

Calvin's letter of 1545: a brief comparison

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The most celebrated Reformed text on interest was written in Geneva. In 1545 John Calvin replied to a request for advice from a friend, identified as Claude de Sachin (Sachinus), with a letter that became known as his opinion on usury. Munro quotes its central sentence in the English rendering used by Georgia Harkness: "I do not consider that usury is wholly forbidden among us, except it be repugnant to justice and charity."¹ The letter closes with a list of seven exceptions or conditions limiting the practice of interest.²

Calvin's reasoning dismantled the scholastic argument that money was sterile by pointing to the productive use of money in trade. In place of the canonical prohibition he put the tests of equity and the golden rule. Tawney summarised the resulting doctrine in a single sentence that is worth quoting in full: "That interest is lawful, provided that it does not exceed an official maximum, that, even when a maximum is fixed, loans must be made gratis to the poor, that the borrower must reap as much advantage as the lender, that excessive security must not be exacted, that what is venial as an occasional expedient is reprehensible when carried on as a regular occupation, that no man may snatch economic gain for himself to the injury of his neighbor—a condonation of usury protected by such embarrassing entanglements can have offered but tepid consolation to the devout moneylender." An English divine of the next generation put it more tersely: "Calvin deals with usurie as the apothecarie doth with poyson."³

Geneva, like Zurich, fixed a maximum rate. In 1543 Calvin chaired a committee that investigated interest rates and recommended to the Little Council an upper limit of 5 per cent.⁴ The coincidence of the figure reflects the common customary rate for long-term credit in the region, which both cities incorporated into their Reformed moral economies. The differences between Zurich and Geneva, which Chapter B.IV examines in detail, lie above all in the economic structures to which the doctrine was applied.

Zurich was a territorial state with a land-based rent market and a large peasant population, whereas Geneva was a commercial city-state with a growing refugee merchant community and close links to the fairs and banks of Lyon.

The Swiss position becomes clearer when it is set beside the Lutheran one. Luther's late admonition to pastors to preach against usury, *An die Pfarrherren wider den Wucher zu predigen* of 1540, restated the traditional definition in uncompromising terms: where one lends money and demands or takes more or better in return, that is usury, condemned by all the laws. Philip Melancthon, more attentive to the categories of Roman law, discussed the titles of emergent loss and cessant gain (*damnum emergens* and *lucrum cessans*) that scholastic doctrine had developed to justify compensation for the lender in particular cases, and distinguished the simple loan from other contracts.⁵ Wittenberg thus approached the question through the refinement of scholastic titles to compensation, whereas Zurich and Geneva approached it through the magistrate's power to fix a just rate and through the criterion of mutual advantage between lender and borrower. The Swiss approach had the practical merit of simplicity. A merchant or a peasant in the Zurich countryside could leave the subtleties of *lucrum cessans* to the learned. It was enough for him to know that a rent of one twentieth of the capital was lawful and enforceable, that a higher rate exposed the lender to sanctions and that the poor were to be relieved by alms. The legal certainty created by a single public rate was itself an economic good, reducing disputes and transaction costs in a market in which rents changed hands, were inherited and served as security for further credit.

On the central point the Zurich and Geneva theologians agreed: interest was permitted within limits set by the magistrate and bounded by charity and equity. Bullinger's justification by analogy with the lease of a farm and Calvin's justification by the productive use of money in trade are two versions of the same idea, adapted to their respective environments. Munro, disputing Kerridge's claim of continuity, concludes that most early Protestants inherited and maintained, with considerable ferocity, the traditional view that usury was a mortal sin.⁶ Against that background, the acceptance of moderate interest under public regulation by the Swiss Reformers represented a decisive shift in the practical ethics of credit.

1 Notes

1. Munro, “Usury, Calvinism and Credit in Protestant England” (as cited above), citing Georgia Harkness, John Calvin: The Man and His Ethics. ↩
2. Michael Wykes, “Devaluing the Scholastics: Calvin’s Ethics of Usury”, Calvin Theological Journal 38 (2003), pp. 27–51, <https://www.calvin.edu/library/database/crcpi/fulltext/ctj/88050.pdf> The article identifies the recipient and describes the seven exceptions with which the letter closes. ↩
3. Tawney, Religion and the Rise of Capitalism, chapter II (as cited above), quoting an English writer of the late sixteenth century. ↩
4. Wykes, “Devaluing the Scholastics” (as cited above). ↩
5. Munro, “Usury, Calvinism and Credit in Protestant England” (as cited above), quoting Luther’s An die Pfarrherren wider den Wucher zu predigen (1540) and Melanchthon’s exposition of Psalm 110 from the documents in Kerridge, Usury, Interest and the Reformation, docs. 8, 10 and 11. ↩
6. Munro, “Usury, Calvinism and Credit in Protestant England” (as cited above). ↩

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