

The Antecedents of Banking

from
The Historical Introduction to A Discourse Upon Usury
by
R. H. Tawney

List of Contents

Dr. Thomas Wilson

| | |
|--------------------------------------|---------------------------------|
| The Peasant and Small Master | The Damnable Sin of Usury |
| The Needy Gentleman | The Harrying of the Usurer |
| The Financing of Capitalist Industry | The Struggle over the Exchanges |
| The Foreign Exchanges | The Compromise of 1571 |
| The Antecedents of Banking | Conclusion |

edited by Peter Etherden

A DISCOURSE UPON USURY

BY WAY OF DIALOGUE AND ORATIONS, FOR THE BETTER
VARIETY AND MORE DELIGHT OF ALL THOSE
THAT SHALL READ THIS TREATISE
[1572]

BY
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WITH AN HISTORICAL INTRODUCTION BY

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The preceding sections¹ have shown that, by the latter part of the sixteenth century, *Agriculture, Industry* and *Foreign Trade* were largely dependent on *Credit*. It remains to consider briefly what types of person mainly supplied it, and what signs, if any, are to be found of that movement towards the more systematic organization of money-lending in the hands of a specialized class of *Bankers* which was to attract so much attention after the *Civil War*.

To answer the first question with some precision would probably not be impossible, but it would entail a more elaborate statistical investigation than the writer has been able to undertake. The first conclusion which emerges is, however, little affected by the distressingly indefinite character of the evidence as to the occupation and social position of *Tudor Moneylenders*, and is, indeed, indirectly confirmed by it.

It is that the advancing of loans was not yet, as it became in the following century, a specialized profession identified with the members of some particular trade or group of institutions, but was normally a venture taken up as a bye-employment by the prosperous *Tradesman* or *Farmer* in the intervals of his ordinary occupation.

The word *Banker* was coming into use in England in the first half of the sixteenth century, to designate, in particular, *Moneylenders* engaged in *International Finance*. But the vast majority of lenders were, in the rural districts: *Farmers, Yeomen* or *Gentlemen*; and in the towns, *Merchants, Shopkeepers, Mercers, Tailors, Drapers, Haberdashers, Grocers* and similar *Tradesmen*; and except when summarily damned with the opprobrious epithet of *Usurer* or *Extortioner*, they were described by the craft which was still their chief characteristic.

The ubiquity of *Credit Transactions* which drew from the moralist the shocked protest that not only '*Money Men*' but '*Merchantmen, Citizens, Noblemen, Courtiers, Gentlemen, Grasiers, Farmers, Plowmen, Artificers*', and even the *Clergy*² lent money at interest, was itself a proof of the relative backwardness of *Credit Organisation*.

The phenomenon which meets us, in fact, in the world of *Finance* is similar to that which occurs in *Manufacturing* industry. It is a stage of what may be called *Semi-Capitalism*, intermediate between the *Specialised Financial Mechanism* of the later seventeenth century, and the *Casual Pawnbroking* which, though accompanied, of course, by larger operations, had been most characteristic of the *Middle Ages*.

It was this transition which produced the collision of old theory with new practice expressed in the controversy on usury. When Wilson wrote, a class whose interests were predominantly those of the *Financier* was in process of formation. But it had as yet only begun to disentangle itself from the indiscriminate mass of *Shopkeepers* and *Merchants* who carried on money-lending by substantially the same methods as had been employed for centuries, though more regularly and on a greater scale.

Impressive as had been the increase in the number and magnitude of *Credit Transactions* caused by the *Expansion of Commerce* and *Transference of Property*, it had not, at least before the end of the century, been accompanied by the concentration of the new volume of business in the hands of any single group of *Financial Specialists*; and it is not possible in the England of Elizabeth, as was regularly done after the *Restoration*, to point to half-a-dozen members of a single craft as *par excellence* the *Bankers*.

If it is hardly an exaggeration to say that the *Use of Credit* was almost ubiquitous, the provision of it, nevertheless, was still decentralised, fluid, and unsystematic. In spite of the trail left by certain *Great Financiers*, it resembled the management of most industries and the ownership of most land, in being the province of the *petite bourgeoisie* of village and borough, who carried it on, not as a specialism with a technique of its own, but as an *Enterprise* subsidiary to *Trade* and *Agriculture*.

This condition of things continued to be the rule for two generations after Wilson's death. But even in his day there were signs of a coming change. From the miscellaneous background of *Farmers, Tradesmen*, and *Merchants*, through whom this mass of credit transactions were carried on, certain figures were beginning to

¹ This is the final essay in the second section of R.H. Tawney's three-part (170-page) introduction to the *G. Bell & Sons Limited* edition of Dr Thomas Wilson's *A Discourse Upon Usury* (1925, London, 390 pages) entitled *The Principal Types of Credit Transaction*. Included in this section are: *The Peasant and Small Master; The Needy Gentleman; The Financing of Capitalist Industry; The Foreign Exchanges*; and this essay *The Antecedents of Banking*. The third part entitled *Public Policy and the Money-Lender* includes the following essays: *The Damnable Sin of Usury; The Harrying of the Usurer; The Struggle over the Exchanges; The Compromise of 1571*; and *Conclusion*. The first part of R.H. Tawney's introduction is a 15-page essay about Dr Thomas Wilson. [Ed].

² R. Porder, *A Sermon of God's fearful threatenings for idolatry (1570)*.

detach themselves as the forerunners of the *Financial Class* which was to play so conspicuous a part in *English History* in the seventeenth century.

One can observe, in the first place, the rise even in certain rural districts of men who, by the magnitude of their operations and still more by the regularity with which they carry them on, stand out from the mass of casual lenders, and who, if not practising a new trade, are at least practising an old trade in a new way.

The *Moralist* might declare that:

“He who liveth upon his usury as the husbandman doth upon husbandry ought to be thrust out of the society of men.”³

But the enterprising *Corn-monger* or *Landlord* who had made a sufficient success of casual money-lending to be regarded as the *Financier* of his district naturally tended to turn it from a bye-employment into a regular profession.

How large a field for profitable business lay before him in parts of agricultural England was shown by the considerable fortunes which these ‘*Usurers by Occupation*’ could acquire. A single hundred of the wealthy county of Norfolk contained, an indignant correspondent wrote to the *Government*, ‘three miserable usurers’,⁴ of whom two were worth £100,000 each and one £40,000; while even in the little moorland town of Leek, far from centres of trade and industry, a *Moneylender* could accumulate what was then the considerable fortune of £1,000.⁵

Capitalists of this magnitude naturally exercised an extensive, if secret, influence in their countrysides, and here and there, even in rural districts, we see growing up in *Elizabethan England* a new money power, which competes with the authority of the *Squire* and the *Justice*, and which, in the absence of express intervention by the *Government*, is sometimes strong enough to set the law at defiance. It is in the light of such conditions that what is apt to appear to the modern reader the high-handed interference of the *State* with matters of business, and what seem the hysterical outbursts of *Preachers*, are to be read.

In the opening years of Elizabeth’s reign, a Norfolk *Moneylender* had on hand, an indignant petition from the county complained, no less than thirty suits arising from usurious dealings with his neighbours, maintained a *Gang of Bullies* who intimidated witnesses, forcibly kidnapped and imprisoned an opponent with whom he had a quarrel, threatened to drive the *Parson* out of the village, and set at defiance a *Royal Commission* appointed to investigate the disorders.⁶

Against *Financiers* of this type, even when their illegalities were unaccompanied by physical violence, local juries could not be trusted to give a verdict, or local justices to take proceedings, for both *Yeomen* and *Gentry* were apt to be their clients.

When it was proposed to transfer the trial of a Dorsetshire *Moneylender* to the more impartial atmosphere of London, he was sufficiently influential to get some friends on the *Privy Council* to raise the question of transferring it back to Dorsetshire, where, as the *Government* was informed by one of its agents,

“No good or direct proceeding can ever be hoped for, inasmuch as Webbe and his mother, being greatly moneyed, and dealing very much in the trade of usury, have many or most of the better sort indebted to them.”⁷

Even the two *Commissioners* appointed by the *Crown* in 1578 to inquire into breaches of the statute of 1571 were obliged to write to Burghley begging that offenders might be pardoned,

“...so that we may quietly travel without molestation within the counties specified in the commission.”⁸

Enjoying a sinister reputation among their poorer neighbours, alternately courted by the *Needier Gentry* who hope to raise mortgages on favourable terms, and frowned upon by the more public-spirited as men who ‘will never do any good to their country’,⁹ these *Capitalists* are the despair of *Tax-collectors*, whom with bland mendacity they assure that their ‘riches are not in substance but in other men’s talks’,¹⁰ and are a standing

³ Knewstub (referring to views ascribed to Calvin), quoted Haweis, *Sketches of the Reformation*, ch. xii.

⁴ *Hist. MSS. Com.*, App. To Fourth Report, *MSS. Of Earl de la Warr*, p.276.

⁵ Lodge, *Illustrations of British History*, vol. II, pp. 386-7.

⁶ *S.P.D. Eliz.*, vol. CLV, no. 65.

⁷ *MSS. of Marquis of Salisbury*, pt IV, p. 277.

⁸ *S.P.D. Eliz.*, vol. CXXVII, no. 76.

⁹ Lodge, *loc.cit.*

¹⁰ *MSS. of Marquis of Salisbury*, pt VIII, p. 282. The author of the remark was Pallavicino of all people.

grievance to other taxpayers, who grumble that, since they have no visible 'stock', they evade their fair share of taxation.¹¹

Officials point them out to the *Government* as specially appropriate subjects for forced loans, and financial reformers¹² urge special taxation to bring them within the net. When *King* and *Parliament* fall out, both turn to them, and sometimes they baffle both.¹³

In these country corn-dealers, *Tradesmen* and *Landowners*, who, without altogether dropping their other interests, concentrate more and more on money-lending, we may, if we like, see the Tudor predecessors of the *Country Bankers*, who well into the eighteenth century combined banking with other kinds of business.

In the larger towns the situation was naturally not so simple. In some of the provincial boroughs of the sixteenth century we find traces of that movement among the *Wealthier Merchants* to turn their savings from *General Commerce* into *Financial Operations* - to advance money in order to develop the clothing and mining industries of the district, to finance the local agents of the *Government*, to invest in municipal loans - which provoked the protests of publicists against 'the transportation of so many estates from trading to usurie'.

But it was, of course, in London that *Financial Organisation* was most powerful and most complex. The headquarters of the *Great Commercial Companies* and the *entrepôt* through which passed probably three-quarters of the *Foreign Trade* of the country, the seat of an impecunious *Government* and even more impecunious *Court*, increasingly cosmopolitan in its connections, and with the beginnings both of a *Commercial Plutocracy*, and of an *Urban Proletariat*, London held a position of financial predominance over the *Agricultural* and *Manufacturing* counties hardly less complete, on its own small scale, than it is today.

The *London Money Market* supplied the machinery for financing the exports of *Wool Staplers* and *Merchant Adventurers*, did an extensive insurance business among *Shipowners*, took up *Government Loans*, met the demands of the *Landed Gentry* for advances on their estates, provided the long credits needed by *Clothiers*, and even found *Capital* to invest in tin mining in Cornwall and coal mining in Northumberland and Durham.

In London therefore, more clearly than elsewhere, it is possible to trace the beginnings, though only the beginnings, of a process of differentiation in the mechanism by which this heterogeneous mass of business was handled. Though the combination of *Money-Lending* with some other kind of *Commercial Enterprise* continued to be the general rule, there was room for *Capitalists* who confined themselves to finance, and a rudimentary specialisation between *Financiers* cultivating different markets.

The development was naturally most marked at the extremities of the scale. At the bottom, the tyrants of an underworld portrayed by *Dramatists*, were the *Pawnbrokers* who traded on the necessities of the poorer *Shopkeepers* and distressed *Artisans*, and whose numbers and exactions - 'a thing able only to stupefy the senses'¹⁴ - aroused astonished comment among writers on economic questions.

At the top was the small *Aristocracy of Great Financiers*, largely foreign, but recruited by an ever increasing number of Englishmen, who specialised in the *Exchange Transactions* touched on in the previous section, took handsome commissions for helping to place *Government Loans*, and moved in a sphere inaccessible to anyone without large capital and extensive international connections.

Between these two poles, the general character of whose business has changed surprisingly little in the course of three centuries, lay the great mass of intermediate money-lending carried on by *Tradesmen*, *Merchants* and *Lawyers*, and including every kind of transaction except the smallest and the greatest.

The characteristic of the business done by this class was its indiscriminateness. Mortgages, the financing of small businesses, investment in *Government Loans*, annuities, all were fish to its net, and it made its advances in the intervals of serving over the counter or hammering in the workshop.

It was through the enterprise of this solid *bourgeoisie* rather than through the more sensational *coups* of larger *Capitalists* that the most momentous financial development of the next half century was to be made. For it was in the hands of the *Goldsmiths* that, according to the generally accepted tradition, banking, in the sense of accepting and relending deposits, developed during the *Civil War*.

¹¹ *Hist. MSS. Com., MSS. of E.R. Wodehouse*, fo. 454. The complaint relates to men who live in the "said parishes without occupying of land, being either sojourners, or usurers, or men of gainful trades, or otherwise able in respect of their stocks."

¹² E.g., *The standard of equality in Subsidiary Taxes and Payments* (1647).

¹³ See the amusing story told by Clarendon (VI, 59-60) concerning Lord Dencourt who "lived like a hog." Clarendon belonged by tradition and social connections to a class which despised the "economic virtues."

¹⁴ *Lansdowne MSS.*, 73, 18, where a short account of London pawnbroking is given.

It is tempting to seek in the practices of the *Goldsmiths of Elizabethan London* for anticipations of that practice. But it must be confessed that the results of investigation seem so far to be mainly negative.

The *Goldsmiths*, members of a small, but ancient and wealthy *Company*,¹⁵ occupied a prominent position in the economic controversies of the sixteenth century, because of the peculiar relations of their craft to monetary policy.

Being obliged by the nature of their trade to buy and to hold stocks of bullion, they naturally became dealers in the precious metals, and their agitated opposition¹⁶ to the occasional proposals of the *Government* to revive the office of *Royal Exchanger*, suggests that, at any rate by the early years of James I, they were more interested in bullion-broking than in making plate.

They provided change for persons who desired to turn gold into silver or vice versa, imported bullion and lodged part of it in the Tower to be coined, and generally did what, to distinguish it from the larger operations on the foreign exchanges, may be called retail money-changing.

The multiplicity of *Mints* in the Europe of that age, the absence of a standard currency, a bad coining technique, debasement, and the constant variation between the face value and the market value of coin, at once complicated the *Money-Changer's* business and offered large opportunities of illegal gain. The result was a continuous struggle between the *State* and the forces of the *Market*.

The *Goldsmiths*, intent on profit, naturally watched every opportunity to 'cull out' heavy coins for melting, turning into plate, and exporting for their value as bullion. The *Government*, whenever a depression in trade or complaints of a shortage in currency called its attention to the question, refurbished the four main weapons in its medieval arsenal, and issued proclamations prohibiting the export of bullion, fixing the rates of exchange between English and foreign currencies, suspending exchange transactions altogether, or reviving the office of the *Royal Exchanger* and either conferring a monopoly of exchange transactions upon him or, at least, prohibiting the buying of bullion by private persons above the rates fixed by the mint.¹⁷

It was of the nature of the case that in the course of this controversy almost every detail of the *Goldsmiths'* trade should come under the eye of private inquirers or of the authorities, and though their main interest was the alleged malpractices of the *Goldsmiths* with regard to the currency, it is inconceivable that any important new departure in their business should have escaped publicity.

In view of the searchlight turned upon them, and of their prominence as *Bankers* two generations later, it is a little surprising to find in the reign of Elizabeth no considerable body of evidence suggesting that the *Goldsmiths* played any special part as the pioneers of a new *Credit Technique*.

It is true, of course, that not only in the sixteenth century, but much earlier, *Goldsmiths* frequently appear in money-lending transactions. They provide ready money against the deposit of valuables, lend money to finance *Merchants* engaged in foreign trade or to *Needy Gentlemen*, and stand as security for the repayment of large sums borrowed by fellow *Tradesmen*.

It is true, also, that in an age when saving took the form of hoarding, and when what the ordinary borrower wanted was actual coins, the *Goldsmith*, dealing regularly in bullion, and in close relations with the *Mint*, had special opportunities for certain kinds, at any rate, of money-lending. He could, as a writer of the early seventeenth century remarked with some bitterness, advance a poor man 'a few light, clipt, cracked pieces' by way of what was ostensibly a free loan, and demand back three months later 'good, and lawful money'.¹⁸

In all of this, however, there was nothing which was not done equally by members of other trades. The *Goldsmiths* have no monopoly as *Moneylenders* in the reign of Elizabeth, nor, indeed, any special pre-eminence. The country gentlemen who fifty years later would have drawn on his *Goldsmith*, when he wants a loan of £200 in the sixteenth century writes to his *Draper*, and that though he is in touch with a *Goldsmith* who has already made him advances.¹⁹

The *Government* which, after the *Restoration*, would have followed the procedure for raising loans described by Clarendon and sent for the *Goldsmiths*, under Elizabeth places its loans with *City Companies*, with the *Merchant Adventurers*, or with syndicates composed of miscellaneous commercial interests, and that though it regularly consults leading *Goldsmiths* on questions of currency.

¹⁵ The company's Court Book shows that in June 1566 it had 107 members. (Price, *A handbook of London Banker* p 67).

¹⁶ E.g., Camden Society, *The Egerton Papers*, Petition of January 30, 1608.

¹⁷ See R.H. Tawney's essay on *The Struggle Over The Exchanges*. See Note 1. [Ed].

¹⁸ Fenton, *A Treatise of Usury* (1612).

¹⁹ *Hist. MSS. Com., MSS. of Lord Middleton*, p.157. For another case of borrowing from a draper, see *MSS. of the Marquis of Salisbury*, pt. XIII., p. 177.

Clearly, both in the eyes of the *State* and of private individuals *Goldsmiths* were no more and no less likely to offer advances than *Grocers, Drapers, Mercers* and *Tailors*. There are, indeed, some signs of the development of something like deposit banking among some members of the craft at a date much earlier than that assigned by the tradition of the seventeenth century.

Even in the later Middle Ages one occasionally finds a client depositing money with a *Goldsmith* 'safely to keep'²⁰ and James, while a *Pensioner* of Elizabeth, caused the Queen much annoyance by allowing part of the subsidies advanced him to 'be left in London for *Goldsmiths*',²¹ instead of spending it on the objects for which it was given. But, as far as our present evidence goes, such practices were the foible of exceptional individuals, not a settled social habit.

The *Goldsmiths* were to make financial history between the *Civil War* and the *Revolution*. But, down to the end of the sixteenth century, in spite of their exceptional opportunities, they were as *Moneylenders* neither more nor less important than any other prosperous *Tradesmen*.

There were two other groups of *Tradesmen*, the character of whose business in the sixteenth century gave them some title to be regarded as financial specialists. The first consisted of the various textile interests. The part played by credit in the clothing industry has already been described.²²

On the one hand, the *Manufacturers* needed advances to buy raw materials and pay wages, and the *Merchants* to finance the movement of what was overwhelmingly the most important export. On the other hand, the trade was extremely profitable, and some of the wealthiest *Merchants* of the age were connected with it; of ninety seven lord mayors between the accession of Henry VIII and the death of Elizabeth, seventy-two had made their money by one kind or another of dealing in cloth.²³

Accustomed to trading on borrowed money and with large resources to invest, it was not surprising that the *Capitalists* of the *Woollen Trade* should hold a prominent position in the *World of Finance*, and that contemporaries should ascribe to them a leading role in the development of a *Money-market* in London.

The *Wool Staplers* who exported to Calais in the fifteenth century turned as a matter of course to *London Mercers* to discount their bills. Fifty years later it was *Woollen Merchants* who financed the rapidly growing cloth exports to Antwerp, and who were criticised for practising an exchange business of doubtful respectability.

When, in August 1561, Elizabeth's *Government* placed a loan on the *London Market*, of the twelve persons whom it specially indemnified against proceedings under the law against usury, seven were engaged in one branch or another of the *Clothing Trade*.²⁴

The *Merchant Adventurers*, whose staple export was cloth, were repeatedly called upon to subscribe money for purposes of *State*. It was *London Haberdashers* who largely financed the Cornish tin industry. The *Needy Gentlemen* found in the *Tailor, Draper, or Merchant Adventurer*, a willing, if not an accommodating, mortgagee.

In so far as the financial activities of the woollen interests had any special characteristic, it was their association with *Foreign Exchange* business, and, apart from that, there are no signs that they made any contributions to the development of banking in the more restricted sense of the word.

A somewhat stronger claim to be regarded as pioneers might have been advanced by the members of another profession. The *Scriveners* had originally been expert amanuenses or notaries, on whom an illiterate age depended for the drafting and engrossing of documents, such as business contracts, wills and conveyances, insurance policies, or the ordinances of a company, which required to be put into due legal form.

But while their speciality was skilled clerical work, they were naturally interested in the legal and financial business done by *Brokers* and *Notaries* - there were said in 1574 to be 120 *Public Notaries* in London²⁵ - and though sometimes distinguished from the latter, they were more often identified with them.

As *Expert Clerks*, 'the common writers of court-hand of the city' had been recognised in 1373 as forming a separate craft, and had made the customary ordinances as to the examination of entrants to the trade, and the fees to be paid by members setting up shop.

²⁰ Quoted Abram, *Social England in the Fifteenth Century*, p.68.

²¹ *MSS. of Marquis of Salisbury*, pt. V, p. 8 (1594).

²² See Note 1. [Ed].

²³ See the list given in Stow, *Survey of London*. It includes twenty-three mercers, fifteen drapers, eleven haberdashers, eight clothworkers, and five merchant-tailors. The mercers were, however, interested in other things besides cloth.

²⁴ *S.P.D. Eliz.*, XIX, no. 2.

²⁵ *Lansdowne MSS.*, 113, No.9.

Though not formally incorporated till the reign of James I, they possessed in the sixteenth century the usual organisation of a body of craftsmen - a government consisting of a *Warden* and assistants, a *Common Hall* where the *Company* met, a place at the *Lord Mayor's Banquet*, and property accumulated from the legacies of successful members.²⁶ In 1610 they were sufficiently wealthy to contribute £570 towards the new *Plantation* in Ulster. 'The mere *Scriveners of London*' were, in short, an organised and influential body.

"Brought and trayned up in that science [they] are sworne to make their writings duelye and justlye, and to kepe due registers of the same, and also have wardens of their companie to correcte their misdoings, if any need be."

They had even, like other *Guilds*, performed a play. The craft was one which had some occasion to cultivate professional caution, and the theme which it selected was *The Incredulity of St. Thomas*.²⁷

Such a profession took its character from the needs of the commercial and proprietary classes whom mainly it served, and the economic changes of the period opened new prospects before it. The constant mortgaging of land, and the growing dependence both of *Landowners* and *Traders* on credit transactions, involved a great increase in the half-clerical, half-legal business of 'making bonds', made the *Scrivener* at once more dispensable and more expert, and put considerable sums of money into the pockets of the more successful members of the profession.

What we see, therefore, in the later part of the century is the development of the humble amanuensis into a specialist in certain branches of financial business. He becomes, in the first place, a skilled adviser who is consulted as to the financial standing of the parties to a bargain, who, in the words of Bacon, 'values unsound men',²⁸ and who remonstrates with the *Creditor* disposed to take insufficient *Security* or to advance money to an insolvent *Borrower*.²⁹

From being an adviser, he becomes a *Financial Middleman*, handling the kind of business done today by a certain type of *Solicitor*. The *Borrower* who does not know where to turn consults a *Scrivener*. The *Scrivener*, who is in touch with the city, introduces him to a 'friend'. When the parties meet, 'the royal *Scrivener*, with deeds and writings hanged, drawn, and quartered',³⁰ is in attendance, and drafts the agreement.

Such *Brokers* naturally held a position of some influence on the edge of the business world. The *State* recognised their growing importance; fixed in the reign of James I the fees which they might charge for 'procuring loans or making bonds'³¹; in its occasional outbursts of righteous indignation against the Extortioner issued *Royal Commissions* to enquire into infringements of the *Laws against Usury*, in which *Scriveners* and *Usurers*³² were included in a common denunciation; and pardoned the influential members of the profession when its zeal was spent.³³

Nor did the development of the *Scrivener* end with mere broking. His intimate knowledge of business conditions and of the land market, his practice in weighing the standing of *Moneylenders* and their clients, and his sometimes not inconsiderable wealth, made it inevitable that, in addition to arranging loans, the *Scrivener* should himself take to lending money.

'The ancient trade of *Brokers*', stated a statute³⁴ of 1604, had been within living memory corrupted by the intrusion into it of:

"...counterfeit *Brokers* and *Pawn takers* upon usurie...grown of late to many hundreds within the citie of London,"

and the complaint is confirmed by case after case among the business transactions of the last half of the sixteenth century.

The *Courtier* who desires to capitalise a pension, the *Goldsmith* who wishes to borrow £200 to buy a diamond, the *Country Gentleman* who has come to London to raise money on his estates, all turn to the *Scrivener*.³⁵ The

²⁶ Riley, *Memorials of London*, pp. 372-3; Sharpe, *Letter Books of the City of London*, K, pp. 234-5; Unwin, *Gilds and Companies of London*, pp. 88, 240, 337.

²⁷ Camden Miscellany, vol IV, *The Skryveners' Play* (ed. By Collier).

²⁸ Bacon, *Essay on Riches*.

²⁹ Deloney, *The Pleasant Historie of Jacke of Newberie* (ed. By F.O. Mann).

³⁰ Th. Middleton (ed. by Dyce), vol. V, *Father Hubbard's Tales*.

³¹ 21 James I, c. 17.

³² *S.P.D. Charles I*, CCCLXII, 31.

³³ *S.P.D. Charles I*, CCCLXV, 30.

³⁴ 1 James I, c. 21.

Scrivener undertakes either to lend the money himself or to find someone else who will; sometimes, in order to have the *Borrower* more completely at his mercy.

‘The man is expert in his calling’, wrote Cecil to a correspondent who was involved with one of the tribe, ‘and likely there is no shift but he knoweth and practiseth’. He does the former while professing to do the latter, ‘borrows out of his own chest, which he calleth his friend and disguiseth it in the name of another’,³⁶ and demands higher interest accordingly.

It was not a long step from this type of lending to anticipating the demand for loans, and arranging that the *Tradesman* anxious to find an investment should entrust the *Scrivener* with money to lend as occasion arose. Hence we find developing also among the *Scriveners* a kind of anticipation of deposit banking.

The man who has a surplus of cash leaves it with a *Scrivener*, who pays interest to the depositor and re-lends it at a higher rate. ‘It is said’, wrote an author whose book was almost contemporary with that of Wilson, ‘and I fear me too true,’

“...that there are some to whom is committed a hundred or two of pounds...they putting in good sureties to the owners for the repayment of the same again, with certain allowance for the loan thereof...

“The *Scrivener* is the instrument whereby the devil worketh the frame of this wicked world of usury, he being rewarded with a good fleece for his labour. For, first, he hath a certain allowance of the arch-devil who owes [owns] the money, for helping to rent such for his coin. Secondly, he hath a great deal more usury to himself of him who borroweth the money than he alloweth the owner of the money. And thirdly, he hath not the least part for making the writings between them.”³⁷

That the *Moralists’* complaint did not misrepresent the practice of the business world, at any rate in London, is shown by the storm of protest from *Scriveners*, *Notaries* and *Brokers* evoked by a proposal which threatened the profession in 1574.

Elizabeth’s *Government* was coquetting with one of its recurrent projects for at once raising money and ‘controlling’ an industry - it was a moment when *State* control of exchange transactions was much to the fore - by granting a monopoly.

A *Patent* had actually been passed conferring on one Richard Candler:

‘the office of makinge and remakinge of all manner of assurances, policies, intimations...and other things whatsoever that hereafter shalbe made upon shippes or shippes’ goodes or other merchandise or anie other thinge or thinges in the Royalle Exchange aforesaid, or in anie other place or places.”³⁸

The city, and in particular the *Merchants* most directly menaced, were immediately up in arms. It was protested that:

“All *Notaries*, *Scriveners*, and *Brokers*, and others being free of the citie of London...are utterlie barred from using their facultie, vocacion and callinge,”

And that the rates of insurance would be forced up to the detriment of trade, and that, as Candler knew nothing about the business, there would be endless delay in issuing policies.

More significant, it was urged that with the insurance work done by *Scriveners* and *Brokers* went a good deal of financial business which the grantee would be unable to undertake. On the one hand, the *Broker*, it was represented, often financed the *Merchants*, who,

“choosing such *Brokers* as they do knowe and to whome they are knowen, traded partlie upon their owne creditte and partlie upon the creditte of the *Broker*.”

On the other hand, the *Broker* not only made loans, but received deposits. *Merchants*, especially *Foreign Merchants*, who wanted to ensure property in England and had transferred money there for the purpose, were accustomed to:

³⁵ E.g., *MSS. of Marquis of Salisbury*, pt. V, pp. 37, 38, 359. For lending by *Scriveners* see *The Mistery and Misery of Lending and Borrowing*, by Thomas Powell (Somers Tract, Vol. VII).

³⁶ *Hist. MSS. Com.*, *MSS. of Marquis of Salisbury*, pt. V, pp. 362-3.

³⁷ Stubbes, *The Anatomie of Abuses*, pt. I, pp. 128-9.

³⁸ *Lansdowne MSS.*, 113, no. 9, on which the remainder of this paragraph is based.

“putte their *Notaries* and *Scryveners* to receive the same in large sums, which hath been honestly and trewlie repayed into their handes agayne.”

Money left on call in this way would not lie idle, but would be used, as Stubbes complained, to finance the *Tradesmen* and *Landowners* who were clamouring for advances. The *Scrivener*, in short, by the mere necessities of his position, was developing into a *Banker*.

It is not surprising, therefore, to find a member of the *House of Commons* saying in 1640, when the question of contributing to a public loan was under discussion, that the course proposed:

“would perhaps enforce many of us to goe from *Scrivener* to *Scrivener* to borrow monie.”³⁹

Nor is it surprising that members of the craft should have made fortunes. Abbot, Evelyn’s man of business, had been a wealthy *Scrivener* in the reign of Charles I. His apprentice became Lord Mayor as Sir Robert Clayton.⁴⁰

It is evident that, in view of facts like these, the simple theory derived from the *Mystery of the Newfashioned Goldsmiths or Bankers*,⁴¹ and repeated by one economic historian after another, requires to be revised. That famous tract was avowedly an attack upon one particular class of *Financier*; it was written thirty years after the events which it purported to describe; and it completely ignored the whole mass of financial business which for centuries had been carried on by *Moneylenders* of other kinds.

The importance of the *Goldsmiths* in the *Evolution of Banking*, especially after the *Restoration*, is not, of course, in question, and the forces which concentrated business in their hands towards the middle of the century is an important and neglected problem in the *Early History of Banking*. But they merely supplied one tributary to a stream which was fed from a multitude of different sources.

The absurdity of the view which regarded English banking as originating with the *Bank of England* - the consequences, not the cause of its development - has long been recognised. The theory which makes the *Goldsmiths* the picturesque heroes of the drab history of *Financial Capitalism* is almost equally legendary.

But these are problems which lie outside our period, and we must not enlarge on them. What was characteristic of Wilson’s day is less the development of banking than its informal, almost furtive, character. When practice had gone so far, it seems surprising that it should not have gone further.

It was probably common enough for private individuals to follow the practice of Wilson’s precocious apprentice and to entrust part of their savings to a *Merchant* who used them in his business and paid an agreed rate of interest upon them.⁴² But of any general or organised system of deposit banking, at least *eo nomine*, there is no trace in *Elizabethan London*.

The idea was not altogether unknown. The convenience of banking machinery in economising currency was the theme of more than one economic treatise, and the economic possibilities of pooling contributions in a ‘common stock’ were canvassed by *Economists* and *Reformers*.

Against Bacon, who disapproved⁴³ of it, must be set the views of writers who complained that the difficulty of raising large loans in England drove *Merchants* to transfer their business to Holland and Italy,⁴⁴ and the various schemes advanced for encouraging the development of banking.

We have at least five proposals addressed to the *Government* in the reigns of Elizabeth and James I, one of which reached the stage of being introduced as a bill, urging the establishment of *Public Banks* as a protection against the exploitation of the public by the private *Moneylender*, as a means of controlling currency and the foreign exchanges by nationalising exchange business, and as a source of revenue to the *State*.⁴⁵

But apart from the more or less surreptitious ‘colouring of other men’s money’ by the enterprising *Scrivener* or *Goldsmith*, and from the *Funds*, or, as they were often called, *Banks*, from time to time established to finance the tin mining industry, such ideas remained in the vast limbo of economic projects mastered only by the indefatigable Burghley.

³⁹ Notestein, *The Journal of Sir Simonds D’Ewes*, p. 257.

⁴⁰ Evelyn’s *Diary*, Nov. 18, 1679.

⁴¹ 1676. Printed by Price, *The Grasshopper in Lombard Street*.

⁴² *Hist. MSS. Com., App. To Third Report*, p. 37, gives an example. A London Merchant writes to a Doncaster Merchant asking him to get in some money lent in Yorkshire at twelve per cent., apparently by the writer’s aunt (1555).

⁴³ *Essay on Usury*.

⁴⁴ *Lansdowne MSS.*, 73, 18. “Divers Merchants and rich men that knowe not how speedily and certainly to take up 5 or 6 or 800 £ or 1,000 are compelled to transport goods to Holland and the Archduke’s country, or Italy.”

⁴⁵ *Hist. MSS. Com., MSS. of Marquis of Salisbury*, vol. I, p. 133; *S.P.D. Eliz.*, vol. CX, 51; vol. LXXV, 54; *Lans. MSS* 73, 18.

Indeed, since they all, with the exception of those designed for the tin industry, contemplated raising the funds which were to be advanced, not in the form of deposits by the public, but by some kind of *Taxation on Income*, *Capital Levy*, or *Forced Loan*, they were in themselves evidence of how unfamiliar the idea of the voluntary pooling of *Savings* still was.

That it should have been unfamiliar is not surprising. If *Borrowing* comes by nature, to entrust hard-won *Savings* to an unknown *Financier*, requires, perhaps, some special infusion of commercial grace. The development of *Banking* depends, in fact, on the general acceptance of conventions and standards which are natural only to classes formed by the routine of the *Counting-house*, and which they can popularise only as they become sufficiently powerful to set their stamp on social customs and institutions.

In the England of Elizabeth the habits of the *Peasant* and the *Country Gentleman* were only gradually being mastered by the new learning of the city. The benighted generation for which Shakespeare wrote, and Sidney (a sad spendthrift) fell, was one in which, as a committee of the *House of Commons* remarked sorrowfully in the early nineteenth century,

“Though glorious, the true principles of commerce were not rightly understood.”

Unilluminated by the religion which has as its jealous deity the lean goddess *Abstinence*, it thought *Profusion* more becoming than *Parsimony*, and held that even humble people might reasonably live ‘in some free and plentiful manner’.

Those who spent, spent with a fine recklessness: those who saved, hoarded and did not normally invest; for as a shrewd observer wrote:

“No man will send his moneys far off to put them into unknown hands.”⁴⁶

The *Savings* of the mass of the population, therefore, apart from land and the occasional purchase of annuities, consisted, according to their various stations, of corn, cattle, stocks of raw materials, furniture, plate, jewellery and coins. It is these things which passed at death and which men showed their thrift in accumulating.

The *Merchant* in Wilson’s dialogue, who thought it a merry jest to recommend laying up treasure in heaven, would have been hardly less amused at the suggestion that he should preserve it in the form of a credit entry in a ledger. The wealthier classes of his day followed his resolution to ‘keep it in a chest and have the key about me’.

Gresham, who was not a child in matters of finance, hoarded gold chains. D’Ewes’ father, a *Landowner* and official, in addition to plate, amassed some £3,000 in gold coin. Nearly a century later the most distinguished *Civil Servant* of his day kept a large part of his savings in a cellar. Such habits had still a long life before them. But, even in the sixteenth century, they were already undergoing a change.

The significant thing in the reign of Elizabeth was not the advance in banking technique, which in England was still in its infancy, but the discovery by considerable sections of the *bourgeoisie* that *Money-lending* was not less profitable than *Agriculture*, *Industry* and *Commerce*. The author of a pamphlet which appeared a generation later wrote,

“Doth not usury offer such excessive gain and such freedom from all kinds of common charge, with so much ease, security and command over the bondmen, that not only infinite both *Labourers* and *Traders* on sea and land (having gotten estates thereby) do transport the same into debts upon use, leaving their former honest industry and resolving to live idly upon usury, but also many which were sometimes the greatest *Traders*, yea, in the greatest trading places, are seduced to employ their estates in this new trade.”⁴⁷

It was the collision between these clamorous economic appetites and a long established body of religious and political doctrines which produced the struggle of ideas and interests portrayed in Wilson’s book. To those doctrines we now turn.⁴⁸

⁴⁶ Bacon, *Essay on Usury*.

⁴⁷ *Usurie arraigned and condemned* (1625).

⁴⁸ See note 1. [Ed].