

Law, equity and good faith in business

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At the heart of Calvin's legal and moral thought lies the notion of equity. For the reformer, the rule of love of one's neighbour, summed up in the golden rule — do unto others as you would have them do unto you — is the ultimate criterion of justice in human relations, including economic relations.¹ A contract is just when it respects this rule; it is unjust when it serves to exploit the weakness or need of another.

This conception underlies the condemnation, in Calvin's sermons and commentaries, of numerous commercial practices: fraud as to the quality or quantity of goods, false weights and false measures, the hoarding of foodstuffs to drive up prices, the exploitation of the poor through ruinous loans. It also underlies a demand for truthfulness in business: a promise must be kept, commitments honoured, accounts rendered accurately. Calvin's sermons on Deuteronomy, preached in the mid-1550s, contain many passages on these questions.²

It would be unwise to draw a direct line of descent from these demands to contemporary Swiss law. The resemblances are nonetheless striking. The Swiss Civil Code provides, in its Art. 2 para. 1, that every person must exercise their rights and perform their obligations in accordance with the rules of good faith, and para. 2 of the same article adds that the manifest abuse of a right is not protected by law. The Code of Obligations allows, in its Art. 21, the party injured by an evident disproportion between the respective performances to rescind the contract within one year, where the unfair advantage was obtained by exploiting that party's distress, inexperience or improvidence. The Criminal Code punishes usury in its Art. 157, which targets anyone who exploits a person's distress, dependence, inexperience or weakness of judgement in order to obtain pecuniary advantages evidently disproportionate to their own performance.

These provisions stem from a long European legal tradition, going back to Roman law and canon law, within which Reformed thought is only one current among others. They nevertheless express a conception of contractual justice that Calvin would have recognised: freedom of contract finds its limit in the exploitation of another's weakness. For a financial centre that manages the wealth of clients who are sometimes vulnerable and that finances complex commercial operations, this limit is far from abstract.

Worked example. A lender grants a borrower in difficulty a loan of CHF 10,000 at an annual rate of 40 per cent, taking advantage of the borrower's urgency and inexperience. Under Swiss law, the borrower may rely on Art. 21 CO to rescind the contract within one year of its conclusion, and the lender is exposed, if the conditions are met, to prosecution for usury within the meaning of Art. 157 SCC. Consumer credit law moreover sets a maximum interest rate, determined by the Federal Council.³ Calvin would have condemned this loan in the name of equity; contemporary law sanctions it in the name of protecting the weaker party. The figures are fictitious.

The Calvinist conception of equity also finds an echo in the governance practices of contemporary financial institutions. Codes of conduct, rules on conflicts of interest, requirements of transparency towards clients and the duties of loyalty laid down by financial services law translate, into modern language, the requirement to treat others justly. The Federal Act on Financial Services, which entered into force in 2020, thus imposes rules of conduct on providers designed to protect clients.⁴ Part E will examine this framework in detail.

1 Notes

1. André Biéler, *La pensée économique et sociale de Calvin*, Geneva, Georg (Publications de la Faculté des sciences économiques et sociales de l'Université de Genève, vol. XIII), 1959; reissued by Labor et Fides, 2008; presentation (monarchomaque.org): Calvin opposes prices that exploit necessity, condemns the idle usurer and demands a fair wage that takes account of the employer's prosperity and the worker's needs. ↩
2. Monergism, notice on the edition of Calvin's Sermons on Deuteronomy (monergism.com): two hundred sermons preached between March 1555 and July 1556, published in French in Geneva in 1567 and translated into English by Arthur Golding in 1583; facsimile reprint by the Banner of Truth Trust in 1987. ↩

3. SEFRI/FDJP, “Taux d’intérêt maximal pour les crédits à la consommation : baisse au 1er janvier 2026” (sbfi.admin.ch): maximum rate reduced to “10% for cash loans and 12% for overdraft facilities” (11% and 13% until 31 December 2025), calculated on the three-month compounded SARON plus 10 and 12 percentage points respectively, with a floor of 10% and 12%; Ordinance to the Federal Act on Consumer Credit (OLCC). ↩
4. Federal Act of 15 June 2018 on Financial Services (Financial Services Act, FinSA; LSFIn; SR 950.1), in force since 1 January 2020: Art. 8 (content and form of information), Art. 10–12 (duty of verification, appropriateness, suitability), Art. 15 (documentation) and Art. 16 (reporting). ↩

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