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ECO 301Y1

The Economic History of Later Medieval and Early Modern Europe:

Topic No. 5 [7]: The Church, the Usury Doctrine, and Late-Medieval Banking: Institutional Impediments to Medieval Economic Growth?

A. The Church and the Usury Doctrine:

- * 1. Lawrin Armstrong, 'Usury', in Joel Mokyr, et al, eds., The Oxford Encyclopedia of Economic History, 5 vols. (New York, 2003), vol. 5, pp. 183-85.
- * 2. James A. Brundage, 'Usury', in Joseph R. Strayer, et al, eds., Dictionary of the Middle Ages, 13 vols. (New York: Charles Scribner's Sons-MacMillan, 1982-89), Vol. XII (1989), pp. 335-39.
- * 3. Richard Tawney, Religion and the Rise of Capitalism (London, 1926), chapter 1, 'The Medieval Background', pp. 11-60.
- * 4. John T. Noonan, The Scholastic Analysis of Usury (Cambridge, Mass. 1957), Part One: chapters I-II, pp. 11-37, especially III, 'A Natural Law Case Against Usury', pp. 38-81; V, pp. 100-33.
- * 5. Mark Koyama, 'Evading the "Taint of Usury": The Usury Prohibition as a Barrier to Entry', Explorations in Economic History, 47:4 (October 2010), 420-42. Very mathematical; but the econometrics may appeal to economics specialists.
- * 6. John Munro, 'The Medieval Origins of the Modern Financial Revolution: Usury, *Rentes*, and Negotiability', The International History Review, 25:3 (September 2003), 505-62.
- * 7. Jared Rubin, 'Bills of Exchange, Interest Bans, and Impersonal Exchange in Islam and Christianity', Explorations in Economic History, 47:2 (April 2010), 211-27.
- * 8. Elaine S. Tan, 'Origins and Evolution of the Medieval Church's Usury Laws: Economic Self-Interest or Systematic Theology?', The Journal of European Economic History, 34:1 (Spring 2005), 263-81. See also Elaine S. Tan, 'An Empty Shell? Rethinking the Usury Laws in Medieval Europe', Journal of Legal History, 23:3 (December 2002), 177-96.
- * 9. Clyde G. Reed and Cliff T. Bekar, 'Religious Prohibitions Against Usury', Explorations in Economic History, 40:4 (October 2003), 347-68. Note: I was one of the journal's anonymous referees who recommended publication of this article, even though I strongly disagree with many of its points. But, nevertheless, an intriguing alternative view, related to the following article.
- * 10. Robert B. Ekelund, Robert F. Hébert, and Robert D. Tollison, 'An Economic Model of the Medieval Church: Usury as a Form of Rent Seeking', Journal of Law, Economics, and Organization, 5:1 (Spring 1989), 307-31.
- * 11. Francesco L. Galassi, 'Buying a Passport to Heaven: Usury, Restitution, and the Merchants of Medieval Genoa', Religion, 22 (October 1992), 313-26.
- * 12. Jacques Le Goff, 'The Usurer and Purgatory', in Fredi Chiappelli, ed., The Dawn of Modern Banking (New Haven, 1979), pp. 25-52.
- * 13. Jacques Le Goff, Your Money or Your Life: Economy and Religion in the Middle Ages, trans. by Patricia Ranum (New York, 1988), esp. pp. 17-45. See also his Time, Work, and Culture in the Middle Ages (1980), pp. 29-42, and 58-70. [main bibliography]

- *14. T. P. McLaughlin, 'The Teaching of the Canonists on Usury (XII, XIII and XIV Centuries)', Medieval Studies, 1 (1939), 81-147; 2 (1940), 1-22.
- *15. Raymond De Roover, 'The Scholastic Attitude toward Trade and Entrepreneurship', Explorations in Entrepreneurial History, 2nd ser. 1 (1963), 76-87; and Julius Kirshner, 'Raymond de Roover on Scholastic Economic Thought', reprinted in: Julius Kirshner, ed., Business, Banking, and Economic Thought in Late Medieval and Early Modern Europe: Selected Studies of Raymond de Roover (Chicago, 1974).
- 16. John Gilchrist, The Church and Economic Activity in the Middle Ages (London, 1969), chapter 3, 'Growth of Economic Doctrines, 1049-1350', pp. 23-47; chapter 4, 'Economic Doctrines of the Canonists and Theologians', pp. 48-82, esp. pp. 62-70 (D. Usury); chapter 5: 'Period of Transition: Fourteenth and Fifteenth Centuries', pp. 83-98. Useful survey; but I disagree with many of his views on the usury question.
- 17. Raymond De Roover, 'The Scholastics, Usury, and Foreign Exchange', Business History Review, 41 (1967), 257-71.
- 18. Raymond De Roover, San Bernardino of Siena and Sant'Antonino of Florence: Two Great Economic Thinkers of the Middle Ages (1967), especially section VIII 'What Was Usury?' pp. 27-33.
- 19. Frederic C. Lane, 'Investment and Usury', in F.C. Lane, Venice and History: Collected Papers (Baltimore, 1966), pp. 56-68.
- * 20. Richard H. Helmholz, 'Usury and the Medieval English Church Courts', Speculum, 61:2 (April 1986), 364-80.
- 22. Joseph Shatzmiller, Shylock Reconsidered: Jews, Moneylending, and Medieval Society (Berkeley: University of California Press, 1990).
- 23. Odd Langholm, The Aristotelian Analysis of Usury (Bergen, 1984). See also his Wealth and Money in the Aristotelian Tradition: A Study in Scholastic Economic Sources (Bergen: 1983).
- 24. Steven A. Epstein, An Economic and Social History of Later Medieval Europe, 1000 - 1500 (Cambridge and New York: Cambridge University Press, 2009), chapter 5: 'Economic and Social Thought', pp. 129-58.
- 25. Bernard Dempsey, Interest and Usury (London, 1948), chapter 7, 'Late Medieval Usury Analysts', pp. 114-29.

B. Medieval Banking and Public Finances

- * 1. Raymond de Roover, The Rise and Decline of the Medici Bank, 1397-1494 (Cambridge, Mass. 1963), especially chapters II (pp. 9-34) and VI (pp. 108-41).
- * 2. Raymond de Roover, 'The Organization of Trade', in M.M. Postan and E.E. Rich, eds., Cambridge Economic History of Europe, Vol. III: Economic Organization and Policies in the Middle Ages (Cambridge, 1963), pp. 42 - 118; especially part III: 'Italian Hegemony in the 14th and 15th Centuries', pp. 70-105.
- * 3. Raymond de Roover, 'New Interpretations of the History of Banking', Journal of World History, 2 (1954), 38-76; reprinted in Julius Kirshner, ed., Business, Banking, and Economic Thought in late Medieval and Early Modern Europe: Selected Studies of Raymond de Roover (University of Chicago Press, 1974), pp. 200 - 38. Read the introductions by Julius Kirshner and Richard Goldthwaite; and see also de Roover's other important contributions to both the usury question and medieval banking.
- * 4. Michael Postan, 'Credit in Medieval Trade', Economic History Review, 1st ser., 1st ser., 1:2 (January

- 1928), 234-61. Reprinted in Michael M. Postan, Medieval Trade and Finance (Cambridge, 1973, pp. 1-27; also reprinted in Eleanor M. Carus-Wilson, ed., Essays in Economic History, 3 vols. (London, 1954-62), Vol. I, pp. 61-87.
- * 5. Fredi Chiappelli, Center for Medieval and Renaissance Studies, UCLA, ed., The Dawn of Modern Banking (New Haven and London; Yale University Press, 1979): collected essays. Especially:
 - (a) Robert Lopez, 'The Dawn of Medieval Banking', pp. 1-24.
 - (b) Jacques Le Goff, 'The Usurer and Purgatory', pp. 25-52.
 - (c) Thomas Blomquist, 'The Dawn of Banking in an Italian Commune', pp. 53-76.
 - (d) John Munro, 'Bullionism and the Bill of Exchange in England, 1272-1663: A Study in Monetary Management and Popular Prejudice', pp. 169-240.
 - * 6. Richard A. Goldthwaite, 'Banking in Florence at the End of the Sixteenth Century', The Journal of European Economic History, 27:3 (Winter 1998), 471-536; and Richard Goldthwaite, 'Local Banking in Renaissance Florence', Journal of European Economic History, 14 (Spring 1985), 5 -55; and Richard Goldthwaite, 'The Medici Bank and the World of Florentine Capitalism', Past and Present, no. 114 (Feb. 1987), 3 - 31.
 - 7. John Day, The Medieval Market Economy (Oxford: Blackwell, 1987): collected essays
 - 8. Lawrin Armstrong, Usury and the Public Debt in Early Renaissance Florence: Lorenzo Ridolfi on the 'Monte Comune', Pontifical Institute of Mediaeval Studies, Studies in Medieval Moral Teaching 4 (Toronto, 2003).
 - 9. Philipp R. Schofield and Nicholas J. Mayhew, eds., Credits and Debt in Medieval England, c. 1180 - c. 1350 (Oxford: Oxbow Books, 2002).
 - *10. John H. Munro, 'Patterns of Trade, Money, and Credit', in Thomas A. Brady, jr., Heiko O. Oberman, and James D. Tracy, eds., Handbook of European History, 1400-1600: Late Middle Ages, Renaissance and Reformation, Vol. I: Structures and Assertions (Leiden/New York/Cologne: E.J. Brill, 1994), pp. 147-95.
 - *11. John Munro, 'The Medieval Origins of the Modern Financial Revolution: Usury, *Rentes*, and Negotiability', The International History Review, 25:3 (September 2003), 505-62.
 - *12. John Munro, 'The Usury Doctrine and Urban Public Finances in Late-Medieval Flanders (1220 - 1550): Rentes (Annuities), Excise Taxes, and Income Transfers from the Poor to the Rich', in Simonetta Cavaciocchi, ed., La fiscalità nell'economia Europea, secc. XIII - XVIII/ Fiscal Systems in the European Economy from the 13th to the 18th Centuries, Atti della 'Trentanovesima Settimana di Studi', 22 - 26 aprile 2007, Fondazione Istituto Internazionale di Storia Economica "F. Datini", Prato, Serie II: Atti delle "Settimane de Studi" et altri Convegni 39 (Florence: Firenze University Press, 2008), pp. 973-1026.
 - *13. Pamela Nightingale, 'Monetary Contraction and Mercantile Credit in Later Medieval England', Economic History Review, 2nd ser. 43 (November 1990), 560 - 75.
 - *14. Pamela Nightingale, 'Money and Credit in the Economy of Late Medieval England', in Diana Wood, ed., Medieval Money Matters (Oxford: Oxbow Books, 2004), pp. 51-71.
 - *15. Philipp R. Schofield and Nicholas J. Mayhew, eds., Credit and Debt in Medieval England, c. 1180 - c. 1350 (Oxford: Oxbow Books, 2002):
 - *16. James L. Bolton, 'Was There a "Crisis of Credit" in Fifteenth-Century England?', British Numismatic Journal, 81 (2011), 146-64. Challenges the views of Pamela Nightingale (and also my views). See her response in: Pamela Nightingale, 'A Crisis of Credit in the Fifteenth Century - Or of Historical Interpretation?', British Numismatic Journal, 83 (2013), forthcoming.

17. Edwin S. Hunt and James M. Murray, A History of Business in Medieval Europe, 1200 - 1550, Cambridge Medieval Textbooks (Cambridge and New York: Cambridge University Press, 1999).
18. Marc Boone, Karel Davids, and Paul Janssens, eds., Urban Public Debts: Urban Government and the Market for Annuities in Western Europe (14th - 18th Centuries), Studies in European Urban History (1100-1800) 3 (Turnout: Brepols, 2003)
- *19. Markus A. Denzel, 'The European Bill of Exchange: Its Development from the Middle Ages to 1914', in Sushil Chaudhuri and Markus A. Denzel, eds., Cashless Payments and Transactions from the Antiquity to 1914, Beiträge zur Wirtschafts-und Sozialgeschichte, no. 114 (Stuttgart: Steiner Verlag, 2008), pp. 153-94.
- * 20. Herman Van der Wee, 'Antwerp and the New Financial Methods of the 16th and 17th Centuries', in Herman Van der Wee, The Low Countries in the Early Modern World, trans. by Lizabeth Fackelman, Variorum Series (Aldershot, 1993), pp. 145-66.
21. Jaco Zuijderduijn, 'The Emergence of Provincial Debt in the County of Holland (thirteenth - sixteenth century)', European Review of Economic History, 14:3 (December 2010), 335-59.

QUESTIONS:

1. Explain the Church's Usury doctrine and its evolution from the early Middle Ages to the 15th century. What was meant by the terms usury and *interesse* (interest)? Did the Scholastics develop an opportunity-cost theory of interest?
2. Did the usury doctrine impede medieval commerce, banking, and economic development? Under what conditions might an interest charge be imposed legitimately in a loan contract? Explain these so-called 'exceptions.'
3. What distinctions did the Church make between usury and profit? What commercial contracts involving profit were legitimate according to the Church? Explain the commenda, collegantia, and compagnia contracts.
4. How did the Church and the usury doctrine influence the develop of medieval banking and financial institutions and instruments: in particular, the bill of exchange? Did the usury doctrine increase the transaction costs in utilizing these banking institutions?
5. Medieval public finance: how did governments borrow money without contravening the usury laws? Explain the origins and development of the Florentine public debt, in the form of the *monte di comune*; and examine the development of a secondary market in public issues of the *monte*.
6. To what extent did state and other secular institutions support the ecclesiastical ban on usury?
7. Explain and discuss the role of the Jews as pawnbrokers and moneylenders in later medieval European society. How did pawnbroking work? To what extent were they subject to Christian usury laws? To what extent were they subject to social discrimination and other liabilities?
8. How did Islamic banking and finance differ from western European (Christian) practices in the late-medieval era?