

Of Usury

MANY have made witty invectives against usury. They say that it is a pity, the devil should have God's part, which is the tithe. That the usurer is the greatest Sabbath-breaker, because his plough goeth every Sunday. That the usurer is the drone, that Virgil speaketh of;

Ignavum fucos pecus a praesepibus arcent.

That the usurer breaketh the first law, that was made for mankind after the fall, which was, in sudore vultus tui comedes panem tuum; not, in sudore vultus alieni. That usurers should have orange-tawny bonnets, because they do judaize. That it is against nature for money to beget money; and the like. I say this only, that usury is a concessum propter duritiem cordis; for since there must be borrowing and lending, and men are so hard of heart, as they will not lend freely, usury must be permitted. Some others, have made suspicious and cunning propositions of banks, discovery of men's estates, and other inventions. But few have spoken of usury usefully. It is good to set before us, the incommodities and commodities of usury, that the good, may be either weighed out or culled out; and warily to provide, that while we make forth to that which is better, we meet not with that which is worse.

The discommodities of usury are, First, that it makes fewer merchants. For were it not for this lazy trade of usury, money would not be still, but would in great part be employed upon merchandizing; which is the vena porta of wealth in a state. The second, that it makes poor merchants. For, as a farmer cannot husband his ground so well, if he sit at a great rent; so the merchant cannot drive his trade so well, if he sit at great usury. The third is incident to the other two; and that is the decay of customs of kings or states, which ebb or flow, with merchandizing. The fourth, that it bringeth the treasure of a realm, or state, into a few hands. For the usurer being at certainties, and others at uncertainties, at the end of the game, most of the money will be in the box; and ever a state flourisheth, when wealth is more equally spread. The fifth, that it beats down the price of land; for the employment of money, is chiefly either merchandizing or purchasing; and usury waylays both. The sixth, that it doth dull and damp all industries, improvements, and new inventions, wherein money would be stirring, if it were not for this slug. The last, that it is the canker and ruin of many men's estates; which, in process of time, breeds a public poverty.

On the other side, the commodities of usury are, first, that howsoever usury in some respect hindereth merchandizing, yet in some other it advanceth it; for it is certain that the greatest part of trade is driven by young merchants, upon borrowing at interest; so as if the usurer either call in, or keep back, his money, there will ensue, presently, a great stand of trade. The second is, that were it not for this easy borrowing upon interest, men's necessities would draw upon them a most sudden undoing; in that they would be forced to sell their means (be it lands or goods) far under foot; and so, whereas usury doth but gnaw upon them, bad markets would swallow them quite up. As for mortgaging or pawning, it will little mend the matter: for either men will not take pawns without use; or if they do, they will look precisely for the forfeiture. I remember a cruel moneyed man in the country, that would say, The devil take this usury, it keeps us from forfeitures, of mortgages and bonds. The third and last is, that it is a vanity to conceive, that there would be ordinary borrowing without profit; and it is impossible to conceive, the number of inconveniences that will ensue, if borrowing be cramped. Therefore to speak

of the abolishing of usury is idle. All states have ever had it, in one kind or rate, or other. So as that opinion must be sent to Utopia.

To speak now of the reformation, and reiglement, of usury; how the discommodities of it may be best avoided, and the commodities retained. It appears, by the balance of commodities and discommodities of usury, two things are to be reconciled. The one, that the tooth of usury be grinded, that it bite not too much; the other, that there be left open a means, to invite moneyed men to lend to the merchants, for the continuing and quickening of trade. This cannot be done, except you introduce two several sorts of usury, a less and a greater. For if you reduce usury to one low rate, it will ease the common borrower, but the merchant will be to seek for money. And it is to be noted, that the trade of merchandize, being the most lucrative, may bear usury at a good rate; other contracts not so.

To serve both intentions, the way would be briefly thus. That there be two rates of usury: the one free, and general for all; the other under license only, to certain persons, and in certain places of merchandizing. First, therefore, let usury in general, be reduced to five in the hundred; and let that rate be proclaimed, to be free and current; and let the state shut itself out, to take any penalty for the same. This will preserve borrowing, from any general stop or dryness. This will ease infinite borrowers in the country. This will, in good part, raise the price of land, because land purchased at sixteen years' purchase will yield six in the hundred, and somewhat more; whereas this rate of interest, yields but five. This by like reason will encourage, and edge, industrious and profitable improvements; because many will rather venture in that kind, than take five in the hundred, especially having been used to greater profit. Secondly, let there be certain persons licensed, to lend to known merchants, upon usury at a higher rate; and let it be with the cautions following. Let the rate be, even with the merchant himself, somewhat more easy than that he used formerly to pay; for by that means, all borrowers, shall have some ease by this reformation, be he merchant, or whosoever. Let it be no bank or common stock, but every man be master of his own money. Not that I altogether mislike banks, but they will hardly be brooked, in regard of certain suspicions. Let the state be answered some small matter for the license, and the rest left to the lender; for if the abatement be but small, it will no whit discourage the lender. For he, for example, that took before ten or nine in the hundred, will sooner descend to eight in the hundred than give over his trade of usury, and go from certain gains, to gains of hazard. Let these licensed lenders be in number indefinite, but restrained to certain principal cities and towns of merchandizing; for then they will be hardly able to color other men's moneys in the country: so as the license of nine will not suck away the current rate of five; for no man will send his moneys far off, nor put them into unknown hands.

If it be objected that this doth in a sort authorize usury, which before, was in some places but permissive; the answer is, that it is better to mitigate usury, by declaration, than to suffer it to rage, by connivance.