

Partnership

by
Henry Swabey

Chapter 8

Usury and the Church of England

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Chapter 8. Partnership

“Hark, hark, the dogs do bark. The beggars have come to town.”

In the reign of Henry VIII, the attack on *Catholic Order* was so widespread that some have seen in it more than a chance collection of tendencies coming to a head. In fact, a new type of man was coming to power, whose ruling passion was greed.

Thomas Cromwell, a petty *Attorney* and *Usurer*, was typical: ruthless, cunning and successful. Henry himself was described by Francis I's ambassador as ‘avaricious, distrustful, inconstant’. His cruelty was notorious. The Cecils and Howards were other families with ‘a constant eye to the main chance’ and a ‘sure instinct’ for gain.

We have already seen that the *Local Mints* were suppressed, the *Guilds* ruined, the price level sacrificed. The ‘reform’ movements are too well known to need emphasis here, but it may be remarked that they were directed largely not against the abuses, which had been glaring enough, but against the very system itself, and so were movements of destruction rather than reform.

Opposition to the *Catholic Economic System* - it might well be called the *Christian Economic System*, since there was no other *Christian* system to replace it - was well organized and soon the very *Lombards*, mentioned by Langland etc., were to gain hugely from the disintegration of the order.

In spite of many unworthy *Clerks*, religion had undoubtedly served to bind back abuses and to bind the people together in an order that resulted in a tolerable amount of happiness together with exuberant devotion. It shortly became a mark of credit to work in Lombard Street at the very calling which had been execrated for so many centuries. The lust for gain was to prove the *Deus Inversus* of succeeding generations.

The weakest of the landed community had been protected by custom and had held land by hereditary right - the *Tenants* and *Serfs*. Their fuel and pasture had been secure by ‘immemorial right’, and little money had been needed. But the money rents, the eviction of the yeomen to make room for the sheep¹ and the economic ‘forestalling’ type of *Landlord* increased misery, fanned rebellion, and brought pressure on the new masters to undo what remained of the *Catholic Economic Order*.

The ghastly penalties on *Vagrants* - whipping, hanging, slavery - showed that the emptying of the *Convents* had increased the number of *Landless Paupers* to an alarming extent. *Robert Kett* and his rebels claimed back the *Commons*. The split into classes, with the weakening of the *Yeomanry*, began. The first *Poor Relief Act* was passed in 1552. It has been said that the class between the *Landlords* and *Labourers* - the *Commercial Adventurers* - were now coming into control, and they went either to the towns or to sea.

In 1494, Laurentius de Rudolph recognized the right of the *State* to levy *Montes Profani* (*loans*), but he advised *Christians* to ‘have as little as possible to do with these loans’.² The *Italian States* had raised these forced loans on usury. It will be remembered that the Augustinians objected vigorously to *Montes Pietatis* at two per cent. A case may be made out that these loans were made under such circumstances that compensation was only equitable. However, Laurentius saw the threat of a fixed rate.

Henry VIII's position was much the same as that of the *Italian States*, as well as of later governments. He would not reform what was an antiquated financial system, and so he submitted to the *Usurer* and allowed him legal status. In 1545, all former acts concerning usury were repealed and usury was legalized up to ten per cent. The act, however, gave no moral sanction to usury and was, in fact, called *Against Usury*.³

The alternative at the time was to issue *Paper Money* as required. This would not have been difficult for Henry himself now that he had centralized the currency. The practice must have been known in Europe. For we read:⁴

“Before the seventh century, when an Emperor of the T'ang dynasty issued his *State Notes* (I mean *State*, not *Bank* notes), the world was almost forced to adopt as money a fixed quantity of some merchandise of common usage; salt or gold, according to the degree of sophistication of the environment. But from at least the year 654 AD⁵ metal was not necessary for trade among civilized peoples. A *T'ang State-Note* of 856, which is still preserved, carries an inscription almost identical with that seen on today's ten lire notes.”

We might add, that apart from silver which was then in use, *Cowrie Shells* - valueless in themselves - and, it is conjectured, *Leather Tokens* had been used as money.

¹ It is worth reminding ourselves of Latimer's remark “There is now but a shepherd and his dog”.

² Sir W. Ashley's *Mediaeval Economic History*.

³ 37 Hy. viii, c.9

⁴ From *Gold and Work* by Ezra Pound, translated from the Italian of J. Gait by Carmen Amore.

⁵ This is the first ascertained date, but as the form and formula were at full development, there was probably a precedent.

This is vital to grasp because quite soon paper was to be used - and abused - but a failure in will and intelligence on the part of the representatives of *Catholic Order* allowed this advance to be a means not of preserving the order but of disintegration.

The other tokens which man had used previously were always valid as long as the man who issued them had the object - a cow or whatever it was - against which they were issued. This confidence gave the *Cowrie Shells* etc. *Currency*, and prevented *Inflation* as long as there were no more shells in circulation than there were objects to buy. If too many shells appeared, there would be *Inflation* and if too few *Deflation*. It is true that at this date (1545) much silver had been drained off to *The East* in quest of luxury. But this does not excuse the general abrogation of *Catholic Principles*.

We are nearing the stage when *Paper Currency* was to supercede the metal in England, but the third stage in monetary development was immanent, when *Credit (book entries)* was to supercede paper and gold for larger transactions. These movements are the background to the gradual elimination of the *Church's* control over monetary dealings. Religion was to fail to bind back financial abuses or to bind back living to reality.

The *Usury Laws* were not the impediment to progress, but rather the *Monetary System* which was still based on fixed amounts of gold and silver. We should note that silver as well as gold was still the *Backing for Currency*, or rather the *Currency* itself. The real backing should always be goods that are available, while the real *Backing for Credit* should be goods potentially available. But the lowest stage was to be reached later when gold alone served as *Backing for Currency and Credit*. Few historians, even the most enlightened, have grasped these facts, or have noted that natural abundance and human responsibility are the rock bottom of *Currency* and *Credit*.

Nor was the change in legislation altogether a reflection of the victory of the *New Learning* over the *Old*. For Luther himself maintained the *Prohibition of Usury*.⁶

R.H. Tawney in *Religion and the Rise of Capitalism* gives some of the background, but hardly does justice to the *Traditionalists*. In fact, it was a failure of will, and a surrender to the passion of greed⁷ that ruined the old order. Pressure there was, but the new oligarchy was not the ideal solution. Trade - as much as was needed - would have been possible without usury, and with *Partnership*, if the *Paper System* had been developed. Otherwise, the benefits of trade would have been postponed. John Adams the second American President, said that it was very *unmercantile* to trade on borrowed capital.

A further point is that the longing for trade at this epoch has been too readily accepted as conferring unmixed benefits. It is true that trade is useful in so far as the deficiencies of one country are supplied by what is superfluous in another. But such a *Barter System* was not what the sixteenth century *Traders* wanted, any more than their twentieth century counterparts.

In fact, today we witness the disintegration - or the final spasm - of the *System of Foreign Lending*, which has essentially a usurious basis and which has done untold harm to *Craftsmanship* and *Husbandry*. It has practically eliminated the one (except among the hardiest and lease accessible people) and has severely crippled the other. The *Church* in her legislation over a millennium and a half was not entirely ignorant of these facts.

In fact *Modern Wars* have been attributed to the system of forcing *Exports* and fighting to gain *Foreign Markets* and to the outlawing of those who would return to a *Barter System*, more than to any other one cause.

“These are, doubtless,” replied the interpreter, “industrial wars. People without commerce and industry are not obliged to make war, but business people must perforce have a policy of conquest. Our wars increase in number, necessarily, along with our productive activity.

“When one of our industries cannot dispose of its product you have to make a war to open new markets. Thus, this year, we have had a Coal War, a Copper War and a Cotton War. In Third-Zealand we have killed off two thirds of the natives in order to force the remainder to buy umbrellas and braces.”⁸

So the opposition to legalizing usury was not so short-sighted as it is usually represented to be. And this opposition had a success in 1552 when usury was again made illegal. Latimer, among others:

“...fulminated against usury.”

It was, of course, a vital time for the *Church* to hold on to the tie between conscience, ethics and business. As a matter of fact, the Potosi silver mines were discovered in the same year as the first law in England that legalized usury, and vast plunder - in the form of *Bullion* largely - was soon captured from the Spaniards, which could

⁶ This is noted by Karl Marx.

⁷ Somerset is said to have had £5 million pounds worth of spoil to distribute.

⁸ Anatole France in *L'Isle des Pingouins* according to Ezra Pound.

have buttressed up even the *Old System*. But the old system was soon pulled down and new uses found for the bullion and, practically speaking, a new religion to suit the *New Money Lords* was proclaimed. Its omissions were certainly new, although this is to anticipate.

It must not be assumed that the best men in *Church and State* failed to oppose the desertion of the old standard. John Blaxtin⁹ made an anthology of various condemnations of usury by public men. John Blaxton for instance wrote *The English Usurer*.¹⁰ Some quotations from this *Country Parson's* book will reveal the awareness of *Church* leaders in the sixteenth century.

Archbishop Sandys opens the anthology with four *Sermons against Usury*. In the course of these he calls usury 'a biting worm' (doubtless a reference to the Hebrew word), and says,

"This cancer hath corrupted all England... The reasons of men for usury must not give place to the precepts of God against it."

Bishop Jewell of Salisbury was no less uncompromising, or accurate:

"It is filthy gains and a work of darkness, it is a monster of nature, the overthrow of mighty kingdoms, the plague of the world and the misery of the people. It is theft, it is the murdering of our brethren, it is the curse of God and the curse of the people."

Such language recalls the prophets under Jeroboam 11, when the same affliction ground the people, and is in line with Dante¹¹ and all who saw in usury the sin against Nature. Jewell, of course, is also using the argument from the effects of usury and continues:

"Whence springeth usury? Soon shewed. Even thence whence theft, murder, adultery, the plagues and destructions of the people do spring. All these are the work of the Devil and the works of the flesh."

Greed was still a vice, in the eyes of the *Church*, of as great enormity as the other vices. Jewell succinctly describes the effects of usury:

"It consumeth up rich men, it eateth up the poor, it maketh many bankrupts and undoeth many householders. But some say, all kinds of usury are not forbidden, there may be cases where usury may stand with reason and equity, and herein they say so much as by wit may be devised to paint out a foul and ugly idol and to shadow themselves in manifest and open wickedness."

He then threatens *Usurers* with excommunication. This was in fact nothing new as *Usurers* had been excommunicated, refused absolution and even Christian burial. This was because it was considered utterly incompatible with *Christianity*, as an hostile force which could not possibly be tolerated.¹²

Archbishop Laud is said to have disliked Jewell's writings, but it would not have been for the passages quoted. The contest had shifted - or rather the *Church's* front had been pierced - in Laud's day (1633-1645), but he was a violent opponent of the twin evil of *Enclosures*, which likewise sprang from the spirit of *Greed* and *Monopoly*.

It was this spirit that the worst of the *Reformers* tried to have sanctified by the *New Church*, and explains the wrath of Cobbett in his *History of the Protestant Reformation* and his *Legacy to Parsons* (1835). It was the spirit that stole the wealth of the shrines, that had been safe for centuries, that embezzled the estates of *Guilds* and *Chantries* leaving only the *Oxford* and *Cambridge Colleges* and the *London Guilds* untouched. It divided the country into *Rich* and *Pauper* by going a long way towards eliminating the *Yeomen* and purloining their rights.

Nor does Bishop King of London compromise:

"How long will the *Usurer* and *Oppressor* of others, whose jaws are as knives and whose teeth be of iron, lie in the bed of mischief...yet dare I give sentence against it the same as the *Roman Laws*

⁹ This was published in 1634: the year that Cardinal Richelieu founded the *Académie française*; *The Two Noble Kinsmen*, Shakespeare's collaboration with John Fletcher was entered into the *Stationers' Register*; and *The King's Men*, the company of actors to which *William Shakespeare* (1564-1616) belonged through most of his career, performed *Cymbeline* at the *English Court*. [Ed].

¹⁰ The book's full title is: *The English Usurer, or Usury Condemned, by the most famous divines of the Church of England*. It was dedicated 'to all His Majesty's subjects for the stay of the further increase of the same' and the author described as John Blaxton, preacher of God's word at Osmington, in Dorsetshire. This was published in 1634: the year that Cardinal Richelieu founded the *Académie française*; *The Two Noble Kinsmen*, Shakespeare's collaboration with John Fletcher was entered into the *Stationers' Register*; and *The King's Men*, the company of actors to which *William Shakespeare* (1564-1616) belonged through most of his career, performed *Cymbeline* at the *English Court*. [Ed].

¹¹ See *Appendix II* for references to relevant passages in Dante's writings. [Ed].

¹² We may compare the attitude of modern *Catholicism* to *Freemasonry*.

did; wherein because a thief was bound to make restitution of double, the *Usurer* was bound to make restitution of fourfold. The meaning is plain enough, that they esteemed usury to be a double theft, and that at the least is my judgement.”

Bishop Lake, of Bath and Wells, adds his testimony in a sermon:

“The devil is the plain image of Usurers, who live by the sweat of other men’s’ brows and cunningly grow rich by undoing by a seeming relief.”

These prophetic sermons give an insight into the effects of the spread and temporary legalizing of usury.

Bishop Downham of Derry in Ireland was called the *Hammer of the Usurers* and in Maccabean style declares that *Usurers’ Lending* is an act of self love and of covetousness, that usury is not only a vice but a detestable vice. He says:

“The *Usurer* sins against God, his neighbour and himself. As Chrysostom says *tokos ekgonos apistias*, Usury is the child of faithlessness. The *Usurer* sinneth by idolatry, is a servant of *Mammon*, is unjust and uncharitable.”

Bishop Babbington of Worcester gives the sixth testimony. He says:

“Surely these are cursed flies indeed, the suckers of our sap, the bibbers of our blood, the pinchers of our hearts, the stringers and wringers of our very souls.”

It might be a direct reference to taxes, war, poverty, insanity and suicide, which are now and always the results of usury.

Such men as these were the stalwarts in the battle against usury which was raging in the sixteenth century. They remembered most of the points of medieval doctrine, although references to *Partnership (partaggio)* might be expected as the antidote which had worked so well before. But at last the *Usurious Financiers* could point to an authority: *John Calvin*.¹³ R.H. Tawney shows that Calvin alone of the religious leaders accepted the change and encouraged a puritanical religion of *Work for Work’s Sake*, even if this involved a change of principle.

The *Catholics* had been careful to enquire what kind of work it was, and had insisted on the importance and the rights of the *Producer*. But the *Merchant* and *Financier* - the middle men and parasites on a true order - were now to come to the top with religious sanction.

A *Merchant* asked Calvin whether usury was intrinsically evil, and he replied that it was not.¹⁴ His denial was hedged round with reservations, and he regretted that it was for his advice to the *Merchant* that he would be best remembered. But the letter was the *locus classicus* for the *New Financiers*, whose malpractices were no longer bound back by religion, and Calvin was soon followed by other *Reformers*. He was at one in spirit with Bishop Gardiner, for instance, who proclaimed the *Royal Supremacy*, and said at the end of his life:

“Negavi cum Petro, exivi cum Petro, sed nundum flevi cum Petro.”
I have denied with Peter, I have gone out with Peter, but I have not yet wept with Peter.

Calvin, in fact, was as much a man of his time as Cranmer, the “fit instrument for the King to work by.”

Burnet in his *History of the Reformation* said that Cranmer thought of:

“Ecclesiastical offices being as much subject to the *King’s* power as all other offices.”

These were the men, ignoring *Divine Sanctions* and the *Laws of Nature*, whose opinions prevailed or were an excuse for the greedy. And unfortunately this great renunciation of *Church Teaching*, which had been so finely chiselled in previous centuries, came soon enough to be accepted by the *Church* herself for, as we shall see, the influence of the Calvinists was strong in England as well as in Geneva. Calvin wrote:

“It is a perilous piece of work. If we condemn it [usury] altogether, we place heavier burden on men’s’ conscience than God Himself in *Holy Scripture*...I cannot see usury altogether condemned by any testimony of *Holy Scripture*.”

¹³ John Calvin (1509-1564) was a *French Protestant Theologian* who developed a system of *Christian Theology* called *Calvinism* or *Reformed theology*. In Geneva, his ministry attracted other *Protestant Refugees* and over time made that city a major force in the spread of *Reformed Theology*. He is renowned for his teachings and writings, in particular for his *Institutes of the Christian Religion*.

¹⁴ Epistle 383.

He admitted that it was rare to “see a *Usurer* a good man,” but decided that *Usuries* were particularly forbidden to the *Jews*. He was thinking of the passage in the *Book of Deuteronomy*.¹⁵

“Unto a stranger thou mayest lend on usury.”

But this verse cannot be read apart from the preceding verse:

“Thou shalt not lend on usury to thy brother.”

In the first place, the whole is a prohibition and not a permission; and in the second, there is no *stranger* to the *Christian*. Rather every man is his *brother*. It was truly enough a perilous piece of ground on which to base the *Permission of Usury*, and is an almost incredible inversion of the usual approach towards the *Moral Law* of the *Old Testament*.

It is significant that in Landor’s *Imaginary Conversation*¹⁶ between Melancthon and Calvin, the former charges Calvin with trying to reintroduce the *Religion of the Jews*. Calvin must have known that the *Jews* had been the great *Moneylenders* until they were expelled from the various *Christian* countries, and the permission he gave did in fact constitute the *Calvinistic Usurers* a chosen race. Calvin’s conclusion was:

“We see not that usuries are simply forbidden, but only so far as they are repugnant to *Equity* and *Charity*.”

The *Calvinistic* position was for years contested, but it is most remarkable that it was the position that eventually found favour over the whole of *Christendom*, in practice if not in theory. Calvin initiates the era when usury was not only legalized but started to be moralized, or to receive at least a moral sanction. We see the gradual caving in of *Christian* resistance, which Jewell, Sandys and others had so stoutly maintained.

These are the origins of the landslide of the seventeenth century. But the Elizabethan turmoil still remains to be considered, and the last outstanding figures who challenged Calvin’s thesis. The reign of Mary was, as far as usury is concerned, a pause before the storm. The *Calvinists*¹⁷ were driven to the *Continent* like a swarm of flies, only to return with fiercer purpose.

The law of Edward VI which prohibited usury was at all events unrevised until Elizabeth’s age, although Mary did not dare to return the despoiled Church lands. William Cobbett roundly held that the *Reformation* was a tragedy for the working man and that the suppression of the *Monasteries* increased *Pauperism* to embarrassing proportions, together with *Land Enclosure*, which was another issue debated at the time.

Cobbett is concerned not so much with the *Usury Laws* as with the general trend towards a new manifestation of selfish greed - later called *Individualism* - which marked the change from the *Catholic Order*. This sturdy countryman’s views are worth considering against the usual biased views which disregard the crueller sides of the social changes. These are only recorded in such old volumes as that of Blaxton, but are an aspect of the times very much to the point.

The new learning as well as the old had at first resolutely withstood the *Usurer’s* advance to power and propriety. Latimer had ‘fulminated against usury’ but the power of the *Calvinists* was by this time making itself felt in *Church* and *State*. A new callous world of *Commercialism* was in the making, and for it to attain its objects of *Wealth* and *Power*, the old laws that restrained *Unlawful Greed* had to be brushed aside. Such figures as Gresham were the protagonists of the *New Order*, which has proved so chaotic.

There were no longer *Monasteries* or *Convents* to shelter the unfortunate, and Cobbett showed what this meant for thousands of English people. It was a beginning of the move - to gain such impetus from the *Industrial Revolution* - from the country to the town, where *Quick Money* could be made through the questionable dealings of the rising *Financial Class*.

Typical of the compromises of Elizabeth was the law of 1571. It was called *Against Usury* but usury was actually permitted provided that it did not exceed ten per cent. But the law included a word of defiance to the *New Plutocracy*, for:

“all usury, being forbidden by the *Law of God*, is sin detestable.”

This compromise of 1571 re-enacted the law of 1545, but its importance is due to its central position in a controversy on usury which lasted for about forty years, and did not die out for fifty more. We shall review the dispute in some detail.

¹⁵ *Deuteronomy Chapter xxiii, verse 20.*

¹⁶ *Imaginary Conversations* by W.S. Landor.

¹⁷ Among them was a Scottish clergyman *John Knox* (1510-1572) who was leader of the *Protestant Reformation* and the founder of the *Presbyterian Denomination*.

R.H. Tawney has supplied much valuable material in his introduction to Dr. Wilson's attack on usury, while Lancelot Andrewes wrote a treatise, which has for many years remained among his printed papers in its Latin original. After noticing the trends in the conflict, and the main points in Wilson's thesis - who, as a *Lawyer*, stood as the counterpart of Calvin - we shall examine the work of Andrewes in detail. He was the last great protagonist of the sanities of the past, and his rejection from the *Primacy* in 1610 marks the virtual end of resistance to the new trends. Wilson wrote his treatise to obstruct the *liberal* legislation of 1571.¹⁸

Francis Bacon¹⁹ took up the intermediate position. He understood the arguments against usury; that it is a pity the Devil should have God's part, the *tithe*; that the *Usurer* is the greatest Sabbath breaker because his plough goeth every Sunday so that he breaks the command "in sudore vultus tui non alieni" - that they should have orange tawny bonnets, because they judaize; and that it is against nature for money to beget money. But took the view that it was a "concessum propter duritiem cordis" permitted because of the hardness of men's hearts for "some others have made cunning propositions of banks, discovery of men's estates and other inventions."

He goes on to mention the "discommodities" of usury. It makes less merchants, for "were it not for this lazy trade of usury, money would not lie still." Secondly it makes poor merchants, for "as a Farmer cannot husband his ground so well if he sits at a great rent, so the Merchant cannot drive his trade so well if he sit at a great usury." Thirdly, it leads to "the decay of customs of kings and states." And fourthly, "it bringeth the treasure of the realm into a few hands...the *Usurer* being at certainties, the others at uncertainties"

"Ever a state flourisheth when wealth is more evenly spread... It beats down the price of land, for usury waylays merchandizing and purchase...It doth dull and damp all industries, improvements, inventions...It is the canker and ruin of many men's' estates; which in process of time breeds a public poverty."

The frequent reference to the mystical term *Trade* is notable, a term that he does not stop to define. And so, when he enumerates the advantages of usury, he mentions first that in some respects it advances *Merchandizing*. It helps those in difficulties, for:

"...whereas usury doth but gnaw upon them, bad markets would swallow them quite up."

But in the days when money was issued from *Local Mints*, there was no need to have recourse to the *Usurer* or any such false antithesis of 'either...or'.

"It is impossible to conceive the number of inconveniences that will ensue if borrowing be cramped...all states have ever had it [usury] in one kind or rate or other. So as that opinion must be sent to *Utopia*."

But he fails, again, to distinguish between *Usury* and *Partnership*, wherein there was a sharing of risks. So he seeks not alternatives to usury but the reform of usury. Two things are to be 'reconciled' although again he omits any reference to *Partnership*:

"The one, that the tooth of usury be grinded, that it bite not too much; the other, that there be left open a means to invite moneyed men to lend to the *Merchants*."

Bacon suggests "...two several sorts of usury, a less and a greater." Of the two rates, one is to be "...free and general for all, the other under license only." Usury is to be reduced to five percent. Then "let there be certain persons licensed to lend to known *Merchants* upon usury at a higher rate." The rate is to be eased from what it has been, licences will not be given to *Corporate Bodies* and *Licensed Lenders* are to be indefinite in number but each shall be 'of fixed abode'.

"Let it be no *Bank* or *Common Stock*, but every man be master of his own money [and] restrained to certain principal cities and towns of merchandizing...so the license of nine will not suck away the common rate of five [for] it is better to mitigate usury by declaration than to suffer it to rage by connivance."

This is a reintroduction of the principle of the *Ghetto for Usurers*. There were few who both recognized the evil of usury and were willing to allow it. Bacon's position (apart from the rates he suggested) was that taken by the legislators of 1571. To take account of the influence of American silver on European prices, the following year Bodin added:

"Et ceux qui soutiennent sous voile et religion que les usures modérées et rentes constituées à 4 ou 5 percent 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 peut révoquer en doute."

¹⁸ The latter day revival is presented in greater detail in Chapter XIII *The Recovery*.

¹⁹ Essay XLI.

“And those who use deceit or religion to support their assertion that moderate usury and interest fixed at four or five per cent is just, provided that the debtor obtains more advantage from it than the creditor, abuse the law of God which prohibits it so eloquently that it cannot be questioned.”

Usury and enclosures were the two great practical problems of the sixteenth century. Usury was a live topic until the sixteen forties, when enclosures were still hotly debated, particularly by Laud. But in sixteenth century England property was still widely distributed, and the proletariat was still small, although it was increasing.

We have noted the *Tudor Laws* to prevent the rise of factories and the domestic system. The majority owned property or worked for the family firm. Tawney remarks that ‘the typical worker is not a wage-earner, but a *Peasant Farmer*, a *Tradesman* or *Small Master*’.

It was a period of tension, of the increase of sheep farming which resulted in a de-population of the land, in the loss of common rights which made all the difference to a small *Yeoman* working on a narrow margin of profit, of the growth of joint-stock organization and of a rudimentary factory system.

In 1563, maximum wages were fixed owing to the shortage of labour, but their purchasing power was much less than it had been fifty years before. It was still in the main what would now be called a ‘distributive state’ with the emphasis on *Self-Sufficiency*. Apart from the tenure of land, the borrowing of money was a chief problem of these small farmers.

Tawney says that their ‘need of advances was inherent in the nature of things’ owing to the uncertainty of the seasons. There had been a mass of legislation on borrowing, and many evasions were perfected, such as time bargains and fictitious partnerships. *Usurers* had been found in villages even in the fourteenth century, and their type was not much changed by the time of Gustav Flaubert's provincial Monsieur Lheureux of the mid-nineteenth century.²⁰

Except in larger towns, usury was not a full time profession but a sideline practiced by the *Rich Farmer*, *Innkeeper* or *Tradesman*, and it had a good deal in common with *Pawn-broking*. Sometimes the *Clergy* were tempted. The *Village Usurers'* rates were often iniquitous - a penny or two-pence per week on a shilling, for example. Moreover, as in *Old Testament* times, loans were often made in kind.

As the writer of a pamphlet in 1594 entitled *The Death of Usury or the Disgrace of Usurers* expresses it:

“He that puts forth money dares not exceed the rate of ten in the hundred; but he that uttereth wares doth make the rate at his own convenience.”

Not only *Farmers* and *Peasants* were forced to borrow in difficult times, but *Craftsmen* had to buy raw materials and *Tradesmen* needed capital to buy wares. Fitzherbert warned *Farmers* against working on borrowed capital, for:

“The *Copyholder* or *Yeoman* of *Tudor England* was apt to step into the position where he was little more than the caretaker for his *Creditors*.”

Standing crops were pledged or sold ruinously cheaply. The *Producer* received a beggarly price, while the *Consumer* bought the same grain at top price.

More significant was the rise of the *Commercial Capitalist*. He was fighting successfully against the independent *Producer*, whose *Guild Organization* had been shattered, and the *Producers* were becoming the ‘...servant of an employer, on whom he depends for orders, for raw materials, and for the sale of his wares’.

The *Domestic System* gave him less independent status than he had held when the *Guilds* were effective. As at other times of difficulty - and the age is not dissimilar to that of two centuries or so later - *Emigration* was being commended and this is a sure sign that times are out of joint.

Cushman commended it. Indeed, if we are to see later *Christian Social Movements* as germane to our subject (usury), it is vital to grasp the connection between usury and the world both at this critical and fatal era for the *Usury Laws*, and at later times when usury itself was seldom mentioned.

Connections between the old *Small Scale Usurer* and his imposing international counterpart of later centuries are to be found in this period, where the *Money Dealer* was emerging; and the miseries that both types of *Usurer* have generated are substantially the same. This is clearer now than when Tawney wrote.

²⁰ Gustave Flaubert (1821-1880) was a French writer who is counted among the greatest Western novelists. Monsieur Lheureux appears in *Madame Bovary* his first published novel in 1857.

Public Pawnshops were also commended, but many found themselves at the *Usurer's* mercy since the abolition of the *Local Mints*. He was called at the time 'the insatiable *Usurer* which gnaws the poor people daily to the very bones'.

The *Business Classes*, meanwhile, were overtaking the *Landed Gentry* in wealth, and plunging into extravagances which brought many of them into *Debt* and many acres were mortgaged to *Money Lenders*. Satirists and playwrights of the period made frequent references to this social background. Not a few *Members of Parliament* thought the laws dealing with usury were 'antiquated relics of popery'. The long rise in price stimulated the formation of many new companies after 1570. Unluckily the *Partnership Doctrine* was little heeded by these greedy profiteers.

The *Gentry* became in their turn caretakers of the *City Merchant*. Gresham (rashly sued for usury by Sir Henry Woodhouse) and Pallavicino were typical of the rising class of *Financiers*. The *Italians* understood financial dealings accurately.

Audley was another financier, whose vast fortune enabled him to build Audley End (it had been monastic land), and James remarked that although a *Lord Treasurer* might afford it, it would be too expensive for a *King*.

Rack renting was all too common, particularly when a *Usurer* had procured an estate from his victim, when he at once raised the rents. Audley was quick to resell such estates. Massingham showed how the evil was spreading:

"...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."

There was a fairly rapid transfer of land to the new *Monied Class*, and although the *Peasantry* disliked these *Absentee Landlords*, attempts to limit the transfer were futile. The same struggle and hostility of *Debtors* towards *Creditors* took place after the *Battle of Waterloo*. But the *Monied Interests* prevailed everywhere and profited by the rise in price.²¹

The *Spanish Bullion* did much the same as the *Treasure* from India nearly two centuries later. Apart from the greedy small *Usurer* and mortgages, what would now be called *Capital Enterprises* were started. Mines, munitions and cloth trades were expanded and cloth was exported in ever larger quantities.

Land was being enclosed into huge estates.

"[The *Capitalist*]...without interfering directly in the process of production gathered into his own hands all the threads of commercial organization."²²

Businesses which employed a thousand men were growing, and *State Control* was favoured by the *Privy Council*. Capital was needed (£1000 or more) for these enterprises and in the cloth industry:

"...Credit intervened to bridge the gaps between the successive stages...and to pay wages before the sale of the end product."

Even the *Cottager* needed credit to buy his wool or yarn, and the *Wool Broker* or *Brogger* acted as his *Banker*. Shrewsbury said that the *London Money Market* was indispensable to *Provincial Industry*. In *Depression Years* like 1586 and 1621, *Financiers* were a heavy burden to *Manufacturers* as well as to the *Landed Interest*.

Minerals too excited the interest and cupidity of the new *Landlord Class* and the ancient trades of coal, lead and tin mining flourished again. *Credit* was vital, and the danger of *Monopoly* and *Rigged Prices* was grave.

Joint Stock Companies were floated, as when the City of Nottingham issued £1 shares in 1601 to work a local mine. These modern developments took place when the teaching on usury was still in men's minds, and in them we see the connection between the new and the old order.

Tin was paid for twice a year and *Wages* had to be found in the intervals. They were supplied by *Pre-emptors*, a small group of *London Capitalists* who sold much dearer to the *Pewterers* etc. than they bought from the mine.

Strong arguments were advanced for nationalizing the *Tin Industry*:

"...for the riches of the *Commonwealth* being drawn into someone or a few men's hands savours of a monopoly."

In 1625 the author of *Usury Arraigned and Condemned* wrote:

²¹ Ezra Pound made the observation that: "...the death stab is in having foreigners in *Parliament*, or indeed any MP not owning land in the district he is sent from if it be country, while city representation should be by trades."

²² R.H.Tawney (1880-1962) in *Religion and the Rise of Capitalism* (1926).

“What a world of *Trading Debtors* are eaten up with usury.”

The *Craftsman* who had lost his *Guild Organization* found it increasingly difficult to maintain his independence of the *Financier* and many sank into *Wage-earners* or were *Servants* of an *Employer*:

“... who had him more completely at his mercy, because he not only provided raw materials and marketed his goods, but often advanced the working capital.”

This is the dark side of the *Domestic System* and recalls Roger's theory of a conspiracy.

The social change and extortion redoubled agitation against usury. It was no academic point but concerned the *Poorer People* intimately and they knew it. Miners demanded a *National Bank* as they were charged 2d. in the shilling for their Wages.

“*Book Credit* between *Shop-keeper*, *Wholesale Manufacturer* and the *Producer of Raw Materials* was already highly developed.”

The *Age of Credit* - and of the *Monopoly of Credit* - was beginning and there was a swing away from traditional doctrine just when the restraint was most needed. The *New-rich Class* desired every check to their greed to be abandoned and soon enough theorists were found who argued that it was injurious to none.

In this the stage was set for the unrestrained barbarity of the *Industrial Revolution* when no sanction, human or divine, was opposed to the savage lust for money of the *New Tyrants*. The opponents of usury realized that they were contending for more than an old fashioned theory, but that usury's admission would bring misery and monopoly.

Another financial development - perhaps the most significant of all if we are to understand the relation of later developments to our subject - was that of the *Foreign Exchanges*. A new class was arising who were to dominate even the *Manufacturers* themselves, and whose world was to be that of *Crisis*, *War*, *Armament* and *Financial Wizardry*. Their activities had been condemned by the law of Henry VII which stigmatized “damnable bargains grounded in usury.”

Antwerp and Lyons were becoming great *Financial Centres* with Antwerp predominating as had Constantinople some centuries earlier. London was in the second rank and her *Exchange* did not open until 1571. Italians were prominent in *London Finance*, in addition to *Wool Staplers* and *Merchant Adventurers*. Large loans were raised from *Continental Bankers* to pay foreign *Armament Firms*. There was opposition to the tax on exchange transactions and Cecil complained that they:

“go to and fro and serve all princes at once...and lick the fat from our beards.”

The cosmopolitan business had been arising, with more profitable ties than those of national loyalty. The final development of the process is his modern descendant who demands world union or a *World State*. It was the antithesis of the policy of England's great kings such as Edward I and III.

By the mid-fifteenth century provision of *Credit* for *Merchants* was a regular trade. *Mercers* specialized in financing the *Wool Trade*. Foreign trade, particularly the export of woollen cloth, expanded under Henry VII with *Financiers* like the *Fuggers* taking at least half of the profits.²³

The successful *Trader* was in fact a *Banker* although still called a *Merchant*. Wealth was thus passing from the *Producer* into the hands of the *Financial Manipulator* who had more cunning and influence. The *Poorer Class* - which was increasing - suffered severely. R.H.Tawney wrote:

“Down to the sixties of the sixteenth century, the bill on Antwerp was the commonest form of commercial currency. Bullion was not usually moved, even for the settling of the Government's debts on the Continent, but was discharged by bills on some continental market”²⁴

Richard Gresham warned Cromwell in 1538 that the result of restricting the freedom of exchange would be the collapse of the cloth export trade and a movement of gold from London. Such considerations were henceforth to be the weightiest in national councils. In 1551, the prohibition of exchange transactions brought commercial paralysis, and the *Financiers* brought the severest pressure to gain their freedom to exploit.

Canon Law and *Parliament* tried to restrict a *Bill of Exchange* to:

“an instrument for the transference of money from place to place”

²³ Hence the law defining usury more accurately.

²⁴ R.H.Tawney in *Religion and the Rise of Capitalism*.

It might appear that *Theologians* did not understand *Credit* or the *Financier Ethics* but the elements of a *Loan* and its concomitants of *Profit* were always present for the *Discounter* was making a *Loan* for which a *Fee* would be charged.

The element of *Speculation* was always present. Vast sums and elaborate organization were involved. They were not 'exchange real' or 'natural exchange', which could hold little interest for the *Financial Adventurer* but 'dry' or 'merchant' exchange 'with gain the sole object' - *solo con oggetto di guadagnare* - the unlawful bargains of Henry VII's *Act against Usury*. The *Financiers* replied that if exchange were barred, bullion would be drawn abroad. As late as 1612, Fenton, in his *Treatise of Usury*, called them:

"...a griping usury under the title of exchange."

The *Loan* was usually short and the *Rate* high. But it evaded the *Usury Laws*. The advantage of the *Financier* who constantly turns over his money as against the *Farmer* who only has a yearly harvest needs little comment. They were engrossing more than *Providence* intended an individual to possess.

The *Exchanges* had been conducted for many years at the continental centers of exchange in Antwerp, Lyons, and Venice. They were still rather new in England - and suspect in nationalists' eyes, being the foundation of:

"...a system of *International Credit*...the reserves of the *European Market* being at the disposal of any firm of good standing...[and were very useful for]...*Merchants* and *Bankers* who desired to earn a *High Rate of Interest* on *Short Loans*."

Such rates had nothing in nature to back them, but were a robbery based on fiction of someone or something. This became obvious later when *International Usurers* sucked more and more wealth and power into their hands by these means. The rate of increment in nature is never so quick or so sure. Such merchandise was rightly called by a European traveller "clear and plain usury."

Tawney hardly appreciated the new dangers and abuses inherent in the system. The methods of *cambium* and *recambium* which had been perfected in the Netherlands were widely used, while the discounting of bills was elaborated. Sixteen percent was not an uncommon profit so much greater than anything the *Farmer* could achieve, and with few of the risks of *Partnership* or genuine *Trade*. A multiplicity of *Agents* grew up to serve the new interest, which before long was to dominate Europe. Gresham was notably quick in the *International Money Market*.

"The degree to which *Futures* and *Arbitrage*²⁵ outweighed the rate of interest at which the bill was discounted and was a measure of the degree in which speculation entered into the transaction."

Astrology was even employed in these unnatural calculations. A generation bewildered by the 'magic' of the *Financiers* forgot the *Poor Laws* at home and the *Enclosure* of the *Common Lands*. It is not many years since booms and slumps were ascribed to spots on the sun. We hear of an early form of the raid on sterling.

"...*Bankers* and rich *Merchants* of the Low Countries who make the exchange rise or fall as they think good for their gain and our loss."

Rightly enough this kind of business was not regarded as legitimate trade, but it was bound to grow, for such parasites are generated when there is an unbalanced keenness on *Trade for Trade's sake*, as is reflected in Bacon's opinions. It inevitably involved a neglect of the real wealth and assets of the country (its land) and a change of emphasis from that which saw in the *Agricultural Labourer* the highest kind of vocation.

The *Merchants* borrowed at five percent in Westphalia and lent at ten percent in London. It was not good for England to have such as Sir John Gresham for confidential *Government Agents*, who inevitably involved them in questionable transactions - such can never be for the welfare of the country.

It was useless to "pray God it may be discovered to the weal of our realm" for the *Financiers* were exactly concerned not to give value for value since that was how they made their gains and raised their fortunes.

"Usury and continuous usury was avowedly the essence of the whole business."

Such a rotten basis was bound to bring disaster and it was not fifty years before the *Civil War* between the old ways and the new 'usury as the payment for time appeared naked and unashamed. Tawney, in his consideration of the supply of credit emphasizes that:

"...[the advancing of loans] was normally a by-employment of the prosperous trader or farmer...in the intervals of his normal occupation. A *Banker* was rather a *Moneylender* engaged in *International Finance*."

²⁵ Changes in markets.

Even clergy²⁶ were involved. It was a transition period when the clash between the old morality and the new lack of it as far as money is concerned was violent. The provision of *Credit* was not yet, at any rate, the *Monopoly* it was to become. The *Local Usurers* should have been a warning against extending the evil, and against capitulation to the *Money Power* that was so sinister a feature of Elizabethan times. *Local Usurers* often maintained a gang of roughs, but did not yet operate under state auspices or have *The Army* to guard them.

Even the *Commissioners* appointed to enforce the moderate law of 1571 were terrorized by the larger *Usurers*, who were adept at evading taxes, and had much in common with the *Gangster*. London saw the beginning of :

“...a commercial plutocracy and of an urban proletariat.”

And here the *King Financiers* emerged, moving in the mysterious sphere:

“...inaccessible to anyone without large capital and international connections.”

At the same time the *Goldsmiths* of whom Fenton complained²⁷ were coming to the force as *Deposit Bankers*, although it was half a century before they reached a great position. The *Government*²⁸ even indemnified *Lenders* against the *Prohibition of Usury*. The country was paying dear for the suppression of the *Mints*.

The *Scriveners*²⁹ are important for they developed into *Financial Experts* and *Consultants* and were included in the same denunciation as *Usurers*. Naturally, they took to *Money Lending* and *Deposit Banking* themselves. Stubbs in his *Anatomy of Abuses* calls them:

“...the instrument of the Devil, whereby he worketh the frame of this wicked world of usury.”

Their exactions led to clamours for a *Public Bank*. Many were finding that:

“Usury doth offer such excessive gain and such freedom from all kind of common charge...and command over bondmen.”³⁰

The most cunning class was that of the *Usurers* and they struggled against the traditional precepts of decent society. No Saint Antonino came forward, as he had a century earlier in Florence, to keep *Business* within the *Church's Morality*. Not that he would have been welcome if he had. Religious energy was directed to splitting up *Christendom* not to its proper work of applying the truths which the *Christian Way* had revealed and which had been refined by the *Theologians*.

A very different religion - one of greed which exalted *Abstinence* and looked askew at *God's Abundance* - was to emerge, a travesty of the *Catholic Faith*. It was in fact to be the veneer which the *New Financiers* cast over their inordinately profitable game, if not a spell to check the curiosity of the people.

The *Church's* rightful insistence that a bargain should benefit both parties to any transaction suited these *parvenu Money Marketeers* no better than it would the advocates of *Bretton Woods*, which is much the same type of transaction on a colossal scale.

The *Goldsmiths* doubtless realized that as long as all their *Depositors* did not require their *Bullion* at once, it would be possible to issue *Credit* of a larger amount than the *Deposits*.³¹ But ‘the sale of time itself’ and the tampering with God's providential ordering of the world was a privilege which the *Usurers* arrogated greedily.³²

A century later a lonely sage put it frankly when he wrote in 1673 that:

“...it grew to a proverb that usury was the brat of heresy.”³³

In the eighteenth century, they were began to say that ‘trade was one thing and religion another’. And by the next century they were declaring that ‘business is business’.³⁴ Luther stood away from *Calvinists* when he

²⁶ See for example *Sermon of God's fearful threatenings for idolatry* by Porder (1570).

²⁷ See *Treatise of Usury* (1612).

²⁸ In 1561 for instance.

²⁹ The main job of the *Scriveners* was as experts in the drafting of documents.

³⁰ See *Usurie Arraigned and Condemned* (1625).

³¹ This manipulation has been institutionalized in modern times in the concept of the *Capital Adequacy Ratio* designed to provide legal sanction to the *Bankers* lending out of often as much as £12 for every £1 of savings deposited by their *Customers*. This financial technique was used extensively as a control valve for the money supply by the *French Central Bank* in the 20th century. And in 2008 the *Central Bank of China* raised the ratio to 15% to rein back inflation [Ed].

³² Bossuet in his *Traité de l'usure* rightly taunted Calvin and Bucer for ‘defending extortion’.

³³ See *A Brief Survey of the Growth of Usury in England with the Mischiefs Attending It*.

³⁴ And in the 20th Century it was a commonplace to hear: ‘it's not personal it's just business;’ and ‘what's good for *General Motors* is good for America’ [Ed].

attacked usury in his 1520 sermon and in his 1524 tract against usury. His principles are *Christian* and practical enough, although scorned as idealistic:

“Men should lend freely as the *Gospel* commands; sell at the price fixed by common estimation; eschew speculation and monopoly...and conduct their trade without injury to their neighbour.”

Sixteen percent was bound to be injurious to someone not far distant. It was really Calvin and Bucer who were impracticable and whose estimate of human nature was so childish compared with that of the *Catholics*, whose system had worked, while that of the *Reformers* - after the short terror of Geneva - never did, but deteriorated into the squalor of a *Usurers'* prayer meeting. And the *Usurer's Prayer* is always for scarcity.

It is notable that the great *English Dramatists* opposed the innovations. As late as 1595 the Archbishop of Canterbury allowed Miles Mosse to dedicate to him his *Arraignment and Conviction of Usury*. It was a century before similar tracts such as *Lombard Street Farewell Sermon Answered* or the *Welsh Levite toss'd de novo*.³⁵

Despite this, Elizabethan opinion was still that:

“As it belongeth to the *Magistrate* to punish, so it is the part of the *Preacher* to reprove usury [even though] the poor sillie *Church of Christ* that could never find a lawful usury before this age in which we live.”³⁶

Morality was not yet called ‘*monkish superstition*’, but already ‘*the circumstances of the parties and the purpose of the loan*’ began to be regarded as possible mitigations of the sin. However *Advanced Reformers* like Latimer, Becon and Crowley ‘fulminated against usury’. It was rightly argued that even if well to do merchants borrowed on usury, they would pass on the charge to the consumer in higher prices.³⁷

“Usury walketh in the dark, it biteth few know when, where and whom.”

This moral fervour however was unavailing against the cunning men whose power was growing daily. Calvin, their patron saint, not only ‘appealed to common sense’ - his own, not that of the *Church* - and treated as despicable the *Christian* distinction between *Partnership* and *Usury*. He suffered in this fatal instance from the pride of life, or of his own intellect. The Greshams and their tribe now had an authority. And their business morality, now sanctified, was well on the way to being secure from clerical interference. Baro and Bullinger expounded this *Economic Calvinism* in England.

R.H. Tawney gives too little weight to the medieval distinction between *Partnership* and *Usury*, which is the essence of the whole matter, when he appears to commend³⁸ Calvin's ‘economic realism’ or holds that ‘land and capital are convertible investments’.³⁹

Times were unquestionably changing and in many respects for the worse while the national heroes were and no longer *Saints* but *Pirates* and a privateer could be called the *Good Ship Jesus*. But this was all the more reason why the *Christian Doctrines* should have been further sharpened, not discarded; for *Justice* is never outworn.

The *State* vacillated between the *Old Morals* and complete *Financial Libertarianism*, which the *City Interest* were scheming for. Opposition was met from the *Peasantry* and small men, who saw that the *Usurer* was a parasite bringing *Dispossession* and *Pauperism*. Power fell into the hands of the “few men having unmerciful hearts.” Two hundred and fifty years later, Cobbett was opposed to the same class, firmly entrenched and with many foreign recruits. Bentham considered that protests were from the thrifless against the thrifty.

³⁵ This was written by a preacher named David Jones and provoked more than one rejoinder. See later chapter.

³⁶ From *The Lawful use of Riches, 1578*, translated by Rogers from the Latin of Nicholas Hemming.

³⁷ Margrit Kennedy in *Interest and Inflation Free Money (1989)* provides a concise modern analysis of German business where in capital-intensive enterprises as much as half the price may derive from usury. [Ed]

³⁸ The terms are slippery in Tawney's phrases because *Land* and *Capital* are not convertible investments, as anyone who ever wanted to convert land knows. [According to Ezra Pound] *Capital* has been ‘smeared over a whole gamut of different things’ e.g. *Leihkapital*, capital in the form of transportation facilities. *Land* is sometimes a ‘convertible investment’. But *Property* and *Capital* are terms with a distinct meaning. Wyndham Lewis' distinction should be borne in mind throughout this section between *Loan Capitalism* and the *Capitalism* of the local garage. *Loan capitalists* deal solely with *Finance*, *Productive Capitalists* deal with goods and services.

³⁹ Four years earlier in *The Acquisitive Society (1922)* Tawney begins his discussion of ‘property and creative work’ with the words: ‘The application of the principle that society should be organised upon the basis of functions offers a standard for discriminating between those types of private property which are legitimate and those which are not’. In *The Tawney Legacy* William Shepherd writes: ‘Nowadays most economists have learnt to discriminate between ‘goods’ and ‘bads’ in our gross national products, but if Tawney had his way, they would also be distinguishing between property and ‘improperty’. ‘Property,’ exclaimed Tawney, ‘is not theft, but a good deal of theft becomes property’. [Ed]

Such towns as Coventry, Leicester, Glasgow and Worcester enforced heavy penalties against the *Usurer*. Banks for the 'relief of common necessity' were suggested and introduced into the *House of Commons* in 1571. The *Government* was paying fourteen percent for loans, a dear price for the *Suppression of Local Mints*.

The *Common Boxes* of the *Guilds* and *Churches* did something to offset the pressure of the *Financial Monopolists*. A *Public Pawnshop* was set up in Berwick. But England was now disgraced by *Paupers* on a large scale, as a result of *Sheep Farming*, *Usury* and the *Suppression of the Convents*, and after savage attempts to exterminate them, *Charities* were established on the model of the mount of Ypres (instituted in 1534).

The 'insatiable desire of *Usurers*' was no longer despised by all, and the cry arose:

"Alas that ever any Christian assembly should be so void of God's Holy Spirit that they should allow for lawful any thing that God's work forbideth."

The prohibition of 1552 only stimulated evasions, although the penalty of prison was here and there enforced. But the *Usurer* desired, then as later, the aura of respectability as well as the security of legal status. The first expedient of Europe's growing *Financial Interests* was to split the prohibition into a sanction of 'moderate gain' and a prohibition of 'excessive usury'.

As always, the *Usurer's* estimate of *moderate gain* was infinitely higher than any profit a *Farmer* or *Craftsman* could expect. When monetary transactions were beyond the scrutiny of ethics (or of the public) his triumph was assured. It is no coincidence that he secured his victory at a time when religious solidarity was weakened, and the old struggle against injustice had given way to sectarian bitterness.

As long as attention was concentrated on differences within *Christendom*, his vice was less liable to molestation from the *Christian Community*. *Individual Enterprise* was the watchword of the gang of *International Financiers* in whose eyes the doctrine of the *Survival of the Fittest* began to take on the aspect of practical politics, and the precepts of *Justice* or *Charity* were thought of as antiquated restrictions, or relegated to the level of ambulance work. The question, *fittest for what*, was not asked. Unless it is, civilization descends to the jungle.

The *State* tried to curb the internationalists by emphasizing the office of *Royal Exchanger*. In 1601 Malians in the *Canker of England's Commonwealth* talks of the abuse of the exchange but this did not stop the profitable dealings of the *Financial Experts*. The 'natural' exchange had too temptingly developed into 'dry' and the so called *Merchants* were able to bring almost irresistible pressure on the 'absolute' Tudor governments.

The *Government* was in a weak position through its *Debts* and the views of Antwerp (much like those of *Wall Street* today) had the last word. One of the remedies proposed was to have an excess of *Exports* over *Imports* which, in the inverted world of the *Financier*, would bring *Bullion* into England.

From this doctrine the ills that have sprung are innumerable. In the first place, it means that more goods to use are sent out of a country than are brought in. Secondly, the *War for Export Markets* often develops into *Physical War*, and is one of the leading causes of *Modern War*.

Burleigh himself was appointed *Exchanger* in the attempt to nationalize the exchanges, a policy which was to save many from "impoverishing by borrowing on usurie". A goldsmith held the post several times. Italian and English *Financiers* bitterly resented the attempt, and were galled by the tax on their transactions. It was an interference not only with *Liberty of Finance*, but with England's international standing.

The goldsmiths protested that interference would ruin them, and in 1627 were up in arms against Lord Holland for prohibiting "the exchange of gold and silver by unauthorized persons within three miles of London," and in spite of vigorous *Crown* exposure of the effects of "goldsmiths' malpractices," a *Select Committee* of the *House of Commons* resolved that "both patent and proclamation were a grievance."

This, in 1628, was another victory for the *Financial Class*, who were approaching towards supreme power, and shows what the ruling interest in the *House of Commons* was. The *King* in this and other matters was the opponent of the *Money Power*. It was very rash of him.

The *Financiers* brought such pressure, after the prohibition of 1552, that efforts were directed to showing the difference between *Usury* and *Interest*. The vital difference had not so much been this (so liable to quibble) but between *Usury* and *Partnership*, which was henceforth disastrously obscured.

"Usury and trewe interest be things as contrary as falsehed and trewth."

Borrowing is one of the "commodities which issued by the society of man." This is the significant period when moralists' attention was being transferred from *Partnership* to *Interest*, and the way being prepared for objection to usury to be considered a 'monkish superstition'. The *Usurers* desired complete freedom for these financial

operations both from the *Church* (already split and weakened) and from the *State*, which they were in a position to threaten with *Bankruptcy*.

Disturbances in the Netherlands made Gresham look at home for money and to attain this his leading idea was to repeal the *Usury Law* although at first he had Cecil against him. Thomas Wilson spoke with great weight against usury, mentioning the *Fuggers* - a salutary warning indeed - but could not carry the *House*.

Yet, as Tawney points out, the Act of 1571 did not merely abolish that of 1552 and revive that of 1545, but added a clause that gave the *Usurer* no legal security for recovering his usury. It need not be paid even though promised. It could be complained of.

The *Financier* would be fairly content with these provisions for the time being, as the large fish he was playing dare not go back on his bargains and would struggle to borrow themselves out of debt rather than risk cutting off the source of supply by bringing an action.

The *Government* in its attempt to maintain public order did its best to see that the *1571 Act* was administered, *Usurers* were heavily fined, special commissioners were set up, there were a multitude of complaints to attend to. The Council tried to get these matters settled out of court. For example:

“The Bishop of Exeter is advised to induce a *Usurer* in his diocese to show a more Christian and charitable consideration of these his neighbours”.

Generally, however, the *1571 Act* produced anything but hardship for the *Usurer*. There were enough ways for him to make a dead letter of the protection the law tried to give the *Borrower*. Conditions were attached (such as the death of the borrower's son) which were alleged to introduce the element of uncertainty, or the right to repay the loan before the interest was due.

The evidence shows that the *Usurer* got the better of matters when a *Borrower* was rash enough to challenge him in the courts. He contrived such bargains that he obtained a good deal more than the legal ten per cent. Penalties of more than ten per cent, for instance, were exacted for breaking impossible conditions attached to the loan (such as very quick repayment) and the *Christians* of the older school might well complain of damnable bargains. William Fulbecke writing in 1618 upheld the *Catholic* position well into the seventeenth century.

But there was another party, led by Ames etc., who argued on the ‘*interchangeability*’ of *Land* and *Capital*, and stressed *Charity* rather than the *Nature of Money*. These disagreements gave the *Usurer* his chance to throw off the leading strings of morality and to assume his gigantic stature: the position that ‘economics were one thing, ethics another’. *Traditionalists* like Capel⁴⁰ and Holmes⁴¹ still held that usury was wrong in its nature, but the majority of its adversaries argued from the practical and economic effects⁴² of the practice. And the *Usurer* by then was clever enough to demonstrate the expediency of his system.

◀ Chapter 7

▶ Usury and the Church of England ◀

Chapter 9 ▶

⁴⁰ *Tentations, their Nature, Danger & Cure* by Capel (1633).

⁴¹ *Usury is injury* by Holmes.

⁴² *Tract against Usurie Presented to the High Court of Parliament* (1621), and *Usurie Arraigned & Condemned* (1625).