Max Weber on Usury and Medieval Capitalism: From *The History of Commercial Partnerships* to *The Protestant Ethic*

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Abstract

Few scholars have addressed Weber’s discussion of the impact of usury laws on economic development, presumably because Weber’s remarks are so fragmented and few. This paper demonstrates that Weber discussed the prohibition of interest and its effect on the economy at some length early in his career, and shows how Weber’s thought developed in the context of this and his later writings. The paper concludes that usury played an important role in Weber’s attempt to relate medieval religion to economic practice, even though he considered the religious proscription of usurious practices to be only a slight detriment to economic development. It also discusses the significance of Weber’s argument for current scholarship.

Keywords: capitalism, usury, medieval religion, modern capitalism, Christianity, Max Weber, history, theory

Scholarly interest in usury varies widely across the disciplines. While medieval historians and economists continue to debate what, if any, effect the Catholic church’s ban on taking interest on loans had on economic development, sociologists have abandoned the topic. Only Benjamin Nelson (1969) has afforded it a detailed analysis. Nelson reconstructs the history of religious attitudes toward usury in the Western world using the Weberian theme of a transformation from an ethic of ‘tribal brotherhood’, or charity among kin, to one of ‘universal otherhood’, reflective of the dominance of purposive rationality in social relations. Relating his studies to Max Weber, he (1969: 235) notes that Weber had analysed provisions against usury in a variety of settings and contexts, including while being a student of commercial law and history under the auspices of the acclaimed authority in the field, Levin Goldschmidt. Yet Nelson provides no substantive discussion of Weber’s

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more intricate viewpoints, perhaps due to the fact, as he (1969: xi) writes in the prologue to the second edition, that his book had been fully formed before he came across Weber’s writings. Since then few sociologists have acknowledged that Weber included references to the prohibition of contracting any increment above the principal of a loan in medieval Catholicism and in other religions, and even fewer describe and analyse what these references entail and what they mean.1

This paper addresses the development of Weber’s views on usury. Fragmented and strewn, in bits and pieces, over a variety of his writings, these views nevertheless provide important insights. Usury was not a peripheral topic in Weber’s writings. The topic emerged in Weber’s dissertation and gradually came to constitute a part of Weber’s inquiries into the salvation economy of medieval Christianity. Moreover, Weber’s writings on the topic contain insights pertinent to recent scholarship.

The content of Weber’s thought is discussed in three sections. The first section explores the emergence of Weber’s views in the context of his dissertation and first book, which contains his most extensive discussion of the medieval prohibition of usury and its effects on economic development. It also addresses similarities and differences between Weber’s views and those held by contemporary scholars, many of whom saw the emergence of certain economic institutions such as commercial partnerships as a means of evading the Church’s ban—an argument Weber refuted.

The second section addresses usury in the context of Weber’s Protestant Ethic essay published in 1904–1905 and subsequent rebuttals of his critics. Here, Weber drew on his new explorations of the relationship between religion and the economy as well as his earlier studies on the German stock exchange to argue a point that was consistent with, but not identical to, his earlier approach. Drawing parallels between medieval guild members and modern stockbrokers, who found innovative ways to cope with the moral regulation of economic affairs and ultimately render them ineffective, Weber questioned the validity of Werner Sombart’s materialist interpretation of the role of ethics in economic development. Had religion been merely the reflection of material conditions in the transition from a feudal to a capitalist economy, Weber

1. See Wolfgang Schluchter (1996: 226-27, 343 n. 247), who notes that Weber considered the ban on usury a part of the traditionalist ethic of the pre-Reformation church that inhibited the emergence of modernity but does not explore the context of Weber’s argument and why Weber thought this to have been the case, and Richard Swedberg (1998: 258 n. 15), who acknowledges that Weber ‘discusses usury quite a bit’ without further analysis.
argued, religious authorities would not have expressed heightened concern regarding usury in times of economic expansion.

The third section addresses Weber’s views on usury as they derived from his comparative studies on the world religions and *Economy and Society*. Weber compared different religions’ usury provisions and demonstrated that their stringency did not correlate with economic development. Rejecting new claims by Sombart and others that the medieval Catholic church’s ban on taking interest on loans was a boon rather than a bane for investing assets, Weber thematized the development of markets and the development of usury prohibitions as countervailing rationalizations of the religious sphere and the sphere of the economy.

While a discussion of the merit of Weber’s argument is beyond the purview of this paper, the conclusion endeavors some thoughts on how Weber’s views may inform current scholarly debates concerning the historical role of the religious prohibition of interest on loans in Western history.

*The role of usury in economic development and the relative autonomy of law and the economy: Weber’s dissertation*

Weber discussed usury as early as in his first book. Published in 1889 and based on his dissertation, it contains a legal analysis of medieval partnerships (Weber 1889/2003; see also Kaelber 2003a). In a little-known and heretofore never discussed section, Weber explores the topic to a greater extent than in any other writing and establishes the framework for later analyses.

In *The History of Commercial Partnerships*, Weber responds to the argument that medieval partnerships were founded to circumvent canon law’s prohibition of usury, which secular statutes adopted as well. He notes:

Endemann argued that even loans that represented, from an economic point of view, a loan of capital in return for the payment of fixed interest were constructed in the form of a partnership. We know of similar attempts to construct the purchase of perpetual rent as a hidden interest-bearing loan secured by a mortgage, but this view has been abandoned. The analyses by Arnold and others have shown that the purchase of perpetual rent developed gradually out of renting real estate in towns, and that it fulfilled independent economic needs and not at all acted as a stopgap for the missing interest-bearing loan. This holds true even when capital available for investment later employed this institution—but not before it had come to fruition independently—as a substitute for the non-existent interest-bearing mortgage loan... While we have also seen that the *commenda* and the *societas maris* were indeed used as forms of investment, even for the prop-
property of wards, according to the statutes of Pisa, at that time these partnerships had already developed into their most advanced form in the Middle Ages. Therefore, it is a vast exaggeration to assume that capital invested in such a way had chosen this form of investment because there was no way for it to be invested in the form of an interest-bearing loan. There is no evidence for that; in fact, there is evidence of the contrary...

In the case in which a maritime venture experienced a catastrophic loss, the repayment of a loan taken out for the purpose of funding the venture had to appear highly questionable. This explains...why the investment of capital took on the form of a share of the risk in exchange for a share of the profit, the latter of which nascent commerce, in need of capital, supplied willingly... This institution corresponded to views prevalent in Mediterranean trade, the oldest area of large trade, which could not perceive of the investment of capital for the purpose of an expedition overseas in any other terms than as a participation in it—that is, as sharing its risk as well. Changes in these views reflect the fact that risk became more calculable. This, rather than a subtle attempt to circumvent the prohibition of usury, explains why part of the risk was assumed by capitalists. It also explains why forms of partnerships that economically resembled a loan still appear to have legally been constructed as partnerships with a fixed dividend.

When the doctrine of usury—if one can agree that such existed—appeared on the economic scene, the development of the forms of partnership, as Lastig has strongly argued against Endemann, had long been concluded. The role played by the canonical prohibition was therefore not a small one, in Italy as well as in other places. Almost all statutes addressed it... But one cannot argue that the development of a new institution of law, or merely the further development of an existing institution, happened due to this prohibition. The prohibition led to the end of some institutions such as the dare ad proficuum maris; and otherwise, it also served a restrictive, not creative, function. Even the proficuum maris, which corresponds most poorly to the institution of a partnership but seems best suitable as a paradigm of Endemann’s theory, appears to have been fully developed before the doctrine of usury took hold, and it later fell victim to this doctrine once it had fully taken hold. Its demise was not due to the way in which risk was distributed but happened because of the certum lucrum. These facts show clearly that the prohibition of usury did not give rise to the form of partnership (Weber 1889: 111-14/2003: 137-39).2

Weber makes four important arguments here, some of which are buried in obscure language and references. First, he does not advocate that usury laws were without impact. Weber distinguishes between loans for consumption and loans for investment purposes. For the former the prohibition of interest was indeed a constraining factor, whereas for the latter it

2. In this and other passages taken from English translations of Weber’s writings, I have made corrections or retranslated parts of them.
led to the decline of the *dare ad proficuum maris*, which was based on a capitalist’s willingness (literally) ‘to give for making profit on maritime voyages’. That form of partnership developed in the later Middle Ages, when diminishing risks on commercial voyages to sea ports in the Mediterranean allowed for the calculation of an average profit, a share in which could then be reasonably guaranteed (Weber 1889: 109-11/2003: 136-37).\(^3\) While this arrangement took out the risk for the capitalist, who merely contributed his capital without further involvement and relied on a fixed dividend or rate of return (‘certum lucrum’), it also made the partnership vulnerable to the accusation of usury and led to its ultimate demise, as Weber shows for the city of Pisa. The prohibition of usury was therefore not entirely without teeth.

Weber’s second argument relates to the investment of capital in other, more common types of partnerships, both on land and at sea. The usury ban’s effect on those partnerships, he argues, was very limited. Investment loans were more important for economic development than consumption loans, and in the various forms of partnerships capital found ready investment opportunities. Since in most medieval partnerships a partner who provided capital incurred the risk of losing it and sometimes involved himself in carrying on business, he could legitimately reap a profit. Such a profit was seen as entirely different from taking interest on a loan, which, with certain exceptions, was prohibited. Hence, the prohibition of usury simply did not apply to most of the commercial associations Weber explored.

The third argument concerns the timing of the emergence of stricter usury laws and the legal development of partnerships in the later Middle Ages. In 1874 and 1883, the legal scholar Wilhelm Endemann had published a massive two-volume study on the economic doctrines in Roman canon law. It was not the first study that addressed usury, but compared to studies by Catholic theologians and authors such as Franz Xaver Funk’s (1868), it focused more on usury laws’ legal construction, practical effects, and economic relevance than on their ethical aspects. Endemann’s tome was considered the major study of this sort at the time, but while Weber acknowledges Endemann’s contributions (as well as Funk’s),\(^4\) he takes

3. Its equivalent on land was the ‘dare ad proficuum de terra in bottega vel alio loco’, where an investor invested in a company operating out of a shop. See Weber (1889: 122/2003: 145).

issue with Endemann’s contention that medieval partnerships developed mainly as a means of circumventing increasingly stringent usury laws. In doing so, Weber relies in part on the findings of a certain ‘Arnold’, whom he mentions in the quoted passage, which is a reference to the scholar of Roman and German history Wilhelm Arnold. Arnold’s major study on the development of real property in German cities included census contracts (an annuity or perpetual rent), which did not emerge as a response to the prohibition of usury (Arnold 1861: 92; for a supportive assessment, see Gilomen 1995: 736). Yet Weber’s main argument derives to a much larger extent from his own studies, and those of the scholar of law Gustav Lastig, on medieval partnerships. In a pioneering analysis of documents in Italian archives, Lastig (1878; 1879) had launched an attack on Endemann’s thesis for not sufficiently distinguishing between different types of partnerships and misrepresenting how capital was invested in them. Weber supports many of Lastig’s views but he also goes beyond the latter’s studies by showing that changes in the legal arrangements of medieval commercial partnerships made them increasingly less similar to an interest-bearing loan or other such types of investments at the same time as the usury doctrine stiffened. Of the two main forms of commendas he studied, the unilateral and the bilateral commenda, Weber considers the first one to be historically older. In that arrangement, a capitalist provided capital to an enterprise in which a managing partner carried out the business transactions. The managing partner did not partake in the risk and gradually developed into the capitalist’s agent, buying and selling goods in his own name on the account of the principal. Weber argues that the unilateral commenda is therefore the medieval precursor to the modern form of commission agency. In the Constitutum usus, Pisa’s codified commercial customs dating back to as early as c. 1146–1154 (Classen 1977), this form of partnership was known as dare ad portandum in compagniam. It lacks a separate fund, which is a constitutive element of the bilateral partnership, for an investor contributes capital but is not made liable to third parties by his partners’ actions. The risk is thus limited to the investor’s contribution, and his involvement in the partnership is not transparent to third parties.5 In a bilateral partnership, on the other hand, date in regard to detail yet still remain fundamental’, once more, and Funk (whose name he misspells).

5. As Weber (1889: 108/2003: 135) points out, the equivalent in modern German commercial law is the ‘dormant partnership’ (Stille Gesellschaft). This institution of European civil law does not have an exact equivalent in common law countries, including those who stand in the Anglo-American legal tradition, where undisclosed or ‘silent’ partners have unlimited personal liability in the absence of a limited partnership agreement.
a sedentary investor as well as a travelling partner each contribute capital and share the profits or losses. From a legal perspective the partnership’s capital is separate from the investors’ personal assets, and partnership business is undertaken in a joint name, that of the firm. In the societas maris referred to in the Constitutum usus, the sedentary partner’s legal liability is limited to his capital contribution, whereas the travelling partner’s liability is unlimited; hence, Weber argues, the modern limited partnership had its root in the Pisan societas maris. Time is important in this analysis, for the shift from unilateral partnerships toward bilateral ones as a preferred form of investment was well underway before elaborations of canonical usury prohibitions began in the late twelfth century. This explains why Weber holds that, when the doctrine of usury got its teeth, ‘the development of the forms of partnership…had long been concluded’.

The fourth argument contained in the passage is implicit but nevertheless important. His viewpoint is based on the supposition that both law and the economy in the Middle Ages had sufficient societal autonomy to proceed along their own trajectories, and that developments in neither sphere could simply be aduced by reference to another social sphere such as religion. While interdependencies are always empirically observable, their existence does not allow for the conclusion that one sphere depends on another or merely mirrors developments in the other. Thus, Weber sees a differentiation of institutional spheres before modernity, and with regard to the concomitant increase in the spheres’ relative autonomy, he follows his academic teacher, the legendary scholar of commercial law Levin Goldschmidt, who stressed such autonomy throughout his writings. Goldschmidt also agreed substantively with Weber’s position. Rejecting Endemann, Goldschmidt stated that the prohibition of usury was not effective in throttling economic development, for even canon law had provisions that permitted the taking of interest, not to mention more lenient secular laws. At most usury laws introduced additional restrictions to the market for credit, thus increasing rather than decreasing interest rates (Goldschmidt 1891: 140-41). Correspondingly, Weber (1889: 151/2003: 170) notes in the concluding chapter that the prohibition of usury ‘was more unsettling to theoreticians than to practitioners’.

6. Weber also traces the modern general partnership, which has joint and several liability, to partnerships in Florence, derivative of associations of craftsmen and domestic traders (see Kaelber 2003b: 22-27).

7. It seems impossible to determine who influenced whom. Presumably relying on Weber’s Italian case studies, Goldschmidt made his first extensive comments on the topic in 1891. However, it is likely that he had long before formed an opinion,
Weber was thus first exposed to the issue of the prohibition of usury and its effects on economic development in his studies of the medieval urban Italian economy, which he approached as a legal scholar. His arguments concerning the limited effect of religious restrictions on interest in Europe’s most advanced economy, based on his own documentary analyses, and law’s and the economy’s relatively high degree of autonomy would affect his views when he revisited the topic as part of his *Protestant Ethic* studies fifteen years later.

**Usury and medieval religion:**

*The ‘Protestant Ethic’ essays and Weber’s rebuttals of Rachfahl*

After finishing his dissertation, Weber quickly moved on to other topics. He would not address the issue of usury in detail again until his two-part essay ‘The Protestant Ethic and the “Spirit” of Capitalism’ in 1904–1905 and replies to his critic Felix Rachfahl in 1910. In his *Protestant Ethic* essay, Weber’s approach broadens. He is now concerned with the practical aspects of religious ethics, specifically with the ways in which religion inhibited or contributed to the emergence of a modern capitalist ethos represented in modern vocational culture, for which he adopts Werner Sombart’s term: the ‘spirit’ of capitalism. Weber portrays the Middle Ages as a time before the modern notion of a calling (Beruf) broke the Church’s ‘mold of medieval economic regulation’. This mold he describes as follows:

The phrase ‘Deo placere non potest’ was used in relation to the activity of the merchant. But, when compared to widely held antichrematistic views, this represented a considerable accommodation of Catholic doctrine to the interests of the financial powers of the Italian cities… [G]ain as an activity pursued as an end in itself was basically a ‘pudendum’, which was tolerated solely because it had become an established institution. A ‘moral’ view like that of Benjamin Franklin would have been simply unthinkable. This was also the position of those directly concerned. Their life’s work was, at best, something morally neutral—tolerated, but on account of the constant danger of clashing with the Church’s ban on usury, spiritually dubious. The sources reveal that upon the death of wealthy people, considerable sums of money flowed into the coffers of the Church institutions as ‘conscience money’, some of it even going back to former debtors as which he may have expressed to Weber during the latter’s preparation of his dissertation. The agreement between the two scholars extended beyond usury. Despite Weber’s vociferous remarks toward the Poles in his Freiburg inaugural address (see, e.g., Barbalet 2001), they had similar views on German politics and economic policy at the time. Both were supportive of national liberalism and favored a limited intervention of the state in the economy (see Borchardt 2002; Weyhe 1996).
'usura' wrongfully taken from them. Even skeptical persons not in sympathy with the Church tended to play safe and pay these sums in order to be reconciled with the Church just in case the worst came to the worst. It was an insurance against the uncertainties concerning the afterlife and because, after all (at least this rather lax view was widely held), outward conformity to the laws of the Church was sufficient to salvation. It is here that the amoral and in part immoral character of their actions becomes clear, as those concerned themselves saw it (Weber 1904: 32-33/2002: 25).

Weber sees orthodox religion in the Middle Ages as accommodating, rather than being hostile to, economic activities in general, and mercantile activities in specific. Accommodation consisted of practices that allow remorseful transgressors to return to the bosom of the Church, but no positive endorsement of methodically controlled acquisitive activity existed. Weber chooses the phrase 'Homo mercator vix aut nunquam deo potest placere' (the merchant can hardly or never please God) in Gratian’s collection of church laws (c. 1140) as indicative of limitations on enterprise. What is interesting in the passages above, however, is that Weber refers to the prohibition of usury and the related restitution of wrongful gain to illustrate his point. In the accompanying footnote, he notes

We can learn exactly how they used to come to terms with the ban on the taking of interest in, for example, Book I, chapter 65 of the statute of the Arte di Calimala…: ‘The consuls must ensure that they make confession to those brethren [confessors] whom they judge most likely to pardon them, and that they do it in the manner most appropriate to the gift, service or reward received, in terms of the interest exacted for the past year, according to custom’. In other words, the guild obtains indulgence for its members through official channels and through submission to the Church. The instructions that follow are also highly typical of the a-moral character of capital gains, as well as, for example, the immediately preceding injunction (chap. 63) to record all interest and profits as ‘gifts’. Today’s stock exchange blacklisting of those who refuse to honor forward contracts by invoking the margin defense (Differenzeinwand) in court can be compared to the vilifying of those who went before an ecclesiastical court pleading exceptio usuriae pravitatis (1904: 33 n.1/2002: 51-52 n. 36).

Weber thus continues to draw on his dissertation to inform his assessment of commercial (and religious) medieval practices. From his analysis of the statutes of the Florentine Arte di Calimala, the prestigious guild of merchants of imported wool, he comes to the same conclusion as he did about fifteen years earlier. International merchants, facing the issue of usury on an almost daily basis, did not simply ignore religious concerns regarding their activities but found ways to adapt to them and assuage lingering doubts. In part this occurred through the aforementioned resti-
tution, which could occur on a merchant’s deathbed, in part through the corporate practice of creative economic procedures that circumvented the prohibition of interest.

At the end of the passage, Weber likens the defensive practices of medieval guilds to those of modern stockbrokers. The MWG edition of Weber’s writings on the stock exchange in 1894–96 (Weber 1999) has made possible a better understanding of the origin of these words and their meaning, which has escaped all existing English translations of Weber’s *Protestant Ethic* writings. German civil law had traditionally not allowed forward or arbitrage contracts, which are contractual transactions based solely on the exploitation of the difference between an initially agreed-upon price and the price set later by the market or exchange. Since such contracts constituted gambling or betting, they were not enforceable, and the *Differenzeinwand*, or ‘margin defense’, was the legal defense used against claims in court lest such speculative contracts be enforced. However, stock market traders dealing among themselves could not invoke such a defense, and those who tried, in cases Weber encountered during his studies on the stock exchange, were indeed blacklisted and thus faced marginalization (Borchardt 1999: 28-31; Weber 1999: 225, 507, 1040). As Weber puts it, the defense is analogous to medieval guilds’ strategies to vilify those invoking *exceptio usurariae pravitatis*, a defense based on the claim that one party’s contractual obligation derived from the other party’s depraved usury, rendering the contract unenforceable and thus the obligation non-binding.8

In a different part of the essay, Weber takes issue with those who argued that modern capitalism emerged because nascent capitalist entrepreneurs were finally able to shed the ballast of religious constraints on secular activities. He mainly addresses Sombart’s thesis in *Der Moderne Kapitalismus* (1902). Having written a splendid dissertation on the rural proletariat’s impoverishment and exploitation in the Roman campagna (1888) under the guidance of Gustav Schmoller, a leader of the younger Historical School of political economy, Sombart was attuned to a Marxist-materialist interpretation of economic history early in his career (Stehr

8. Weber (1999: 220-21, 1044). Cf. the existing translations of the passage: for Talcott Parsons, traders who invoked the margin defense were ‘brokers who hold back the difference between top price and actual selling price’ (Weber 1976: 204 n. 31); for Stephen Kalberg, these traders are those ‘who criticize orthodox procedures’ and the *exceptio usurariae pravitatis* is a plea ‘for an exemption to the prohibition of usury’ (Weber 2001a: 178 n. 35); and for Peter Baehr and Gordon Wells, the blacklisted traders are those ‘who take profits from differential rates’ (Weber 2002: 52 n. 36). *Economy and Society* (Weber 1978: 1189) contains a better translation of a similar passage.
and Grundmann 2001: xiii-xv). In Der Moderne Kapitalismus, Sombart related to Karl Marx’s (1977: 915) notion that feudal economic structures—rather than the existence of usury laws in itself—prevented assets generated through usurious practices from turning into industrial capital. Sombart (1902: I, 184-87) argued that the medieval economy was craft-based and the ban on usury reflected its traditionalist ethic. The corollary of this position is that lifting the prohibition of interest signified a boost for the new modern capitalist spirit. Weber is not convinced by Sombart’s thesis. Simply put, because such restraints had not been a decisive factor in the Middle Ages, their relegation to marginal status in the early modern era could not account for the emergence of capitalism. Moreover, Weber argues, not only did Luther remain a traditionalist on usury and other economic matters, but also strands of ascetic Protestantism continued to be concerned about the morality of taking interest. Therefore, an alleged desire on their part to engage freely in what previously would have been considered a usurious transaction is squarely at odds with the historical record (Weber 1904: 9 n. 1, 45/2002: 30, 46 n. 13).

He affirms this view a few years later in his rebuttals to Felix Rachfahl’s arguments, referring to Rachfahl’s ‘peripheral points about church doctrine on ‘usury’ in the Middle Ages’, which for economic development ‘are not at all decisive’ (Weber 1987: 167/2001b: 73). He traces the origins of the Church’s usury doctrine to a false reading of the Greek Vulgate translation of the Decretals (see Weber 2001c: 377 n. 11), mentions the Church’s dealings with usury along with confession as examples of the ways in which the Church was willing to accommodate but not approve of moral shortcomings, including those that resulted in ethically questionable economic practices, and alludes to modern Catholicism’s much more lenient dealings with those matters (Weber 1987: 341 n. 20/2001b: 129 n. 20).

This position not only reflects a shift in Weber’s work toward a sociology of medieval Catholicism (Kaelber 1998: 112) but also echoes the views of Ernst Troeltsch, with whom Weber formed a ‘friendship between experts’ that led to much cross-fertilization in their work (Graf 1987). In articles later included in The Economic Teachings of the Christian Churches ([1912] 1956), Troeltsch posited that the medieval Church affirmed its claim to ‘absolute universalism’ through the establishment and enforcement of a unitary religious culture that bound all Christians together by a fellowship of love (1956: 55-58), and it rejected usury as a violation of the communitarian ethic of brotherhood (1956: 128, 319-20). Such a process of universalizing ethical notions, Weber realizes, necessitated the lowering of some standards (for the laity), including accommodating economic practices to a certain extent while formally drawing sharp
distinctions between ethical and unethical activities. By 1910, with Troeltsch’s input, usury had thereby become part of Weber’s reflections on the role of religion for economic development.

Usury in comparative and systematic perspective: Weber’s later writings

Several influences on Weber’s views are evident in the revised Protestant Ethic, his writings on the economic ethics of the world religions, and the sections on religious communities and secular and religious rulership in Economy and Society. Weber elaborated on Troeltsch’s views but also took on recent arguments by Franz Keller and Sombart.

In the revised Protestant Ethic, medieval Catholicism is afforded a more prominent role. Two new insertions concern the prohibition of interest. In one Weber asserts the validity of his earlier remarks to Rachfahl, that for the emergence of modern capitalism’s vocational ethic, and, as he underlines, only in this context, the canonical prohibition of usury played no significant role (Weber 1988a: 27 n./2001a: 168 n. 23). In the other insertion, which is one of the longest, Weber responds to what can only be described as puzzling claims made by the Catholic theologian Franz Keller and by Sombart. In two separate publications, Keller (1912) and Sombart (1913a) turned the existing paradigm concerning usury upside down. Keller claimed inter alia that the Church’s ban on usury pertained only to emergency loans made in cases of sudden privation. Such a tightly confined prohibition of the taking of interest helped rather than hindered capitalist development, he (1912: 24-28) maintained, because it cut short entrepreneurs’ ability to make a profit through illegitimate means and prevented the loss of capital stock of temporarily impoverished craftsmen and others in need, who would soon again be able to contribute to the economy. Keller made this argument in the space of a few pages and with barely a reference to historical documents. Nevertheless, Sombart expanded on it in Der Bourgeois (1913a/1915), perhaps influenced by Keller’s favorable treatment of Sombart’s previous work. Seemingly intent on finding the capitalist spirit’s roots in anything but Weber’s Puritans, Sombart advanced an ever-increasing hodgepodge of explanations. He attributed an important role in the genesis of modern capitalism to the Jews (1911/1913b), trade in luxury goods (1913c/1967), war (1913d), and, lastly, the fusion of adventure capitalism (for which he credits in part the European Jewry) with the modern bourgeois’ rational calculability (1913a). Sombart’s claim was as simple as Keller’s: by forgoing loans, money had to seek more productive purposes and was thus invested in business, since profit, unlike interest, was not affected.
by religious prohibitions (Sombart 1913a: 314-22). Like Keller, Sombart furnished few references to literature supportive of this view.

In his response in the Protestant Ethic, Weber is as defensive as he had been against Rachfahl. Calling Sombart’s publication ‘a book ‘with a thesis’ in the worst sense of this expression’ and the ‘by far the weakest...of his larger studies’ (Weber 1988a: 27 n. 2; 57 n./2001a: 168 n. 25; 176 n. 32), he affirms his earlier positions:

The truth is that [1] the church began to reconsider the prohibition of interest only at a rather late time; [2] at the time when this happened the forms of purely business investment were not loans at a fixed interest rate but the foenus nauticum, commenda, societas maris, and the dare ad proficuum de mari...yet other than by a few rigorous canonists they were not held to fall under the ban; [3] when investments at a fixed rate of interest and discounting became possible and common, they encountered discernable difficulties stemming from the prohibition of usury, which led merchant guilds to adopt drastic defensive measures (blacklisting!); [4] the canonists’ treatment of usury was purely formal-legalistic, and without any such tendency to ‘protect capital’ as Keller ascribed to them; [5] lastly, the Church’s attitude toward capitalism, in so far as it can be ascertained at all, was determined by, on the one hand, a traditional hostility, mostly diffusely held, toward the growing power of capital, which was impersonal and hence not readily amenable to ethical control...; on the other hand, the necessity for accommodation (Weber 1988a: 57-58 n./2001a: 176 n. 32).

Convoluted in the original German, this passage succinctly depicts Weber’s views on usury shortly before his death. They had not changed significantly since his studies under Goldschmidt. The ban on usury does not rank among the chief reasons capitalism, in its ‘modern’ manifestation in form and spirit, did not develop in the Middle Ages, nor was the Church’s rejection of interest in return for giving loans, while firm, responsible for the investment of money in ethically less clouded forms of investments such as partnerships. Rather, as Weber notes in an earlier passage in the same note, ‘parallels to the prohibition of interest are to be found in almost all religious ethics around the world’ (1988a: 56 n. 1/2001a: 176: n. 32). These views touch on two larger issues Weber raised in two main projects in the last decade of his life: the importance of external religious guidelines for secular action, and the relationship between religion (as a societal order) and the economy. Weber addressed the former in his comparative studies on the world religions and the latter in Economy and Society.

9. Cf. Weber’s other major critic, Lujo Brentano, who held that the Church had effectively given up on regulating interest rates in the late Middle Ages and accepted a ceiling on interest rates (Brentano 1916: 21). Weber did not respond.

Weber’s statement regarding a prominent existence of usury rules in religious ethics is an implicit reference to, and a result of, his comparative studies of the economic ethics of the world religions, where he transcends the Protestant Ethic’s much more circumscribed theme of religious contributions to modern capitalism. In the context of those studies Weber notes that Islam scorned usury (Weber 2001c: 435/1978: 625), as did Indian Brahminism (Weber 1996: 118/1967: 56; 1958a: 235/1981: 268), whereas Confucianism and Taoism, due to their rationalism of ‘world adjustment’ (see Schluchter 1989: 85-116), did not at all or only to a very limited extent (Weber 1989: 279, 354-55/1964: 100, 159).

Judaism is more difficult to characterize. Elaborating on remarks made in his studies on agrarian history in 1908, where he briefly touched on the issue of interest in Israel (1988b: 86, 90/1998: 137, 142-43), Weber in his study on ancient Judaism traces religious provisions that allowed lending money at interest to strangers to the economic ethics of an oppressed people. Relevant passages in the Torah were interpreted, for both political and religious reasons, to mean that the taking of interest was allowed only from gentiles. Although voices existed which rejected this in-group versus out-group morality, the marginalization of Jews, for which Weber used the controversial concept of a ‘pariah people’, ensured the continued existence of this morality (Weber 1988c: 357-58/1952: 342-43). However, Weber does not go nearly as far as the increasingly anti-Semitic Sombart, who argued that Jews had a special propensity to trade and barter and by extracting profit from money lending contributed to the emergence of the adventure spirit Sombart associated with modern capitalism (for discussion, see Stehr and Grundmann 2001: xxxiii-xxxix).

In terms of prohibiting the taking of interest, Weber makes clear, Judaism is not the most permissive religion, and it is not a crucial issue. ‘The core of the obstacle [to developing modern capitalism] did not lie in such particular difficulties [as bans on interest in money lending], which every one of the great religious systems on its way has placed, or has seemed to place, in the way of the modern economy. The core of the obstruction was in the ‘spirit’ of the whole system (Weber 1996: 194/1967: 112).

The taking of interest in return for a loan is thus only one of many prohibited or negatively stereotyped activities that could interpose obstacles to secular activities. Yet they were externally imposed; hence, unless accompanied by internal changes that redirected people’s motives, ideas, and interests, they do not prevent the economic process from running its course. A system of external religious prohibitions cultivated from the outside but not from the inside: it could not thoroughly penetrate economic actions with an inner value (Weber 1989: 457, 460/1964: 232, 235; 2001c: 348/1978: 562). This helps explain why in spite of variations in the
prohibition of taking interest—none or little in Confucianism and Taoism, from other Jews in Judaism, from anyone in late medieval Christianity—none of these religions ‘developed’ modern capitalism and introduced economic rationalization. The prohibition was not a decisive factor; if it had been, then areas influenced by Confucianism and Taoism should have been the first to usher in the modern rationalized economy. The role of medieval Catholicism in this process was traditional, for it did not provide psychological incentives for the pursuit of ethically tempered acquisitiveness. At best, it produced a ‘naive affirmation of the world’ (Weber 1989: 115/1958b: 291), not ascetic Protestantism’s world mastery.

Weber addresses this issue on a more general level in the context of the relationship between the economy and other societal orders in *Economy and Society*. Two chapters, both located in the older part, concern usury. One thematizes the relationship between secular and religious rulership, which is part of Weber’s sociology of domination (Hanke 2001); the other, on religious communities, ties his writings on the economy in its relationship to other societal orders to his comparative writings in the sociology of religion (Schluchter 1989: 411-32; Kippenberg 2001; but see Mommsen 2000). Though the chapters’ foci differ, Weber’s references to usury are similar and some passages virtually identical (Weber 2001c: 376-83; 1985: 710-12/1978: 583-87, 1188-91).

Weber notes that while Christianity from early on rejected in-group versus out-group morality in its emphasis on what Troeltsch had called ‘absolute universalism’, it developed its strongest rejection of the countervailing ethics, those of the ‘market’, in its opposition to interest when confronting the acceleration of economic growth in the twelfth century. This reflects a ‘principal struggle between an ethical and economic rationalization of the economy’ (Weber 2001c: 377-78/1978: 584). The Church attempted to come to grips with the amoral forces represented by the economy by means of a rationalization of the ethics that governed its hierocratic means, the dispensation of grace. This took the form of elaborate casuistries by Canon scholars. Next to the notion of a ‘just price’ (*justum pretium*) in economic transactions, usury was one of the foils against which they could construct a moral code of ethical behavior in the secular world vis-à-vis the impersonalization and a-morality brought about by the market place. As he did originally in his dissertation, Weber stresses repeatedly that the systematization of religious ethics did not reflect material conditions and the unfolding of usury prohibitions is inconsistent with a materialist conception of history (2001c: 377; 1985: 711/1978: 584, 1189). Moreover, he alludes to the same means of evading or circumventing the ban on taking interest as in the original *Protestant Ethic*; i.e., the blacklisting of guild members who go before ecclesiastical
courts, the purchase of general indulgences, and merchants’ testamentary gifts of conscience money and charitable endowments as posthumous restitution of usury. The latter together with the elaboration of the system of penance and the establishment of ecclesiastical pawn lending institutions in the *montes pietatis* signify provisions by which the Church acquiesced to ethical conundrums resulting from economic action (2001c: 382-83; 1985: 711/1978: 587, 1189-90). In all, the summary judgment is the same as it had been all along: the practical consequences of the Church’s ban on usury, while ‘difficult to estimate’, was that of being a burden on economic affairs, pushing it along the direction of a ‘moral declassement and obstacle to a rational business ethic’. Ultimately, it was ‘nowhere really successful in cultivating the development of capitalism…and increasingly became a mere impediment of commercial life’ (2001c: 381-83; 1985: 711/1978: 587, 1190).

**Conclusion: Weber, medieval Catholicism, and modern debates on the role of usury**

This analysis has shown that usury was not of marginal importance in Weber’s writings. The fact that Weber considered the religious proscription of usurious practices at most a detriment and at least a nuisance to pre-modern economic development certainly does not imply that a sociological exploration of usury provisions and their impact on actual practices is unwarranted—just as no one, by way of analogy, would want to argue that the analysis of Confucianism or Islam is unimportant merely because these religions, at least according to Weber, did not help bring forth modern capitalism. In fact, Weber considered the Church’s policies toward usury, next to its doctrine of a just price, its practices of penance, and its system of a monastic supererogatory accumulation of merit (Kaelber 1998: 46-55), to be a core element of medieval Christianity’s salvation economy. Had Weber been able to carry out the remaining studies on the economic ethics of the world religions, he would have addressed the inner workings of this salvation economy in his intended study on Christianity. Usury, one might reasonably argue, would have played an important role in it. Given the time that has passed since Weber’s death, however, do his views have any pertinence to recent scholarship?

Current scholarship on medieval religion is less inclined to provide a broad characterization of a period spanning close to a millennium than Weber, whose views were steeped in contemporary presuppositions of Cultural Protestantism with its anti-Catholic and anti-Lutheran elements (see Hübinger 1994). Even though Weber may have intended his
statements to constitute ideal-typical depictions, many of them appear too general, without sufficient contextualization, and badly in need of revision in view of newer findings. For example, medievalists point to twelfth-century developments in the profit economy (Little 1978), religious dissent (Grundmann 1994), reason (Murray 1985), and literacy (Stock 1983) as crucial transformations toward more rationalized European societies even before the onset of the Italian Renaissance. Such studies shatter the impression of a relative continuity in medieval culture, and perhaps even backwardness, one might get from Weber’s admittedly fragmented remarks. They do, however, broadly support Weber’s (and Goldschmidt’s) notion of a relatively high degree of autonomy of the economic sphere from religious interference, and relate advances toward a modern type of market economy to developments in spheres other than religion.

While usury has not been a topic of interest for sociologists since Nelson (1969), it has received ample attention from medievalist economists and historians. Their studies fall into three categories: (1) neo-classical economists’ attempts at addressing the impact on usury; (2) comparative studies that have begun to expand Weber’s inquiries into other world religions and address Christian usury provisions in the light of other religions’ tenets and practices; and (3) a multifaceted controversy about Weber’s core question of how much the prohibition on taking interest on a loan impeded economic development.

Economists have recently begun to address usury in the Middle Ages using neo-classical models. Robert Ekelund et al. (1989, 1996) proposed the following argument: leaders of the medieval Catholic church were no different from entrepreneurs heading economic firms in their attempts to become monopolistic suppliers of goods and services by establishing public policies that give them a comparative advantage over competitors. Such ‘rent-seeking behavior’ can also be found, the authors contend, in the Church’s usury policies, designated to keep interest rates

10. An anonymous reviewer took me to task for claiming Nelson all too readily as a sociologist with the argument that Nelson was a trained medievalist and only later turned to social science (Parsons, Freud, and Weber). It is true that Nelson received both his master’s (in 1933) and doctorate (in 1944) in medieval history. However, as a prodigious reader, Nelson undoubtedly explored materials beyond the more specialized range of medieval/Renaissance studies as early as while preparing his dissertation, and with certainty extended his subsequent studies beyond those three scholars. The voluminous collection of Nelson’s papers housed at Columbia University’s Rare Book and Manuscript Library awaits exploration to shed more light on this topic. I wish to thank Dr Donald Nielsen, once a doctoral student of Nelson, for kindly supplying me with some of this information.
low and allowing the Church to borrow money more cheaply than in a competitive market environment, while at the same time restricting competition under conditions in which the Church was herself a creditor. Yet not only does this approach fit the historical development of the Church’s economic condition and its usury doctrines poorly (see Glaeser and Scheinkman 1998, Reed and Bekar 2003), it is also inferior to Weber’s, for it relies on the assumption that the Church’s policies were driven by the intent to bring about economic results rather than moral reform. It is more compelling, Weber showed, to assume that when a hierocratic institution is embedded in a political and economic structure in which it can influence but not dominate public policies, it will respond to a rationalization in politics and the economy that intrudes into its own sphere (as in the twelfth century) by a rationalization of its own, namely in its ethical doctrine toward those spheres. Rather than being a reflection of changing material conditions, as some neoclassical economists want to have it—one might recall Sombart’s position outlined earlier in this paper—usury policies may thus be in sharper conflict with economic practices. Such policies may become more, not less value-rational, as rationalizations in societal spheres develop according to their own logic and quite possibly in different directions, which may lead to sharper conflicts between these spheres (see Weber 1989: 479-522/1958b: 323-59). Weber’s ‘political economy’ model of usury policies, which affords religion the ability to contribute autochthonous elements to such policies, therefore deserves more recognition in these debates. The neo-classical model, at least as currently applied to medieval ecclesiastical policy, appears to represent a step back from Weber’s studies and might benefit from drawing on some of Weber’s insights.

The comparative aspect of Weber’s writings on usury has been taken up by an increasing number of studies that go beyond Christianity. One of the first scholars to engage in this line of work was Nelson, who prefaced his exploration of Christian usury doctrines with a study of usury provisions in Judaism (1969: xix-xxii). Since then, scholars have studied Jewish vis-à-vis Christian lenders in the Middle Ages (Shatzmiller 1990, Herman 1993), and Islamic views toward usury in this and other periods (Saleh 1986, Lohlker 1999). A truly comparative analysis of religious prohibitions against usury that includes doctrines (e.g. Buckley 2000) as well as their secular impact appears to be still in its infancy, however.

Finally, historians have paid much attention to the emergence of the usury doctrine in the Middle Ages and early modern era, and to the ways economic practice reflected them or reacted to it. Their findings defy simple description. In regard to development of doctrine, there exists now a rich literature on how Canon lawyers and Church theologians
defined and classified usurious practices. This literature shows their teachings constituted no monolithic set of teachings but a sometimes discordant set of voices on a common theme (see especially McLaughlin 1939, 1940, Noonan 1957, Baldwin 1970, Langholm 1984, 1992). The variations in their views seem far too great to accord with the impression of a strong consistency one might get from reading Weber and his contemporaries. Yet Weber’s overall argument, that the ecclesiastical teachings did not simply become more ‘capital friendly’ but rather more stringent on usurious loans — as distinguished from other, legitimate forms of taking interest, including delayed repayment, cessant gain, emergent loss or damages, sharing of risk, annuities, and exchange dealing11 — is not refuted. Nor is there evidence that disputes over usury simply ceased with the Reformation, as if such disputes were merely a reflection of the advent of modern capitalism on the super-structural plane (Jones 1989, Kerridge 2002). On the contrary, such disputes were played out with particular intensity in ascetic Protestant groupings (Valeri 1997).

But the crux of the matter is actual practice. While there is evidence of merchants so bothered by soteriological implications of their usurious activities that they paid considerable restitution on their deathbed (Nelson 1947, de Roover and Edler 1957, Galassi 1992), which implies that Church doctrine had not deterred them from engaging in these activities in the first place, historians have achieved no consensus on the extent to which usury doctrine influenced business practices and was a detriment to economic development. The still dominant view, that the Church’s condemnation of usurious loans ‘did nothing to shackle the development of capitalism’ (Le Goff 1979: 25)12 and was ‘never a hindrance to the growth of credit institutions’ (Lopez 1979: 22, see also Gilomen 1990), has been tempered by the recognition, associated with the works of Raymond de Roover and others, that the prohibition had a certain steering function in guiding banking away from loans and toward exchange transactions and annuities (see Kirshner 1974: 32-33; Munro 2003). Since the prohibition applied to all loans but usury concerns could be circumvented much more readily in investment credit transactions, or avoided altogether in investments in most forms of commercial partnerships, such a function could indeed be readily observed in those areas of commerce and finance (Hunt and Murray 1999: 70-74; Wood 2002: 181-205).

11. These are discussed in the aforementioned literature. Regarding the Church’s ‘accommodation’ of business lending and public finance, see Menning (1993) for the credit lending practices of the montes pietatis, and Armstrong (1999) for the religious accommodation of interest on communal public debt in Florence.

12. LeGoff (1984, 1988) describes the birth of purgatory as a way of allowing usurers to avoid eternal damnation.
Moreover, the ecclesiastical teachings were not equitably enforced. If anything, the petty pawnbrokers and small lenders of emergency loans for immediate consumptive needs were marginalized or forced out of the market if not legally protected by a charter or a license, which ironically drove interest rates up instead of down, while larger lenders and companies were less likely to suffer the opprobrium of usury when engaging in credit-bearing transactions (see, e.g., Lane and Mueller 1985: 75-78; Gilomen 1990: 290-95).

The research on evasive practices engendered by the prohibition of usury, together with the exploration of its unintended consequences, will likely continue to fuel debates among historians about religion’s role in the emergence of modern capitalism. Many themes in these debates still resonate with Weber’s exploration. While it is true that Weber relied on a much narrower base of documents than economic historians have access to today, his approach to studying usury provisions as an important example of the ways in which religious ideas might shape and direct secular material interests can still be considered relevant to these debates (cf. Reyerson 1988). Usury, Weber thought, played a significant role in medieval religion’s moral economy and was an integral part of his sociology of religion and writings on the relationship between religion and the economy. Therefore it was an important topic; as an issue, it occupied institutions and sometimes posed stark ethical choices for individuals. Modern historians agree, and so did the fourteenth-century Italian Benvenuto de Rambaldis da Imola (quoted in Gilomen 1990: 265): ‘He who commits usury goes to hell, he who doesn’t, faces penury’.

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