental Market* to borrow at five per cent. in Antwerp from *Westphalian Usurers* and lend at ten per cent. in London;²¹¹ make advances in depreciating currency in Spain and are repaid when sterling has risen in London; plan to sell German currency for French, and then, by converting 50,000 French crowns into sterling, to make the not inconsiderable profit of £1,747;²¹² when they will be *Deliverers*...receive in another place above the standard of the mint of the *Prince's Money* delivered, and when they will be *Takers* they will pay the same in another place under the standard of the mint of the prince's money taken up.”²¹³

The familiar phenomenon of to-day, by which the exports of a country with a depreciating currency receive, while the process is going on, an artificial stimulus, was turned to account by *English Dealers* who bought in a falling and sold in a rising currency and supplied them with the conventional arguments against stabilisation.

When Sir John Gresham stormed at the attempts made by his nephew to raise the value of sterling on the *Antwerp Market*, the latter explained his attitude by remarking:

“It is no marvel...for that he hath bought £4,000 or £5,000 of wools.”²¹⁴

Thomas Gresham himself was under no illusion as to the shortsightedness of *The City*; his argument was always that, though the process of raising the value of *English Currency* might be painful, the *Business Community* would benefit by it not less than the *State*, once it was carried out. Of a transaction described below he wrote:

“Wherein there was no man touched but the *Merchant*, for to serve the *Prince's* turn; which appeareth to the face of the world that they were great losers; but to the contrary, in the end, when things were brought to perfection, they were great gainers thereby.”²¹⁵

If his uncle, who bought in England and sold abroad, was a bear, Gresham himself, since he bought abroad, was a bull. Engaged in *Purchasing Munitions* and raising loans, he watched the markets in order to take advantage of movements in the rates between Antwerp and London, and when possible to influence them, with the result that the *Government* itself, in spite of its theoretical objections, was involved in highly speculative business undertakings. Into the complicated details of Gresham's financial proceedings, illuminating as they are, we must not enter. But consider, as an example, two of the transactions which he carried out, or tried to carry out, for it.

Gresham had the combined vanities of a successful *Business Man*, a *Financial Expert*, and a confidential *Agent of the Government*, and the third person of this inharmonious trinity was perpetually at war with the two first. As a *Merchant* he was the champion of freedom, attacked the *Usury Laws*, and opposed proposals to control exchange transactions. As an *Official* he regarded his fellow *Merchants* with profound, and perhaps not unjustified, suspicion, was convinced that they depressed the exchanges for sinister motives of personal profit, and was fertile in expedients for manipulating trade with a view to keeping up the rates for sterling.

It would seem that, like some others of his contemporaries, he confused an alteration in the mint par of exchange caused by the repeated depreciations of *English Currency* with a movement in the exchanges above or below the mint par due to ordinary commercial movements - the supply of, and demand for, money on different markets - habitually talked of the exchanges as being ‘unfavourable’ when what had really happened was that the mint par had changed because *English Currency* contained less *Bullion*, and congratulated himself on having ‘restored’

²⁰⁹ Camden Society, *Cely Papers*.

²¹⁰ Hall, *Society in the Elizabethan Age*, p.52.

²¹¹ Roxburgh Society, *Dialogue of two Travellers*, p.32.

²¹² *S.P.D. For.*, 1575, no. 995.

²¹³ *S.P.D Eliz.*, CVI, no. 6.

²¹⁴ Burgon, *op. cit.*, vol. I, p. 100.

²¹⁵ Burgon, *op. cit.*, vol. I, p. 261.

them, when, in fact, the mint par had been raised by currency changes.²¹⁶

But though his account of his own exploits is not to be taken too literally, it is none the less significant as one specimen of speculative business between England and the continent, carried on on behalf of a *Government* which denounced speculation.

The foundation of his projects was the extreme sensitiveness of the *Antwerp Market*. 'The Antwerp Bourse', he wrote to the *Government*, 'is truly strange; on one day there is abundance of money to lend, on the next, nothing', and the difference in the rates of interest ruling in London and Antwerp.

His first idea, explained in a letter of August 20, 1552, to the Duke of Northumberland, was that the *Government* should 'peg' the exchanges, by itself becoming a buyer of sterling. It was to put £1,200 or £1,300 a week to his credit in London; he, at the same time would improve the exchange by buying sterling and selling dollars in Antwerp.²¹⁷

This plan was accepted by the *Government*, but, presumably on account of its expensiveness, abandoned within two months and Gresham, some years later, advanced another. It was to compel the *Merchant Adventurers* to pay the *Government's* debts in Flanders. The point of the proposal on which he prided himself as a stroke of genius, was not the forced loan, a device which would have occurred to the stupidest of *Privy Councillors*, but the connection of the loan with the exchanges.

After the half-yearly shipping of cloth to Flanders by the *Merchant Adventurers*, sterling stood in the *Antwerp Market* as high as twenty-five shillings Flemish to the pound, since there was a keen demand for bills on England. The ordinary rate was lower - in the spring of 1558, when Gresham broached his plan to Cecil, it was twenty-two shillings. What he proposed therefore, was that the *Government* should profit by the margin.

It was to say to the *Merchant Adventurers*: "the Queen's Majesty doth require at your hands to pay in Flanders for the pound sterling upon every cloth that is now shipped, after the rate of 25 s. Flemish for the pound sterling, and her Highness shall pay you again at *Double Usance*', at the rate of twenty-two shillings Flemish for the pound sterling in London."²¹⁸

The result would be that the *Queen's* most pressing *Debts* would be settled, and that on a loan of £30,000 - the sum involved - the *Government* would save by the difference between the value of sterling in Flanders and in London, at the times of borrowing and repayment, £4,500 at the expense of the *Merchants*.

Of the treatment of exchange transactions by public policy something is said below.²¹⁹ It is obvious that by the reign of Elizabeth practice had reached, even in England, a high degree of elaboration, and that some, at least, of those engaged in it had begun to work out with considerable success a theory of the conditions by which the *Market Rate for Money* was determined.²²⁰

It is obvious also, however, that the *Foreign Exchanges* confronted the traditional doctrines with an *experimentum crucis*. Plain men were frankly bewildered by the whole business, and could only murmur helplessly:

"There is some mystery in the matter, pray God it may be discovered to the weal of our realm."²²¹

To writers like Wilson, who were concerned with *Credit* as a problem of *Economic Ethics*, the *Practitioner* on

²¹⁶ I am indebted to Professor Unwin for this interpretation of Gresham's ideas, as for much else in this section. Gresham in 1568 gave an elaborate account to the Queen (Burgon, *op. cit.*, vol. I, pp. 453-6) of the methods by which he claimed to have raised the exchange. In fact, however, the value of the silver money was called down in 1551. It is possible that the latter change was more effective than Gresham's 'practice'.

²¹⁷ Burgon, *op. cit.*, vol. I, pp. 92-3, "my request shall be...to apoynte me out weekly xii or xiii c poundes to be secretly reservyd at one man's hands...I shall so use this matter here in this towne of Andwerpe that every day I will be sure to take up ii or iii c li sterling by exchange...So that by this you may perseve, yf that I doo take up every daye but ii c li sterling, it will amount in one yere to Lxxi M li, and the King's Majesty oweth here at this present i c viii M li, with the interest money that was prolonged afore this tyme. So that by these meanes, in two yeres, thinges will be compassed according to my purpose set forth."

²¹⁸ Burgon, *op. cit.*, vol. I, pp. 257-62 and 348-53. The transaction appears such a shady one, that it is perhaps worth while to quote Gresham's own words: "advertising you yf the exchange be better in Lombard Street than 22s. in any wise, to make them paye after that rate; or ells they do no service, but for their own lucer and gayen...To conclude, eftsoons, yf you can bringe them to 22s.; and yf the Exchange be better, according as the Exchange goeth to pay there, at the day aforesaid, and here at double usance (which ys two monthes) it wolle prove a more benefyciall bargayn to the Queen's Maiestie and to this her realme than I will at this present molest you withal."

²¹⁹ See my essay on *The Struggle Over the Exchanges*.

²²⁰ See e.g. the able analysis in the Memorandum laid before the Commission of 1564 (*Harl. MSS.* 660, fo. 107).

²²¹ Frazer Tytler, *The Reigns of Edward VI and Mary*, vol. I, pp. 38-9.

the *International Money Market* seemed to epitomise every characteristic which had made the *Usurer* a moral abomination. The intellectual basis of their position was partly their inveterate persuasion - a persuasion shared both by *Statesmen* and, even a generation later, by some *Businessmen* - that values were objective realities with which only the criminal would tamper, partly the suspicion that the object of exchange transactions was to impoverish the realm by exporting money at a profit.

The relation between the two doctrines was that stated by Malynes, when he wrote,

“The rule is infallible, that when the exchange doth answer the true value of our moneys, according to their extrinsick weight and fineness and their extrinsick valuation, they are never exported, because the gayne is answered by exchange, which is the cause of transportation. This cause being prevented maketh the effect to cease.”²²²

The logical result of that principle of *par pro pari* was the attempt to prevent market rates from moving above or below the mint par by the various kinds of public intervention touched on in a subsequent section.

The truth is that the practice of the sixteenth century was greatly in advance of its theory. *International Exchange* business was not clearly distinguished by public opinion from mere *Moneychanging*, and conservative writers, as well as official policy, applied to the former ideas applicable only, if at all, to the latter.²²³

To change one currency into another was permissible enough, provided ‘value was given for value’. To take advantage of deviations from the mint par of exchange, still more to cause them, was an *Act of Fraud* the more heinous because it corrupted the very life-blood of legitimate trade.

It was an aggravation of the offence that its motive was to realise a gain which, in itself, was forbidden by the law, both of the *Church* and of the *State*. For usury, and continuous usury, was avowedly the very essence of the whole business.

The *Honest Merchant* who laboured in his vocation might slip from the straight path under the stress of temptation. The sin of the *Dealer* on the exchanges, where, in the discounting of bills, usury as the payment for time appeared naked and unashamed, was not accidental, but a trade. As in Marinus's terrifying picture of the *Moneychangers*, he represented the pure essence of economic appetites, unalloyed by any tincture of public spirit or private charity.

²²² Malynes, *Maintenance of Free Trade*, quoted by Br. Suviranta, *The Theory of the Balance of Trade*, p. 11.

²²³ The confusion was clearly realised by *The City*: see the objections advanced by the *London Merchants* in 1576 to the *Government's* proposal to control *Exchange Business*, Schanz, *op. cit.*, pp. 646-7, where the “shops of the Lombards” are contrasted with “commutation by bills of exchange.”

The Antecedents of Banking

The preceding sections²²⁴ have shown that, by the latter part of the sixteenth century, *Agriculture, Industry* and *Foreign Trade* were largely dependent on *Credit*. It remains to consider briefly what types of person mainly supplied it, and what signs, if any, are to be found of that movement towards the more systematic organization of money-lending in the hands of a specialized class of *Bankers* which was to attract so much attention after the *Civil War*.

To answer the first question with some precision would probably not be impossible, but it would entail a more elaborate statistical investigation than the writer has been able to undertake. The first conclusion which emerges is, however, little affected by the distressingly indefinite character of the evidence as to the occupation and social position of *Tudor Moneylenders*, and is, indeed, indirectly confirmed by it.

It is that the advancing of loans was not yet, as it became in the following century, a specialized profession identified with the members of some particular trade or group of institutions, but was normally a venture taken up as a bye-employment by the prosperous *Tradesman* or *Farmer* in the intervals of his ordinary occupation.

The word *Banker* was coming into use in England in the first half of the sixteenth century, to designate, in particular, *Moneylenders* engaged in *International Finance*. But the vast majority of lenders were, in the rural districts: *Farmers, Yeomen* or *Gentlemen*; and in the towns, *Merchants, Shopkeepers, Mercers, Tailors, Drapers, Haberdashers, Grocers* and similar *Tradesmen*; and except when summarily damned with the opprobrious epithet of *Usurer* or *Extortioner*, they were described by the craft which was still their chief characteristic.

The ubiquity of *Credit Transactions* which drew from the moralist the shocked protest that not only '*Money Men*' but '*Merchantmen, Citizens, Noblemen, Courtiers, Gentlemen, Grasiers, Farmers, Plowmen, Artificers*', and even the *Clergy*²²⁵ lent money at interest, was itself a proof of the relative backwardness of *Credit Organisation*.

The phenomenon which meets us, in fact, in the world of *Finance* is similar to that which occurs in *Manufacturing* industry. It is a stage of what may be called *Semi-Capitalism*, intermediate between the *Specialised Financial Mechanism* of the later seventeenth century, and the *Casual Pawnbroking* which, though accompanied, of course, by larger operations, had been most characteristic of the *Middle Ages*.

It was this transition which produced the collision of old theory with new practice expressed in the controversy on usury. When Wilson wrote, a class whose interests were predominantly those of the *Financier* was in process of formation. But it had as yet only begun to disentangle itself from the indiscriminate mass of *Shopkeepers* and *Merchants* who carried on money-lending by substantially the same methods as had been employed for centuries, though more regularly and on a greater scale.

Impressive as had been the increase in the number and magnitude of *Credit Transactions* caused by the *Expansion of Commerce* and *Transference of Property*, it had not, at least before the end of the century, been accompanied by the concentration of the new volume of business in the hands of any single group of *Financial Specialists*; and it is not possible in the England of Elizabeth, as was regularly done after the *Restoration*, to point to half-a-dozen members of a single craft as *par excellence* the *Bankers*.

If it is hardly an exaggeration to say that the *Use of Credit* was almost ubiquitous, the provision of it, nevertheless, was still decentralised, fluid, and unsystematic. In spite of the trail left by certain *Great Financiers*, it resembled the management of most industries and the ownership of most land, in being the province of the *petite bourgeoisie* of village and borough, who carried it on, not as a specialism with a technique of its own, but as an *Enterprise* subsidiary to *Trade* and *Agriculture*.

This condition of things continued to be the rule for two generations after Wilson's death. But even in his day there were signs of a coming change. From the miscellaneous background of *Farmers, Tradesmen*, and *Merchants*, through whom this mass of credit transactions were carried on, certain figures were beginning to detach themselves as the forerunners of the *Financial Class* which was to play so conspicuous a part in *English History* in the seventeenth century.

²²⁴ This is the final essay in the second section of R.H. Tawney's 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 *The Principal Types of Credit Transaction*. Included in this section are: *The Peasant and Small Master; The Needy Gentleman; The Financing of Capitalist Industry; The Foreign Exchanges*; and this essay *The Antecedents of Banking*. The third part entitled *Public Policy and the Money-Lender* includes the following essays: *The Damnable Sin of Usury; The Harrying of the Usurer; The Struggle over the Exchanges; The Compromise of 1571*; and *Conclusion*. The first part of R.H. Tawney's introduction is a 15-page essay about Dr Thomas Wilson. [Ed].

²²⁵ R. Porder, *A Sermon of God's fearful threatenings for idolatrye (1570)*.

One can observe, in the first place, the rise even in certain rural districts of men who, by the magnitude of their operations and still more by the regularity with which they carry them on, stand out from the mass of casual lenders, and who, if not practising a new trade, are at least practising an old trade in a new way.

The *Moralist* might declare that:

“He who liveth upon his usury as the husbandman doth upon husbandry ought to be thrust out of the society of men.”²²⁶

But the enterprising *Corn-monger* or *Landlord* who had made a sufficient success of casual money-lending to be regarded as the *Financier* of his district naturally tended to turn it from a bye-employment into a regular profession.

How large a field for profitable business lay before him in parts of agricultural England was shown by the considerable fortunes which these ‘*Usurers by Occupation*’ could acquire. A single hundred of the wealthy county of Norfolk contained, an indignant correspondent wrote to the *Government*, ‘three miserable usurers’,²²⁷ of whom two were worth £100,000 each and one £40,000; while even in the little moorland town of Leek, far from centres of trade and industry, a *Moneylender* could accumulate what was then the considerable fortune of £1,000.²²⁸

Capitalists of this magnitude naturally exercised an extensive, if secret, influence in their countrysides, and here and there, even in rural districts, we see growing up in *Elizabethan England* a new money power, which competes with the authority of the *Squire* and the *Justice*, and which, in the absence of express intervention by the *Government*, is sometimes strong enough to set the law at defiance. It is in the light of such conditions that what is apt to appear to the modern reader the high-handed interference of the *State* with matters of business, and what seem the hysterical outbursts of *Preachers*, are to be read.

In the opening years of Elizabeth’s reign, a Norfolk *Moneylender* had on hand, an indignant petition from the county complained, no less than thirty suits arising from usurious dealings with his neighbours, maintained a *Gang of Bullies* who intimidated witnesses, forcibly kidnapped and imprisoned an opponent with whom he had a quarrel, threatened to drive the *Parson* out of the village, and set at defiance a *Royal Commission* appointed to investigate the disorders.²²⁹

Against *Financiers* of this type, even when their illegalities were unaccompanied by physical violence, local juries could not be trusted to give a verdict, or local justices to take proceedings, for both *Yeomen* and *Gentry* were apt to be their clients.

When it was proposed to transfer the trial of a Dorsetshire *Moneylender* to the more impartial atmosphere of London, he was sufficiently influential to get some friends on the *Privy Council* to raise the question of transferring it back to Dorsetshire, where, as the *Government* was informed by one of its agents,

“No good or direct proceeding can ever be hoped for, inasmuch as Webbe and his mother, being greatly moneyed, and dealing very much in the trade of usury, have many or most of the better sort indebted to them.”²³⁰

Even the two *Commissioners* appointed by the *Crown* in 1578 to inquire into breaches of the statute of 1571 were obliged to write to Burghley begging that offenders might be pardoned,

“...so that we may quietly travel without molestation within the counties specified in the commission.”²³¹

Enjoying a sinister reputation among their poorer neighbours, alternately courted by the *Needier Gentry* who hope to raise mortgages on favourable terms, and frowned upon by the more public-spirited as men who ‘will never do any good to their country’,²³² these *Capitalists* are the despair of *Tax-collectors*, whom with bland mendacity they assure that their ‘riches are not in substance but in other men’s talks’,²³³ and are a standing

²²⁶ Knewstub (referring to views ascribed to Calvin), quoted Haweis, *Sketches of the Reformation*, ch. xii.

²²⁷ *Hist. MSS. Com.*, App. To Fourth Report, *MSS. Of Earl de la Warr*, p.276.

²²⁸ Lodge, *Illustrations of British History*, vol. II, pp. 386-7.

²²⁹ *S.P.D. Eliz.*, vol. CLV, no. 65.

²³⁰ *MSS. of Marquis of Salisbury*, pt IV, p. 277.

²³¹ *S.P.D. Eliz.*, vol. CXXVII, no. 76.

²³² Lodge, *loc.cit.*

²³³ *MSS. of Marquis of Salisbury*, pt VIII, p. 282. The author of the remark was Pallavicino of all people.

grievance to other taxpayers, who grumble that, since they have no visible 'stock', they evade their fair share of taxation.²³⁴

Officials point them out to the *Government* as specially appropriate subjects for forced loans, and financial reformers²³⁵ urge special taxation to bring them within the net. When *King* and *Parliament* fall out, both turn to them, and sometimes they baffle both.²³⁶

In these country corn-dealers, *Tradesmen* and *Landowners*, who, without altogether dropping their other interests, concentrate more and more on money-lending, we may, if we like, see the Tudor predecessors of the *Country Bankers*, who well into the eighteenth century combined banking with other kinds of business.

In the larger towns the situation was naturally not so simple. In some of the provincial boroughs of the sixteenth century we find traces of that movement among the *Wealthier Merchants* to turn their savings from *General Commerce* into *Financial Operations* - to advance money in order to develop the clothing and mining industries of the district, to finance the local agents of the *Government*, to invest in municipal loans - which provoked the protests of publicists against 'the transportation of so many estates from trading to usurie'.

But it was, of course, in London that *Financial Organisation* was most powerful and most complex. The headquarters of the *Great Commercial Companies* and the *entrepôt* through which passed probably three-quarters of the *Foreign Trade* of the country, the seat of an impecunious *Government* and even more impecunious *Court*, increasingly cosmopolitan in its connections, and with the beginnings both of a *Commercial Plutocracy*, and of an *Urban Proletariat*, London held a position of financial predominance over the *Agricultural* and *Manufacturing* counties hardly less complete, on its own small scale, than it is today.

The *London Money Market* supplied the machinery for financing the exports of *Wool Staplers* and *Merchant Adventurers*, did an extensive insurance business among *Shipowners*, took up *Government Loans*, met the demands of the *Landed Gentry* for advances on their estates, provided the long credits needed by *Clothiers*, and even found *Capital* to invest in tin mining in Cornwall and coal mining in Northumberland and Durham.

In London therefore, more clearly than elsewhere, it is possible to trace the beginnings, though only the beginnings, of a process of differentiation in the mechanism by which this heterogeneous mass of business was handled. Though the combination of *Money-Lending* with some other kind of *Commercial Enterprise* continued to be the general rule, there was room for *Capitalists* who confined themselves to finance, and a rudimentary specialisation between *Financiers* cultivating different markets.

The development was naturally most marked at the extremities of the scale. At the bottom, the tyrants of an underworld portrayed by *Dramatists*, were the *Pawnbrokers* who traded on the necessities of the poorer *Shopkeepers* and distressed *Artisans*, and whose numbers and exactions - 'a thing able only to stupefy the senses'²³⁷ - aroused astonished comment among writers on economic questions.

At the top was the small *Aristocracy of Great Financiers*, largely foreign, but recruited by an ever increasing number of Englishmen, who specialised in the *Exchange Transactions* touched on in the previous section, took handsome commissions for helping to place *Government Loans*, and moved in a sphere inaccessible to anyone without large capital and extensive international connections.

Between these two poles, the general character of whose business has changed surprisingly little in the course of three centuries, lay the great mass of intermediate money-lending carried on by *Tradesmen*, *Merchants* and *Lawyers*, and including every kind of transaction except the smallest and the greatest.

The characteristic of the business done by this class was its indiscriminateness. Mortgages, the financing of small businesses, investment in *Government Loans*, annuities, all were fish to its net, and it made its advances in the intervals of serving over the counter or hammering in the workshop.

It was through the enterprise of this solid *bourgeoisie* rather than through the more sensational *coups* of larger *Capitalists* that the most momentous financial development of the next half century was to be made. For it was in the hands of the *Goldsmiths* that, according to the generally accepted tradition, banking, in the sense of accepting and relending deposits, developed during the *Civil War*.

²³⁴ *Hist. MSS. Com., MSS. of E.R. Wodehouse*, fo. 454. The complaint relates to men who live in the "said parishes without occupying of land, being either sojourners, or usurers, or men of gainful trades, or otherwise able in respect of their stocks."

²³⁵ E.g., *The standard of equality in Subsidiary Taxes and Payments* (1647).

²³⁶ See the amusing story told by Clarendon (VI, 59-60) concerning Lord Dencourt who "lived like a hog." Clarendon belonged by tradition and social connections to a class which despised the "economic virtues."

²³⁷ *Lansdowne MSS.*, 73, 18, where a short account of London pawnbroking is given.

It is tempting to seek in the practices of the *Goldsmiths* of *Elizabethan London* for anticipations of that practice. But it must be confessed that the results of investigation seem so far to be mainly negative.

The *Goldsmiths*, members of a small, but ancient and wealthy *Company*,²³⁸ occupied a prominent position in the economic controversies of the sixteenth century, because of the peculiar relations of their craft to monetary policy.

Being obliged by the nature of their trade to buy and to hold stocks of bullion, they naturally became dealers in the precious metals, and their agitated opposition²³⁹ to the occasional proposals of the *Government* to revive the office of *Royal Exchanger*, suggests that, at any rate by the early years of James I, they were more interested in bullion-broking than in making plate.

They provided change for persons who desired to turn gold into silver or vice versa, imported bullion and lodged part of it in the Tower to be coined, and generally did what, to distinguish it from the larger operations on the foreign exchanges, may be called retail money-changing.

The multiplicity of *Mints* in the Europe of that age, the absence of a standard currency, a bad coining technique, debasement, and the constant variation between the face value and the market value of coin, at once complicated the *Money-Changer's* business and offered large opportunities of illegal gain. The result was a continuous struggle between the *State* and the forces of the *Market*.

The *Goldsmiths*, intent on profit, naturally watched every opportunity to 'cull out' heavy coins for melting, turning into plate, and exporting for their value as bullion. The *Government*, whenever a depression in trade or complaints of a shortage in currency called its attention to the question, refurbished the four main weapons in its medieval arsenal, and issued proclamations prohibiting the export of bullion, fixing the rates of exchange between English and foreign currencies, suspending exchange transactions altogether, or reviving the office of the *Royal Exchanger* and either conferring a monopoly of exchange transactions upon him or, at least, prohibiting the buying of bullion by private persons above the rates fixed by the mint.²⁴⁰

It was of the nature of the case that in the course of this controversy almost every detail of the *Goldsmiths'* trade should come under the eye of private inquirers or of the authorities, and though their main interest was the alleged malpractices of the *Goldsmiths* with regard to the currency, it is inconceivable that any important new departure in their business should have escaped publicity.

In view of the searchlight turned upon them, and of their prominence as *Bankers* two generations later, it is a little surprising to find in the reign of Elizabeth no considerable body of evidence suggesting that the *Goldsmiths* played any special part as the pioneers of a new *Credit Technique*.

It is true, of course, that not only in the sixteenth century, but much earlier, *Goldsmiths* frequently appear in money-lending transactions. They provide ready money against the deposit of valuables, lend money to finance *Merchants* engaged in foreign trade or to *Needy Gentlemen*, and stand as security for the repayment of large sums borrowed by fellow *Tradesmen*.

It is true, also, that in an age when saving took the form of hoarding, and when what the ordinary borrower wanted was actual coins, the *Goldsmith*, dealing regularly in bullion, and in close relations with the *Mint*, had special opportunities for certain kinds, at any rate, of money-lending. He could, as a writer of the early seventeenth century remarked with some bitterness, advance a poor man 'a few light, clipt, cracked pieces' by way of what was ostensibly a free loan, and demand back three months later 'good, and lawful money'.²⁴¹

In all of this, however, there was nothing which was not done equally by members of other trades. The *Goldsmiths* have no monopoly as *Moneylenders* in the reign of Elizabeth, nor, indeed, any special pre-eminence. The country gentlemen who fifty years later would have drawn on his *Goldsmith*, when he wants a loan of £200 in the sixteenth century writes to his *Draper*, and that though he is in touch with a *Goldsmith* who has already made him advances.²⁴²

The *Government* which, after the *Restoration*, would have followed the procedure for raising loans described by Clarendon and sent for the *Goldsmiths*, under Elizabeth places its loans with *City Companies*, with the *Merchant Adventurers*, or with syndicates composed of miscellaneous commercial interests, and that though it regularly consults leading *Goldsmiths* on questions of currency.

²³⁸ The company's Court Book shows that in June 1566 it had 107 members. (Price, *A handbook of London Banker* p 67).

²³⁹ E.g., Camden Society, *The Egerton Papers*, Petition of January 30, 1608.

²⁴⁰ See R.H. Tawney's essay on *The Struggle Over The Exchanges*. See Note 1. [Ed].

²⁴¹ Fenton, *A Treatise of Usury* (1612).

²⁴² *Hist. MSS. Com., MSS. of Lord Middleton*, p.157. For another case of borrowing from a draper, see *MSS. of the Marquis of Salisbury*, pt. XIII., p. 177.

Clearly, both in the eyes of the *State* and of private individuals *Goldsmiths* were no more and no less likely to offer advances than *Grocers, Drapers, Mercers* and *Tailors*. There are, indeed, some signs of the development of something like deposit banking among some members of the craft at a date much earlier than that assigned by the tradition of the seventeenth century.

Even in the later Middle Ages one occasionally finds a client depositing money with a *Goldsmith* 'safely to keep'²⁴³ and James, while a *Pensioner* of Elizabeth, caused the Queen much annoyance by allowing part of the subsidies advanced him to 'be left in London for *Goldsmiths*',²⁴⁴ instead of spending it on the objects for which it was given. But, as far as our present evidence goes, such practices were the foible of exceptional individuals, not a settled social habit.

The *Goldsmiths* were to make financial history between the *Civil War* and the *Revolution*. But, down to the end of the sixteenth century, in spite of their exceptional opportunities, they were as *Moneylenders* neither more nor less important than any other prosperous *Tradesmen*.

There were two other groups of *Tradesmen*, the character of whose business in the sixteenth century gave them some title to be regarded as financial specialists. The first consisted of the various textile interests. The part played by credit in the clothing industry has already been described.²⁴⁵

On the one hand, the *Manufacturers* needed advances to buy raw materials and pay wages, and the *Merchants* to finance the movement of what was overwhelmingly the most important export. On the other hand, the trade was extremely profitable, and some of the wealthiest *Merchants* of the age were connected with it; of ninety seven lord mayors between the accession of Henry VIII and the death of Elizabeth, seventy-two had made their money by one kind or another of dealing in cloth.²⁴⁶

Accustomed to trading on borrowed money and with large resources to invest, it was not surprising that the *Capitalists* of the *Woollen Trade* should hold a prominent position in the *World of Finance*, and that contemporaries should ascribe to them a leading role in the development of a *Money-market* in London.

The *Wool Staplers* who exported to Calais in the fifteenth century turned as a matter of course to *London Mercers* to discount their bills. Fifty years later it was *Woollen Merchants* who financed the rapidly growing cloth exports to Antwerp, and who were criticised for practising an exchange business of doubtful respectability.

When, in August 1561, Elizabeth's *Government* placed a loan on the *London Market*, of the twelve persons whom it specially indemnified against proceedings under the law against usury, seven were engaged in one branch or another of the *Clothing Trade*.²⁴⁷

The *Merchant Adventurers*, whose staple export was cloth, were repeatedly called upon to subscribe money for purposes of *State*. It was *London Haberdashers* who largely financed the Cornish tin industry. The *Needy Gentlemen* found in the *Tailor, Draper, or Merchant Adventurer*, a willing, if not an accommodating, mortgagee.

In so far as the financial activities of the woollen interests had any special characteristic, it was their association with *Foreign Exchange* business, and, apart from that, there are no signs that they made any contributions to the development of banking in the more restricted sense of the word.

A somewhat stronger claim to be regarded as pioneers might have been advanced by the members of another profession. The *Scriveners* had originally been expert amanuenses or notaries, on whom an illiterate age depended for the drafting and engrossing of documents, such as business contracts, wills and conveyances, insurance policies, or the ordinances of a company, which required to be put into due legal form.

But while their speciality was skilled clerical work, they were naturally interested in the legal and financial business done by *Brokers* and *Notaries* - there were said in 1574 to be 120 *Public Notaries* in London²⁴⁸ - and though sometimes distinguished from the latter, they were more often identified with them.

As *Expert Clerks*, 'the common writers of court-hand of the city' had been recognised in 1373 as forming a separate craft, and had made the customary ordinances as to the examination of entrants to the trade, and the fees to be paid by members setting up shop.

²⁴³ Quoted Abram, *Social England in the Fifteenth Century*, p.68.

²⁴⁴ *MSS. of Marquis of Salisbury*, pt. V, p. 8 (1594).

²⁴⁵ See Note 1. [Ed].

²⁴⁶ See the list given in Stow, *Survey of London*. It includes twenty-three mercers, fifteen drapers, eleven haberdashers, eight clothworkers, and five merchant-tailors. The mercers were, however, interested in other things besides cloth.

²⁴⁷ *S.P.D. Eliz.*, XIX, no. 2.

²⁴⁸ *Lansdowne MSS.*, 113, No.9.

Though not formally incorporated till the reign of James I, they possessed in the sixteenth century the usual organisation of a body of craftsmen - a government consisting of a *Warden* and assistants, a *Common Hall* where the *Company* met, a place at the *Lord Mayor's Banquet*, and property accumulated from the legacies of successful members.²⁴⁹ In 1610 they were sufficiently wealthy to contribute £570 towards the new *Plantation* in Ulster. 'The mere *Scriveners of London*' were, in short, an organised and influential body.

"Brought and trayned up in that science [they] are sworne to make their writings duelye and justlye, and to kepe due registers of the same, and also have wardens of their companie to correcte their misdoings, if any need be."

They had even, like other *Guilds*, performed a play. The craft was one which had some occasion to cultivate professional caution, and the theme which it selected was *The Incredulity of St. Thomas*.²⁵⁰

Such a profession took its character from the needs of the commercial and proprietary classes whom mainly it served, and the economic changes of the period opened new prospects before it. The constant mortgaging of land, and the growing dependence both of *Landowners* and *Traders* on credit transactions, involved a great increase in the half-clerical, half-legal business of 'making bonds', made the *Scrivener* at once more dispensable and more expert, and put considerable sums of money into the pockets of the more successful members of the profession.

What we see, therefore, in the later part of the century is the development of the humble amanuensis into a specialist in certain branches of financial business. He becomes, in the first place, a skilled adviser who is consulted as to the financial standing of the parties to a bargain, who, in the words of Bacon, 'values unsound men',²⁵¹ and who remonstrates with the *Creditor* disposed to take insufficient *Security* or to advance money to an insolvent *Borrower*.²⁵²

From being an adviser, he becomes a *Financial Middleman*, handling the kind of business done today by a certain type of *Solicitor*. The *Borrower* who does not know where to turn consults a *Scrivener*. The *Scrivener*, who is in touch with the city, introduces him to a 'friend'. When the parties meet, 'the royal *Scrivener*, with deeds and writings hanged, drawn, and quartered',²⁵³ is in attendance, and drafts the agreement.

Such *Brokers* naturally held a position of some influence on the edge of the business world. The *State* recognised their growing importance; fixed in the reign of James I the fees which they might charge for 'procuring loans or making bonds',²⁵⁴ in its occasional outbursts of righteous indignation against the Extortioner issued *Royal Commissions* to enquire into infringements of the *Laws against Usury*, in which *Scriveners* and *Usurers*²⁵⁵ were included in a common denunciation; and pardoned the influential members of the profession when its zeal was spent.²⁵⁶

Nor did the development of the *Scrivener* end with mere broking. His intimate knowledge of business conditions and of the land market, his practice in weighing the standing of *Moneylenders* and their clients, and his sometimes not inconsiderable wealth, made it inevitable that, in addition to arranging loans, the *Scrivener* should himself take to lending money.

'The ancient trade of *Brokers*', stated a statute²⁵⁷ of 1604, had been within living memory corrupted by the intrusion into it of:

"...counterfeit *Brokers* and *Pawn takers* upon usurie...grown of late to many hundreds within the citie of London,"

and the complaint is confirmed by case after case among the business transactions of the last half of the sixteenth century.

The *Courtier* who desires to capitalise a pension, the *Goldsmith* who wishes to borrow £200 to buy a diamond, the *Country Gentleman* who has come to London to raise money on his estates, all turn to the *Scrivener*.²⁵⁸ The

²⁴⁹ Riley, *Memorials of London*, pp. 372-3; Sharpe, *Letter Books of the City of London*, K, pp. 234-5; Unwin, *Gilds and Companies of London*, pp. 88, 240, 337.

²⁵⁰ Camden Miscellany, vol IV, *The Skryveners' Play* (ed. By Collier).

²⁵¹ Bacon, *Essay on Riches*.

²⁵² Deloney, *The Pleasant Historie of Jacke of Newberie* (ed. By F.O. Mann).

²⁵³ Th. Middleton (ed. by Dyce), vol. V, *Father Hubbard's Tales*.

²⁵⁴ 21 James I, c. 17.

²⁵⁵ *S.P.D. Charles I*, CCCLXII, 31.

²⁵⁶ *S.P.D. Charles I*, CCCLXV, 30.

²⁵⁷ 1 James I, c. 21.

Scrivener undertakes either to lend the money himself or to find someone else who will; sometimes, in order to have the *Borrower* more completely at his mercy.

'The man is expert in his calling', wrote Cecil to a correspondent who was involved with one of the tribe, 'and likely there is no shift but he knoweth and practiseth'. He does the former while professing to do the latter, 'borrows out of his own chest, which he calleth his friend and disguiseth it in the name of another',²⁵⁹ and demands higher interest accordingly.

It was not a long step from this type of lending to anticipating the demand for loans, and arranging that the *Tradesman* anxious to find an investment should entrust the *Scrivener* with money to lend as occasion arose. Hence we find developing also among the *Scriveners* a kind of anticipation of deposit banking.

The man who has a surplus of cash leaves it with a *Scrivener*, who pays interest to the depositor and re-lends it at a higher rate. 'It is said', wrote an author whose book was almost contemporary with that of Wilson, 'and I fear me too true,'

"...that there are some to whom is committed a hundred or two of pounds...they putting in good sureties to the owners for the repayment of the same again, with certain allowance for the loan thereof..."

"The *Scrivener* is the instrument whereby the devil worketh the frame of this wicked world of usury, he being rewarded with a good fleece for his labour. For, first, he hath a certain allowance of the arch-devil who owes [owns] the money, for helping to rent such for his coin. Secondly, he hath a great deal more usury to himself of him who borroweth the money than he alloweth the owner of the money. And thirdly, he hath not the least part for making the writings between them."²⁶⁰

That the *Moralists'* complaint did not misrepresent the practice of the business world, at any rate in London, is shown by the storm of protest from *Scriveners*, *Notaries* and *Brokers* evoked by a proposal which threatened the profession in 1574.

Elizabeth's *Government* was coquetting with one of its recurrent projects for at once raising money and 'controlling' an industry - it was a moment when *State* control of exchange transactions was much to the fore - by granting a monopoly.

A *Patent* had actually been passed conferring on one Richard Candler:

'the office of makinge and remakinge of all manner of assurances, policies, intimations...and other things whatsoever that hereafter shalbe made upon shippes or shippes' goodes or other merchandise or anie other thinge or thinges in the Royalle Exchange aforesaid, or in anie other place or places."²⁶¹

The city, and in particular the *Merchants* most directly menaced, were immediately up in arms. It was protested that:

"All *Notaries*, *Scriveners*, and *Brokers*, and others being free of the citie of London...are utterlie barred from using their facultie, vocacion and callinge,"

And that the rates of insurance would be forced up to the detriment of trade, and that, as Candler knew nothing about the business, there would be endless delay in issuing policies.

More significant, it was urged that with the insurance work done by *Scriveners* and *Brokers* went a good deal of financial business which the grantee would be unable to undertake. On the one hand, the *Broker*, it was represented, often financed the *Merchants*, who,

"choosing such *Brokers* as they do knowe and to whome they are knowen, traded partlie upon their owne creditte and partlie upon the creditte of the *Broker*."

On the other hand, the *Broker* not only made loans, but received deposits. *Merchants*, especially *Foreign Merchants*, who wanted to ensure property in England and had transferred money there for the purpose, were accustomed to:

²⁵⁸ E.g., *MSS. of Marquis of Salisbury*, pt. V, pp. 37, 38, 359. For lending by *Scriveners* see *The Mistery and Misery of Lending and Borrowing*, by Thomas Powell (Somers Tract, Vol. VII).

²⁵⁹ *Hist. MSS. Com.*, *MSS. of Marquis of Salisbury*, pt. V, pp. 362-3.

²⁶⁰ Stubbes, *The Anatomie of Abuses*, pt. I, pp. 128-9.

²⁶¹ *Lansdowne MSS.*, 113, no. 9, on which the remainder of this paragraph is based.

“putte their *Notaries* and *Scryveners* to receive the same in large sums, which hath been honestly and trewlie repayed into their handes agayne.”

Money left on call in this way would not lie idle, but would be used, as Stubbes complained, to finance the *Tradesmen* and *Landowners* who were clamouring for advances. The *Scrivener*, in short, by the mere necessities of his position, was developing into a *Banker*.

It is not surprising, therefore, to find a member of the *House of Commons* saying in 1640, when the question of contributing to a public loan was under discussion, that the course proposed:

“would perhaps enforce many of us to goe from *Scrivener* to *Scrivener* to borrow monie.”²⁶²

Nor is it surprising that members of the craft should have made fortunes. Abbot, Evelyn's man of business, had been a wealthy *Scrivener* in the reign of Charles I. His apprentice became Lord Mayor as Sir Robert Clayton.²⁶³

It is evident that, in view of facts like these, the simple theory derived from the *Mystery of the Newfashioned Goldsmiths or Bankers*,²⁶⁴ and repeated by one economic historian after another, requires to be revised. That famous tract was avowedly an attack upon one particular class of *Financier*; it was written thirty years after the events which it purported to describe; and it completely ignored the whole mass of financial business which for centuries had been carried on by *Moneylenders* of other kinds.

The importance of the *Goldsmiths* in the *Evolution of Banking*, especially after the *Restoration*, is not, of course, in question, and the forces which concentrated business in their hands towards the middle of the century is an important and neglected problem in the *Early History of Banking*. But they merely supplied one tributary to a stream which was fed from a multitude of different sources.

The absurdity of the view which regarded English banking as originating with the *Bank of England* - the consequences, not the cause of its development - has long been recognised. The theory which makes the *Goldsmiths* the picturesque heroes of the drab history of *Financial Capitalism* is almost equally legendary.

But these are problems which lie outside our period, and we must not enlarge on them. What was characteristic of Wilson's day is less the development of banking than its informal, almost furtive, character. When practice had gone so far, it seems surprising that it should not have gone further.

It was probably common enough for private individuals to follow the practice of Wilson's precocious apprentice and to entrust part of their savings to a *Merchant* who used them in his business and paid an agreed rate of interest upon them.²⁶⁵ But of any general or organised system of deposit banking, at least *eo nomine*, there is no trace in *Elizabethan London*.

The idea was not altogether unknown. The convenience of banking machinery in economising currency was the theme of more than one economic treatise, and the economic possibilities of pooling contributions in a 'common stock' were canvassed by *Economists* and *Reformers*.

Against Bacon, who disapproved²⁶⁶ of it, must be set the views of writers who complained that the difficulty of raising large loans in England drove *Merchants* to transfer their business to Holland and Italy,²⁶⁷ and the various schemes advanced for encouraging the development of banking.

We have at least five proposals addressed to the *Government* in the reigns of Elizabeth and James I, one of which reached the stage of being introduced as a bill, urging the establishment of *Public Banks* as a protection against the exploitation of the public by the private *Moneylender*, as a means of controlling currency and the foreign exchanges by nationalising exchange business, and as a source of revenue to the *State*.²⁶⁸

But apart from the more or less surreptitious 'colouring of other men's money' by the enterprising *Scrivener* or *Goldsmith*, and from the *Funds*, or, as they were often called, *Banks*, from time to time established to finance the tin mining industry, such ideas remained in the vast limbo of economic projects mastered only by the indefatigable Burghley.

²⁶² Notestein, *The Journal of Sir Simonds D'Ewes*, p. 257.

²⁶³ Evelyn's *Diary*, Nov. 18, 1679.

²⁶⁴ 1676. Printed by Price, *The Grasshopper in Lombard Street*.

²⁶⁵ *Hist. MSS. Com., App. To Third Report*, p. 37, gives an example. A London Merchant writes to a Doncaster Merchant asking him to get in some money lent in Yorkshire at twelve per cent., apparently by the writer's aunt (1555).

²⁶⁶ *Essay on Usury*.

²⁶⁷ *Lansdowne MSS.*, 73, 18. "Divers Merchants and rich men that knowe not how speedily and certainly to take up 5 or 6 or 800 £ or 1,000 are compelled to transport goods to Holland and the Archduke's country, or Italy."

²⁶⁸ *Hist. MSS. Com., MSS. of Marquis of Salisbury*, vol. I, p. 133; *S.P.D. Eliz.*, vol. CX, 51; vol. LXXV, 54; *Lans. MSS* 73, 18.

Indeed, since they all, with the exception of those designed for the tin industry, contemplated raising the funds which were to be advanced, not in the form of deposits by the public, but by some kind of *Taxation on Income*, *Capital Levy*, or *Forced Loan*, they were in themselves evidence of how unfamiliar the idea of the voluntary pooling of *Savings* still was.

That it should have been unfamiliar is not surprising. If *Borrowing* comes by nature, to entrust hard-won *Savings* to an unknown *Financier*, requires, perhaps, some special infusion of commercial grace. The development of *Banking* depends, in fact, on the general acceptance of conventions and standards which are natural only to classes formed by the routine of the *Counting-house*, and which they can popularise only as they become sufficiently powerful to set their stamp on social customs and institutions.

In the England of Elizabeth the habits of the *Peasant* and the *Country Gentleman* were only gradually being mastered by the new learning of the city. The benighted generation for which Shakespeare wrote, and Sidney (a sad spendthrift) fell, was one in which, as a committee of the *House of Commons* remarked sorrowfully in the early nineteenth century,

“Though glorious, the true principles of commerce were not rightly understood.”

Unilluminated by the religion which has as its jealous deity the lean goddess *Abstinence*, it thought *Profusion* more becoming than *Parsimony*, and held that even humble people might reasonably live ‘in some free and plentiful manner’.

Those who spent, spent with a fine recklessness: those who saved, hoarded and did not normally invest; for as a shrewd observer wrote:

“No man will send his moneys far off to put them into unknown hands.”²⁶⁹

The *Savings* of the mass of the population, therefore, apart from land and the occasional purchase of annuities, consisted, according to their various stations, of corn, cattle, stocks of raw materials, furniture, plate, jewellery and coins. It is these things which passed at death and which men showed their thrift in accumulating.

The *Merchant* in Wilson's dialogue, who thought it a merry jest to recommend laying up treasure in heaven, would have been hardly less amused at the suggestion that he should preserve it in the form of a credit entry in a ledger. The wealthier classes of his day followed his resolution to ‘keep it in a chest and have the key about me’.

Gresham, who was not a child in matters of finance, hoarded gold chains. D'Ewes' father, a *Landowner* and official, in addition to plate, amassed some £3,000 in gold coin. Nearly a century later the most distinguished *Civil Servant* of his day kept a large part of his savings in a cellar. Such habits had still a long life before them. But, even in the sixteenth century, they were already undergoing a change.

The significant thing in the reign of Elizabeth was not the advance in banking technique, which in England was still in its infancy, but the discovery by considerable sections of the *bourgeoisie* that *Money-lending* was not less profitable than *Agriculture*, *Industry* and *Commerce*. The author of a pamphlet which appeared a generation later wrote,

“Doth not usury offer such excessive gain and such freedom from all kinds of common charge, with so much ease, security and command over the bondmen, that not only infinite both *Labourers* and *Traders* on sea and land (having gotten estates thereby) do transport the same into debts upon use, leaving their former honest industry and resolving to live idly upon usury, but also many which were sometimes the greatest *Traders*, yea, in the greatest trading places, are seduced to employ their estates in this new trade.”²⁷⁰

It was the collision between these clamorous economic appetites and a long established body of religious and political doctrines which produced the struggle of ideas and interests portrayed in Wilson's book. To those doctrines we now turn.²⁷¹

²⁶⁹ Bacon, *Essay on Usury*.

²⁷⁰ *Usurie arraigned and condemned* (1625).

²⁷¹ See note 1. [Ed].

The Damnable Sin of Usury

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 sections²⁷² 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 still 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 in 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 tragic interest in the controversy with regard to usury. For it had been through the *Theory of Usury* that the most

²⁷² 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].

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.²⁷³ 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*²⁷⁴ 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.²⁷⁵

What remained to the end unlawful was that which appears in the modern 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*,

²⁷³ 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).

²⁷⁴ 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].

²⁷⁵ Tingley, *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.”²⁷⁶

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 Cranmer²⁷⁷ 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. Bossuet²⁷⁸ 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’.²⁷⁹ 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’.²⁸⁰

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 simple 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

²⁷⁶ *Bernardi Papiensis Summa Decretalium* (edited by Laspeyres), Lib. V, tit. xv.

²⁷⁷ Gairdner, *Letters and Papers of Henry VIII*, vol. XVI, 337.

²⁷⁸ Bossuet, *Traité de l'usure*: for an account of his views see Favre, *Le prêt-à intérêt dans l'ancienne France*.

²⁷⁹ Cooke, *Unum Necessarium, or the Poor Man's Case*.

²⁸⁰ *Briefve Survey of the Growth 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 than 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.²⁸¹

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.”²⁸²

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 Sandys²⁸³ and Jewel²⁸⁴ 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'²⁸⁵ to be dedicated to himself.

A clerical pamphleteer²⁸⁶ 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.²⁸⁷

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.”²⁸⁸

²⁸¹ 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].

²⁸² Bucer, *de Regno Christi*.

²⁸³ Sandys, second, tenth, and eleventh of *Sermons* (Parker Society).

²⁸⁴ Jewel, *Works*, fourth part, p. 1293.

²⁸⁵ Miles Mosse, *The arraignment and conviction of usurie*, 1595.

²⁸⁶ 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.

²⁸⁷ 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).

²⁸⁸ *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.²⁸⁹ 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.²⁹⁰

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’.²⁹¹

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 indiscriminating 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.

²⁸⁹ Miles Mosse, *The arraignment and conviction of usurie*, 1595.

²⁹⁰ *S.P.D. Eliz.*, LXXV, 54.

²⁹¹ *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.²⁹²

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.

²⁹² E.g. the abortive scheme for the reorganisation of the ecclesiastical jurisdiction drawn up by Cranmer and Fox; see Cardwell, *Reformatio Legum 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.”²⁹³

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 lettre*, and the satire of a later generation made merry with the ‘saints under persecution’ to whom usury was ‘very tolerable, because profitable’.²⁹⁴

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’.²⁹⁵ 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

²⁹³ Fenton, *Treatise of Usurie* (1612).

²⁹⁴ *Briefve Survey of the Growth of Usury in England with the Mischiefs attending it* (1673).

²⁹⁵ 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'.²⁹⁶ Within ten years of his death, it was being expounded in England by Baro²⁹⁷ and Bullinger,²⁹⁸ 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*,²⁹⁹ and a *Layman* of meticulous conscientiousness, like D'Ewes,³⁰⁰ 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.³⁰¹ 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 his *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*.

²⁹⁶ *Briefe Survey of the Growth of Usury in England with the Mischiefs attending it* (1673).

²⁹⁷ See Cunningham, *English Industry and Commerce, Modern Times*, pp. 157-8.

²⁹⁸ Bullinger, *Third Decade*, first and second sermons (Parker Society).

²⁹⁹ Blakeney, *History of Shrewsbury*, vol II, pp. 364 and 412.

³⁰⁰ Halliwell, *The Autobiography and Correspondence of Sir Simonds D'Ewes*, vol I, pp. 206-12, 322, 354, vol II, pp. 96, and 153-4.

³⁰¹ *Hist. MSS. Com., MSS. of Corporation of Burford*, p. 46.

The Harrying of the Usurer

When one turns from the dialectics of doctors to the sentiments of their congregations, one enters a world in which theory was less precise, if prejudice was not less tenacious. The opinion of the practical man on questions of economic conduct was in the sixteenth century in a condition of even more than its customary confusion. A century before he had practised extortion and been told that it was wrong: for it was contrary to the law of God. A century later he was to practise it and be told that it was right: for it was in accordance with the law of nature.

In this matter, as in others of greater moment, the generation for which Wilson wrote was unblest by these ample certitudes. It walked in an obscurity where the glittering armour of theologians... 'made a little glooming light, most like a shade'.

In practice, since new class interests and novel ideas had arisen but had not yet submerged their predecessors, every shade of attitude, from that of the pious burgess who classed usury with adultery,³⁰² to the latitudinarianism of the cosmopolitan financier, to whom the confusion of business with morals was a vulgar delusion, was represented in the economic ethics of the age.

The State wavered uneasily between these two extremes. Tradition, a natural conservatism, a belief in its own mission as the guardian of 'good order' in economic matters, gave it an initial bias to the first; the pressure of a city interest growing in wealth and political influence, its own clamorous financial necessities, the mere logic of economic development, pushed it strongly towards the second. Hence, its treatment of financial capitalism was vacillating and inconsistent, and, to understand the legal development, it is necessary to relate it to the economic interests of which it was the expression.

That the sentiment of even the most had no objection to income derived from investment in land or from trading profits, provided they were 'reasonable', went without saying. For the majority of men in most parts of the country were small land-holders or petty profit makers; and the legal recognition of the legitimacy of their gains had been, not an arbitrary distinction invented by theorists, but the admission of plain economic facts.

Beyond these there remained, however, a wide range of economic transactions whose character was more ambiguous. Neither to scientific nor to popular opinion did usury carry in the *Middle Ages* and in the sixteenth century the specialised sense of excessive interest on a loan of money which the word bears to-day.

Like the modern profiteer, the *Usurer* was apt to be so unpopular a character, that almost any unpopular character might be called by the average man a *Usurer*, and any bargain from which one party obviously gained more advantage than the other and pressed his economic opportunity to the hilt was regarded as usurious. The description which best expresses the popular sentiment was that contained in the indictment brought by the pious burgesses of Hereford against an unpopular divine:

"Dr. Bennett is a great taker of advantages."³⁰³

Of such takers of advantages the *Money-Lender* was apt, however, in the circumstances of the age, to be the most conspicuous example. Against him were arrayed the peasantry and the humbler bourgeoisie, whose conception of social expediency was the defence of customary relations against innovation, and who regarded the growth of this new power with something of the same jealous hostility as they opposed to the economic radicalism of the enclosing landlord.

At bottom it was an instinctive movement of self-protection. Men dreaded the professional 'money master' because it was so easy to slip into dependence on the fatal luxury of loans. Free play for the capitalist seemed to threaten the loss of independence by the small producer who tilled the nation's fields and wove its cloth.

When they rationalised their apprehensions, they naturally used the conventional conceptions of the age. The body politic is an organism in which each class should perform its function; the *Usurer*, like the middleman, is 'an unnecessary member of the commonwealth'.³⁰⁴ Men should labour in their vocation according to their station; the *Usurer* is a parasite who grows rich 'without labour, cost, or hazard'.³⁰⁵

Decent men, without being righteous overmuch, carry on their business with some regard to their neighbours and to the public interest; usury is a form of chicanery benefiting only 'a small number of insatiable persons'.³⁰⁶ The path down which the *Money-Lender* beguiles his victims may seem at first to be strewn with roses. But at the end of it lies - incredible nightmare - a regime of universal capitalism in which peasant and small master will

³⁰² E.E.T.S., *Coventry Leet Book*, p. 544.

³⁰³ *S.P.D. Eliz.*, CCLXXXVI, 19 and 20.

³⁰⁴ *S.P.D. Eliz.*, LXXV, no. 54.

³⁰⁵ *Usury is Injury* (1640).

³⁰⁶ *S.P.D. Eliz.*, CX, no. 51.

have been merged in a property-less proletariat, and:

“...the riches of the cytie of London, and in effect of all this realme, shalbe in that tyme in the handes of a fewe men havinge unmercifull hartes.”³⁰⁷

Such outbursts were the natural protest of a laborious generation against a class which seemed to flourish on unearned increment wrung from their neighbours' necessities, outraged the decencies of social intercourse by an inhuman concentration on the pursuit of economic gain, and awoke among conservative persons somewhat the same uneasy suspicion of sharp practice as was aroused three centuries later by the dubious innovation of *Joint-Stock Finance*.

What is more significant was the action by which *Municipal Authorities*, *Middle-class Philanthropists* and the *State* attempted to cope with the situation. If the modern reader is disposed to agree with Bentham that the objection to usury was the revolt of the thriftless against the thrifty, let him turn to the proceedings of the commonplace people - *Jurymen*, *Municipal Councillors*, *Churchwardens*, *Testators* - who cannot be suspected, like the *Ecclesiastics*, either of repeating the conventional rhetoric of the pulpit, or of cultivating any professional squeamishness as to the arts by which men grow rich.

With the new financial and commercial conditions which had developed before the end of the fifteenth century, city opinion was no longer what it had been in the days when the authorities of London fined and imprisoned *Usurers* and *Brokers*.

But the danger that the 'honest householder' would become 'the bondslave of the money master' was still felt to be the Achilles' heel of the small business world of *Shopkeepers* and *Petty Traders* who formed the magistracy in the average borough, and in England, as at the same time in the Low Countries, they deployed an arsenal of expedient against it.

Usury is declared a scandalous vice which disqualifies those who practise it from municipal office. It is forbidden under stringent penalties, and proceedings are taken against the *Usurer*. The victim is advanced money from the *Town Exchequer* with which to recover his pledges.³⁰⁸ The *Municipal Officers* are instructed to sell unreclaimed goods deposited as security, and to divide the sum realised between the *Debtor* and *Creditor* in such a way that the latter should receive no more than he had lent without any allowance for interest, and the former anything which they fetched in excess of that figure.³⁰⁹

In the counties, *Usurers* appear to be presented with alacrity by juries.³¹⁰ Protests are addressed to the *Privy Council* against a *Landowner* who oppresses his neighbours by usury and extortion³¹¹, against the misgovernment of municipal authorities who have reduced their fellow citizens to such distress that they are obliged to 'raise money on pawns',³¹² against the proposal to saddle a town with a minister who is notorious for taking 'id. in the shilling'.³¹³

The Government is asked to enforce and to extend the statutes against usury.³¹⁴ *Social reformers*, affirming with the exaggeration natural in the advocates of a panacea that:

“...that which most grieveth and annoyeth the common people is this abominable sin of usury,”

bombard it with projects for superseding the private *Money-Lender* by *Public Banks*.

A bill³¹⁵ establishing 'banks for the relief of common necessity' was actually introduced into the *House of Commons* in April, 1571. But no more was heard of it, and, apart from that abortive measure, the Government turned a deaf ear to proposals for *State Banks*. Perpetually in debt, and with its credit such that, in Wilson's day, it paid fourteen per cent. for loans, how could it raise the capital?

But the idea of the *mont de piété* was much in the air; with the establishment of a *mont* at Ypres in 1534, it had been popularised in the Low Countries, which were the economic schoolmaster of sixteenth century England.

³⁰⁷ *S.P.D. Eliz.*, LXXV, 54.

³⁰⁸ *Records of Borough of Leicester*, vol III, pp. 253-60.

³⁰⁹ Maitland Club, *Borough Records of Glasgow*, p. 9.

³¹⁰ Bund, *Kalendar of Worcester Session Rolls, 1591-1643*, pt II, pp. 616-7. Atkinson, *Quarter Sessions Records of the North Riding of Yorkshire*, vol I, pp. 46, 112, 209, 225. Somerset Record Society, *Quarter Sessions Records*, vol. XXIV. pp. 117 and 124.

³¹¹ *S.P.D. Eliz.*, CLV, 65.

³¹² *Hist. MSS. Com.*, *MSS. of the Marquis of Salisbury*, pt. IV, pp. 208-210: the town in question was Newcastle.

³¹³ *S.P.D. Eliz.*, CCLXXVI, 19 and 20.

³¹⁴ *S.P.D. Eliz.*, CCLXXVI, 19 and 20. Add. XXVII, 39 and XXXIII, 94.

³¹⁵ D'Ewes, *Journal*, p. 178. See below p. 159.

And in England itself, though the *State* took little interest in the matter, local and corporate enterprise made some attempt to turn the flank of the *Usurer* by providing facilities for borrowing elsewhere on reasonable terms. Monastic³¹⁶ charity, the importance of which seems still to be uncertain, had come to an end when Wilson was a boy, nor do the credit facilities afforded by *Guilds*, which occasionally had expanded on a scale almost large enough to be described as co-operative banking, appear to have survived the sharp class divisions which the fifteenth century saw develop within them.

But the right to borrow from 'the common box'³¹⁷ was still a privilege jealously guarded by guild members, and certain groups of craftsmen, as has been shown above,³¹⁸ took up the project of raising corporate funds as a means of emancipating themselves from dependence on the capitalist.

Well into the seventeenth century, continuing an immemorial practice which owed nothing to foreign precedents, parishes maintained a church stock, from which they advanced cows, sheep, hives of bees, trade utensils and money to *Parishioners*, taking security, and charging a low rate of interest.³¹⁹

Occasionally a borough took more elaborate measures than mere prohibition to squeeze out the *Usurer*. At the little town of Berwick-on-Tweed a storm of indignation arose towards the end of the sixteenth century against the alleged malpractices of the local *Money-Lenders*. Many poor citizens, it is complained, are driven by distress into dealing in pawn-tickets, and, as a consequence, are plundered by 'extreme *Usurers* and *Extortioners*'. The mayor ought to take the matter up, and to appoint 'two honest and credible men' to act as *Brokers* through whom alone loans shall be negotiated.

Accordingly, in 1598 an order was issued prohibiting all pawnbroking except through two official agents, who were to give security to the town for the articles deposited with them as pledges, and to keep a *Register of Borrowers* and their debts. Five years later, a short entry in the *Municipal Register of Oaths and Proclamations* gives us a glimpse of this public pawnshop at work.

In spite of all precautions, the private capitalist had reappeared. On April 30, 1603, one Robert Bincks was brought before the magistrates on the charge of exercising the trade of a pawnbroker, in contravention of the order that only two persons appointed by the town should be permitted to advance money. Amid general execration of his exactions, he was ordered to surrender to the town the pledges which he held, and was turned of with an allowance of ten per cent. upon them. The story closes with the triumphant re-establishment of the *Municipal Monopoly*.³²⁰

Such experiments in the control or expropriation of the *Money-Lender* were, of course, exceptional. What was more characteristic of the sixteenth century was the attempt to achieve the same result by private charity, or, as an incident in the administration of that new social instrument, the *Poor Law*.

The last wishes of the pious benefactor are not always a monument to his wisdom. But since he is apt, like Pains, to be 'a blessed fellow to think as every man thinks', they usually reject the prevalent estimate of the sore points in the social system and the particular types of philanthropy which are the fashion of the age.

There is no doubt what form of charitable bequest appealed most to the *Elizabethan Capitalist* who desired to dispose of his fortune for the good of his soul and the benefit of posterity. It was the establishment of a fund to endow the *Deserving Tradesman*. Legacies of:

"£20 to the use of poor artificers, to be lent them *gratis* from year to year"

or:

"...for the better advancement and preferment of the young thriving burgesses that have trades and occupations yet want stock to set up on or exercise the same...at £5 a man for 6 whole years, freely and without payment of interest."

or:

"£60 for granting loans to carriers plying between London and Kendal."³²¹

Such bequests were as common in the sixteenth century as the endowment of altar lights had been in the *Middle Ages*, or that of hospitals is to-day.

³¹⁶ See Savine, *English Monasteries on the Eve of Dissolution*, pp 228-242. (Vinogradoff, *Oxford Studies in Social and Legal History*, vol. I). But the figures (2½ per cent. Of the gross income) relate only to charity administered under trusts, and appear to exclude voluntary almsgiving).

³¹⁷ Turner, *Oxford Records*, p. 8, and *Lincoln Cathedral Statutes*, pt. II, pp. 616-7. For a guild which appears to have acted as a bank, see *Hist. MSS. Com., MSS. of the Borough of Kings Lynn*, p. 228.

³¹⁸ See *Financing of Capitalist Industry* by R.H. Tawney.

³¹⁹ Numerous examples are given by Addy, *Church and Manor*, ch. XV.

³²⁰ *Hist. MSS. Com., Report of Manuscripts in various collections*, vol. I, pp. 3, 4, and 25.

³²¹ *Hist. MSS. Com., MSS. of the Corporation of Kendal*, pp. 3, 7, and 549; *Nottingham Borough Records*, vol. V, p. 150.

By the latter part of the century the futility of merely disciplinary measures against *Pauperism* had been widely realised, and measures to prevent distress from arising were beginning to be the fashion. *City Companies*, *Municipal Corporations* and *Parochial Authorities* came to the assistance of *Private Philanthropy* by establishing 'lending charities'³²² - the *Haberdashers' Company* alone administered a fund of £2,500 - which had the advantage, at a time when the old-fashioned almsgiving, both for religious and for social reasons, was a little blown upon, of helping those who helped themselves.

In each case the motive was the same. It was to enable the young artisan or tradesman - the favourite victim of the *Money-Lender* - to acquire the indispensable 'stock' without which he could not set up in business. Half a century later, when the *Goldsmith Banker* was coming to his own, the establishment of free loans was, as we have already seen, still being urged by a *Puritan Social Reformer* under *The Commonwealth*.³²³

The suspicion of the sharp practice of Mr. Badman, expressed in all this public regulation and private philanthropy, survived in the social strata least touched by the new currents of commercial enterprise long after it had ceased to influence *Public Policy*.

But, when the sixteenth century began, it was the theory, at least, on which the treatment of credit transactions by the *State* was founded, and it continued for several generations to command sympathy in high places.

In its mixture of social jealousy at the rise of a new aristocracy, reluctant admiration at its success in making money, and genuine indignation at its indecent rapacity, the attitude of the *Governing Classes* towards the *Financier* was not unlike that of the *Tory Landowners* of the early nineteenth century towards the *Cotton Men* of the day.

While the impecunious *Squire* grumbled at the *Money-Lender* as an *Extortioner*, the *Administrator* protests at the manner in which the *Capitalist* sacrificed public interests to the desire for profit, sneered at him as one of a class which evaded public burdens and did no good to the country, and was not sorry to show his opinion of the humbler members of the trade by fining them at quarter sessions or even sweeping '*Rogues and Usurers*' - a singular combination - into the same gaol.³²⁴

The *Government* itself was torn by conflicting interests. On the one hand, its necessities compelled it to court the *Financiers* and to offer them such terms for loans as they demanded. On the other hand, itself an unrepentant *Borrower*, it had no love for *Creditors*; it had a naive confidence in the economic efficacy of statutes and proclamations; and it inherited a whole body of assumptions as to social expediency which caused it to look askance at a class whose sole *raison d'être* was a single-minded pursuit of pecuniary gain.

In an age of religious and social convulsions it had its own reasons of public policy for attempt to enforce customary standards of social conduct and obligation as an antidote for what Burghley called 'the licence grown by the liberty of the Gospel'.³²⁵

In his matter of credit, as in its attempts to protect the peasant against the depopulating landlord and the weaver against the clothier who 'engrossed' looms, both tradition and interest united it with the small producer in agriculture and industry in resistance to economic innovation.

If, in short, official practice was opportunist, official theory was conservative. The warnings against 'usurie both plain and coloured'³²⁶ with which Dudley, a poacher too late turned gamekeeper, solaced his imprisonment, continued to fall with unctious lips of statesmen well into the seventeenth century.

An enlightened absolutism might have chosen one of several courses other than absolute prohibition of interest or complete freedom of contract. It might have taken up one or other of the projects submitted to it for the establishment of *National Banks*, or have allowed interest in dealing between *Merchants*, while forbidding it in non-commercial transactions, or have adopted the policy afterwards proposed by Bacon of fixing one rate for loans which were in the nature of investments, and another, and a lower rate, for loans to meet the necessities of the *Peasant* and the *Craftsman* whose difficulties had given the attack on usury its point.

The compromise which was finally adopted was cruder than either of these suggestions and is discussed below. During the greater part of the first three-quarters of the century no compromise, other than by evasion of the law, was contemplated. The truth was that the economic paternalism of the *Tudors* was not of a kind to appreciate subtleties. It was possible because, in the main, it was popular, and it was popular because of its lack of originality. Its system of 'controls' drew its materials from the practice of village and borough, preserved

³²² Leonard, *The Early History of English Poor Relief*, pp. 232-5, gives many examples.

³²³ See *The Peasant and Small Master* by R.H. Tawney (Cooke, *Unum Necessarium or the Poor Man's Case*).

³²⁴ Ellis, *Original Letters*, first series, vol. II, Letter ccxii.

³²⁵ *Hist. MSS. Com., MSS of the Marquis of Salisbury*, pt. I, pp. 162-3.

³²⁶ *The Tree of Commonwealth*.

much, while it changed little, and was put in motion, if at all, by the pressure, almost the passion, for regulation of the classes affected by it.

It was quite in accordance with the policy applied to other sides of economic life, therefore, that, during the greater part of the sixteenth century, the treatment of credit transactions by statute law should have consisted, except during one short interval, in the re-enactment of medieval precedents.

In the fourteenth and fifteenth centuries there had been petitions against usury, which evoked ordinances prohibiting it. The *Government* of Henry VII had the same motive for dealing with usury as with enclosure; both could be exploited by the discontented and were a menace to public order; and the just comprehensive legislation on the subject consisted of the statutes of 1487 and 1495.³²⁷

Neither made any innovation on the existing state of the law. The first, after prohibiting 'dry exchange', forbade all interest under penalty of £100 for every transaction, and laid down that, since it was principally in boroughs that, as would be expected, these undesirable practices were carried on, cases of usury should be tried not by *Borough Magistrates* but by the *Chancellor* and the *County Justices*, who, as *Landowners*, had no love for the exacting mortgagee.

The second was designed to meet faculties caused by the ambiguity of the preceding Act, which it repealed. It renewed the prohibition of all usury of any kind, defined usury as:

"...the act of taking for the same loan anything more besides or above the money lent, by way of contract of covenant at the time of the same loan, saving lawful penalties for the non-payment of the money lent..."

And forbade expressly two devices by which the law had been evaded, namely the selling of wares and repurchasing of them within four months at a lower price, and loans advanced on the security of land on condition that part of the revenue of the land should be made over to the *Lender*. Both Acts reserved the jurisdiction of the *Ecclesiastical Courts*.

Nor, down to 1571, was any substantial breach made in this policy of meeting new problems with medieval weapons. It is true that in the last year but one of Henry VIII, when the *Government* must have been at its wits' end to raise loans, an Act³²⁸ was passed which, while repeating the prohibition of usury under the guise of fictitious sales, sanctioned interest provided that it did not exceed ten per cent.

But the concession stood only for seven years. It is possible that the return to the more rigorous policy was connected with the prominence in the reign of Edward VI of the group of reformers who had urged the ill-fated Somerset to take up the land question, and who, by their insistence on the need for social reconstruction, had earned among their enemies the nickname of 'the Commonwealth men'.

Protestants like Latimer, Ponet, Bucer, Lever and Crowley had no more mercy for the *Money-Lender* than had been shown by Cardinal Morton when he harangued parliament on the subject half a century before, and they had all written or spoken against usury. Crowley urged in a sermon:

"The most parte, I am sure, of this most godly assemblie and parliament, do knowe that the occasion of the acte that passed here concerning usurie was the unsaciabie desyre of the *Usurers*, whoe could not be contented with usurie, unless it were unreasonable muche.

To restrayne this greedy desyne of theyrs, therefore, it was commanded and agreed upon, and by the authoritie of parliament decreed, that none should take above x li a year for the lone of an c li.

Alas that ever any Christian nimbly should bee so voyde of God's Holy Spirit, that thei should allow for lawfull any thyng that God's worde forbedeth. Be not abashed (most worthy counsaylours) to call this act into question against."

The social doctrine rehearsed by Edward VI, with their emphasis on the need of controlling the operations of *Merchants* and *Financiers*, reflected the conventional distrust of the *Monied Interest*; the *Clergy* were demanding that *Usurers* should be punished, as in the past, by the canon law³²⁹; and there appear to have been some popular protests³³⁰ against the qualified indulgence shown to the *Money-Lender* in the *Act of 1545*.

The *Gentry*, it is true, under the leadership of Warwick, had made short work of Somerset and his land policy. But, in defending property, they had no intention of undertaking a crusade to protect the moneybags of

³²⁷ 3 Hen. VII, c. 5, and II Hen. VII, c. 8.

³²⁸ 37 Hen. VIII, c. 9.

³²⁹ Cardwell, *Synodalia II*, p. 436.

³³⁰ E.E.T.S. *A supplication of the poore Commons*.

Financiers who squeezed them and the *Peasants* impartially, and their victory had been followed by measures of economic control intended to prevent social disturbance.

Stringent legislation as to prices was passed in 1552³³¹, and in June, 1551, in the hope of preventing them rising further, exchange transactions had been prohibited. The *Act*³³² of 1552 as to usury was probably regarded as part of the same policy. It repealed the *Act of 1545*, and forbade the taking of any interest whatever, under pain of imprisonment and fine, in addition to the forfeiture of principal and interest. Henceforward a pious nation was to live up to the declaration of its parliament that:

“...all usury is by the word of God utterly prohibited, my a vice most odious and detestable, as in divers places of *Holy Scripture* is evident to be seen.”

The statute of 1552 did no more than re-enact principles which had been accepted for centuries, and which had been applied in the legislation of Henry VIII. But since the end of the fifteenth century there had been a revolution in the social and economic life of England, and indeed of Europe, which was bringing the *Capitalist Classes* to their own, and it was no longer as easy as it had been to put a hook in their jaws.

The methods by which the prohibition of usury could be evaded - payment for fictitious consideration, loans in the shape of wares priced at double their market value, stipulation for repayment of the principal under heavy penalties at an impossibly early date, loans in the guise of a share in a *Trading Partnership* in which the *Borrower* agreed to bear all losses - such devices had been the commonplace of economic literature since the thirteenth century, and there was general agreement that the first effect of the *Act of 1552* was to give a new impetus to them.

But malpractices of this kind, though they supplied a convenient loop-hole through which, when the parties were in agreement, they could combine to circumvent the law, obviously had their limitations. For they left intact, or even intensified, the stigma of illegality which marked interest as at once disreputable and precarious.

As long as the law drew a distinction between the gains of finance and those of commerce and industry, the professional *Money-Lender*, unless sufficiently powerful to set it at defiance, was apt to possess neither complete legal security nor social respectability.

He was regarded by public opinion as a man of furtive expedients who derived his income from the intimidation or cajolery of necessitous clients, and was exposed to the practical inconvenience, which cases before the courts shew to have been considerable, that the *Debtor* who chose to repudiate his agreement, could invoke the law against the *Creditor* who attempted to enforce it.

What meets us, therefore, after the middle of the century is an attempt, not merely to stultify the law in practice but to reverse the whole body of legal doctrine on which this virtual outlawry of the *Capitalist* had rested. In one country after another the rapidly growing *Financial Interests* revolt against a system which penalises the most profitable employment of their capital.

The laws against usury are criticised, not merely in detail, but in principle. In England, by the third quarter of the century, though the *Usurer* retained the character of a popular bugbear, and though the *State* continued, both by statute and administrative orders, to control his operations as it controlled in theory every other department of economic life, the indiscriminating prohibition of all interest whatever had given place to a system of regulation which recognised the legitimacy of some payment for the use of capital by the very penalties which it imposed on exactions which were thought to be exorbitant.

The struggle was transferred from the plane of morality to that of expediency. The question was no longer whether interest was right or wrong, but whether the rate of interest legally sanctioned was at any given moment reasonable or excessive.

³³¹ 5 and 6 Edward VI, c. 14.

³³² 5 and 6 Edward VI, c. 20.

The Struggle Over the Exchanges

The movement began, as might have been expected, not among the *Petty Tradesmen* who had scraped together a few pounds and lent them to their neighbours, but in the *World of Big Business* which was connected with the *Money Market, Foreign Trade, Public Finance* and other branches of *Capitalist Enterprise*.³³³

Professor Pirenne³³⁴ has contrasted the outlook of the *Medieval Bourgeoisie*, intent on the conservation of local and corporate privileges, with that of the *New Plutocracy* of the sixteenth century, with its international ramifications, its independence of merely local interests, its triumphant vindication of the power of the *Capitalist* to dispense with the artificial protection of *Guild* and *Borough* and to carve his own career.

Naturally the creed of these *Economic Conquistadores* was an almost modern *Individualism*. 'No one can deny', wrote the *Foreign Merchants* at Antwerp to Philip II, in protest against an attempt to interfere with the liberty of exchange transactions:

"...that the cause of the prosperity of this city is the freedom granted to those who trade there."³³⁵

Antwerp had become the commercial capital of Europe by pursuing, alike towards *Finance* and *Foreign Trade*, a policy of economic freedom at once deliberate and highly unusual; and, as the records of the *Commercial Companies* show, the objection of *Businessmen* to *State Control* was as compatible in the sixteenth century as it is to-day with a jealous insistence on *Monopoly* when monopoly was profitable.

But the words reflected the attitude of the *Commercial Classes* towards any attempt to interfere with *Individual Enterprise* in the name either of *Religion* or of reasons of *State*.

An organised *Money Market* has many advantages, but it is not a school either of social ethics or of political responsibility. Moving, as they did, in a world where loans were made not to meet the temporary difficulty of an unfortunate neighbour, but as a profitable investment on the part of not too scrupulous *Businessmen*, who looked after themselves and expected others to do the same, they had scanty sympathy with doctrines which had reflected the spirit of *Mutual Aid* not unnatural in the small circle of neighbours who formed the ordinary *Village* or *Borough* in the *Middle Ages*. After a fruitless interview with one of the tribe, Gresham wrote:

"His answer was that he had concluded a bargain and that he looked to have his bargain kept."³³⁶

It was a natural result of their experience that, without the formal enunciation of any theory of freedom of contract, they should throw their weight against the traditional restrictions, resent the attempts made by *Preachers* and *Popular Movements* to apply *Doctrines of Charity* and *Good Conscience* to the impersonal mechanism of large-scale transactions, and seek to bring the law more closely into conformity with their economic practices.

"How little," wrote an indignant *English Official*,

"they [i.e. merchants] regard the commonweal for advancement of their private lucre, I think the world doth see."³³⁷

The complaint that the *Capitalist* was at once godless and lawless was a conventional one, re-echoed by a score of *Publicists*. The truth was that the enormous expansion in the scale of *Commerce* and *Finance* had created a new body of economic interests, intent on the widening of opportunities rather than the maintenance of privileges.

The individualistic attitude which seemed to conservative statesmen a mere cynical egotism was the natural result of its efforts to impress itself on public policy.

³³³ This is the second of Tawney's two essays on the exchanges in his historical introduction to Dr. Thomas Wilson's *Discourse Upon Usury*. In the first essay, *The Foreign Exchanges*, Tawney explains that: "The public debate upon exchange questions profoundly influenced economic thought. It was as an incident in it that *Bullionists* and *Mercantilists* hammered out their rival theories of *Foreign Trade*. And, since problems of *Currency* and *Credit* lent themselves more readily than other economic questions to discussions in terms of mechanical causation, it was a potent factor in accelerating the transition from the casuistry of economic conduct represented by Wilson to the objective analysis of the *Political Arithmeticians*'. As a footnote he then cites ten references, remarking that 'considerable materials exist...for the study of...the details of the movement in exchange rates'. Quoted extensively in both essays are: Burgon, *Life of Gresham*; Malynes, *The Canker of England's Commonwealth*; and Ehrenberg, *Das Zeitalter der Fugger*. [Ed.]

³³⁴ *Histoire de Belgique*, vol. III, pp. 282-5.

³³⁵ Quoted by Ehrenberg, *Das Zeitalter der Fugger*, vol. II, pp. 7-8.

³³⁶ Burgon, *Life of Gresham*, I, 136.

³³⁷ Frazer Tytler, *The Reigns of Edward VI and Mary*, vol. I, p. 380.

The special domain of this class was the *International Money Market*, and it was natural that its claim to freedom from antiquated restrictions should first be asserted in connection with *Exchange Business*. Popular opinion, as an official of the *Antwerp Bourse* complained, was apt to regard *Speculators* on the *Exchanges* as 'worse than Jews'.³³⁸

Even the sophisticated Guiccardini³³⁹ was a little horrified at some of the methods of that famous institution: the law of the *Church* and of most *States*, while allowing mere *Money-Changing*, had by implication condemned *Futures*, *Arbitrage* dealings and *Finance Bills* as usurious, even when it did not, as in England, expressly prohibit them under the name of *Dry Exchange*.

But with the growth of financial business in the sixteenth century, the traditional policy was inevitably modified. In the Netherlands the *Government of Charles V*, which earlier in the century had attempted to suppress usury altogether, gave in 1540 a tardy recognition to economic realities by a proclamation sanctioning interest not exceeding twelve per cent., provided both *Borrower* and *Lender* were *Merchants*, while prohibiting it in non-commercial transactions.³⁴⁰

The *Spanish Merchants* on the *Antwerp Exchange* had in 1530 consulted a body of *Parisian Jurists* as to the compatibility of exchange transactions with the *Canon Law*, and had apparently received a favourable reply.³⁴¹ The *Papacy* in 1570, explaining what was already the law on the subject, while maintaining the condemnation of *Dry Exchange*, declared that the interest charged by the discounter of a *Bill of Exchange* was lawful as payment for his *Labour* and *Risk*, provided that the instrument actually transferred money from place to place.³⁴²

The condition was in practice meaningless. The requirement could be met by drawing a bill on one side of the street and getting it accepted on the other.

In *Tudor England* however moralists like Wilson might denounce him, the *Financier* had little need to make terms with the *Canon Law*. But his demand for *Free Trade in Capital* brought him into sharp collision with the traditional policy of *The State*.

From a very early date the convenient machinery which exchange transactions offered for the collection of customs, for insisting on the importation of *Bullion*, and for checking its export, had led *The Crown* to exercise, at least in theory, a jealous control over them.

In the sixteenth century these reasons were supplemented by the desire to keep light *Foreign Coins* out of circulation and to prevent undervalued *English Coins* from being sent abroad, to check the artificial depreciation of the value of sterling, which was believed to be due to speculative buying and selling of exchange by *Dealers* on the *London* and *Antwerp Markets*, and, above all, to keep a hand on one condition affecting the burning question of prices, which were thought to be raised by exchange movements.

Moreover, since it was by exchange transactions that the largest loans were raised, the *Foreign Exchanges*, as Wilson saw, raised the whole problem of *Credit Policy* in a peculiarly acute and difficult form.

We are concerned here with the *Foreign Exchanges* only as part of the *Credit Organisation* of the age, and into the closely connected question of *Currency Policy* we cannot enter.

The methods by which *Tudor Governments* 'controlled the exchanges' did not differ in principle from those applied by their successors between 1914 and 1918. The principal instruments which they had inherited for carrying out the policy, apart from the general control of foreign trade, were four:

- the prohibition of the export of bullion;
 - the authoritative determination of the rates at which English and foreign currencies were to exchange;
 - the monopolising of exchange business by *The Crown* or by persons licensed by it;
- and, an almost necessary corollary,
- the prohibition of dealing by private individuals.

A fifth measure, *Government* buying of sterling in order to peg the exchanges, though often recommended, was rarely, if ever, practised, for it was expensive.

The assumption of all was that, as Wilson thought, the only fair rate of exchange was the mint par, and that

³³⁸ Quoted by Ehrenberg, *Das Zeitalter der Fugger*, vol. II, pp. 22-3.

³³⁹ Lodovico Guiccardini, *Descrittione di tutti i Paesi Bassi*.

³⁴⁰ Henne, *Règne de Charles V*, Vol. V, pp. 327-8.

³⁴¹ Quoted by Ehrenberg, *Das Zeitalter der Fugger*, vol. II, pp. 18-21.

³⁴² Particulars are given by Neumann, *geschichte des Wuchers in Deutschland*, pp. 429-32.

when the market rates departed from it sinister influences were at work.

In spite of the growth of a highly organised *International Money Market*, public policy throughout the sixteenth century, and, indeed, almost up to the *Civil War*, was dominated by doctrines born in an age when the typical transaction was simply the *Exchange of Bullion for Coins*, or of the coins of one country for those of another. The ordinary official view was that afterwards expounded by Malynes:

“To avoid the carriage of money, a certain exchange was devised, grounded upon the weight, fineness and valuation of the money...giving always value for value, which therefore was called par. This course of exchange being abused and of late years become, as it were, a trade in rising and falling prices according to plenty or scarcity of money and distance of time and place, is become predominant and doth overrule the course of commodities and money, and is the very efficient cause...of the decrease of our wealth.”³⁴³

It is in the light of this naive conception that the action of *The State* throughout our period is to be interpreted.

Of these four measures the first and second, though frequently evaded, were accepted with little question. It was only an occasional expert who advanced the *Mercantilist Argument* that the free export of English money was desirable in order to steady exchange rates.³⁴⁴

The third and fourth raised greater difficulties. The office of *Royal Exchanger*, as Elizabethan antiquaries³⁴⁵ anxious to magnify its importance in the interests of contemporary political propaganda were fond of pointing out, was of venerable antiquity. It went back, at least, to the late twelfth or early thirteenth century.

Its existence seemed to spring naturally from the *Royal Monopoly of Coinage*, and had been almost a necessary corollary of the prohibition of the *Export of Bullion* in an age before *Bills of Exchange* were in general use.

Merchants had to make payments abroad, and large sums required to be remitted to Rome. Neither could be done lawfully by sending the coin of the realm. The *Royal Exchanger*, as his name implied, was intended, among other purposes, to provide public machinery for international payments, and, by so doing, at once to enable trade to be carried on, and to check evasions of the law forbidding the export of *English Money*.

The holders of the office in the *Middle Ages* appear to have been successful *Merchants* or *Goldsmiths*, and occasionally a *Foreign Syndicate*, like the *Frescobaldi* or a firm of *Lombards*.

The *Exchanger's* duties, as set out in a typical indenture,³⁴⁶ were to receive *Bullion* brought to the exchange, to deduct *Seignorage* and the *Exchanger's* fee, to issue to the party concerned the equivalent of what he brought less deductions, at rates of exchange fixed from time to time, and to pay over his receipts to *The Mint* to be coined.

When, as sometimes happened, his conduct was challenged,³⁴⁷ he had to show by his accounts that his receipts and payments, including of course the costs and profits of the office, tallied.

A considerable series of statutes had defined the functions of the office and the duties of *Merchants* towards it. Those of 1340, 1352 and 1381 had laid down that foreign buyers of wool were to deposit plate with the *Warden of the King's Exchange* in the Tower, who was to give them its value in *English Coin* that no one except the *King's Exchanger*, was to ‘take profit for making such exchanges’, that all exchange transactions by which payments were made abroad were to be made only on the receipt of *Special Licence* from *The Crown*.³⁴⁸

The whole policy had been summed up in a statute of 1487,³⁴⁹ on which, together with that of Richard II, subsequent writers principally relied. It recited the injury done to the realm by:

“the inordinate changes and re-changes...without the authority of the *King's* good grace,”

declared that the previous statutes on the subject, in particular those of 1340 and 1381, were to be put in force, forbade the usury practised by certain *Brokers*, and laid down that:

“no man make any exchange without the *King's License*, nor make any exchange nor re-change of

³⁴³ *The Canker of England's Commonwealth*, by Gerald Malynes, merchant (1601).

³⁴⁴ *Harl. MSS.* 660, fo. 107. “Another remedye to meete with the Banker, and to defend or avoyde them to lower the exchange, is to procure and obtayne that Englishe moneye may be currant either in the Lowe contries or else in France.”

³⁴⁵ E.g. *Harl. MSS.* 251, 57, f. 112; Malynes, *Canker of England's Commonwealth*.

³⁴⁶ E.g., one of 1422-3, Ruding, *Annals of the Coinage*, vol. IV, pp. 132-4.

³⁴⁷ Ruding, *Annals of the Coinage*, vol. IV, pp. 187-8 and *Harl. MSS.* 251, f. 96 (see below, p. 150).

³⁴⁸ 14 Ed. III, st. 2, c. 4; 25 Ed. III, st. 5, c. 12; 5 Rich. II, st. 1, c. 2, see also 9 Ed. III, st. 2, c. 2 and 18 Ed. III, st. 2, c. 6; 2 Hen. IV, c. 6; 2 Hen. VI, c. 6.

³⁴⁹ 3 Hen. VII, c. 7.

money to be paid within the land, but only such as the *King* shall depute thereunto to keep, make, and answer such exchanges and re-changes.”

In accordance with these provisions *The Crown* had been accustomed to appoint an official *Exchanger* or *Exchangers* with considerable regularity throughout the *Middle Ages*, and the same practice was continued in the sixteenth century. In 1508, for example, the office was conferred for one year on *Florentine Merchant*, Peter Corey, and in 1509 on Thomas Boleyn.

In 1511 Henry VIII granted a patent to George Ardeson:

“to have the custody of the exchange in foreign parts,”

which in the following year was renewed for the term of thirty years, and in 1520 for twenty-three years, the name of Thomas More then being included in the grant.³⁵⁰ In 1537 the same office was in the hands of Sir Thomas Audley.³⁵¹ In 1573 it was given to Sir Richard Martyn, a *Goldsmith*. In 1575, the year before the experiment described below, it was conferred on Lord Burghley.

A writer under Elizabeth, concerned to prove ‘the necessity and benefit of that office’, probably did not much exaggerate when he professed to have found in the records:

“...twenty-three patents and ordinaunces for the execution of the office of exchauerger from Henry III to Queen Elizabeth’s time, about 400 years contynuanee.”³⁵²

In spite of the *Statute of 1487*, it is evident that the mere issue of a patent and appointment of a *Royal Exchanger* did not *ipso facto* give him a monopoly of exchange business. That further consequence occurred only when, as on several occasions in the sixteenth century, the *Government* took the additional step of issuing a proclamation suspending private dealings.

In practice, therefore, the activity of the *Royal Exchanger* in controlling, or trying to control, the *Money Market*, as distinct from mere *Retail Money-Changing*, was only intermittent; the *Staplers*, who in the early sixteenth century still did the largest export business, were expressly exempted from the legislation relating to exchange transactions; and since one of the purposes of the office had been to check the remittance of money to Rome, it would seem that it had not been attempted to enforce the statutes so far as dealings between England and Western Europe were concerned.³⁵³

Whether patents were issued or not, the existence of an official *Exchanger* had not prevented, it need hardly be said, the growth of *Private Exchange* business. The system meant, however, that *The Crown* held in reserve the power of arresting the mechanism of the *Money Market*.

The view of the history and functions of the *Royal Exchanger* held in official circles, at the time when Wilson wrote, is set out in a memorandum³⁵⁴ laid before the *Government* in 1571, to the practical proposals of which we shall return later, but which gives a good account of the manner in which the problem was envisaged in the reign of Elizabeth.

In the *Early Middle Ages*, the author argues, there had been little *Private Exchange* business,

“...but only the exchange then called the King’s exchange, which was made by the King’s exchaungers, that is to say to have presentlye delivered by the exchaungers in any place in this realme wher the sayd exchaunge was kept, the coyne of this realme for any foregne coynes either of gould or silver or for any molten bullion lykewise thear presentlye delivered, according to the just value of the gould and silver conteyned in the sayd foregne coyne or bullyon, allowinge

³⁵⁰ Gairdner, *L. & P. Hen. VIII*, vol. I, 1816 and 3265; vol. IV, pt. I, 1073. The patent to Ardeson is printed in Schanz, *op. cit.*, vol II, pp. 614-15.

³⁵¹ *Ibid.*, vol. II, p. 635.

³⁵² Harl. MSS. 251, 57, f. 112. *An abstracte owte of Statutes and Recordes showing the inconvenyence of the Merchant’s exchange, and the Regulacion of the Royal Exchaunger*. Cotton called it in 1609 (*Manner and Meanes how the Kings of England have from time to time supported and repaired their estates*, in *Cottoni Posthuma*) “an office as aunccient as before Henry 3, and so continued into the middle of Henry 8.” In fact it continued at least to 1628. Ruding, *op. cit.*, vol I, pp. 153-161, prints a list of ‘Wardens of the Exchange’. For the sixteenth century it is incomplete, as he omits Ardeson, Audley and More, and probably others. A list is given by the author of *Cambium Regis* (1628) of which Ruding made use. See also Schanz, *Englische Handelspolitik*, vol I, pp. 521-2.

³⁵³ Proclamation of 1537 (Schanz, *op. cit.*, II, 634) “and also for that the said statutes have not bine commonly put in use for exchawnges and rechawnges made on this side the Mountains.” The patent to Ardeson refers especially to those persons “quae versus curiam Romanum solutions facere volurint.” For the exemption of the *Staplers*, see *Rot. Parl.*, vol. VI, pp. 397 and 525.

³⁵⁴ *S.P.D. Eliz.*, LXXV, No. 54.

only unto the sayd exchaungers a certeyne [sum] for the coynage and other necessary chardges.”

Private Exchange business, however, gradually developed, partly indeed because of the way obstacles were imposed in the way of exporting *Bullion*:

“...when any man was willing to have a somme of money exchanged out of one country whearas he had money, into an other country whearas he would have it, he would seke for a marchaunt which had or should have money dewe, or growinge to be dewe, for wares in the cuntry whereunto he would make his exchange, and deliver unto the sayd marchaunt a certeyn somme of money of the princes coyne whear he delivered his money, to have therefore such like somme of mony nighe thereabouts to be payd of the princes coyne whear he would laye his exchange as the somme of mony delivered, if he should have carryed the same thither, would yield at the princes mint or place of exchange.”

These transactions - *Natural Exchange* - led in turn to the usurious form of speculation known as *Dry Exchange*. Hence the long series of statutes, culminating in that of Henry VII, by which:

“...no man should make any exchange of money to be payd within this land, but onely such as the king should depute thereunto to keape, make, and answer such exchaunges and rechaunges,”

and the proceedings taken in the same reign against *Merchants* who carried on exchange business without *Royal Licence*.

The author was concerned to press history into the service of his proposed reform, and the details of his story may be discounted. What is significant is his account of the attempt to make the office of *Royal Exchanger* an effective mechanism for meeting the *Commercial and Financial Developments* of the age.

Already in 1477 a comprehensive statute had been passed reinforcing the *Medieval Legislation* and making the export of *Bullion*, except under licence, a felony.³⁵⁵ The leanings of the *Tudor Monarchy* towards an ambitious economic *étatisme*, currency difficulties, and the popular agitation against usury and high prices made effective interference a more present possibility than it had been in the fifteenth century: the magnitude of the financial operations now carried on in London, and the close interdependence of London and continental markets made the possibility less tolerable.

The machinery designed for controlling mere *Money-Changing* - ‘the Lombard that do use...to keepe open shoppes for to exchange unto the people the Gould for white money’ -³⁵⁶ was being applied, as the *London Financial Houses* complained, to the very different problem presented by the development of an *International Money Market*, using the *Bill of Exchange* as a credit instrument and only secondarily interested in the exchanging of currencies which excited the apprehensions of *Mint Officials* and of the *Government*.

Almost inevitably, therefore, traditional theories as to *Money-Changing* with their insistence on *par pro pari*, came into collision with the practice of the *Foreign Exchanges* as conducted by *Bankers* and *Discount Houses*.

What we meet, in fact, in the sixteenth century is a multitude of projects for putting an end to *Dry Exchange* and raising the value of sterling, by using the venerable office of *Royal Exchanger* as the machinery for nationalising foreign exchange transactions, recurrent attempts on the part of *The State* to give practical effect to these proposals, and a rising tide of opposition from the financial interests, which had no intention of allowing the profitable business of the *Money Market* to be ‘controlled’ in the name of antiquated doctrines as to usury.

‘The thing’, Gresham once remarked with the ecstasy of the expert at his own adroitness, ‘is only keppt up by arte and Goddes providence’.³⁵⁷ *The City*, like Wilson’s *Merchant*, had learned to restrain its apprehensions of an evidently patient *Providence*. What infuriated it was the well-intentioned vagaries of *Tudor Political Art*.

Complaints against the interference of the *Government* began soon after 1530. The reason for its action was the state of the currency. In 1526, in order to check the *Export of Gold*, which was rated lower in England than in Flanders, the value of an ounce of gold in terms of silver had been raised from forty to forty-five shillings, and in the same year a new silver coinage had been issued to correspond with the new parity between the two metals, without the old and heavier silver coins being called in. As a result, the better silver coins were naturally clipped, hoarded and sent abroad.

To meet the situation, the *Government*, apparently after some hesitation as to the legality of its proceedings

³⁵⁵ 17 Ed. IV, c. 1.

³⁵⁶ Schanz, *op. cit.*, vol. II, pp. 646-7.

³⁵⁷ Burgon, *Life and Times of Gresham*, vol. V, p. 261.

issued a proclamation putting into force the *Statute of 1381* and suspending *Private Exchange* business.³⁵⁸

But in 1535 an *English Agent* in the Netherlands wrote that the veto on exchange dealing had created surprise and annoyance on the continent,³⁵⁹ and there was at least equal irritation in London. Sir Thomas Audley, the patentee, who was, of course, interested in maintaining the rights of his office, reluctantly transmitted to Cromwell a petition in which the *Merchants* demanded 'liberal exchanges without licence',³⁶⁰ and Richard Gresham, as spokesman of *The City*, urged the *Government* to remove the embargo, which, as he said, was ruining the *Cloth Trade*.³⁶¹

In the end, the *Government* gave way, and, in spite of Audley's protests against the infringement of his patent, issued on July 30, 1538 a proclamation³⁶² which, while reserving the right of *The Crown* to take its profit by *Exchanges* and *Rechanges*, announced that the market was to be free up to November 1 (by which time the autumn shipment of cloth would be over), and promised before that date to announce some permanent policy.

A week later, on August 6, another proclamation removed the time limit. The promise to put the whole question on some stable basis does not appear to have been fulfilled, and in 1546 another proclamation³⁶³ was issued, ordering that the *Act of 1487* should be put in force.

Five years later the *Government* of Edward VI returned to the same policy. Its reasons lay on the surface. It was the crisis to which Gresham referred when he wrote seven years later to Elizabeth,

"By this it may plainly appear to your highness...the exchange is the thing that eats out all Princes to the whole destruction of their common weal."³⁶⁴

Owing mainly, it is to be presumed, to repeated debasement of the currency, the exchange on Antwerp had reached almost, if not quite, the lowest point touched in the course of the century. During part of 1551, if Gresham may be trusted, it stood at between fourteen and fifteen shillings to the pound.

At the same time, as a natural result of the same monetary conditions, prices had risen to a point which threatened *Social Order*, and that at a moment when a dozen counties were still in a ferment of half-suppressed *Agrarian War*.

The modern theorist would regard both the rise in prices and the fall of sterling as common effects of a single cause, debasement. In the sixteenth century even otherwise acute writers³⁶⁵ explicitly denied a direct connection, and economic acumen was not the strong point of the *Government of Northumberland*.

The position favoured was that the rise in prices was due to the fall in the exchanges, and that the fall in exchanges was due to illegitimate speculation. *Merchants' Practice* was, in short, the obvious explanation, and to prohibit it the obvious remedy. The *Government*, therefore, while taking the reasonable step of calling down the value of the silver money, suspended *Private Exchange* business by a proclamation³⁶⁶ of June 10, 1551.

The moment was an unhappy one for the experiment. Charles V, presumably with the object of bringing France to reason by a financial blockade, had just forbidden exchange transactions between Antwerp and Lyons.³⁶⁷ The

³⁵⁸ Schanz, *op. cit.*, vol. II, 631-2, Hall, *Chronicle*, p. 781. For the proclamations of 1526, see Cunningham, *Growth of English Industry and Commerce, Early and Middle Ages*, p. 542.

³⁵⁹ Gairdner, *L. & P. Hen. VIII*, vol. VIII, 392.

³⁶⁰ Gairdner, *L. & P. Hen VIII*, vol. XII, pt. II, no. 359.

³⁶¹ Schanz, *op. cit.*, vol. II, pp. 632-3.

³⁶² Steele, *Tudor and Stuart Proclamations*, vol. I, nos. 172 and 173; Schanz, *op. cit.*, vol. II, p. 634, and for Audley's letter, p. 635.

³⁶³ Ruding, *op. cit.*, vol. IV, p. 196, quoting *Cambium Regis*, and Schanz, *op. cit.*, vol. I, p. 523, who states that the suspension of business was for one year only.

³⁶⁴ Burgon, *op. cit.*, vol. I, App. XXI, pp. 483-6.

³⁶⁵ See the views expressed in the remarkable tract *Policies to reduce this Realme of Englande unto a prosperous Wealthe and Estate* (Goldsmith's Library, MS. No. 10). "There be also certen generall cawses why every thinge is now risen to soo high price. One cawse is the fawling of the exchaunge between us and fflandres & between us and other nations. My meaning is not the basing of our coynes to be the cawse as the moste men do affyrme", etc.

³⁶⁶ Edward VI's *Journal*. Schanz, *op. cit.*, vol. I, p. 523, gives June 1552 as the date of the proclamation suspending exchange business, and March 23, 1553 as that of the proclamation withdrawing the prohibition. But these dates are difficult to reconcile with the entries in Edward's *Journal*, and with Chamberlayne's letter dated June 7, 1551, who had heard rumours of the contemplated prohibition, though he had not received definite notice of it. The date of the first proclamation is given as June 10, 1551 in Steele, *Tudor and Stuart Proclamations*, vol. I, no. 399: the second does not appear there.

³⁶⁷ *Ibid.*: "Forasmuch as the Exchange was stayed by the Emperor to Lyons, the merchants of Antwerp were sore afraid" (under date March 24, 1552. But the emperor's proclamation was evidently earlier).

English veto was the last straw. Chamberlayne, the *English Agent* in the Netherlands, wrote³⁶⁸ home in June describing the sensation produced in Antwerp by the rumour that the *Council* contemplated this 'remedy for dearth of things'. As one officially bound to put a good face on the matter, he reported the *Flemish Businessman* with whom he discussed it as admitting that, if the two measures, the calling down of the currency and the prohibition of exchanges, were combined, they might conceivably produce some result.

But his conclusion, a pious hope that the 'mystery' may be 'discovered', is that of a discreet sceptic. The financial interests of *The City* were more plain spoken: they told the *Government* bluntly that 'the mart could not be without exchange'. The *Government*, as in the past, gave way, and the proclamation was withdrawn in March, 1552.³⁶⁹

The climax of the struggle was reached some four years after the appearance of Wilson's book. Cecil, a *Conservative Mercantilist*, was much concerned with *The Exchange Problem*. In the heads of an economic programme³⁷⁰ jotted down by him, after his manner, for the *Parliament of 1559*, there appeared, side by side with notes on vagrancy, the assessment of wages, apprenticeship, the navy and other matters afterwards handled by legislation, a proposal to revive the statutes of 1402 and 1487,³⁷¹ with a view to preventing the export of *Bullion*, and about the same time he advised the Queen, as a matter of urgency, to issue a proclamation forbidding 'the making over money by exchange' without royal licence.³⁷²

Though the rates for sterling never dropped under Elizabeth to the point which they had reached under Edward VI, the question was for the next twenty years almost an obsession. The concern which it aroused was the result less of any aggravation of the economic situation, which, though serious, was, on the whole, improving, than of the pre-occupation of the new *Government* with questions of economic reconstruction.

The *Council* was, in fact, at last making a serious effort to grapple with *The Currency Problem*. The trade of the country had suffered severely from the instability of the exchanges. Moreover, as a *Debtor Nation*, the greater part of whose loans were held abroad (down, at least, to 1575), and as a heavy *Buyer of Foreign Munitions*, it was important to the *Government*, as to a *Modern State*, not to find sterling tumbling down when it had to make payments abroad. The control of exchange transactions was regarded as a necessary element in the *Policy of Deflation*, the first step towards which had been the *Recoinage of 1560*.

The result was a proclamation temporarily suspending exchange business in 1559,³⁷³ the appointment of a *Royal Commission* on the *Foreign Exchanges* in 1564, a series of memoranda submitted to the *Government* by theorists of various schools of opinion, desperate efforts on the part of Gresham to induce it to accept his specifics for propping the market, and finally the drastic experiment of 1576.

Gresham's views are set out in his correspondence. They were those of a *Businessman* who disliked *State Control* in theory, but who in practice enjoyed playing the part of *Controller*. Like his father twenty years before, he was strongly opposed to the policy of laying an embargo on *Private Exchange* business: in 1560, *à propos*, presumably of the action taken two years before, he wrote to Cecil protesting against 'the banishing of the exchange',³⁷⁴ on the ground that it would cause the export of *Bullion* and depress the rates.

His own policy, as explained, for example, in the elaborate memorandum³⁷⁵ addressed to the Queen in 1558, was to act on the market indirectly, by improving the currency, reducing the foreign debt, and paying off loans as they fell due instead of renewing; to which must, however, be added the more drastic expedients described in a previous section³⁷⁶ and his constant attempts, as a loyal *Merchant Adventurer* himself, to induce the *Government* to deprive the *London Hanse* of the social privileges enjoyed by them.

The views of the author of the memorandum;³⁷⁷ on the exchanges submitted to the *Commission of 1564* were not very different. He attempted to estimate the degree to which sterling had fallen below the mint par, examined the causes and effects of its depreciation, and proposed certain remedies.

His conclusion was that, whereas the mint par of exchange between sterling and Flemish currency was somewhere between twenty-three shillings and fivepence and twenty-three shillings and one penny to the pound,

³⁶⁸ Frazer Tytler, *The Reigns of Edward VI and Mary*, vol. I, pp. 375-82.

³⁶⁹ Edward VI's *Journal*, March 24, 1552.

³⁷⁰ *Hist. MSS. Com., MSS. of the Marquis of Salisbury*, pt. I, pp. 162-5..

³⁷¹ 4 Hen. VI, c. 16 and 3 Hen. VII, c. 7.

³⁷² Somers' *Tracts*, I, p. 485.

³⁷³ Camden, *Annals*.

³⁷⁴ *S.P. For.*, 1560-1, 84.

³⁷⁵ Burgon, *op. cit.*, vol. I, App. XXI, pp. 483-6.

³⁷⁶ See my essay on *The Foreign Exchanges*.

³⁷⁷ *Harl. MSS.*, 660, f. 107.

the rates ruling from 1558 to 1564 had never been above twenty-two shillings and sixpence, that the pound was 'commonly underpriced by the exchange in Lombard Street' by anything from ninepence halfpenny to thirteen pence, and that, therefore, while £100 ought to buy £117 1s 9d., Flemish, it exchanged in fact for £111 13s. 4d - a loss of five pounds eight shillings and sixpence per cent.

The causes, apart from temporary trade movements, he believed characteristically to be a concerted policy on the part of the *Antwerp Bankers*. The remedies were to maintain an excess of exports over imports which would set up a movement of *Bullion* towards England, to permit the export of *English Money*, to put funds at the disposal of the *English Factor* at Antwerp to be used (as Gresham had proposed) in buying sterling, to move the *Cloth Market* from Antwerp to Emden, and to improve the collection of the *Customs*.

Some of these proposals, such as the attempt to maintain an excess of exports, were already part of the traditional policy of the *Government*: some, like the better administration of the *Customs*, it took up later. But it is evident that more ambitious schemes, and schemes thought likely to produce a more immediate result, were being considered favourably in official quarters.

Their general character can be inferred from the memorandum³⁷⁸ drawn up in 1571, in which the main lines of the policy that the *Government* afterwards attempted to follow are laid down.

In popular sentiment, which included that of nearly all *Officials*, what Edward VI had called the 'using of exchange and usury' went together, and, as was natural at that time - an important *Usury Act* was passed in the same year - the author approached the question of the *Foreign Exchanges* from the angle of a *Reformer* perturbed by the inequities of the *Money-lender*.

The discouragement of *Legitimate Banking*, the writer argued, had played into the hands of the less reputable type of *Financier*. Partly as a result of the prohibition of all interest by the *Act of 1552*, a prohibition which was still in force, there had been a great increase in the practice of raising money by *Finance Bills - Dry Exchange* - the result being exorbitant rates of interest and the depreciation of sterling.

The only effective way of dealing with the situation was to return to the policy way of 'controlling exchange transactions', and for this purpose to revive by proclamation the *Act of 1487*, under which they might be carried on only through the *Royal Exchanger*.

Either the *Government* should restrict the business to certain persons licensed by itself and bound to comply with its instructions, or it should nationalise it outright, appoint *Public Officials* through whom alone it should be conducted, and, in order to be in a position to dominate the market, raise capital by mortgaging or selling the *Crown Estates*.

The procedure of the *Public Department* thus proposed was defined in some detail. Three *Queen's Exchangers* were to be appointed in suitable places to administer and disburse the funds raised. The *Merchant* desiring to make payment abroad was to deposit security, instruct the *Officials* as to where and at what date payment was to be made on his account, and to have six months' grace in which to pay them the necessary sum.

Similarly, if he held bills which he needed to get discounted, he would take them to the *Officials* and receive ready money, paying usance, double usance, or treble usance, as the case might be. The rates of exchange between London and Hamburg - it must be remembered that the *Merchant Adventurers* had abandoned Antwerp for Hamburg in 1569 - should be pegged at twenty-four shillings and sixpence in German shillings to the pound, and the interest charged for discounting bills should be at the not immoderate rate of between nine and ten per cent.

There is a type of mind for which the *Foreign Exchanges* are clothed with the unfading romance of a prosaic miracle. No one who has met it will be surprised to learn that the effect of these operations was to be magical:

"...a great number of her highness subjectes eased and saved from impoverisshinge by borrowlunge upon usury, the realme yearly enriched, and a great masse of threasour allwayes with very short warnings in a readinesse for any her highness weightie affaires."

These were golden promises: what *Tudor Statesman* could have resisted them? The *Government's* intention of taking up in earnest the policy of nationalising exchange transactions was revealed by its action in 1575 in conferring the office of *Royal Exchanger* - for the last few years in the hands of a *Goldsmith* - on no less a person than Burghley himself, with power to appoint *Exchange Brokers*, to grant *Licenses to Merchants*, and, in short, to conduct the *Business of a Banker*.

³⁷⁸ See p. 140 (*S.P.D. Eliz.*, LXXV, no. 54).

On September 20 and 27 of the following year it issued two proclamations.³⁷⁹ The first ordered that the existing statute with regard to exchange business should be put in force: the second contained a series of rules 'for the government and order of the exchange', embodying the substance of the previous suggestions, with the exception of that for raising an initial fund.

After reciting that 'by the laws and statutes of the realme no man ought to make anie exchange or rechange of money but such as her majesty shall authorise, or their leeful deputies', it appointed two *Haberdashers* and a *Grocer* - 'men well acquainted with the manner of exchanges and rechanges from and to *The City of London* and to and from foraigne parts - as the *Agents* through whom alone *Exchange Business* should be carried on, forbad private dealing by unauthorised persons, declared that exchanges should be made at par 'as near as possiblie may be and as times of trade may suffer' and only 'for the use of known marchauntes', and imposed a tax of one farthing in the noble upon each party to the transaction, or in all three halfpence in the pound.

We have not any evidence to show the financial aspects of the proposed arrangement. But how it was intended to work can be inferred from the accounts returned by the *King's Exchanger*, at that time a *Goldsmith*, in 1613, when a similar, though less ambitious, experiment had been for a short time set on foot.

In answer to a charge of overcharging customers for his own profit, brought by another *Goldsmith*, he gave particulars of money changed, sums paid to *The Crown*, and sums retained by himself as costs and profits for three periods, September 16, 1608, to Michaelmas, 1609; Michaelmas, 1609, to Michaelmas, 1610; and Michaelmas, 1610, to Michaelmas, 1611.

In the first the total sum changed was £138,875 in gold and £3,845 in silver; *The Crown* was paid £400, and the *Exchanger* kept £246, 11s. 5d.: in the second the corresponding figures were £60,163 (gold) and £3,466 (silver), £200 and £138 13s. 4d.: in the third they were £33,300 (gold) and £1,118 (silver), £10 and £2 9s.³⁸⁰

The proclamation of 1576 discreetly veiled the Crown's financial interest by representing the fee of three halfpence in the pound as a reduction on the sum - sixpence - which, it alleged, had been charged in the past. But it was anticipated, no doubt, that it would yield similar agreeable pickings.

Attempts at stabilisation, the pegging of exchanges, a *Public Exchange Department* or *Devisencentrale*, the prohibition of business except on a certificate showing *bona fide* commercial transactions - such expedients are no longer today the unfamiliar heresies which they would have appeared in the Arcadia of economic harmonies whose funeral oration has been rehearsed so often since 1914 by the mournful admiration of *Economists*.

In the sixteenth century, which was the victim of a milder attack of that *Disease of Disordered Currencies* which poisons the twentieth, the suspension of private exchange transactions was, as we have seen, part of the traditional policy for raising the value of sterling, and there was nothing surprising in the *Government of Elizabeth* reverting to it.

But this particular attempt to make *Foreign Exchange* business a *State Monopoly* aroused a storm of opposition in *The City*, and appears to have been a complete fiasco. The attack on it was ostensibly concentrated on the proposal to tax exchange transactions. In reality, however, as is shown by the arguments³⁸¹ used both by the *Italian Merchants* who still in a special degree represented the interests concerned in exchange business, and by the *English Financial Houses*, it was directed against any attempt to bring the *Money Market* under the control of *The State*.

The idea that the fall in the exchanges is caused by the sinister operations of *Merchants* is dismissed as a vulgar error. The rate depends, it is insisted, on 'the abundance of deliverers and takers'. The London rates are ruled by those obtaining on the *Money Markets* of the continent. The way to raise the value of sterling is to increase exports and to lower the tariff.

The measures proposed by the *Government* might have been practicable in the days when the main consideration was to control the *Export of Gold* in the shape of fees to the *Papal Curia*, and when the business on which the tax fell consisted of the small transactions of *Lombard Money-Changers*.

To apply it to the *International Money Market*, which had developed since *the Middle Ages*, and in which *London Financial Business* was inextricably involved, would be to paralyse the *Foreign Trade* of the country. The *Bill on London* would lose its standing, for no *Foreign Merchants* would face the tax.

The financing of the imports and exports by *Bankers* would come to a standstill, for the extra charge would eat

³⁷⁹ Steele, *Tudor and Stuart Proclamations*, vol. I, nos. 706 and 707. The text of the latter is given in *Harl. MSS.* 38, 29, f. 228, from which the above account is taken.

³⁸⁰ *Harl. MSS.* 251, 57, f. 96.

³⁸¹ Printed by Schanz, *op. cit.*, pp. 64-6, and 646-7.

up the profit. The *Bill of Exchange* had hitherto been an *International Currency* which enabled *Merchants* to pay debts in one country by means of *Credits* in another, and had passed freely from hand to hand by endorsement so that:

“...one parcell of £100 may be exchanged six or eight times in a year.”

If the *Government* charges sixpence on each transaction, the total tax will come to fifteen per cent., or more than the whole profits of the trade.

If, on the other hand, the *Merchants* try to evade the tax, they can do so only in one of two ways, either by sending exports to their *Creditors* to the value of the goods bought by them, or by shipping *Bullion*. If they do the former - if, for example, instead of paying for French wine and lace in the cheapest way, by means of credits acquired by exporting cloth to Antwerp, they must export direct to Rouen and Bordeaux - the effect will be a glut which will compel them to sell at cut-throat prices; if they do the latter, the consequence must be the very movement of *Gold* from England which it is the object of the *Government* to prevent.

These arguments were not received kindly: Burghley took the trouble to secure a list of the Italians who decline to obey 'the new order for the exchange' and a report on their 'unlawful traffic', and there are some indications of a disposition in official quarters to treat the leaders of the opposition as disaffected persons. But it appears that their protests produced the desired effect, and that the proclamation was withdrawn.

This occasion was by no means the last on which the *Royal Exchanger* took hold of the market and burned his fingers. Though, after the failure of the experiment of 1576, the grandiose policy of pegging the exchanges by *Nationalising Exchange Business* was abandoned, the *Government* continued for another half century to make spasmodic attempts to use the *Royal Exchanger* to check illegal dealing in *Coin* and *Bullion*.

In 1601, on the ground of the difficulties caused by the difference between the English and Irish currency, Sir George Carey was appointed *Master of her Highness' Exchange* between England and Ireland.³⁸² In, or about, 1607 James I conferred the office of *Royal Exchanger* on Lord Knyvett, who, as was complained by the *Goldsmiths*, on this occasion the protagonists in the agitation,

“...pretending himself by patent to be warden of his Majesty's exchange seeketh...to erect an exchange and to obtayne a prohibition from his Majestie by proclamation to all persons (other than himself) to buy gold and silver bullion or to exchange gold money for profit.”³⁸³

Their argument was, in brief, that the *Medieval Statutes*, though they might have been advantageous 'in the tyme of ignorance, when *Goldsmiths* were few and poor', were now out of date, that the import of *Bullion* would be discouraged by the lower price offered, and that the *Goldsmiths' Company* would be ruined.

It is certain, however, that in spite of their opposition, the *Royal Exchanger* was active at least from 1608 to 1611, since his accounts of *Bullion* received during those years are available.³⁸⁴ In 1611 Sir Robert Cotton produced a memorandum in defence of the office, which is printed among his works, and there were renewed protests from the *Goldsmiths*, which, if he was correct in stating that 'the profit...being now engrossed among a few *Goldsmiths* would yield about £10,000 a year, if it were lawfully regarded', are not surprising.

The final crisis was reached in 1627. On May 25 of that year another proclamation³⁸⁵ was issued, which, after reciting that the *Goldsmiths* were in the habit of exporting heavy coins, prohibited the exchanging of gold and silver by unauthorised persons within three miles of London, and vested the office of *Royal Exchanger* in Lord Holland. The result was a storm of considerable violence.

The *Goldsmiths* protested. The case for *The Crown* was set out in a book published³⁸⁶ in 1628, giving an account of the history of the office, which, it was suggested, was a necessary corollary of the *Royal Monopoly of Coinage*, and exposing with considerable vigour the economic effects of the alleged malpractices of the *Goldsmiths*.

In the end, as was to be expected in the political conditions of the moment, the *House of Commons* took the matter up, appointed a *Select Committee* to hold an inquiry, and passed a resolution that both patent and proclamation were a grievance.

³⁸² Ruding, *Annals of the Coinage*, vol. IV, pp. 199-20.

³⁸³ Camden Society, *The Egerton Papers*, Jan. 30, 1608, *The Gouldsmiths petition against the creating of an exchange*.

³⁸⁴ *Harl. MSS.* 251, 57, f. 96.

³⁸⁵ Steele, *Tudor and Stuart Proclamations*, vol. I, no. 1512. *Ibid.*, no. 1240 and 1332 gives Proclamation of 1613 and 1622 forbidding the exchange of monies for profit and exportation of bullion, but not, apparently, reviving the office of *Royal Exchanger*.

³⁸⁶ *Cambium Regis, or the office of his Majesties Exchaunge Royall, Declaring and justifying his majesties Right and the Convenience thereof*. The history of the whole episode is summarised by Ruding, *op. cit.*, vol IV, pp. 201-10.

These Stuart experiments differed, it will be seen, from that of 1576. The latter had aimed at prohibiting all *Private Exchange* business whatever; the former did not prevent dealing in bills, but merely required all *Bullion* to be taken to a *Public Official*. They were designed to protect *The Mint* rather than to control the *Money Market*, and it is this difference, no doubt, which explains the fact that under James and Charles it was the *Goldsmiths*, not the *Merchants* engaged in *Foreign Trade*, who led the opposition.

Both in the one form and the other, the *Royal Exchanger* seems after 1628 to vanish from history. In reality, it may be suggested, the battle had been lost half a century before. 'Sicke or dry exchange' might, as Wilson wrote, 'be none other than manifest cankered usury'; but by the last quarter of the sixteenth century it had shown that it had a high survival value, and it had come to stay.

The Compromise of 1571

Exchange transactions could not be isolated from the general business of the *Money Market*, for the *Financiers* who dealt on the *Bourses* of Antwerp and London subscribed to *Government Loans* and took up the *Gentry's Mortgages*.

The *Act of 1552* appears, if not to have been effective, at least to have led to unwary *Capitalists* finding themselves involved in legal proceedings³⁸⁷ and the experience naturally added fuel to the irritation felt, as by the *Merchant* in Wilson's dialogue, against *Blundering Officials* and *Clerical Busybodies*.

It was inevitable, therefore, that the growing opposition to *State Interference* with the *Foreign Exchanges* should pass into a general attack on the whole policy of making the demand for interest on loans a *Criminal Offence*.

The theoretical considerations by which the repeal of the *Act of 1552* was supported are set out at length in the memorandum of which part has already been cited.³⁸⁸ Its object was to suggest a working compromise between what it regarded as the impracticable rigour of the existing law, the disposition of financial interests to profiteer at the expense of *The Public* and *The State*, and the supposed concern of the *Government* to prevent *Speculation*.

The argument of the author turned on the convenient distinction between *Interest* and *Usury*, which had been ignored by the *Act of 1552*, but which was being popularized by one school of *Theologians* and was destined to be the policy of the future.

“Usury and trewe interest be thinges as contrary as falshed is to trewth. For usury contayneth in itself inequalitie and unnaturall dealinge and trewe interest observeth equitie and naturall dealinge. Usury tendeth to the destruction of the common wealthe, but the borrowing of money or any other thinge, yielding to the lender trewe and just interest, is one of the commodities which issued by the societie of man.”

The *Prohibition of Interest*, though well-intentioned, had been based on a misunderstanding of the *Teaching of the Theologians* - the ingenious author makes even Aquinas give a qualified blessing to 'trewe and unfeigned interest' - was contrary to the policy of most civilised nations, and had aggravated the very evil which it was designed to prevent.

Its effect had not been to suppress usury, but merely to change its form. Forbidden to charge interest, *Businessmen* had circumvented the statute by investing their capital in goods, selling them on credit, and charging high prices for what was, in effect, a *Concealed Loan*, or had concentrated on *Exchange Speculation - Dry Exchange* - which, though illegal, could not easily be controlled by *The State*.

Hence the last state of the *Borrower* was worse than the first. In practice, indeed, the rate of interest was higher in England, where interest was forbidden, than it was in Flanders and other countries where a moderate rate of interest was allowed, and the *Protestant Religion* was discredited by the fact that 'no better sequel follows so much preaching'

If the charging of interest were prohibited by all commercial nations, the rule might possibly be enforced. But, in the face of *International Competition*, a single nation was helpless. As things were, *Foreign Merchants* could borrow at eight or nine per cent, sell on credit to Englishmen at prices with which *English Merchants*, who could not raise money so cheaply, were unable to compete, and thus at once ruin *English Commerce*, and - an argument calculated to impress a *Mercantilist Government* - cause a drain of *Gold* abroad.

The remedy proposed - to distinguish between *Usury* and *Interest*, and to legalise the latter, provided that the rate did not exceed a maximum fixed by *The State* - was precisely that which the *Commercial Classes* were demanding, and over which the great name of Calvin had thrown an aegis of respectability.

Since the *Businessmen* of the day were less skilful pamphleteers than the *Social Reformers*, they had a good deal the worst of the dialectics of the controversy, and the writing in favour of a *Free Market for Capital* is heavily outweighed by the demands for the maintenance and intensification of *State Control*. But their arguments can be inferred from the retort of their opponents.

It was absurd to apply rules designed for the protection of the impoverished *Peasant* or *Craftsman* to loans advanced to prosperous *Capitalists*. The *Young Tradesman* needed capital; the *Rentier* who could not himself engage in trade was anxious to supply it; why penalise a bargain which was profitable to both?

To discriminate between *Interest on Capital* and *Investment in Land* was neither fair nor *practicable*: if it was lawful to buy a *Rent-Charge* or to share in *Trading Profits*, what was the particular criminality of charging a

³⁸⁷ *S.P.D Eliz.*, LXXV, no. 54.

³⁸⁸ See pp. 141-2, 148-9.

Price for a Loan? The conditions of national prosperity were individual freedom, security for property, and the strict observance of contracts: the *Agitators* who stirred up class hatred in the name of a gospel which no sane man could support to have meant what it said, were undermining the economic prosperity of the country.

Let the *Clergy* apply their social zeal to preaching thrift and industry to the unemployed, and leave business questions to be settled by *Businessmen* who are the backbone of the *Nation*, provide employment for the *Masses*, keep the *Nobility* afloat with advances, and prove their *Patriotism* by subscribing heavily to *War Loans*.

“If it were not, the State, as I take it, could hardly stand...Where is money to be had in time of need if the city should fail?”

Economic truth is insinuated most easily into the minds of *Statesmen* in the guise of premonitions of impending *Bankruptcy*, and the allusion to the financial importance of *The City* touched a sensitive nerve.

The prohibition of interest had not affected the ability of *The State* to borrow on the *International Market*, but it had made *Public Loans* less attractive to *Investors* at home, and thus threatened to be as embarrassing to the *Government* as it was irritating to *Capitalists*.

Sometimes *The Crown* had expressly indemnified *Lenders* against the risk of prosecution, sometimes it had merely let it be understood that no proceedings would be taken. But after about 1566 there was a change in the world of *International Politics* which profoundly affected the allied world of *International Finance*.

With the revolt of the Netherlands, the *Antwerp Money Market* was no longer at the disposal of *Foreign Governments*. When Gresham visited it in the autumn of 1566, he found everything in confusion and had the utmost difficulty in raising money from the *Welsers* at fourteen per cent.³⁸⁹

In the following years the economic conditions of the Netherlands went from bad to worse, and after about 1572 the *English Government* seems to have ceased to owe money there. The drying up of what had been its main source of supplies for a generation made it doubly necessary to regularise relations with *The City*; and Gresham, whose political ideal was a *mariage de convenance* between *The State* and *Business*, and who constantly urged the desirability of raising loans in London, was not slow to point the moral.

He had no illusions as to the disinterestedness of the *Mercantile Classes* and had more than once urged the *Government* to rap them on the knuckles. But he viewed the *Problem of Credit* as a practical man to whom excessive interest was not bad morals but bad business, and he was uncompromisingly opposed to the policy of the *Laws against Usury*.

Throughout his financial career he appears generally to have stipulated that those who subscribed on his inducement to *Public Loans* should be relieved of penalties under the *Usury Laws*.³⁹⁰ In 1560 he urged the repeal of the *Act of 1552*, and in 1568 - the year before Wilson's book was written - he returned to the charge, fortified by the fact that at the moment the *Government* was taking steps to raise one of its first large loans at home.³⁹¹

As early as 1563 the *House of Commons* had passed a bill³⁹² to restore the law as to *Money-Lending* to the condition in which it had been from 1545 to 1552. It was the session in which Cecil was carrying some of the measures in his programme of conservative reconstruction: the proposal seemed to him, no doubt, a piece of dangerous individualism - a specimen of 'the licence grown by liberty of the gospel' which he deplored - and his opposition appears to have killed it.

But the economic experience of the next eight years compelled a reconsideration of traditional doctrines, and when the matter was next brought up, it was in a different atmosphere.

Two bills on the subject of usury were prepared in 1571. The first provided for the establishment of *Banks* in seven cities, London, York, Norwich, Coventry, West Chester, Bristol and Exeter, to be known as 'banks for the relief of common necessity', and to lend money against pledges at the rate of six per cent.³⁹³ It passed its first

³⁸⁹ Burgon, *Life of Gresham*, pp. 157-60, letter of Sept. 8, 1566, "I do see and feel that here there is no more money to be had at no price."

³⁹⁰ Ellis, *Original Letters, Second Series*, vol. II, letter CCXXXII; Burgon, *op. cit.*, vol. II, p.343, "to every one of the bondes the Queene's Majestie must give out her accostomyd bondes for the dischargyng of the statue of usurye; whyche I wold wyshe might be pressentlye set at libertye, if it were possible."

³⁹¹ Burgon, *op. cit.*, vol. II, p. 342-3; Ehrenberg, *Das Zeitalter der Fugger* vol. II, p. 174.

³⁹² Wright, *Queen Elizabeth and her Times*, vol. II p. 126, letter of Cecil to Sir T. Smith: "There is also a very good law agreed upon for indifferent allowances for servants' wages in husbandry. Many other good lawes are passed in the nether house; as for toleration of usury under ten per cent. (which notwithstandinge I durst not allowe); another against Egyptians; another to remedy defrauding of statutes for tillage."

³⁹³ *S.P.D. Eliz.*, LXXVII, no. 55.

reading in the *House of Commons*³⁹⁴ on April 19, but nothing came of it. The second was a bill which followed the main lines of the memorandum already quoted³⁹⁵ (except that it contained no reference to the *Foreign Exchanges*) and was passed into law.

The debate on this measure, as reproduced by D'Ewes, revealed the revolt of the *Plain Man* against the *Theorists* who had triumphed twenty years before, and his determination that the law should not impose on business an Utopian morality.

Dr. Wilson, with the mercilessness of the expert, began by asserting that he had studied the subject too thoroughly to discuss it with brevity, and his speech against the sanctioning of interest, which marshalled in a single phalanx Solon, Ezekiel, Augustine, the Council of Nicea, and English law books, compared *Usurers* to spiders, serpents and devils, and ended with a practical appeal to remember 'the doings of the *Fuggers* to the very beggaring of great and mighty *Princes*', did more than justice to the alarming candour of his prolocution.

The *House* was impressed - 'the matter...was for cunning men a fit theme to show their wit and skill upon' - but it was unconvinced, and only one member supported Wilson's plea for prohibiting interest altogether.

The remaining speakers greeted the proposals of the bill with the enthusiasm which Englishmen reserve for a compromise. The *Canon Law* was out of date and need not be taken seriously. The Bible was the word of God, but, apart from the fact that the *Divines* were not agreed as to its interpretation, it required to be read with common sense and was not a sound basis for parliamentary legislation.

Business was business; to denounce men for pursuing their own economic self-interest was frivolous; to prohibit interest would ruin the trade of the country. The practical course was to avoid the impolitic extremes of excessive righteousness, and to make a concession to human infirmity by drawing a distinction between moderate interest, which the law should sanction, and excessive interest or usury, which the law should forbid.

"That all should be well is to be wished: that all should be done well is beyond hope. For we are no saints: we are not of perfection to follow the letter of the Gospel...We are not so straitened to the word of God that every transgression should surely be punished here...The mischief is of the excess not otherwise...It is biting and over sharp dealing which is disliked, and nothing else."

In its final form the *Act of 1571*³⁹⁶ was a less radical measure than might have been expected from the tone of the debate. It was calculated, indeed, to give hardly more satisfaction to the *Merchant* and *Common Lawyer* of Dr. Wilson than to their creator.

Its principal provisions were three. First, it repealed the *Act of 1552*, under which persons taking any interest whatever were to forfeit principal and interest and to be punished with fine and imprisonment.

Secondly, it revived the *Act of 1545*, under which persons taking more than ten per cent. were to forfeit the treble value of their wares and profits and to be punished with imprisonment.

In the third place, it established certain new rules, not contained in the revived *Act of 1545*, of which the most important was that all contracts to pay *more* than ten per cent. were to be void, and that all persons taking *less* than ten per cent. were to be liable to forfeit the interest demanded, however small.

What the statute endeavoured to effect, therefore, was something more complicated than is suggested by the common statement that it substituted for the complete prohibition of interest a maximum rate of ten per cent. It drew a distinction between interest above that rate and interest below it. The former was prohibited under heavy penalties, and an agreement to pay it was *ipso facto* void.

The latter was not made, as it had been under the *Act of 1552*, a criminal offence, but the *Creditor* was given no legal security for it, and the *Debtor* who chose to take *Legal Proceedings* to recover any interest promised could do so.

He might, that is to say, pay interest up to ten per cent. If he thought fit, as a *Borrower* anxious to keep on good terms with the *Money Market* very well might. But, if he decided to face the consequences of bringing an action against his *Creditor*, he need pay, according to the words of the Act, no more than the principal.

Contemporary commentators upon the statute were at pains to emphasise that in prohibiting all interest above ten per cent., it did not intend to secure the *Lender* any interest less than that rate which he might ask.

In 1595 the author of a careful study of legislation on the subject of usury wrote,

³⁹⁴ D'Ewes, *Journal*, p. 178.

³⁹⁵ See pp. 148-9, 155-6.

³⁹⁶ 13 Eliz. C. 8.

“There be many simple men, which, having no insight into the statute, are not ashamed to say that it alloweth ten in the hundred. Which, indeed, is a mere scandal and slander, for it upholdeth a kinde of punishment, by the loss of the least usury that is taken...

“...When King Henry did tolerate 10 pound in the 100 many did abuse that libertie under colour of the law; and when King Edward VI had utterly taken away all usurie, this inconvenience came, few or none would lend because they might have no allowance, whereupon her Majestie to avoid this evill made this remissive clause...

“...The *Borrower* hath this libertie by this branche for his owne benefit:

1. If he promise usury he need not pay unless he will.
2. If he pay usurie, he may recover it again if he be grieved.
3. If he be willing to pay usurie, he is at his own choice to complain.”³⁹⁷

It is evident that such a measure, though involving an important departure from the position assumed twenty years before, made a less sharp break with traditional doctrine than would have been involved in merely fixing a maximum rate of interest.

But the spirit of *Tudor Social Policy* and the attitude of *Tudor Statesmen* is revealed less in statutes than in the activity, half administrative, half judicial, of the *Privy Council*. And the impression of conservatism is heightened if one turns from legislation to administration.

The reasons, apart from the necessities of *The State*, which led it to take an interest in questions of credit, lay on the surface. No *Government* can face with equanimity a state of things in which large numbers of respectable *Tradesmen* may be plunged into *Bankruptcy*.

If the *Grasping Creditor* was not so prolific a cause of disturbance as the *Enclosing Landlord*, he was at least, like the *Engrosser of Corn*, a bad neighbour who kept alive a shouldering discontent, which in times of economic crisis was liable to burst in flame.

To the *Mercantilist Statesman*, concerned with the maintenance of *Public Order* and the encouragement of *Economic Efficiency* the supervision of credit transactions presented itself as precisely analogous to the prevention of depopulation, the control of food supplies, the regulation of the wage contract, and the other measures by which a *Paternal State* endeavoured to check the dislocation of customary economic relations.

In France³⁹⁸ the *Government of Henri IV* was hardly established before it declared a *Moratorium*, relieved *Debtors* of part of their liabilities, and reduced the rate of interest from 8½ to 6¼ per cent. In England the problem was different in degree, but similar in kind; and from the zenith of the system of economic control under Elizabeth, to its last spasmodic movements on the eve of the *Long Parliament*, *Statute Law* was supplemented by periodical attempts on the part of the *Council* at once to increase its practical effectiveness and to supplement its deficiencies.

Its action in this matter was similar to that taken in cases between *Landlords* and *Tenants*, though even more irregular, and consisted partly of attempts to prevent the protection offered by *The Law* being made inoperative through the negligence of *Local Authorities*, partly of intervention to afford relief to individuals in cases of hardship when the *Ordinary Courts* offered no remedy.

The administration of the Act was part of the regular routine of the *Justices of the Peace*, and presentments before quarter sessions show that it was not a dead letter. In the periodical attempts to galvanise the creaking local machinery, the *Government* called attention to the *Statute against Usury*, with those relating to *Tillage* and the *Engrossing of Corn*, as needing special attention.

Soon after the *Act of 1571* was passed, it appointed two *Special Commissioners* to investigate the execution, among others, of the *Statute against Usury*, who in 1578 reported that some £6,600 was due to *The Crown* in fines from *Offenders*³⁹⁹ and similar commissions appear to have been issued from time to time down to the *Civil*

³⁹⁷ *The Death of Usurie, or the disgrace of usurers* (1595). The same interpretation is given by Fenton, *A Treatise of Usury*, book II, chap. xii: “the usurie or overplus which is taken above the principall is not restored to the borrower.” See also Fulbecke, *A Parallele or Conference of the Civil Law, the Canon Law and the Common law of this Realme of England* (1618).

³⁹⁸ See Fagniez, *L'économie sociale de la France sous Henri IV*, pp. 169-171.

³⁹⁹ *S.P.D. Eliz.*, CXXVII, no. 76. An abstract taken by John Edgar and William Hoskyns, *Commyssioners for Usury and Concealmentes agaynst the Queenes Majestie*. They report (i) “usurye that is found allreadye and passed over by Jury...” £1,060 3s.; (ii) “by depositions of dyvers and syndrye persons examined by vertue of the Queene’s Maiestie Commyssion” £3,595; (iii) “conceylmentes” £2,000. They add that “there is not as yet examyned the fyefte parte that will be proved.”

War.

Apart from such general measures, which, like most of the social administration of the age, were spasmodic and haphazard, the matter was kept before the *Government* by the appeals which poured into it from individuals.

Petitions for redress are addressed both to the *Council* and to individual *Councillors* from *Debtors* claiming to have been victimised by *Moneylenders*, from *Moneylenders* who complain that they have been mulcted in exorbitant penalties, from *Justices* who ask advice as to what action they are to take, from *Reformers* who desire the *Government* to take up some infallible recipe for better administration.

The *Master of the Rolls* corresponds with Sir Robert Cecil as to the dealings of a *Scrivener* who has exacted preposterous terms from his *Clients*.⁴⁰⁰ An *Alderman of the City of London* write to him on the hard case of a 'poor young man...drawn into these bonds by his uncle's means as a sheep to the slaughter'.⁴⁰¹

A *Trader* at Peterborough begs to be protected against the 'inconscionable dealing' of a *Merchant*, who threatens to deprive him of his 'whole means of living for himself, his wife, and his children'.⁴⁰²

A *Correspondent* writes to Lord Burghley to expose the proceedings of a *Moneylender* who has been brought before the *Court of King's Bench* for taking the not inconsiderable sum of £1,770 contrary to the *Statute against Usury*, and whose principal witness has perjured himself.⁴⁰³

A *Moneylender* condemned to a fine of £150 begs for pardon.⁴⁰⁴

The *Council* protested its unwillingness to interfere with the ordinary course of law.

"We do not willingly meddle with matters of this sort concerning debts and suits between men."

But considerations of practical expediency would have overcome its reluctance, even if its members had shared the popular prejudice against the extortionate *Moneylender* less thoroughly than, in all probability, most of them did. Its general policy was to try to secure the settlement of disputes out of court through the good offices of a friend, an influential neighbour, or, when necessary, an arbitrator appointed by itself.

The *Justices of Norfolk* are instructed to put pressure on a *Moneylender* who has taken 'very unjust and immoderate advantage by way of usury'.⁴⁰⁵ The *Bishop of Exeter* is advised to induce a *Usurer* in his diocese to show 'a more Christian and charytable consideration of these his neighbours'.⁴⁰⁶

Lord Evers has released two offenders imprisoned by the *High Commission for the Province of York* for having 'taken usurie contrary to the lawes of God and of the realm' and is ordered at once to recommit them.⁴⁰⁷

Apart from flagrant cases of this kind, it is evident that under Elizabeth the *Government* kept sufficiently in touch with the state of business to know when the difficulties of *Borrowers* threatened a crisis, and endeavoured to exercise a moderating influence by bringing the parties to accept a compromise.

Relations between *Debtors* and *Creditors* were naturally most acute when loans were being called in and new accommodation refused. In times of unusual depression, action of this kind to prevent *Creditors* from pressing their claims to the hilt was so constant as to give the impression of something resembling an informal moratorium.⁴⁰⁸

Such intervention was characteristic both of the economic conservatism and of the administrative activity of *Tudor Governments*. But, like the rest of their social policy, it was capricious and irregular, and, at most, did no more than impose an occasional brake on the economic forces which were widening the small instalment of freedom granted to the *Capitalist* in 1571.

For it seems clear that, in its effect both on *Practice* and on *Opinion*, the Act was a turning point. The process by which a measure intended to concede little and restrict much was made in practice to concede much and restrict

⁴⁰⁰ *Hist. MSS. Com., MSS. of the Marquis of Salisbury*, pt. V, pp. 362-3.

⁴⁰¹ *Ibid.*, pt. V, p. 356.

⁴⁰² *Acts of Privy Council*, June 10, 1600.

⁴⁰³ *S.P.D. Eliz.*, CCXLXV, No. 11.

⁴⁰⁴ *S.P.D. Eliz.*, CCXXXVIII, p. 10.

⁴⁰⁵ *Acts of Privy Council*, XXX, pp. 166-7.

⁴⁰⁶ *Ibid.*, XXXI, p. 379 (1601, may 26).

⁴⁰⁷ *Ibid.*, XIV, p. 69 (15186, April 21).

⁴⁰⁸ See e.g., *Acts of Privy Council*, 1589-90 pp. 184-5 (a letter to a mortgagee rebuking him for "hard and unchristianly dealing" and requiring him to restore the land in dispute or to appear before the Council), p. 71 (requiring Lord Mayor and Sheriffs of London to grant respite to a debtor), p. 91 (letter ordering Commissioners to commit a creditor guilty of "harde and unconscionable dealing" to the Fleet). The same volume contains many other examples.

little was partly due to the difficulties inherent in all legislation which seeks to protect the economically weak against the consequences of their own frailty.

The section of the Act empowering the debtor to withhold or recover any interest whatever, even if less than ten per cent., was almost inevitably an advantage more formal than real. The *Moneylender* had little reason to fear proceedings by a needy *Borrower* who, by taking them, would surrender all hope of future advances; and it is significant that even those writers who were most emphatic in insisting that to interpret the Act as sanctioning interest up to ten per cent. was erroneous, admitted nevertheless that such a misinterpretation was general.

This development was assisted, it may be suggested, by the action of the *Courts*. Pending a more thorough examination of cases before them than has yet been made, no final judgment on this point can be given. But so far as the existing evidence goes, it suggests that *Section IV of the Act* was almost a dead letter, that it was normally taken for granted that when interest did not exceed ten per cent. no question as to its legality arose, and that, in short, the rate which under the Act should have been a maximum, became the normal, or even (in so far as the Act was evaded) the minimum rate.

Cases which come into *Court*, so far as they go, bear out the view that that important development had taken place soon after the passage of the Act. Of the few available for analysis there is none in which a contract involving interest of less than ten per cent. is held to be usurious.

In all the rest, both before *Quarter Sessions* and before the *National Law Courts*, the ground of the proceedings is that interest is in excess of ten per cent., and the point which the *Court* is required to decide is whether it is, in fact, interest at all, and therefore usurious, or whether it is merely the result of a bet, or a penalty for the non-fulfilment of a bargain.

The issues arising in connection with this further question show the extreme difficulty of extending to *Debtors* even the modified protection contained in a limitation of the rate of interest to ten per cent. The *differentia* of usury, which distinguished it from, for example, trading profits, was that it was a *certain* payment for the use of money or wares, stipulated in advance.

The obvious resource of the astute *Moneylender* was to insert in the contract conditions which gave to any interest above the legitimate rate the appearance of being contingent, as in a wager or life assurance. Payment was made to depend on the *Borrower's* return from a journey, on his marriage, on the birth of a child, or, most often, on his life, or that of one or more of his family.⁴⁰⁹

When the *Borrower* was in a weak position, he might obviously be induced to agree to the payment of excessive interest on conditions which, though in form contingent, might in fact be certain. Starting from the principle that:

"usura est commodum certum quod propter usum mutuatae rei accipitur,"

the *Courts* had to determine in each case, first, whether the element of uncertainty was *bona fide* or fictitious; second, whether, granted the uncertainty was *bona fide*, it was in fact sufficient to remove the taint of usury from an agreement to pay more than ten per cent.

Thus, to illustrate the first point, there is no doubt that a share in trading profits is not usurious. Sharply, having lent Hurrell fifty pounds for a fishing voyage to Newfoundland, on condition that he be repaid sixty pounds on the return of the ship to Dartmouth, and the principal only if the ship does not reach Newfoundland, brings an action of debt, to which the *Defendant* replies by pleading the *Statute of Usury*.

The *Court* holds, however, that the contract is not usurious: for, though the voyage normally lasted only eight months, it might last two years or more, and the payment demanded, therefore, was in the nature, not of a fixed rate of interest, but of speculative profits.⁴¹⁰

There is no doubt, again, that the mere sale of an *Annuity* is not usury, even though it is at the rate of £20 a year for a capital sum of £110.⁴¹¹

But the distinction between a *Loan* and the sale of an *Annuity* is not easy to draw, and it is still more difficult to determine whether the quality of uncertainty is really present, and, if so, in what degree, or whether a merely formal element of contingency had been introduced into the contract simply in order to evade the law.

Downham, for example, agrees to pay Wolmer ten pounds for a loan of twenty pounds for one year, if Downham's son be still alive. Is this usury? One judge held not, owing to the element of uncertainty: the

⁴⁰⁹ Examples are given by Hall, *Society in the Elizabethan Age*, pp. 53-4, and cases cited *infra*.

⁴¹⁰ Brownlow and Gouldsborough, *Reports*, p. 52 (*Sharply v. Hurrell*. Pasch. 6 Jac. I).

⁴¹¹ *Ibid.*, p. 85 (*Ellis v. Warner*. Trin. 2 Jac. I).

majority held that it was, since the uncertainty was not *bona fide*.

“It is the intent that makes it to be so or not so. If there be a wager between two to have £40 for £20, if one be alive at such a day, that is not any usury, for the bargain was *bona fide*. But if the intent hereby was to have a shift it is otherwise.”⁴¹²

Of the second point - that the legality or illegality of the bargain depended on the degree of uncertainty - there are several examples. Thus an agreement to pay thirty-three pounds in six months for a loan of thirty pounds, if the Borrower's son be then alive, is held to be usurious on the ground that the gain is certain.⁴¹³

But an agreement to pay, in return for a loan of £100, £80 at the end of ten years to each of the *Lender's* five daughters then alive, is held not to be usury, but a ‘mere casual bargain’, on the ground that at the end of ten years some or all of them would probably be dead, though the *Court* added that if the agreement had been to pay in two years instead of ten, the bargain would have been usurious.⁴¹⁴

The same point came out in a different form when the bargain made the payment of interest contingent, not on the survival of a third party, but on the failure to repay the principal within a stipulated time. The accepted doctrine appears to have been that the answer to the question whether the bargain was usurious depended on whether the time of repayment was at the option of the *Borrower*, or whether it was fixed in the contract.

In the latter case it was usurious, for the *Lender* who had advanced money on land was certain of drawing the profits of it for the time agreed on: in the former case it was not, for the *Borrower* could repay whenever he pleased.⁴¹⁵

Thus, when A grants B a rent of £20 in return for a loan of £100, payment to begin at the end of twelve months from the date of the loan and the *Borrower* to have the option of redemption in the interval, the *Court* holds that this is not usury.

“It was in the election of the *Grantor* to have paid the said £100 and to have frustrated the rent, so that the *Grantee* (as the nature of usury is) was not assured of any recompense for the forbearance of £100, and the said rent of £20 was but penalty to the *Grantor*.”⁴¹⁶

Judges more than once called attention to the section in the statute stating that it was to be construed strictly for the suppression of usury, and in this last case they accompanied their decision by the declaration that, had the clause giving the *Borrower* power of redemption been inserted by collusion between the parties, the contract would have been usurious.

With our present knowledge it is too much to say that the *Courts* whittled away the restrictions imposed by the *Act of 1571*, as, with their dislike of unreasonable restraints upon the liberty of the individual to trade as he pleased, they undoubtedly did those contained in the *Statute of Artificers*.

But it is evident that the loop-holes in the statute were not inconsiderable. The last decision, in particular, opened a wide door. For it meant that the *Lender* could get more than ten per cent. for his money by stipulating for repayment within a time too short to be practicable, and then charging as a penalty the payment which he could not legally exact as interest.

⁴¹² Coke's *Reports*, vol. I, pp. 642-3. *Button v. Downham* (Trin. 40 Eliz.).

⁴¹³ Coke's *Reports*, pt. V. pp. 70-1. *Reighnolds v. Clayton* (Pasch. 36 Eliz.).

⁴¹⁴ Coke's *Reports*, vol. I, p. 741. *Bidingfield v. Ashley* (Hil. 42 Eliz.).

⁴¹⁵ This appears to be the doctrine laid down in Sir Robert Brookes' *La Graunde Abridgement* (1576).

⁴¹⁶ Coke's *Reports*, pt. V, pp. 68-70, *Burton's case* (Mich. 33 and 34. Eliz.).

Conclusion

With the current setting towards an ever increasing freedom in the use of capital, the day of Wilson's *Preacher* and *Civilian* was nearly over. They did not surrender without a struggle. The stricter school of religious opinion continued to raise an unavailing protest against the growing disposition to remove the moral ban on usury from all interest below the maximum fixed by the statute.

Conservative writers took advantage of the section in the Act declaring that:

“All usurie being forbidden by the lawe of God is sinne and detestable,”

to insist that the statute had, in reality, altered nothing.

True, the law winked at usury. But it did so:

“...as he that shooteth with a caliver at birds, who winketh with one eye and shooteth with the other. So our law seeth not when the usurer letteth forth his money to interest; but, when an information is exhibited against him, it seeth the fact, condemneth the fault, and punisheth the offender; and though he taketh but after the rate of £10 in the hundred, yet shall he forfeit the full value of the interest.”⁴¹⁷

Men were subjects, it was argued, of *The Church* as well as of *The State*; the law of *The Church* condemned all interest as usurious, and *The State* left to *The Church* the punishment of bargains which, for reasons of practical expediency, it did not think fit to prohibit, but which it did not encourage and declined to enforce.

The more *Liberal Theologians*, working on the tradition which had started with Calvin, was developed by Bullinger, and had its most influential representative in the seventeenth century in Ames,⁴¹⁸ continued to reply to them with arguments designed to show that, since *Land* and *Capital* were interchangeable investments, *Interest* was ethically as justifiable as *Rent*, and that the crucial point was not the *Letter of the Law* which condemned the breeding of barren metal, but the *Observance of Christian Charity* in economic, as in other, transactions.

The literature of the discussion was voluminous. But it was obsolescent almost before it was produced.

For whether *Theologians* and *Moralists* condemned all interest, or only some interest, as contrary to morality, the assumption implicit in their very disagreement had been that economic relations belonged to the province of religion.

That buying and selling, letting and hiring, lending and borrowing, and all other economic transactions were one department of ethical conduct and to be judged, like other parts of it, by ethical criteria; that whatever concessions *The State* might see fit to make to human frailty, a certain standard of economic morality was involved in membership of the Christian church; that it was the function of ecclesiastical authorities, whoever they might be, to take the action needed to bring home to men their economic obligations.

Such doctrines had been common ground to Bucer and Wilson in the sixteenth century, and were to be affirmed with equal emphasis by *Puritans* like Ames and *Anglicans* like Laud in the seventeenth.

It was precisely this whole conception of a *Social Theory* based ultimately on religion which was being discredited by the *Man of Business* who in Wilson's dialogue said that:

“The *Merchants'* doings must not be overthrown by *Preachers* and others that cannot skill of them.”

While rival authorities were discussing the correct interpretation of *Economic Ethics*, the flank of both was turned by the growth of a body of opinion which argued that *Economics* were one thing and *Ethics* another.

The *Creed of the Commercial Classes* was a doctrineless individualism. By the reign of James I they had almost come to their own, and they used their power to oppose the interference of *Church* and *State* in matters of *Business*.

The significant change which results from that movement is the *Secularisation* of the whole discussion. In the

⁴¹⁷ William Fulbecke, *A Parallele or Conference of the Civill Law, the Canon Law, and the Common Law of this Realme of England* (1618).

⁴¹⁸ William Ames, (*Guilielmus Amesius*) (1576-1633) was an English Protestant. He spent much time in the Netherlands, and is noted for his involvement in the controversy between the Calvinists and the Arminians. Ames was born of an ancient family at Ipswich, and was educated at the local grammar school and at Christ's College, Cambridge. Few Englishmen have exercised so formative and controlling an influence on European thought and opinion as William Ames although only a very small proportion of his writings are available in English. He was a master in theological controversy and a scholar among scholars. In 1778 his works were collected at Amsterdam into a five volume *Biographia*. [Ed].

seventeenth century the *Practical Reformer* no longer tries to prohibit interest altogether. He recognises its necessity, and seeks only to effect a compromise which shall protect *The Poor* by fixing a higher rate for *Mercantile Transactions* and a lower rate for those of the *Necessitous Borrower*.

The *Pamphleteer* does not appeal, as normally in the past, to the trail of economic disaster alleged to be left by the *Usurer* as a practical confirmation of the curse laid upon usury by *Scripture* and by *The Church*.

He rests his case on the effects of high interest in causing *Merchants* to withdraw from active trade, increasing unemployment, intensifying the menace of foreign competition, and discouraging the improvement of land, and uses *Scripture* only to point an economic argument with denunciations of those that grind the faces of *The Poor*.⁴¹⁹

Parliament is not asked, as in 1552 and 1571, to decide whether interest is lawful or unlawful: it has merely to consider the respective merits of ten per cent. and eight per cent. The *House of Commons* had debated anxiously, if unprofitably, under Elizabeth as to the correct interpretation of *Scripture*.

In 1640 it is more concerned with the danger of driving capital abroad.⁴²⁰

References to 'the great displeasure of God' disappear from statutes: they are replaced by considerations as to 'the great abatement in the value of land and merchandise'. The change of thought was momentous.

Can any intellectual revolution be more profound than one which substituted for a *Supernatural Criterion*, however shadowy its character and inconsistent its application, one version or another of *Economic Expediency*?

But this is not the place to examine its causes or discuss its consequences.

Dr. Wilson's book ends with the triumph of the *Preacher* and the conversion of the *Common Lawyer* and the *Merchant*. We will not follow them into an age in which the roles were reversed.

⁴¹⁹ For the change in the tone of discussion see *A Tract against Usurie, Presented to the High Court of Parliament* (1621), and *Usurie arraigned and condemned* (1625). The arguments of both are almost entirely practical and economic. But of course the earlier manner continued; e.g. Blaxton, *The English Usurer* (1634), Capel, *Tentations, Their Nature, danger, cure* (1633), Holmes, *Usury is Injury* (1640) and many others..

⁴²⁰ Compare the debates of 1571 in D'Ewes' *Journal* with that of 1640 (printed Notestein, *The Journal of Sir Simonds D'Ewes*, p. 511): "It is conceived that this bill will make strangers withdraw their monyes."