

Calvin's texts

*Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland), Solicitor (Hong Kong),
Solicitor (England & Wales)*

Calvin's thinking on lending at interest is found in several kinds of text: a letter of consultation, often referred to as the "letter on usury", biblical commentaries and sermons. The letter, addressed in the mid-1540s to a correspondent who had asked him about the lawfulness of lending, is the text most frequently cited.¹ The commentaries on the books of Moses, on the Psalms and on Ezekiel, together with the sermons on Deuteronomy, complete the picture.²

In these texts Calvin develops several arguments. The first is directed at Aristotle's argument. Calvin observes that the money with which one buys a field, a house or goods yields an income to its holder. If one may legitimately draw an income from a field bought with money, there is no reason to regard as illegitimate, as a matter of principle, the income drawn from money lent to someone who will put it to productive use. The sterility of money is therefore a fiction.³

The second argument concerns the interpretation of Scripture. In keeping with the distinction set out in the previous chapter, Calvin takes the view that the prohibition imposed on the Israelites belonged to the political law of ancient Israel, suited to an agrarian society and to a particular community. It does not bind Christians as it stands. What remains is the demand for equity and charity from which it proceeded. The passage in Luke inviting one to lend without hoping for anything in return refers, in his view, to the duty to help the poor, and does not condemn every loan made for a return.⁴

The third argument is a moral one. For Calvin, the decisive question is whether the loan respects the rule of love of one's neighbour. A loan that helps a merchant to develop his business, on fair terms, harms no one. A loan that exploits the distress of a poor man is an injustice, whatever its rate. The decisive criterion is therefore the effect of the contract on one's neighbour and on the community.

Calvin attaches strict conditions to his tolerance. According to the classic account of his letter, he requires in particular that no interest be charged to the poor, that the lender not be so absorbed by the pursuit of gain as to neglect works of charity, that the contract respect natural equity and the golden rule, that the borrower be able to draw from the loan a profit at least equal to that of the lender, that one be guided by justice rather than taking shelter behind common usage, that one have regard to the public good, and that one not exceed the rate fixed by the laws of the country.⁵

These conditions outline a doctrine of equitable credit. They distinguish consumer credit granted to the poor, which is a matter of charity, from productive credit granted to merchants, which may be remunerated. They set a criterion for sharing profits between lender and borrower. They leave the setting of a ceiling to the legislator. And they serve as a reminder that legality is not enough: a contract that complies with the law may still be contrary to charity.

Calvinist criterion	Practical translation
No interest demanded of the poor	subsistence credit is a matter of assistance
Priority of charity	the lender must not make gain the exclusive purpose of his activity
Natural equity and the golden rule	the contract must be one that each party could accept if it stood in the other's place
Profit of the borrower	the loan must enable the borrower to earn at least as much as the lender
Primacy of justice over custom	the usual market rate is not enough to justify a contract
Public good	credit must serve the prosperity of the community
Respect for the legal ceiling	the magistrate fixes a maximum rate that no one may exceed

1 Notes

1. La Revue réformée, no. 244, "La liberté et l'argent : calvinisme et économie": letter "dated November 1545, addressed to Claude de Sachins, seigneur d'Asnières", later entitled Concilium de usuris, in which "many historians, following the Englishman William Ashley, see the turning point of European economic development". ↩

2. Philip Schaff, History of the Christian Church, vol. VIII, § “Calvin’s Commentaries” (ccel.org): Calvin commented on the Pentateuch, the Psalms and the Prophets; on Calvin’s exegesis of lending at interest (Deuteronomy, Exodus, Leviticus), see La Revue réformée, no. 266, “La légitimité du prêt à intérêt chez Jean Calvin” (larevuereformee.net). ↩
3. La Revue réformée, no. 244, “La liberté et l’argent : calvinisme et économie”: “Calvin is the first who dares to call into question the sacrosanct Thomist (and Aristotelian) doctrine of the sterility of money”. ↩
4. La Revue réformée, no. 266, “La légitimité du prêt à intérêt chez Jean Calvin” (larevuereformee.net): Calvin distinguishes the political laws of Israel, which are historically contingent (including the prohibition of interest in Deuteronomy), from the moral principles of equity and charity; interest is permitted where the borrower profits from the money lent and remains prohibited for subsistence loans to the poor; Geneva sets a maximum rate of 5%, later raised to 6.67%. Dictionnaire historique de la Suisse (DHS; Historical Dictionary of Switzerland), art. “Intérêts” (Dubler): “Among the reformers, Calvin made himself the advocate of interest, recommending a moderate rate of 5%”. ↩
5. La Revue réformée, no. 244: four main conditions, the distinction between “assistance loans” and “production loans”, the requirement that “interest must not be tolerated if the borrower has not earned [...] an amount greater than the interest demanded”, the principle that society “cannot leave the choice of the interest rate to private freedom” and the refusal to make lending at interest a profession; André Biéler, La pensée économique et sociale de Calvin, 1959. ↩

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