

Devaluing the Scholastics: Calvin's Ethics of Usury

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A diachronic reading of usury theory perceives a linear progression from an economically suffocating and naïve prohibition of lending money at interest, which characterized the medieval scholastic theologians, toward an invigorating and transforming defence of usury that heralded the dawning of the capitalist era sometime in the sixteenth century. On the one hand, we hear repeated the view of eminent scholars in this field, such as Raymond de Roover, who says “the great weakness of scholastic economics was the usury doctrine . . . As time went by it became a source of increasing embarrassment.”¹ On the other hand, even despite the criticisms of Weber’s seminal thesis *The Protestant Ethic and the Spirit of Capitalism*, we are told that of the many shackles that the Reformation loosed, those imprisoning economic freedom and capitalist practice were among the most significant. In particular, we associate the name of John Calvin first and foremost with the liberation of usury from medieval economic thought.

Such a reading would of course be a gross oversimplification. The diversity of scholastic usury theory resists such a narrative, and the question of the socioeconomic circumstances that attended or have been claimed to be the result of Calvin’s teaching in particular are relevant only at the fringes of a theological discussion. Therefore, in order to focus on core theological and ethical arguments in this debate, this article examines Calvin’s usury theory in relation to a key exponent of the medieval scholastic position—Thomas Aquinas. While no clear dependence can be established between Calvin and Aquinas on this topic, both theologians have made a distinct and valuable contribution to the field of usury theory. Choosing Aquinas as the exponent of scholastic usury theory may have the side effect of boosting his status as the rep-

¹I would like to express my sincere thanks to Dr. Joan Lockwood O’Donovan, who supervised my writing of this article. I would also like to thank the United Kingdom Arts and Humanities Research Board for their support of this research as well as the editor and anonymous reviewers of the *Calvin Theological Journal* for their insightful suggestions of ways to improve this article.

¹See R. De Roover, “Scholastic Economics,” *Quarterly Journal of Economics* 69 (1955): 173, where he also provides a standard definition of usury as “any increment demanded beyond the principal of a loan.”

representative “voice of scholasticism.” One should be cautious, however, and acknowledge both the limitations of his economic thought and the subsequent development of scholastic usury theory. Indeed, it has been recently argued that the Franciscans Peter Olivi and John Duns Scotus, “combined evangelical spiritual and moral rigour with an unrivalled level of analytical sophistication, and so may plausibly be regarded as the high-water mark of scholastic economic ethics.”² Our comparison of Calvin and Aquinas, however, is motivated by different reasons. First, the scholastic usury theory that Calvin devalues is represented admirably by Aquinas. Second, he makes groundbreaking use of Grosseteste’s newly available Latin translations of Aristotle. Third, Aquinas coins a significant and enduring argument from the “consumptibility” of money in his attack against usury. Their comparison is therefore both interesting and illuminating.

This article begins by contextualizing this conversation with a presentation of some of the key theoretical prolegomena to Aquinas’ usury theory. These are found in Aristotle and in the medieval discussions of property, natural law, and the just price. This provides a backdrop to the central task of describing and evaluating Aquinas’ and Calvin’s usury ethics from a close reading of primary texts. The underlying intention is to apprehend Calvin’s “devaluation” of scholastic usury theory at three key stages; namely, through his biblical exegesis; his reconceptualization of key terminology; and his distinctive focus upon charity, social welfare, and equity.³ Finally, to introduce Calvin’s innovation in the sixteenth century, we include a brief assessment of the salient features of Luther’s teaching on usury. This presentation highlights Luther’s specific attack on riskless investment together with his conservative treatment of usury as being sinful. Luther’s caution sets the scene for Calvin’s groundbreaking insights.

A Background to Aquinas’ Usury Theory

The apogee of ethical reflection about usury is arguably the cliché and somewhat misrepresentative detail of Aristotle’s so-called doctrine of the *barrenness* of money.⁴ In stark contrast, and much closer to contemporary thought, is Benjamin Franklin’s *Advice to a Young Tradesman*, in which he urges: “remember that money is of a prolific and generating nature. Money can beget money, and its offspring can beget more.”⁵ A selection of Aquinas and Calvin for a com-

²J. Lockwood O’Donovan, “The Theological Economics of Medieval Usury Theory” in *Studies in Christian Ethics*, vol. 14, no.1 (Edinburgh: T. & T. Clark, 2001), 58.

³With regard to equity, Guenther Haas has made an important contribution to usury studies in Calvin in a brief chapter in *The Concept of Equity in Calvin’s Ethics* (Carlisle: Paternoster, 1997), 117-121.

⁴Aristotle, *The Politics* 1258a38, trans. T. A. Sinclair, rev. T. J. Saunders (London: Penguin Books, 1981), 87.

⁵From B. Franklin, “Advice to a Young Tradesman,” cited by G. Harkness in *John Calvin: The Man and his Ethics* (Oxford: Abingdon Press, 1931), 179.

parative discussion thus provides a sharp focus to strategic theological developments that took place in the key centuries between these two poles. These advances shadow the transition from an agrarian, market-based, feudal economy to one of international discovery and trade. This transition lies at the bottom of mainstream economic analysis of this period. Sauer supports this interpretation by showing that “standard treatments of economic history argue that the dominant factor in the capitalistic evolution, which started in the twelfth and thirteenth centuries but which came to full force in the fifteenth and sixteenth centuries was with the change from a natural to a money economy.”⁶ It may therefore seem important to set the early scholastic denunciation of usury under natural, agrarian economic conditions. However, the relevance of this socioeconomic background to a primarily theological discussion is by no means to link Aquinas’ condemnation of usury with the fact that the majority of loans were required for subsistence. Rather, it is merely intended to suggest that by Calvin’s era the accelerated nature of commercial and capitalist practice was such that loans were more often required for investment and innovation. Calvin therefore might have found the scholastic inflexibility over usury theory all the more difficult to relate to his own situation.

Of prior importance in this article, however, is the intellectual prehistory to this debate: the cross-fertilization of ideas that nurtured, framed, and informed the development of usury theory. Our first staging post in such an account is Aristotle. First of all, we note the development of his argument from the *Nicomachean Ethics* to *The Politics*. This impressive sequence of economic thought is cast under the auspices of Justice—the title to book 5 of the *Ethics*. In a central economic discussion in book 5:v 1132b, we find Aristotle’s guiding principle: “It is proportional requital that holds the state together.”⁷ This principle must be evident in the fundamental exchange of goods, produce, or services that constitute the fabric of society and thereby conform these exchanges to justice. In order to facilitate this exchange of goods such as he describes between a builder and a shoemaker, Aristotle posits an aetiology whereby “all products that are exchanged must in some ways be comparable.” He declares that “it is this that has led to the introduction of money, which serves as a sort of mean (or medium of exchange), since it is a measure of everything, and so a measure of the excess and deficiency of value, informing us, for example, how many shoes are equivalent to a house or so much food.”⁸

Aristotle refines this statement by proposing that the standard by which all commodities are measured is in fact demand. Yet, he argues, “by convention

⁶J. B. Sauer, *Faithful Ethics according to John Calvin*, Toronto Studies in Theology, vol. 74 (Lewiston: Edwin Mellen Press, 1997), 209.

⁷Aristotle, *Nicomachean Ethics*, trans. J. A. K. Thomson, rev. H. Tredennick (London: Penguin, 1976), 183.

⁸*Nicomachean Ethics*, 184.

demand has come to be represented by money. This is why money is so called, because it exists not by nature but by custom”—thus illustrating the etymological link between the Greek word for custom or law, *nomos*, and that for currency or money, *nomisma*.⁹ Value is therefore intimately related to demand; exchange must be ordered toward just reciprocity—Aristotle’s guiding principle. “There will be reciprocity, then,” he expounds, “when the products have been equated, so that as the farmer is to the shoemaker, so is the product of the shoemaker to the product of the farmer.”¹⁰ Aristotle presented a flowing image of interdependent concepts in his conceptualization of justice-in-exchange. This highlights his understanding of the basic fabric of society and how it is to be regulated. Money is quite literally the facilitator of *movement* within society: “so money acts as a measure which, by making things commensurable, enables us to equate them. Without exchange there would be no association, without equality there would be no exchange, without commensurability there would be no equality.”¹¹

In the *Nicomachean Ethics*, we find a passing but condemnatory reference to usury in book 4 during an extended discussion of the “right attitude” to money. Here, the moneylender is grouped with others engaged in “illiberal occupations” who receive “more than is right, and not from the right sources.”¹² Yet, Aristotle’s criticism at this stage seems to be one of “social comment,” rather than a philosophical reflection upon the essence of lending at interest. It is later, amidst his polarization of economics and chrematistics, that the singular reference to the famed “argument from sterility” can be discovered. This occurs during his discussion of the “Natural and Unnatural Methods of Acquiring Goods” in *The Politics* 1.9. Aristotle frames his argument by the contrast between “economics,” literally “household management,” and “chrematistics,” the “acquisition of goods/wealth.”¹³ The passage in question is worth citing in full as it contains several important issues that would have lasting significance in the thought of both Aquinas and Calvin:

The acquisition of goods is then, as we have said, of two kinds; one, which is necessary and approved of, is to do with household management; the other, which is to do with trade and depends on exchange, is justly regarded with disapproval, since it arises not from nature but from men’s gaining from each other. Very much disliked also is the practice of charging interest; and the dislike is fully justified, for the gain arises out of currency itself, not as a product of that for which currency was provided. Currency was intended to

⁹Ibid., 184.

¹⁰*Nicomachean Ethics*, 185.

¹¹Ibid., 185.

¹²*Nicomachean Ethics*, 148.

¹³Aristotle, *The Politics*, 1.9 1256b40-1258a14.

be a means of exchange, whereas interest represents an increase in the currency itself. Hence its name, for each animal produces of its like, and interest is currency born of currency. And so of all types of business this is the most contrary to nature.”¹⁴

Of several points raised by this extract—such as the contempt for trade when it is beyond the satisfaction of needs and the reiteration of the purpose of money—the argument against usury claims special status because Aristotle supports his earlier social condemnation with recourse to nature. The etymology of *tokos*—“offspring”—gives weight to Aristotle’s resolute association of money as part of the inanimate, unproductive order. Money by itself can be exchanged for other goods, but it cannot of itself produce anything in excess of its principal. Langholm has rightly focused on this aspect of Aristotle’s account, arguing, “I would suggest that this is perhaps the single most important thing to realise in order to grasp the Aristotelian theory of usury: it was a theory based on the conception of money as coin.”¹⁵

This last point is significant. Money as a symbolic, physical, and inert reality had purpose only as the medium for exchange and the measure of demand for other goods. In many senses, money is valueless in itself and therefore unable to create value by itself. Aristotelian economic thought was the product of a contemplative consideration of certain aspects of justice that were cashed out in the day-to-day transactions of the *polis*, transactions that were necessary for the proper functioning of a household. Such a virtuous social theory did not include practices that were unnecessary, such as the art of chrematistics, or “unnatural,” making usurious a substance intended to facilitate the smooth operations of exchange.

In conjunction with Aristotle, it is possible to identify further three clusters of thought that are intimately related to usury theory. These provide more detail to the background of Aquinas’ thought on the subject; although each section commands a separate literature in its own right. These clusters are property rights, natural law, and the “just price,” and we discuss them only briefly here. Initially, and perhaps chiefly, an understanding of property rights informs two separate aspects of Aquinas’ usury theory. First, property rights underpin the motivation and intention of individuals in commerce: You cannot take advantage of a circumstance that does not belong to you. Second, they prompt his reflection about how the ownership of money ceases in its exchange. Indeed, as Langholm argued,

the connection between property theory and economic theory was a very close and important one in scholastic thought . . . in some of their more central economic texts the two subjects are virtually inseparable. There is

¹⁴Ibid., 87.

¹⁵O. Langholm, *The Aristotelian Analysis of Usury* (Norway: Universitetsforlaget AS, 1984), 60.

nothing remarkable about this relationship. On the contrary, the remarkable thing is the subsequent separation of property theory and economic theory.”¹⁶

It is not astonishing, therefore, that a discussion of property peppers Aristotle’s treatment of economics in *The Politics* 1.8; less still that the whole issue of property defined one of the major scholastic schools—the Franciscans—for whom property ownership necessitated the development of economic circumlocutions by the papacy in order to separate the ownership from the use of their property. Such periphrasis was an example of how scholastic usury theory became a “source of increasing embarrassment” that the Reformers would attack. At the same time, Aquinas overlooked the Stoic model of common ownership, a theme that was strongly present in the Fathers’ vehement condemnation of private property. Lockwood O’Donovan has argued that Aquinas’ treatment of usury “moves more entirely within the ambit of Aristotle’s economic ethic, at the expense of the patristic Stoic-Platonic legacy.”¹⁷ We may therefore note the elevation of individual property rights to a far more prominent place in Aquinas’ system. By contrast, we will note the genesis of the separation of property theory from economic theory in Calvin.

A second important theoretical background to usury theory is natural law. Arguably, this reflection was far more of a guiding principle for Aquinas than for Calvin because Aquinas would assert ontologically that usury is sinful *secundum se* (according to itself).¹⁸ This assertion is an extrapolation of familiar precepts in earlier condemnations of usury, such as the selling of time, that were informed by natural law principles. However, Aquinas does not repeat this older criticism of usury, preferring to develop a new attack of his own. Finally, and directly related to the principle of justice in exchange, is the third issue—the “just price”—*justum pretium*. Caution should be exercised with regard to this last concept because it is a moot point whether one confuses an older sibling of usury theory with its parent, natural justice. Sauer argued that the prohibition of interest-bearing loans was derived from the scholastic principle of the just price. However, it may well be the case that both are children of the same concept.¹⁹

Finally, and to complete a background to the main discussion, we find specific biblical texts in the tradition. These are of fundamental importance to all of our theologians’ problematization of usury. Calvin was arguably the most conscious of these conditional, if not negative, statements. The Old Testament usury (*nesek*) references that are relevant to this paper are Exodus 22:25, Leviticus 25:35-8,

¹⁶O. Langholm, *Economics in the Medieval Schools* (New York: E. J. Brill, 1992), 20.

¹⁷*Ibid.*, 55.

¹⁸Aquinas, *De Malo*, 13.4 reply. For a fuller discussion, see the discussion of Aquinas.

¹⁹J. B. Sauer, *Faithful Ethics*, 198.

Deuteronomy 23:19-20, Psalms 15:5, and Ecclesiasticus 29:1-20. Divine offered a useful categorization of these texts into three groups, distinguishing different emphases upon the limits to Jewish usury practice amongst brethren and strangers and more general condemnations of avarice and greed.²⁰ Insofar as the New Testament is concerned, Luke 6:35, “love your enemies, and do good, and lend, expecting nothing in return,” is an uncomfortably isolated reference. It was repeatedly claimed to prohibit the practice of usury by the scholastics and was radically reinterpreted by Calvin.

Usury theory has therefore both an impressive ancestry and interdisciplinary concerns. To divorce usury theory from its Greek, Hebrew, and, as we will soon observe, Roman intellectual heritage would be as ill advised as discussing it without reference to property rights, natural law, or the just price. The importance of these clusters of thought to all of our theologians’ understanding of usury is undeniable. As such, these indicate the wealth of interdisciplinary issues that are at stake in any devaluation of scholastic usury theory.

Aquinas

While Aristotle’s influence upon the mind of Aquinas was both instant and profound, the absorption of his economic thought was not completed smoothly and in one movement. Having studied the *Nicomachean Ethics* under Albert the Great in Cologne, Thomas would have to wait for Grosseteste’s Latin translation of *The Politics* until his arrival in Paris in the 1250s.²¹ From this point onward, we discover his distinctive argument against usury. Important groundwork had, of course, been laid in advance of Aquinas, not least in the *Summa Aurea*²² of William of Auxerre (d.1231) who was probably the first of the Paris theologians to reap the benefits of Aristotle through Latin extracts from Averroist sources. The bishop of Lincoln, however, furnished Aquinas with the seminal translation. This translation would become notorious due to a crucial error of Greek to Latin translation: Grosseteste translated *chrematistics*, meaning “trade” as opposed to “household management” in *The Politics* 1.9, as *camporia* meaning “money-changing.” Grosseteste thus inadvertently presented Aristotle’s dislike for unnecessary trade as a mere aversion to money changing. Aristotle’s critique would thus be bypassed and a considered embrace of trade by Aquinas and others put in its place.

²⁰T. F. Divine, *Interest: An historical and Analytical Study in Economics and Modern Ethics* (Milwaukee: Marquette University Press, 1959), 5.

²¹Langholm considers this to be fundamental to understanding Aquinas’ economics because he espoused an immature argument based upon the *Ethics* that usury “diversified the measure” in his *Commentary on the Sentences*, 3:37, which following the incorporation of *The Politics* would disappear from scholastic usury theory. See *The Aristotelian Analysis of Usury*, 82.

²²Langholm certainly views the *Summa Aurea* as “the single most influential contribution to economics prior to the *Summa Theologica* of Thomas Aquinas” in *Economics in the Medieval Schools*, 64.

Aquinas' innovative attack against usury lies in his argument about the *consumptibility* of money. This thesis has three key movements: first, that money is a token of value that is intended to act as a measure of exchange to facilitate the trade of goods; second, that money is "sunk in exchange" or is consumed in the act of exchange; and third, that the use of money cannot be separated from its substance. In order to grasp a key conceptual premise to this argument, we note one final element in the background to Aquinas' thought. This lies in the Roman legal contract of *mutuum* or "loan." The spurious derivation of the word *mutuum* from the passage of ownership from something that is mine (*meum*) to something that is yours (*tuum*) of course reveals the importance of *property rights* as the substructure to a theory of loans. Ownership of the article being loaned is seen to be the fulcrum of the exchange. The *mutuum* contract concerned itself with the legal category of "fungibles"—goods that can serve for or be replaced by goods of a similar description because they are consumed in their use.²³ These goods also imply exclusive ownership and provide the legal background to Aquinas' usury theory. It is also worth noting how the *mutuum* contract is to be distinguished from various other Roman legal contracts. These distinctions mark careful differences between types of commercial engagement, such as the *locatio*, a lease contract, or a *societas*, a business partnership. Aquinas displays acute commercial acumen as he clearly differentiates these categories in his discussion of commerce and usury in the *Summa* (2a2ae qq. 77-78). However, by the time that Calvin examines the practice of loaning money at interest, elisions among *mutuum*, *locatio*, and *societas* are arguably rife.

From this basis and context of the *mutuum* contract, we perceive Langholm's insight that "what lies at the bottom of the consumptibility argument is the sterility of money, or, to be more precise, the sterility of all those things which can be the objects of a *mutuum*."²⁴ Langholm argued incisively that Aquinas had distanced himself from the somewhat intellectually questionable Aristotelian argument (about the sterility of money as coin) by this move to focus upon the consumptibility of the objects in question.²⁵ By exposing the fine detail of Aquinas' usury theory, it is intended to clarify and evaluate Aquinas' association between the ownership of a fungible good and the consumptibility of money. As Langholm put it with great clarity: "the point of the ownership argument is that money is consumed in use. As Thomas Aquinas put it originally, money and other objects of a *mutuum* have no use separate from their substance hence to pay for their substance and their use as well, is to pay twice."²⁶

²³See Gratian's *Institutes*, 1.3., tit. 15, a translation of which is provided by A. Beck in "Usury and the Theologians," *The Dublin Review*, vol. 203 (London: Burns Oates & Washbourne, 1938), 81.

²⁴Langholm, *Economics in the Medieval Schools*, 244.

²⁵Ibid., 248.

²⁶Ibid., 588.

One of the substantial primary texts where usury is explicitly examined is the *De Malo* (On Evil).²⁷ The context of the discussion is question thirteen, *De Avaritia* (On Greed), in the lengthy fourth article “whether to lend at usury is a mortal sin.” The fact that Thomas discusses usury within the context of greed highlights his continuity with the patristic approach. However, Aquinas marks key differences with this tradition by focusing the discussion with Aristotelian concepts. In his detailed reply, Aquinas makes clear his argument against the selling of both the use *and* the substance of money in a loan. He explores those things that are consumed in their use, such as wine or bread, and those that are not, such as a house; thereby delineating the indistinguishability of ownership and use in the case of fungibles and a legitimate separation of ownership and use in the *locatio* of a house. The argument builds toward his assertion, “now the use of money, as it has been said, is nothing other than its substance, therefore either the lender sells something which doesn’t exist, or he sells the same thing twice, namely the money itself whose use is its consumption, and this is manifestly against the principles of natural justice.”²⁸ The reply closes with a recapitulation of a remark made at its beginning: to lend money at usury is *secundum se*—a mortal sin because it contravenes natural justice. This argument also applies to other goods whose substance is consumed in their use, such as wine and wheat.

In addition to his extended discussion in *De Malo*, Aquinas devotes two questions to economic matters in the *Summa Theologiae* (2a2ae qq. 77, 78), where he remains faithful to Aristotle’s architectonic of discussing economics as part of justice. The content of his instruction on economic matters reveals that the “angelic doctor” had a reasonably coherent and sophisticated understanding of medieval business practice. The key to unlocking Aquinas’ discussion in these two questions is to read question 77 “of cheating which is committed in buying and selling” as a conceptual preamble to the discussion of “the sin of usury which is committed in loans.” Aquinas’ argument revolves around the dual concepts of the *intention* of the actors in exchange and the *right* of each actor to make use of the circumstances that affect either party; thereby adjusting the price of goods or withholding details of certain faults or damage. In his reply to question 77, Aquinas faithfully recites Aristotle’s aphorism that money was invented for the purpose of measuring the value of an object before he proceeds to the main debate concerning a transaction that may tend to benefit one party or another and how, if at all, this should affect the price of the goods.

Two questions are fundamental to his resolution of this issue as well as to usury: first, what *actually* as opposed to *potentially* exists, and second, to whom does an advantage *belong*? In other words, what are the quantifiable, tangible

²⁷ *Sancti Thomae De Aquino Opera Omnia*, vol. 23 (Rome: Commissio Leonina, 1982).

²⁸ *usus autem pecuniae ut dictum est non est aliquid quam eius substantia, unde vendit id quod non est vel vendit idem bis, ipsam scilicet pecuniam cuius usu est consumptio eius, et hoc est manifeste contra rationem iustitiae naturalis.*”

factors in an exchange, and who owns the intangible factors? The second question is answered by Aquinas' argument:

If one man derive a great advantage by becoming possessor of another man's property, and the seller be not at a loss through being without that thing, the latter ought not to raise the price, because the advantage accruing to the buyer, is not due to the seller, but to a circumstance affecting the buyer. Now no man should sell what is not his, though he may charge for the loss he suffers.

Property rights, here relating to nontangible goods, i.e., the circumstances affecting parties involved in a transaction, impose restrictions on the pricing of goods and ensure that the exchange remains within the bounds of the equality of justice. When this argument is transferred into a discussion of usury in his *Commentary on the Sentences* (3.37.6 ad 4), we note how Aquinas refutes the charge that should a borrower make more money from his loan, he would be obliged to repay greater than the original principal. The logic is the same: Circumstances affecting one member of an exchange, in this case the borrower's industry or financial acumen, have no bearing upon the other party. Property rights are therefore a positive notion for Aquinas, although he refocuses our attention on a different type of fungible: money.

To conclude this evaluation of Aquinas' usury theory, we return to the contribution of the *Summa Theologiae*. Specifically, we dwell upon the important and delicate question concerning the loss sustained by a creditor in the act of lending. While this is not technically part of Aquinas' usury theory, we contend that it is an essential feature of the scholastic position that Calvin will devalue. The prehistory of economic reflection by the Roman civil lawyers had produced a fine distinction regarding extrinsic entitlements to compensation. This is indicated by two separate legal categories. The central concern of usury has less to do with *damnum emergens*—the case for compensation occasioned by late repayment of a loan—than with *lucrum cessans*—the case for compensation for a lost opportunity for profit. This implies that the lender had alternative investment opportunities that would have returned a profit. Aquinas' teaching on this subject is indicative of refined scholastic opinion witnessed by his ready acceptance of the former entitlement to compensation and stubborn rejection of the latter title.

The basis for his argument answers the first of the two questions that we raised earlier: What are the actual factors of trade, and what are potential and subject to the vagaries of commerce? He argues in 2a2ae 78.2.ad 1:

A lender may without sin enter an agreement with the borrower for compensation for the loss he incurs of something he ought to have But the lender cannot enter an agreement for compensation, through the fact that he makes no profit out of his money: because he must not sell that which he has not yet and may be prevented in many ways from having.

The first part of the reply details the contractual obligation that is understood in the case of *damnum emergens*, and the latter half is a resolute rejection of *lucrum cessans*. There is to be no compensation for missing out on an alternative investment opportunity because any profits from that venture, quite simply, may never have come about. Aquinas' argument would perhaps apply most legitimately to an agrarian economy whereby agriculture remained a common investment opportunity and one that was very much subject to uncontrollable factors. This socioeconomic consideration will have radically altered by Calvin's time when return on investment either through financial support of international trading or the expansion of retail activities were prospects that carried less and less risk and promised greater and greater returns. Recent events in the global economy, however, serve to emphasise the wisdom and continued relevance of Aquinas' argument.

Aquinas' does not, of course, rule out the prospect of "ethical" profit as is shown by his description of the *societas* in 78.2 ad 5. Here, he outlines the implications of investing money with a craftsman and yet retaining the ownership of the money. This differs from the more usual practice in which ownership passes unconditionally:

he that entrusts his money to a merchant or craftsman so as to form a kind of society, does not transfer ownership of his money to them, for it remains his, so that at his risk the merchant speculates with it, or the craftsman uses it for his craft, and consequently he may lawfully demand as something belonging to him, part of the profits derived from his money.

Risk and the retention of ownership are therefore the distinguishing features of the *societas*. These justify the possibility of receiving more than the original sum invested. Finally, should you be concerned about the loss of potential profit upon your capital, Aquinas contends in *De Malo* 13.4 ad. 14 that you should not have entered into the loan situation, "for he who lends money ought to protect himself lest he incur a loss, nor ought he who takes a loan incur loss through the stupidity of the lender."²⁹

The resounding image of many features that distinguish Aquinas' critique of usury in the late thirteenth century is his sustained presentation of the argument about the consumptibility of money: the coidentification of its substance and use coupled with the unconditional transfer of ownership (both actual and potential). Upon this substructure, Aquinas set his related condemnation of the practice of *lucrum cessans*, while showing himself to be sensitive to the practice of *societas* by acknowledging the role that risk must play in investment. Further, it is important to note his happy acceptance of an Aristotelian framework to economic discussion under the umbrella of "justice in exchange." More significantly, it is important to be clear about his extension of the Aris-

²⁹" *debet enim ille qui pecuniam mutuavit sibi cavisse ne detrimentum incurreret, nec ille qui mutuo accepit debet damnum incurrere de stultitia mutantis.*"

totelian concept of the sterility of money into the consumptibility of money in exchange and the sterility of fungible goods. Finally, through the progress of his arrangement in the *Summa Theologica* from trade to usury, we note the importance of the intention of the actors in commercial transactions and their obligations to one another informed by the principle of justice. The critique of unjust sale and the practice of usury are intimately related. This discussion, however, has not been uncritical of Aquinas' arguments: His intellectual creditors have been acknowledged, and his successors signalled. Further, the peripheral question of Aquinas' *Sitz* has been exposed to address the relationship of his innovative usury theory to the root innovation of a time of predominantly agrarian concerns.

Luther

Calvin's devaluation of scholastic usury theory is brought into focus by illustrating how Luther, responding innovatively to the theological inadequacy of scholastic thought in so many other important ways, failed to reach the conclusions about usury that Calvin himself would expound. The German Reformer adheres to an uncompromising critique of usury; thus, Luther's conservatism serves to highlight Calvin's innovation.

A brief survey of secondary commentators' opinions of Luther's economic competency reveals an almost unnerving consensus that is far from favorable.³⁰ Some are perhaps guilty of certain historical anachronisms in their assessment of Luther. Consequently, they are arguably accountable for the inflation of Calvin's economic ability to an almost precious level. For example, McGrath maintained that "[T]he fact that Luther's economic thought—if one can dignify it with such a title—was hostile to any form of capitalism largely reflects his unfamiliarity with the sophisticated world of finance then emerging in the great free cities."³¹ Luther's economic ability was thus jejune and uncritical of centuries-old scholastic and canonical teaching. No doubt these opinions are by and large correct, although Luther's own socioeconomic background and audience are perhaps not taken into consideration more often. The primary intention in this brief presentation of Luther's thought is to give Calvin center stage by illustrating how Luther adhered to a longstanding critique of usury that was about to be radically revised. Nelson captured this assessment in rather more apocalyptic language:

within less than three decades after the day when Luther stood before the boy Emperor at Worms, there occurred a fateful desertion of a principle

³⁰See, for example, R. Gill, ed., *A Textbook of Christian Ethics*, 2^d (Edinburgh: T. & T. Clark, 1995), 176; Divine, *Interest*, 68; R. H. Tawney, *Religion and the Rise of Capitalism* (Penguin, 1990), 112.

³¹A. E. McGrath, *A Life of John Calvin* (Oxford: Basil Blackwell, 1990), 231. McGrath also paraphrases the opinion of C. M. Jacobs and W. I. Brandt, translator and reviser respectively of *Luther's Works*, vol. 45 (Philadelphia: Fortress Press, 1962), 233.

which had claimed the allegiance of men in the Judaeo-Christian tradition for more than two millennia, the principle that the taking of interest from a co-religionist was utterly antithetical to the spirit of brotherhood.³²

The vast majority of our record of Luther's teaching on usury dates from the beginning of his public career. He delivered a *Short Sermon on Usury* in November 1519 that was published in 1520. This was reprinted with his treatise on trade and published in 1524 as the complete treatise, *On Trade and Usury*.³³ The distinctive feature of Luther's understanding of usury and his ethical critique lies in his concentration upon the factor of risk and his utter contempt for those who become rich without any effort of their own. Scholastic arguments, however, permeate his 1524 treatise. The Fathers' and Aquinas' voices are almost audible as Luther condemns those who "consider not the value of the goods or what his own efforts and risk have deserved, but only the others man's want or need."³⁴ There is also no doubt that Luther tailored this treatise to the predominantly rural economies of his day as his advice on how to determine how much profit one ought to take is egalitarian: "there is no better way to reckon it than by comparing the amount of time and labour you have put into it, and comparing that with the effort of a day labourer who works at some other occupation and seeing how much he works in a day."³⁵ This advice is characteristic of Luther's social ethic whereby "borrowing would be a fine thing if it were practised between Christians, for every borrower would then willingly return what had been lent him and the lender would willingly forgo repayment if the borrower were unable to pay."³⁶

In the earlier *Long Sermon on Usury*, Luther anticipates a key exegetical step—that Calvin will announce clearly—through his interpretation of the isolated reference to usury in the New Testament in Luke 6:35. Luther maintains that what Jesus intended was "that we should lend not only to friends, to the rich, and to those we like, who can repay us again by returning the loan, or by lending to us, or some other favour; but that we lend also to those who are unable or unwilling to repay us, such as the needy and our enemies."³⁷ Luther has not, however, loosed himself from the traditional scholastic criticisms as he details three reasons to censure usury including the charge that charging for a loan is contrary to natural law: "it is clear that such lenders are acting contrary

³²B. Nelson, *The Idea of Usury: From Tribal Brotherhood to Universal Otherhood* (Chicago: University of Chicago Press, 1969), 29. Nelson's distinctive thesis is that Calvin's rejection of the Deuteronomical usury prohibitions "charted the path to the world of 'Universal Otherhood' where all become brothers in being equally others," 73.

³³All quotations are taken from *Luther's Works*, vol. 45.

³⁴*Luther's Works*, vol. 45, 248.

³⁵*Ibid.*, 251.

³⁶*Ibid.*, 258.

³⁷*Ibid.*, 291.

to nature, are guilty of mortal sin, are usurers, and are seeking in their own profit their neighbour's loss."³⁸ However, Luther's last point reflects a concern with avarice, which Calvin will certainly amplify.

The resounding tone of Luther's homily is struck out of his marked reaction against the historical practice of *zinss kauff*—literally “the purchase of rent.” This was a supposedly nonusurious arrangement whereby a creditor purchased an income by giving money to an individual who would effectively repay the loan plus interest. Luther argued: “This practice involves a pretty pretence by which a man can seemingly without sin—burden others and get rich without worry or effort . . . this slippery and newly-invented business very frequently makes itself an upright and loyal protector of damnable greed and usury.”³⁹ Luther seethed against this practice whereby not only were you able to get rich without worry or effort, but also he maintained, “in a transaction of this sort, the buyer finds goods always on hand; he can do business if he is sitting down or is sick . . . you cannot make money just with money.”⁴⁰ His tirade against the idle enrichment of practitioners of *zinss kauff* is supported by an ethical argument about risk that Lockwood O'Donovan has argued “occupies the pivotal place in Luther's usury theory that the arguments about selling time and the consumptibility of money occupy in the early scholastic and Thomist theories.”⁴¹ Luther's final move is to differentiate investment and the purchase of a *zinss kauff* in a thoroughly Thomist way. Luther contended,

money engaged in business and money put out at *zinss* are two different things, and the one cannot be compared with the other. The latter has a base which is constantly growing and producing profit out of the earth without any fear of capital losses; while there is nothing certain about the former, and the only interest it yields is accidental and cannot be counted on.⁴²

By all accounts, Luther lacks a sophisticated macroeconomic knowledge of European finance, but this was probably irrelevant to his own socioeconomic situation. His raw intelligence nevertheless pierced the soft underbelly of avaricious economic practice through a social critique of unearned income and an economic attack against riskless investment. Luther's conservative stance on usury is relevant to the comparison of Aquinas and Calvin, for it provides a snapshot of sixteenth century thought that bears a close similarity to medieval scholastic teaching. Calvin's treatment of usury is, therefore, all the more significant.

³⁸Ibid., 292.

³⁹Ibid., 295. *The zinss kauff* or “rent sale” as Brandt explains on pp. 235-36 concerned the technical sale of a piece of land in return for a guaranteed income in such a manner as to avoid usury prohibitions.

⁴⁰*Luther's Works*, vol. 45, 299.

⁴¹O'Donovan, “The Theological Economics of Medieval Usury Theory,” 63.

⁴²*Luther's Works*, vol. 45, 301.

Calvin

So much has been attributed to Calvin's—and more importantly to Calvinism's—influence over the course of Western economic thought that it is hard to approach an evaluation of his work without a sense of great expectation. Indeed, with regard to our present concern, the reality of the matter is certainly sophisticated and innovative, although perhaps less voluminous than one would expect. However, a close reading of Calvin's limited references to usury reveals the wealth of his understanding and his innovative approach to an issue that had stigmatised medieval economics, eluded Luther, and remained at loggerheads with the burgeoning economic expansion of this period.

A discussion of how Calvin addressed the theological and ethical content of scholastic usury theory is not primarily concerned with the detail or implications of the Weber-Tawney thesis. However, any treatment of this kind cannot fail to acknowledge the relationship of the socioeconomic situation to Calvin's social ethic and, in particular, to his usury ethics. At the same time, it is important to bear in mind this article's underlying concern to describe and assess Calvin's devaluation of the scholastic treatment of usury, as represented in particular by Aquinas, through his biblical exegesis; through his reconceptualization of key terms; and through his distinctive focus upon charity, social welfare, and equity. Yet, to do justice to the attendant socioeconomic discussion, the following comments intend to put his theological and ethical justification of a previously forbidden practice into a certain historical perspective.

In stark contrast to the popular opinion that Luther's economics were intellectually unsatisfying, Calvin is readily presented as a veritable “old hand” in financial matters. This financial acumen is present in a key primary text *De Usuris* (On Usury) of 1545. In this era, McGrath maintains,

Calvin's willingness to allow a variable rate of interest shows an awareness of the pressures upon capital in a more or less free market. The ethical interests served by such a prohibition could in any case be safeguarded by other means. Furthermore, he was aware of the importance of generating new industries through injection of capital, as is evident from his lobbying for a state sponsored cloth industry in the 1540s.⁴³

It is also recorded that in 1543 Calvin chaired a committee that investigated interest rates, which recommended to the Little Council an upper limit of 5 percent.⁴⁴ This historical detail provides a good background to Calvin's writings on usury. Yet, it is important to acknowledge the seminal research of André Biéler who warned both against the anachronistic nomenclature of Calvin's “economic thought” and an undue emphasis upon what was not the most developed aspect of his theology. Above all else, as Biéler urged: “it was not pos-

⁴³McGrath, *A Life of John Calvin*, 231.

⁴⁴Sauer, *Faithful Ethics*, 176.

sible to speak of the economic and social thought of Calvin without linking it to the theological premises upon which it rests. To uproot it from its foundations would have been quite simply to betray its author.”⁴⁵

To conclude this brief statement of the peripheral socioeconomic question together with Biéler’s argument, the conclusion reached by Divine serves excellently to keep a proper focus upon the ethical and theological debate. Divine has captured the relevance of the historical issues nicely by suggesting, “Calvin’s approach to the problem of interest was that of the father of an urban movement writing in the environment not of a self-sufficing economy of peasant farmers and small craftsmen and traders but of large and prosperous cities that knew the advantages of large scale commercial enterprise.”⁴⁶ This pertinent observation suitably captures Calvin’s *Sitz*—and by a polarized contrast, Luther’s—in order for this discussion to move toward its theological essence. Whether or not economic prosperity was the midwife of Calvin’s teaching on usury or vice versa is both a very interesting but ultimately misleading diversion from the central tenor and quality of Calvin’s arguments.

Calvin wrote explicitly on the subject of usury in his 1545 letter to “one of his friends” known to be a certain Claude de Sachin. This letter constitutes, along with a few references in his commentaries, the sum total of his “interest in interest.” Clearly, this issue remained urgent and topical. Rapid economic growth exposed the need for either a restatement of the church’s official position, subtle modification and reinterpretation of it (in favor of capitalist activity), or, as in Calvin’s case, a genuinely *theologically* informed revision. At the same time, it was a relatively minor ethical debate compared to weightier matters of theology and the absence of any comment on usury, it would seem, in the *Institutes of the Christian Religion*.

One of the most striking aspects of *De Usuris* is his cautious introduction.⁴⁷ He begins: “I have not yet experimented but I have learnt by the example of others how perilous it is give a reply to the question about which you ask my advice: because if we so completely forbid usuries we bind consciences with a tie more strictly than God himself.” Calvin is fully aware of opening the floodgates to usurious practice on the one hand, but the reason why his initial caution is striking is in order to emphasise his first substantial and unambiguous point that “there is no witness of scripture by which all usury is totally forbidden.” Man has no business in deciding matters that God himself has not revealed though Scripture. This argument is characteristic of a common Reformation

⁴⁵“Il n’était pas possible de parler de la pensée économique et sociale de Calvin sans la rattacher aux prémisses théologiques sur lesquelles elle repose. La détacher de ses fondements eût été tout simplement trahir son auteur.” A. Biéler, *La Pensée Économique et Sociale de Calvin* (Geneva: University of Geneva 1959), xiii.

⁴⁶Divine, *Interest*, 87.

⁴⁷All quotations are my own translations from the sixteenth-century French text provided by J. B. Sauer, “Appendix Two,” in *Faithful Ethics according to John Calvin*, 255-58.

concern to found theological doctrine and ethical practice *evangelically* and thereby avoid the danger of creating an over-scrupulous conscience that is misinformed and believes in salvation by works. Calvin therefore proceeds swiftly to tackle the *locus classicus* of scriptural prohibition in Luke 6:35 by an appeal to the immediate context of the passage and indeed the broader setting in Luke; for example, regarding inviting the poor, the maimed, the lame, and the blind to a banquet in Luke 14:13-14 simply because they are unable to “return the same.”⁴⁸ In a matter of a few words therefore Calvin sweeps aside centuries of standard interpretation through an exegesis informed by considerations that reveal his socioeconomic agenda of welfare provision: “but moreover,” Calvin urges, “we must help the poor for whom money is at risk.”

What then of the Old Testament prohibition in Deuteronomy 23:19, “you shall not lend upon interest to your brother”? This law, Calvin states, “is political and has no more bearing upon us now than equity and human reason carry. Of course it would be good to desire that usurers were expelled from the entire world and that the name became unknown. But since that is impossible we must submit to a common utility.” This argument is quite extraordinary in some respects because Calvin appears to state an admonition that is contrary to the permission that he has just granted. Why should it be good to desire the expulsion of usurers if their activities are not against the Word of God, and who is Calvin to pronounce upon what God has not? It certainly seems as if Calvin is somehow exposed here in an attempt to please all parties concerned, by permitting usury on the one hand and yet wishing it did not exist on the other due to the greed and exploitation that invariably accompanies the practice. What is also striking is how Calvin seems to relegate usury to a secular field as he takes recourse to “common utility”—an arguably nontheological justification—in his defence. Further on, Calvin creates a more sophisticated philological argument, displaying his knowledge of Hebrew, to attack erroneous interpretations of Psalm 55:12, which tries to suggest that usury is intended by the psalmist. Ultimately, his central argument against the seemingly robust testimony of the Old Testament is due to the radically different political situation that the Jews experienced, which compared to Calvin’s own time “has no point of similarity.” For this reason, Calvin does not see why usury should be condemned unless it is contrary to “equity or charity.” This last statement, as we will make clear below, captures the heart of Calvin’s theological defence of usury that rests upon the golden rule of Matthew 7:12.⁴⁹ This fact refutes the charge that he has made usury a secular matter.

⁴⁸In this respect, the above presentation of Luther’s theory highlights certain similarities to his exposition of Luke 6:35 as he was also concerned by the humbling appeal of this verse. See above.

⁴⁹I am grateful to one of the anonymous readers for drawing my attention to Haas, in particular, on this point. His argument is, “it is the principle of equity that allows Calvin to analyse the social and economic realities of his day, that transcends a rigid biblical literalism and that liberates the Christian conscience,” at 121.

The devaluation of the arguments from the Old Testament suggests a historical critical hermeneutic that succeeds in liberating consciences from being unduly oppressed by an absolute ban upon a practice that Calvin acknowledges has a certain “common utility”—even if there is some tension in his argument. In any case, Calvin is confident that there is no evangelical ban upon the practice of usury as he uncovers the root concern of the Lucan narrative: charity. In so doing, Calvin has devalued a second and fundamental scholastic teaching that usury was sinful *secundum se*—an important feature of Aquinas’ position. There is more to this argument than simply the lack of a divine prohibition because Calvin constructs his understanding of the sinfulness of usury upon the concepts of equity and charity. These two concepts have a strong continuity with the scholastic approach when they are taken together as a pair. Calvin, however, brings out the independence of the two concepts as he builds his argument toward the core of his innovative approach in the theme of mutual benefit.

Yet, before Calvin details the social policy of this letter, he engages with Ambrose and Chrysostom, who are representative for Calvin of the Aristotelian argument against usury from the sterility of money. This paragraph is marked by Calvin’s impatience with what he considers to be childish arguments: “The reason that Ambrose and Chrysostom suppose is too frivolous in my opinion: to realise that money does not father money.” Later, in similar fashion, he will repeat his distaste for this argument by stressing, “Indeed, I concede that *children* perceive that if you shut money up in a box it will be sterile.” The scholastic argument being of course that money even outside of a box was sterile.⁵⁰ Calvin is by no means blind to the reasoning that the value of money is not to be found in itself but through its yield or use. Therefore, he bangs the drum of rational arguments in classic humanist rhetorical style: “one would be at liberty to rent out a field imposing a charge, and yet it would be illegal to take some fruit from money? What? When does one ever buy a field thinking that money does not father money?” At this point Calvin’s dismissal of scholastic arguments is seen to be somewhat cavalier and possibly detrimental to the central tenor of his own argument. His conflation of the scholastic distinction between a *locatio* and *mutuum* is such that he seems to bypass the importance of property rights, which underpin the scholastic system. Calvin asserts a moral equivalence between an entitlement to rent from leasing a field and an entitlement to interest from lending money. In the place of ownership, Calvin has made the issue of the productivity of money central as he moves the debate away from a complicated legal sphere to a more transparent moral sphere. Insofar as Calvin is concerned, because the value of money comes from its employment and human industry, if someone is prepared to borrow, they ought to be prepared to repay more than the principal.

⁵⁰Langholm, *The Aristotelian Analysis of Usury*, 105.

The neglect of property rights is evident in the fact that for Calvin the lender continues to own his money after it has been lent out. Furthermore, the criterion of risk in legitimate profit-making, which was made pivotal by Luther, is entirely absent from the discussion. As for the Thomist argument about the consumptibility of money, it would appear that a wedge has been driven between the substance and use of money and the understanding that money as a token of exchange, which is consumed in the very act of exchange, is an understanding that no longer holds currency. Calvin has given money a certain independence as he equates the economic equivalence of lending or investing that ensures the perpetual motion of money in an economy.

Calvin's innovation in usury theory however is clearly visible not only in his exegesis of the key texts but also in his announcement that the rule of mutual reciprocity or benefit should be the litmus test for any ethical judgment of usury. In *De Usuris*, Calvin ends his discussion of the biblical evidence and the traditional arguments by stating: "I now conclude that one must not judge usuries according to some certain and particular pronouncement of God but only according to the rule of equity." To clarify this emphasis, which is dependent upon Matthew 7:12 for its theological content, it may well be useful to bear in mind the secular concept of proportional reciprocity that is interestingly somewhat reminiscent of Aristotle's framework in book 5 of the *Nicomachean Ethics*. Calvin hypothesises a situation where two individuals are able to mutually benefit each other through usury.⁵¹ In so doing, he highlights the economic similarities between buying land for the purpose of gaining an income through renting it out, and lending money for the purpose of receiving interest. According to Sauer:

Calvin moves the issue from the level of common sense, which sees these as two fundamentally different operations from the horizon of the observer . . . to a theoretical differentiation where the two operations are fundamentally identical to each other. The theoretical horizon is the horizon of money in use for producing an income. . . . The distinction that Calvin has made is between transactions for consumption and transactions for production. This is a profound theoretical differentiation.⁵²

Unfortunately, it is perhaps not quite so obvious to appreciate the sense of profundity that Sauer experiences in his outline of Calvin's theory. This is due to the weakness of Calvin's hypothetical situation where the exchange is uniquely empowered by good-natured and mutually advantageous economic incentive. In other words, his theory would only work in rare "win-win" propositions. Calvin has moved the debate away from both theology and law and toward the economic equivalence of operations in the market. Money is no

⁵¹The scholastics, of course, were far from unaware of the idea of mutual reciprocity, but Calvin marks new ground in applying this argument to usury theory.

⁵²J. B. Sauer, *Faithful Ethics*, 188 n.100.

longer sunk in exchange; it is active and fertile, perpetually in use. It earns a return either in lending at interest or through investing and leasing. The situation that Calvin describes is more akin to the *societas*, albeit without the scholastic requirement of risk, and yet he makes it relevant to usury. However, one of the chief achievements of Calvin's account is to distance a justification of mutual benefit through usury or commerce from a proper focus upon *charity*. This captures the meaning of Luke 6:35, thereby giving this virtue its own powerful voice.

The consistency of Calvin's thought on this topic is impressive. The other main references to usury, found in his commentaries upon various books of the Bible, illustrate the clarity of his understanding on this delicate matter. Regarding the contentious verse in Luke 6:35, Calvin's *Harmony of the Gospels* reiterates his unambiguous position: "This utterance has been wrongly attribute to usury . . . the phrase 'hoping for nothing again' is wrongly taken as a reference to interest."⁵³ His fifty-fourth lecture on Ezekiel 18:5-9, in which he comments on Deuteronomy 23:19, repeats the exegetical stance of *De Usuris* to highlight the political nature of the prohibition.⁵⁴ This enables him to mark a more fundamental theological argument that usury is in fact not against God's law. Calvin argued, "If then we wish to determine whether interest is unlawful we must come to the rule of the law, which cannot deceive us: but we shall not find all interest contrary to the law, and hence it follows that interest is not always to be condemned."⁵⁵ One can almost hear Calvin drawing his breath after such a statement; perhaps conscious that his teaching could be interpreted in a licentious manner. Therefore, he is quick to remind his audience that "the usurer is certainly an illiberal trade, and unworthy of a pious and honourable man."⁵⁶ Again, as in *De Usuris* above, this seems to reflect a certain undermining of his argument as Calvin seeks to be "all things to all men."

This tension is resolved in our final primary text. Calvin addresses another *locus classicus* of usury condemnation, Psalm 15:5, where he must deal with the fact in his own words, "David seems to condemn all kinds of usury in general and without exception."⁵⁷ His answer to this seemingly unequivocal statement centers on the rule of equity in exchange: "there is no worse species of usury than an unjust way of making bargains, where equity is disregarded on both sides. Let us then remember that all bargains in which the one party unrighteously strives to make gain by the loss of the other party, whatever name may be

⁵³John Calvin, *A Harmony of the Gospels: Matthew, Mark and Luke*, vol. 1, trans. A. W. Morrison (Edinburgh: Saint Andrew Press, 1972), 197.

⁵⁴John Calvin, *Commentaries on the Prophet Ezekiel*, vol. 2 (Edinburgh: T. Constable, 1850), 226.

⁵⁵*Ibid.*, 226.

⁵⁶*Ibid.*, 227.

⁵⁷John Calvin, *Commentary on the Book of Psalms*, vol. 1 (Edinburgh: Edinburgh Printing Company, 1845), 212.

given to them, are here condemned.”⁵⁸ Ultimately, Calvin’s final word on the subject relates to neighbourly love. This arguably reveals that his account of usury is only a by-product of his primary concern to implement and enforce justice in exchange. Citing Leviticus 25:35-7, Calvin concludes,

we see that the end for which the law was framed was that men should not cruelly oppress the poor, who ought rather to receive sympathy and compassion. This was, indeed, a part of the judicial law which God appointed for the Jews *in particular*, but it is a common principle of justice which extends to all nations and to all ages, that we should keep ourselves from plundering and devouring the poor who are in distress and want. Whence it follows that the gain which he who lends his money upon interest acquires, without doing injury to anyone, is not to be included under the head of unlawful usury.⁵⁹

His final word on the subject, for which he is often remembered, is an appeal to Matthew 7:12, the so-called golden rule according to which *modus vivendi* Calvin says “it would not be necessary to enter into lengthened disputes concerning usury.”⁶⁰ Of course the golden rule, as the summary of the natural law, was far from absent in the work of both Aquinas and Luther in relation to just practice in exchange. Calvin has given this timeless principle an important and specific application through his creative perspective on usury.

To frame this assessment of Calvin’s devaluation of the scholastic theory of usury it is of benefit to return to his most distilled treatment in the treatise *De Usuris*. The earlier exposition and analysis stopped short of the closing section of the text to allow for the incorporation of material from his biblical commentaries. The letter closes by listing seven exceptions to the practice of usury. However, it is not necessary to list them all to understand the thoroughgoing concern that he has for the equitable treatment of the poor in accordance with the “rule of Christ.” Calvin states that the practice must be biblically informed and conscious of its impact upon the public benefit and with respect to the law of the land. Calvin therefore seems to chart an almost pragmatic approach to usury. Perhaps it was more in the interests of social welfare that Calvin transferred what could be seen already as a “double standard” of the Deuteronomic prohibition of Deuteronomy 23:19-20 (whereby Jews could lend at interest to foreigners but not among themselves), into one of his own time, whereby it was ethical for the rich and the shrewd to lend amongst themselves at usury but not between the rich and the poor. However, this double standard is a front to the thoroughgoing exhortation to justice in exchange and to charity that Calvin insisted upon. Here, it is possible to understand the tensions in his thought, which were highlighted above, between his legitimating usury and his

⁵⁸Ibid., 212.

⁵⁹Ibid., 213-4; my italics.

⁶⁰Ibid., 214.

desire to banish usurers from the land, for Calvin is acutely aware of the sinful proclivity of humankind to exploit and gain through the loss of others. The medieval concern to fight against avarice is thus very much present in Calvin.

Conclusion

Calvin's brief but sustained approach to usury theory is constructed on a close biblical exegesis that owes much to philological discipline and a historical-critical method, which is characterized by an internal consistency. He faces up to stark condemnations of usury in the Old Testament, and marks a clear distinction between the political circumstances of the Jews and those of sixteenth-century Geneva. The two situations have no similarity he contends, and therefore the ancient usury laws no longer apply. Calvin's exegesis is also distinguished by powerful movements away from seemingly unequivocal Old Testament texts and toward the golden rule. At times, his interpretation appears to be of a radical nature as he skilfully cuts the Gordian knot of scholastic adherence to Luke 6:35 to reveal a call to charity and social welfare that underlies the passage and is faithful to the tone of Luke's gospel as a whole. In this respect, the Reformers' concern to liberate salvation from the demands of an over-scrupulous conscience that believes in justification by works is brought to the fore. Through his biblical exegesis, Calvin has shown that God has not required a complete prohibition of usury, and that he of all people is not about to bind someone's conscience more tightly than God himself has done.

As a result of the distinctive nature of his exegesis, Calvin is able to focus upon charity. The presentation of Luther's thought served to convey the Reformation concern to combat avarice, which for Luther was exemplified by making money without any effort and even when ill. Calvin expands this concern and transforms it into an extensive welfare issue that would become a key feature of Genevan life. Indeed, as Olson has argued, "Calvinism is characterised more by a struggle against poverty than by a justification of lending money at interest or of keeping ones profits to oneself."⁶¹ This central axis not only serves to move the question of lending to the poor toward one of unconditional giving but also to differentiate trade and investment where lending at interest may be permitted. By distinguishing different types of usury, Calvin removes lending to the poor from the realm of usury and places it firmly in the unconditional giving of charity. This is an important step in Calvin's justification of lending at interest: He acknowledges the common utility that it can serve when practiced according to the rules of mutual benefit and equitable reciprocity.

In his dissatisfaction with scholastic arguments, it is important to recall Calvin's impatient and at times condescending analysis of standard arguments.

⁶¹J. E. Olson, *Calvin and Social Welfare: Deacons and the Bourse Française* (n.p.: Associated University Press, 1989), 167.

This feature can be argued to be a weakness of his presentation. In *De Usuris* in particular, Calvin seems to have made a distinctly rash conflation of the *locatio* and *mutuum*—two essential aspects of usury theory—by divorcing usury from its proper association with property rights. Calvin has made this move, however, by *assuming* the continued ownership of lent money and thereby ignoring the whole issue of ownership and theft. The sole instance where property rights *are* an issue for Calvin is when an *unconditional* transfer of the ownership of money is made. This is the case of a charitable donation to the poor. The fundamental exclusion of property rights from usury theory, together with the conceptual separation of the use and substance of money, may arguably be identified as the decisive moments in the development of Calvin's argument for the toleration of lending at interest in situations where the principle of equity was unchallenged. What is more, it is upon an understanding of the *independence* of money, that is neither owned, static, nor, above all else, *sterile* within an economy, that we might see behind Calvin's economic thought. By equating the economics of leasing and lending, Calvin honed an argument for the moral equivalence of an income from either. The conflation of *mutuum* and *locatio* was a logical impossibility for Aquinas and the scholastics due to the quintessential importance of ownership. Rightly or wrongly, Calvin distanced usury theory from property rights and thus removed what had been a lynchpin of the scholastic position. Even if his theoretical example of a mutually beneficial but not culpable usurious loan in *De Usuris* serves better as an example of good business practice than one of everyday money lending, it clearly outlines the sophistication of his economic insight.

The theological and ethical issues at stake in this evaluation are of primary importance, yet this discussion points toward the question of the nature of the relationship between Calvin's understanding of usury and the "invisible hand" of economic progress. For McGrath, the issue is clear-cut: "Genevan capitalism arose and developed in response to factors which were primarily *indirectly* due to the religious ideas of Calvin."⁶² This typically brief, albeit accurate, assessment is fleshed out superbly by the authoritative work of Biéler:

Calvin, as we know, is the first of the Christian theologians to free the loan at interest from the moral and theological shame which the Church had weighed upon it until then; it is not however just to attribute to him the complete justification of liberal capitalism. His views on riches and their social ends led him to insist upon a very strict control over lending at interest; he had prophetically sensed the social ravages to which pure liberalism would lead.⁶³

⁶² McGrath, *A Life of John Calvin*, 229.

⁶³ "Calvin, on le sait, est le premier des théologiens chrétiens qui ait libéré le prêt à intérêt de l'opprobre moral et théologique que l'Eglise avait fait peser sur lui jusqu' alors; il n'est toutefois pas juste de lui attribuer la justification intégrale du capitalisme libéral. Ses conceptions sur les richesses et leurs fins sociales le portent à exiger une réglementation très stricte du prêt à intérêt; il avait prophétiquement pressenti les ravages sociaux auxquels le libéralisme pur devait conduire." Biéler, *La Pensée Économique et Sociale de Calvin*, 168.

It is in the spirit of this assessment that we are able to qualify the excitement occasioned by Calvin's economic ethics as we recall not only those seven binding conditions at the end of *De Usuris*, but also the ever-present call to charity in the face of avarice. It is here that we set the apparent tension in Calvin's argument between legitimating usury and desiring its eradication.

How may we compare and evaluate Aquinas' core argument from the consumptibility of money in the face of such significant advances in terms of exegesis and differences of emphasis? To base an answer entirely upon the radically different historical situations in which Aquinas and Calvin wrote would fail to give sufficient acknowledgement to their respective theological achievements. Aquinas succeeded in distancing his usury theory from the antiquated Aristotelian argument, from the sterility of money, by penetrating to the bottom of the *mutuum* contract and reconceiving the sterility of money in his presentation of the consumptibility of money. His theory demonstrated the intimate relation of property rights to usury discussion, and the indistinguishability of the use and substance of money. As a theory of usury set within an agrarian-intensive society, Aquinas' argument is reasoned and well placed. The rapid pace with which economic expansion coursed through Europe, however, outgrew the economics of Aquinas within a number of years of his death, and it was left to the Franciscan scholastics to cope with the demands that commerce placed upon the church. This was a task that they met as the scholastic analysis of usury developed, although never quite to the satisfaction of the Reformers.

In an acknowledgement of profitable activity through usury as not inconsistent with the word of God, Calvinism was able to reap the benefits of an association with commerce that would only continue to grow in importance throughout Europe. Crucial, however, for the perseverance of ethical economic teaching, was a focus upon the social impact of commerce. It is this aspect of Calvin's economic theory that assumes precedence in his discussion of usury, and it does so through a thorough devaluation of the scholastic school. In a single bound, Calvin hurdled the seemingly mountainous logical obstacle of allowing just usury by neutralising the objection from ownership and insisting upon the moral parity between the return on investment in both a *locatio* and a *mutuum*. In so doing, Calvin gave money its independence and its fertility. He set new parameters for the debate by clarifying business agreements where usury could legitimately be practiced and disassociating these from the theological call to charity. His resounding ethical appeal for economic welfare, and the reduction of economic oppression, can still be heard strongly today in calls for the relief of Third World debt.⁶⁴ Furthermore, Calvin's

⁶⁴S. L. Buckley notes in *Usury Friendly? The Ethics of Moneylending: A Biblical Interpretation* (Cambridge: Grove Books Ltd., 1998), 5, that one third of Tanzania's budget every year is consumed by the interest repayment upon foreign debt. See more recently, "Dicing with Debt," *The Economist* (January 26, 2002): 23-25.

restraint in setting an upper limit to usury that Biéler notes was initially 5 percent, rising only to “one in fifteen,”⁶⁵ had the effect of retaining the merchant class and therefore fostering a healthy economy of trade and innovation.⁶⁶ In the final analysis, Calvin’s almost disinterested argument was clear: “in short, provided we had engraven on our hearts the rule of equity which Christ prescribes in Matt. 7:12, ‘therefore, all things whatsoever ye would that men should do to you, do ye even to them,’ it would not be necessary to enter into lengthened disputes concerning usury.”⁶⁷

⁶⁵Biéler, *La Pensée Économique et Sociale de Calvin*, 168.

⁶⁶This point is nicely illustrated by an early seventeenth-century tract by Sir Thomas Culpepper. His argument against usury was that it actually damaged trade as: “generally all merchants when they have gotten any great wealth, leave trading and fall to usury, the gain whereof is so easy, certain and great” in his 1621 *Tract Against Usurie*, facsimile (Amsterdam: W. J. Johnson, 1974), 3.

⁶⁷Calvin, *Commentary on the Book of Psalms*, 214.