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# The Economists of the Reformation: An Overview of Reformation Teaching Concerning Work, Wealth, and Interest

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## Abstract

This article provides an overview of the teaching of the Protestant Reformers (Luther, Calvin, and the Puritans) toward issues of wealth, work, interest, and calling. The purpose is to highlight some of the teachings that could be said to lead to a “Protestant Work Ethic.” The Reformers were not uniform in their views of economic matters and in some cases their views of economic matters were influenced by the society around them. While much of the teaching continued in the Catholic tradition, the reformers did elevate the views of calling and work; what had been toil was elevated to Divine calling and service to God.

## Keywords

protestant reformation, work ethic, spirit of capitalism

In this paper, I would like to provide an overview of the economic content of two major strands of Reformation thought. The impact of reformation theology on economic behavior and attitudes is a key part of Max Weber’s (1992) much-debated thesis that the teachings of the Protestant Reformers, most notably those in the Calvinist tradition, led to a “Spirit of Capitalism” that then allowed Protestant countries to flourish economically over Catholic countries. In particular, Weber focused on the encouragement toward discipline, thrift, and industry as providing the fuel for economic growth. More important was the changed understanding of “calling” that served to make work sacred. According to Weber, a changed view of work combined with the other emphases made it likely that Protestant nations would not only be more productive and industrious, but they would also devote more of their income to savings thus providing fuel for future investment.

The Weber thesis has spawned an impressive number of academic studies attempting to prove, or disprove, a connection between Protestant, specifically Calvinist, religion, and economic growth. Other work in this area attempts to determine whether it was reformation theology or practice, for example, translating scripture into the common language and encouraging individuals to read scripture, which led to observed differences in economic activity between Protestant and Catholic countries. While R. H. Tawney sees the Weber thesis as being too simplistic and correctly notes that capitalism and capitalist institutions predates the reformation, others such as Kurt Samuelsson (1993) argue that the early reformers were not interested in economic matters. To some

extent this is true; the reformation was not about economic theory. It was, however, concerned with economic practice in the context of living out lives of faith. The reformers were interested in the practical outworking of theology and thus economic and market behavior are important as these are key areas in which practical outworking of theology occurs. There are important changes in religious thought toward worldly matters that came from the Reformation, particularly in its view of ordinary work. Certainly, the Reformation was not the only change on the landscape at this time, but I wish to focus attention on Reformation theology as it is related to areas of economics and particularly those areas that have a bearing on a capitalist economy.

I will first look at the thought of Martin Luther in areas of trade and economy. For Luther, this was not a primary subject of concern, but I do feel that he illustrates for us several of the issues of the 16th-century economy that may resonate in our day. As a result, it will be informative to note his response to the various stirrings of capitalism in Germany. In addition, though Luther is not generally studied with regard to the onset of capitalism, I would like to pay a bit of attention to his concept of work and calling as the outworking of these ideas would certainly lead to a “Protestant Ethic.”

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Much more attention has been paid to the Calvinist stream of economic thought, and with good reason in North America, as it is from this strain of thought that our concept of a “Protestant work ethic” has developed. What I wish to do is examine the teachings of John Calvin and how these teachings were expanded and modified by the Puritan followers of Calvin. This will illustrate that while the Puritan writers stand firmly in the tradition of Calvin, it was their outworking of his ideas that may have more directly influenced the American form of capitalism, not Calvin’s thought directly.

## Martin Luther

It is interesting that Luther, the father of the Protestant Reformation, was spurred toward theological reformation by the economic, and you could say, capitalist behavior of others. Recall that the 95 theses were issued in response to the abuse of indulgences. One aspect of the indulgence problem for Luther was pastoral; the people did not properly understand the theology behind the indulgences. Luther recognized another difficulty as well.

In 1517, Pope Leo was in need of funds to complete the building of St. Peter’s Cathedral. Albert of Brandenburg was seeking an additional ecclesiastical office and knew that due to the funds required for St. Peter’s, the papacy would be willing to give him the Archbishopric of Mainz. The price that was negotiated was 10,000 ducats that Albert borrowed from the Fugger banking house. Though Catholic teaching forbade usury, the Church often turned to the Fuggers when they were in need of money, and willingly paid the usurious rates charged. The repayment of the loan would be accomplished through the sale of indulgences, with half the money going for repayment, and half going to build St. Peter’s. While these indulgences couldn’t be sold in Wittenburg, Luther’s parishioners had no trouble crossing out of the territory of electoral Saxony to purchase the indulgences.

In theory, indulgences were able only to remit any church imposed, earthly penalty for one’s sins. The indulgences offered for sale by Albert, however, held the promise of a “plenary and perfect remission of all sins.” After purchasing the indulgence, the individual would

be restored to the state of innocence which they enjoyed in baptism and would be relieved of all the pains of purgatory, including those incurred by an offense to the Divine Majesty. Those securing indulgences on behalf of the dead already in purgatory need not themselves be contrite and confess their sins. (Bainton, 1950, p. 58)

While it is likely that by 1517 Luther has already had his transformation to justification by faith alone, it was the selling of the indulgences for St. Peter’s that caused him to nail the theses on the door at Wittenburg. Several of the theses deal with the economic harm that has come to the parishioners as a result of the indulgence sellers. These would include,

27. They preach only human doctrines who say that as soon as the money clinks into the money chest, the soul flies out of purgatory.

28. It is certain that when money clinks in the money chest, greed and avarice can be increased; but when the church intercedes, the result is in the hands of God alone.

50. Christians are to be taught that if the pope knew the exactions of the indulgence preachers, he would rather that the basilica of St. Peter were burned to ashes than built up with the skin, flesh, and bones of his sheep.

51. Christians are to be taught that the pope would and should wish to give of his own money, even though he had to sell the basilica of St. Peter, to many of those from whom certain hawkers of indulgences cajole money.

66. The treasures of indulgences are nets with which one now fishes for the wealth of men.

86. Again, “Why does not the pope, whose wealth is today greater than the wealth of the richest Crassus, build this one basilica of St. Peter with his own money rather than with the money of poor believers?”<sup>1</sup>

Thus, while Luther’s Reformation was not an economic reformation, the financial exploitation of his flock certainly led to his “rebellion.”

To a large degree Luther would not be a reformer amenable to the trappings of capitalism. In many ways, this stems from a rather provincial view of economics, which stems from his setting in Germany. Bainton (1950) characterizes Luther as relatively provincial, as one would expect from Wittenburg, and classifies his economic ethic as agrarian, and largely Thomistic (Bainton, 1950, p. 180). In addition, unlike Calvin, Luther never sought to develop a system of the Christian life; his writings are much more topical and come in response to specific situations. Tawney (1926/1954) indicates that not only did Luther’s thought not move in the direction of capitalism, it was in fact more medieval than the Middle Ages as it viewed the economic advances of the previous two centuries as nothing more than a lapse back into paganism (Tawney, 1926/1954, p. 82). A key tenet of Luther’s view of the economy was the belief that money is sterile. While this would have been a common view in earlier times, the 16th century was a period of transition between agrarian and mercantilist interests that would force a rethinking of this view of money.

## Trade

Luther held a very low view of international trade. The 15th and 16th centuries saw a rapid increase in sea trade. These centuries also saw a rapid increase in the price level and a widening of the gap between the rich and the poor. While trade contributed to these trends, it alone certainly would not be the reason for them.

Many of Luther's views on trade can be found in his treatise "Trade and Usury" written in 1524.<sup>2</sup> Luther felt that while commerce for the exchange of necessities was legitimate, the purpose of international trade was "ostentation" and that such trade served "no useful purpose" and further that it drained "away the money of people and land." (Luther's Works, 1962, Vol. 45, p. 246) In this treatise, Luther attempts to define the abuses and sins of merchants in the hopes that some may be delivered from the avarice that leads one into the trading professions.

The first maxim of the businessman that Luther challenges is the idea that the merchant may sell the goods for the highest price possible. He felt this belief opened the door to all sorts of avarice. Luther feels that to sell one's goods for the highest possible price shows no regard for one's neighbor, and indeed, the more desperate the buyer is for the good being sold, the higher the price that can be commanded for that good. By taking advantage of the needs of others, Luther suggests that trade is stealing from others.

While Luther holds a low view of trade, he does allow for profits in a way that the modern economist would find acceptable:

Now it is fair that and right that a merchant take as much profit on his wares as will reimburse him for their cost and compensate him for his trouble, his labor, and his risk. Even a farmhand must have food and pay for his labor. Who can serve or labor for nothing? The gospel says, "The laborer deserved his wages." [Luke 10:7] (Luther's Works, 1962, Vol. 45, p. 249)

This is in principle the posited outcome of a perfectly competitive economy where economic profits are driven to zero in the long run. That is, that the return to a seller not only covers their costs but also provides a reward equal to the next best use of the seller's time.

Luther then argues that one of the roles of the secular government is to oversee the market and fix prices when needed to ensure that justice and equity rule in the economy. Later in the work, Luther does seem to indicate that the market operates in such a way that it is difficult for a merchant to charge prices radically out of line with what others are charging.

Luther also notices several practices by which merchants attempt to improve their position at the expense of the consumers. First, he denounces those who would charge one price to customers able to pay with cash and another (higher) price for those who pay on credit. He then condemns monopolists, particularly those who attempt to buy up the entire supply of a commodity to control the price, as well as merchants who band together to control the market. He also condemns those who would put money on deposit for interest. All of these abuses are seen by Luther as man's attempt to better his lot in life at the expense of his fellow man. The condemnation of money put on loan at interest is a direct outworking of Luther's belief in the sterility of money.

What is of interest is that Luther does not argue that these market practices should be eliminated. He does argue that it would be difficult for a Christian to partake of these practices, and indeed his advice to Christians is to avoid the trading professions. He argues that the government should step in and regulate the market when needed to protect the consumer's interest. This is the guiding principle in America behind such agencies as the Federal Trade Commission. While it is easy to show that the economy is efficient (though not necessarily equitable) under perfect competition, we rely on the government to keep markets as close to the competitive ideal as possible. In contrast to those who might wish to remake the economy in Christ's image, Luther argues that the world is sinful and these are the practices of a sinful world. His thrust is to help Christians live in the world as it is, not to reform the practices of the world. Luther is a forceful advocate for the role of the secular authorities to keep the practices of the world in check.

### Usury

Luther's views on usury are in agreement with the official teachings of the Catholic Church in his day, that is, he is opposed to usury. While Luther is not opposed to lending, he does argue that the Christian, following Christ's injunction, should lend without expectation of any return (Lk. 6:35). Much of the remainder of the treatise *Trade and Usury* is dedicated to showing how many of the contemporary practices are merely attempts to keep the letter of the law against usury, while violating the spirit of the law. The one exception that Luther does make is that when money is loaned and the lender shares in the risk of the borrower's activity, interest along the lines of 4% to 6% is justified and this would not be usury. He again argues for the civil authorities to set a cap on the allowable interest charges. In general, however, Luther sees interest-bearing loans of any type as an attempt to gain off of the labor of others, and off of their tragedy when investments fail. To Luther, interest is a manifestation of greed. The true follower of Christ will either give alms, or if lending is done, will lend, with no expectation of a return. This may again reflect Luther's setting in Wittenburg and would certainly provide little insight for the modern person in making business loans. It is in this area where the most obvious difference between Luther and Calvin can be seen.

The reason for Luther's feeling is perhaps best described in the treatise *Open Letter to the Christian Nobility of the German Nations*. In this treatise, he repeats the common medieval notion that money is not able to create money. This again stems from his agrarian worldview and his disdain for the changing economic situation. A contemporary practice that would be similar to the lending practices that Luther condemned would be quick cash operations that charge significant rates of interest for consumers on the so-called "pay-day loans."

## Work

Luther's major contribution to the development of an environment favorable to capitalism would be in his view of the secular work of Christians. Luther's discussions about work occur primarily in his commentaries, particularly those for Psalm 127 and 128.<sup>3</sup> Luther felt that work was a blessing, ordained of God from the foundation of the world. Indeed, even in Eden work was needed. It was not until the fall that work became burdensome. This area has been lacking in many discussions of Luther's contributions to economic thought and development and deserves some attention.<sup>4</sup>

Luther reformed the view of work. Traditionally, the church had taught that some were "called" into a church-related vocation. For these individuals, various monastic type of orders were set up for these individuals to live out their calling safe from the dangers and temptations of the world. As Bonhoeffer (1959) would later characterize this situation, this set up a two-tiered Christianity. Those who were very devout and holy would be cloistered in the monastery, while those who could not reach this level of commitment would live out their lives as best they could in the secular realm. Luther dismissed this separation and called all persons, the milk maiden and manure hauler, to see their labor as their vocation and as such, pleasing to God. For Luther, there could be no distinction between those whose vocation was ministry and those whose vocation found them in the world. In the treatise *To the Christian Nobility* Luther writes,

A cobbler, a smith, a peasant—each has the work and office of his trade, and yet they are all alike consecrated priests and bishops. Further, everyone must benefit and serve every other by means of his own work or office so that in this way many kinds of work may be done for the bodily and spiritual welfare of the community, just as all the members of the body serve one another. (1 Cor. 12:14-26; Luther's Works, 1962, Vol. 44, p. 130)

As Tawney (1926/1954) notes,

The labor of the craftsman is honorable, for he serves the community in his calling; the honest smith or shoemaker is a priest. (p. 83)

Much is made about the way that Luther interpreted *Beruf*, which roughly translated means "calling." Traditionally, this had referred to one's monastic or clerical calling, a calling out of the world. Luther applied this term to the everyday work of the Christian. Just as some are called to serve God in the professional ministry, others are called to serve God through secular labors; there is no spiritual distinction between the two. Humanity is able to glorify God regardless of the labors in which they are engaged. For Luther, "the whole world could be filled with the service of God—not just the churches, but the home, the kitchen, the cellar, the

workshop and the fields" (see McGrath, 1993, p. 224). This new attitude toward the labors of life meant that now one could apply his or her energy to his or her vocation and still view life as a service to God. While Luther did not have as much impact on the "Protestant work ethic" as his Calvinist counterparts, his reinterpretation of *Beruf* certainly was a large step toward a new view of work. By making work not only honorable, but also a service to God, one could now work enthusiastically, and without a sense of shame. Even this, though, comes in the context of Luther's desire to put faith into the hands of the people; it is not just the priests whose work is pleasing to God, it is everyone's.

Bainton (1950) argues that Luther, opposed as he was to the developing capitalism, unwittingly aided its development, particularly through his castigation of poverty and his exhortation to work. Both of these would be further developed by the Calvinist stream of thought to which I now turn attention.

## John Calvin

Calvin writes in a very different context than does Luther. While Wittenburg was an agrarian community in the Holy Roman Empire, Switzerland was isolated, forced to support itself by whatever means were available. This had already caused some tensions with the earlier reformers. Zwingli, for instance, had spent much time urging the Swiss to cease their mercenary service that was a lucrative source of income to the nation. In addition, during Calvin's lifetime, Geneva saw a large inflow of refugees who needed means of income. As such, Calvin's perspective on issues of trade and commerce differed substantially from those of Luther.

In Book 3 of the *Institutes* Calvin deals with Christian self-denial and sets out some guidelines for his thought on economic matters (though very little is directly said about economic matters in the *Institutes*). He writes, "When Scripture tells us to put aside selfish interests, it not only removes undue desire for wealth, power or popularity from our minds, but wipes out all ambitions for worldly glory" (ICR, III. vii. 2). In Section 5, he writes that it is the duty of Christians to look after the interests of others ahead of ourselves. These two ideas form the pillars that undergird Calvin's economic ethic.

Chapter 10 of Book III deals with the proper attitude one should have toward the present life. Calvin reminds us that God provides us with blessings to see us through, but that we need to remember that we are just passing through this life. As such, we should "use temporal blessings only as long as they assist our progress and do not hinder us" (III. x. 1). Calvin allowed for the use of all the things that God has given us, so long as they are used according to their purpose. This is a broad view that allows the Christian to enjoy more than the necessities of life. However, in all things we are to remember that all of creation has as its purpose to teach us about the Creator, and to inspire a sense of gratitude toward

him. The Christian is to make proper use of the resources available but to always remember that this world and its blessings are temporary.

### *Usury and Interest*

Usury had been condemned throughout Christendom for most of church history, based on the prohibition in Deut. 23:19-20. In addition, it was felt by most that to lend to a brother in need violated Jesus' command in Luke 6:35 to "do good, and lend, expecting nothing in return." In practice however interest was a common occurrence. As we saw previously, even the church was willing to pay usurious rates of interest to finance its activities. W. Fred Graham (1971) sees in Calvin's view of interest an application of Biblical principles to the world in which the church lives. Calvin carefully considers the Biblical injunctions as well as the economic realities of his day and becomes the first to construct a theological defense of some forms of interest taking.

Calvin begins to make a distinction between borrowing money due to economic need and borrowing money for profit-making purposes. He agrees with the traditional teachings of the church that usury should be unlawful insofar as it contravenes equity and brotherhood, but he disputes the position that all interest is forbidden. He cites as an example the case of a rich man who wishes to purchase a field and borrows money to do so. He argues essentially that the one who loaned the money is due some of the produce of the field until the loan is paid off. One could argue in this case that the lender owns a portion of the field as it was purchased with his money, and is thus entitled to a share of the return of the land. Calvin also condones interest in cases where the repayment of the principle is either at risk, or delayed for some reason.<sup>5</sup> While Calvin allows interest, he does not see that money-lending should be a full-time job.<sup>6</sup> Wallace (1988) asserts that Calvin also disallowed the charging of interest within the church.

Graham (1971) is careful to note that Calvin is quite astute in the way the changing economy works, as noted above in the example of the field. He agrees with the traditional view that money is unproductive as long as it is kept in a strong box. From a letter from Calvin to Sachinus, Graham quotes,

The reasoning of Saint Ambrose and Chrysostom, that money does not beget money, is in my judgment too superficial . . . Certainly if money is shut up in a strong-box, it will be barren—a child can see that. But whoever asks a loan of me does not intend to keep this money idle and gain nothing. The profit is not in the money itself, but in the return that comes from its use. It is necessary then to draw the conclusion that while such subtle distinctions appear on the surface to have some weight, they vanish under closer scrutiny, for they have no substance. I therefore conclude that usury must be judged, not by any particular passage of Scripture, but simply by the rules of equity. (pp. 91-92)

It should be noted that Calvin's view is not revolutionary in his social setting. The town council of Geneva had authorized interest taking in 1538. Calvin makes a distinction between a loan in kind and a loan of money. As the former is unproductive, no interest is permissible.<sup>7</sup> Calvin's interpretation of the biblical texts concerning interest is framed by two principles. The first is the brotherhood of humanity. The second is the Christian ideal of social justice. In this view, what is just springs from what is in accordance with charity.

What Calvin recognized was that while the Biblical prohibition against usury was not to be ignored, the lending activity of the merchants had moved away from the lending contexts that had given rise to the prohibition. Indeed Calvin retained the Biblical ideal that it is wrong to loan money to one in need and expect interest in return. Calvin would even prefer that one not lend to one in need, but give them alms instead. However, lending money for the purpose of commercial gain was not a violation of the usury prohibitions in scripture.

### *Work and Calling*

Calvin's view of calling and work were in many ways similar to those of Luther. In Book III of the *Institutes* Calvin writes that the "Lord bids each one of us in all life's actions to look to his calling." The Lord has already appointed man duties in accordance with his particular way of life. Furthermore, "each individual has his own kind of living assigned to him by the Lord as a sort of sentry post so that he may not heedlessly wander about throughout life" (III. x. 6; Kerr, 1989, p. 99) For Calvin, our calling in life has been predestined by God. It is important that we not understand this in a soteriological sense, but as a sign of his personal care for each of his creatures.

Calvin differs from Luther on the duration of the call. Luther argued that as God calls us to a particular job, we are to stay in the job for the duration of our life (see Hart, 1995a, p. 44). Calvin saw opportunities for a worker to change professions without violating his call; indeed Calvin was instrumental in helping people change professions. Hart points out that the different circumstances of Calvin and Luther may have led to their different conclusions. When unemployment and economic downturn struck Geneva in the 1560s, Calvin was instrumental in bringing other trades (cloth manufacturing) to the city (Hart, 1995b). This may serve as an example of Tawney's assertion that the Genevan economy had as much influence on Calvin's thought as Calvin's thought had on the Genevan economy.

Calvin also saw human interdependence and service to one's neighbors as an outgrowth of his views on callings. That fact that one has a particular calling requires an individual to depend on others who have different callings. The outworking of this view would increase the growth of an economy. Economists have long recognized that division of labor and the notion of comparative advantage lead to higher

output levels than if each individual participated in each stage of a production process. Calvin's teaching on the calling then would allow for an easier adaptation to specialization and trade. It is certainly the case that these views would be sympathetic to a capitalist economy.

An additional aspect of Calvin's teaching on work was the spiritual significance of work. As with Luther, Calvin had little patience for the Catholic Church that elevated the status of priests and religious by terming their vocation a call of God while denying that to the common laborer. Calvin held that a man's skill was a gift from God and should be treated as such. He also took issue with the Catholic teaching that the contemplative life is to be preferred over the life of toil. The Catholic teaching had come from the story of Mary and Martha, where Mary was commended for listening to Jesus as opposed to working. Calvin held that the problem was not that Martha was working, but that she was working at a time when she shouldn't have been. Finally, Calvin viewed all types of work as equal, if for no other reason than it is the offering of the laborer to God.

### **Wealth**

Christian teaching up to the time of the reformation had typically condemned wealth, if not for wealth's sake, then for the temptation toward greed and selfishness that wealth represented. Money-making, though recognized as necessary, was regarded by Aquinas as "turpitude," and it was commonly believed that it was with great difficulty that the shopkeeper pleased God. Money-making was considered socially degrading and morally dangerous. Fullerton (1928) remarks that the changed attitudes toward money and money-making are the basic qualities that characterize the shift from the Middle Ages to the Modern Age.

The Geneva of Calvin's day was quite adept (out of necessity) at business enterprise and decisions regarding guilds, job security, and wages.<sup>8</sup> Calvin noted that wealth tended to flow toward those who have it and called for government to take steps to ensure the equitable distribution of wealth. As material blessing was given from God, it was not to be hoarded, but thankfully shared. Indeed, just as the blessing had been given from God, so had the needy around an individual.

Calvin organized a social welfare system in Geneva under the office of deacon. One of the deacons was to serve in a paid capacity to oversee the ministry.<sup>9</sup> Calvin also helped to establish a public house for the sick, widowed, orphaned, and poor. In addition, he argued in the 1541 ordinances that the city should provide for a doctor to care for those who are poor and sick. In this we see a limited type of welfare state that is based on Calvin's theology. Thus, this is not an example of a pure market economy, but an economy which is regulated by the state, and in which the state serves with the church to provide social insurance roles.

While Calvin could not accept business which was against good morals (the manufacture of playing cards, for example)

he did not long for a return to an agrarian lifestyle (in the manner of Luther) and saw the higher rewards for industrial production as the just rewards of caution and industry. Indeed, in an attempt to keep poverty from Geneva, Calvin helped to introduce several home-based businesses into the city during economically depressed times.

It has been pointed out that the actions of the wealthy at death indicated some of the differences in the Calvinist and Catholic attitudes toward wealth. A Catholic who died wealthy would often purchase masses to be said in his memory, in an attempt to gain favor and quicken his entry into heaven. This was done out of a feeling of guilt for having accumulated such a great fortune. The Calvinist, on the other hand, felt no remorse over having received a blessing from God. As a result, at death he would often have his estate used to enable others to fully pursue their calling as well.

While Calvin saw prosperity as God's blessing, he urged that businessmen be honest in their dealings. To accumulate wealth by unjust means does not show God's favor, but shows the individual to be a thief. In business as well as the other aspects of life, we must look out for our neighbor's well-being in addition to our own. To be an employer requires us to look out for not only our interests but also the interests of those who work for us, who are our brothers in the family of Christ. Unlike Luther, Calvin saw a usefulness for trade and commerce. He felt that those engaged in trade provided a service to society, at a risk to themselves.<sup>10</sup>

### **Private Property**

Private property is a key feature of a capitalist system, indeed private ownership of the means of production is the defining feature of capitalism. Bouwsma (1988) indicates that Calvin viewed private property as being essential to the social order. A well-functioning market economy requires property rights to ensure that all goods and resources are used efficiently. Self-interested individuals will use property at their disposal in such a way as to maximize their profits (firms) or utility (households). The ability to receive a return on your property provides additional incentives.

Calvin would not agree with those who would argue that in each age the church should follow the model of the early church in Jerusalem and hold all things in common, if holding all things in common leads to a denial of private property. Calvin, in fact, would deny that what is being described in the book of Acts qualifies as communism or socialism. To abandon property would be to allow any individual to take whatever it is that she or he wants. This would lead to an abandonment of social order.

### **The Puritan Modification**

While it would be a misnomer to say "a" Puritan modification exists, this section will examine some ways in which the Puritans developed Calvin's teaching. The Puritans are

credited as the group singularly most responsible for instilling the “Protestant work ethic” in the United States. While this group could be described as Calvinist, it took Calvin’s principles to a different level. Puritan writers, such as Bacon and Baxter, further developed the basic foundation laid by Calvin. The overriding principle was that Christian charity should be the rule and that in all things one should look out for others’ welfare before one’s own.

Calvin’s views were not universally accepted by all those who followed his religious ideas.<sup>11</sup> Thomas Wilson felt that Calvin bowed to expediency in Geneva in his treatment of usury and maintained that the teachings of the church fathers should continue to be honored. Perkins defined usury as gain above principle or the recompense of lending money. His view is that the borrower has a right to the gain of the loan, and any interest that could be taken cannot unduly infringe on the gain of the borrower.<sup>12</sup>

Francis Bacon attempted to move the debate concerning usury from the theological and moral tones to economic issues. He argued that high rates of interest have negative social consequences, essentially because they reduce the level of and the reward to economic activity. On the positive side, if interest were not available, then individuals may not have sufficient incentive to lend money for profitable activities. He felt that usury (or interest) was a concession made for the hardness of men’s hearts. He then went on to describe a system of overseeing lending rates and practices.<sup>13</sup>

Richard Baxter sets out to give further examples of usury that would not be condemned by God. He argues that if one lends money to another for the purpose of financial gain, one is making gain available to the borrower. A version of the example is this: Suppose one were to lend US\$5,000 at 6% interest to someone who was going to purchase wares that could then be sold for US\$7,000. We are asking for US\$300 of a US\$2,000 gain that would not have been possible had we not lent the money. Thus, we are “giving” the borrower US\$1,700 and our request for a share of the economic rewards is not usury or immoral.

Baxter argued that usury was wrong when it acted against our neighbors’ good. He gave five particular examples: (a) When it is used to take from others what is rightfully theirs, (b) when charity would demand alms and you choose interest instead, (c) when your brother is unable to pay interest, (d) when you use interest to live off of other people’s labors, and (e) when you insist on your rewards in the face of your neighbor’s loss. Again, he urges that alms be given freely and not slighted for the sake of interest-bearing loans. This would imply that to forgo alms to loan money (to anyone) at interest would be sin.<sup>14</sup>

Even though the Puritan writers allowed interest and developed Calvin’s teaching on that subject, a basic foundation remained. In principle, one should not loan to another who is in need, instead one should give alms. If one must loan to another who is in need, repayment should not be expected.

Tawney (1926/1954) cites Baxter as a worthwhile source for Puritan teachings on economic ethics. One of the strengths of Baxter’s work is that he takes into account the economic realities of the day and seeks to build an ethic around those as opposed to describing what could best be called a utopia. Baxter insists that the economic sphere of life is no different from any other, and that the Christian is bound to first consider the golden rule and the good of the community. Thus, making money at the expense of others, and some profitable enterprises are closed to the Christian. In addition, the Christian must carry out business as one conducting a public service.

It is perhaps more the case that the Puritans are the source of what has come to be known as the “Protestant Work Ethic.”<sup>15</sup> Weber and other writers attribute much of the work ethic to the practical implications of the doctrine of predestination. One visible sign of those who were elect was the manifestation of good works. This came to include physical labors. The Puritans felt that the main purpose of one’s calling was the service of God through service to men. The Puritans also recognized the dangers of greed. If one was diligent on the job, then financial rewards were likely to follow. This opened the door to the temptation to replace service to God as the motive for work, with a desire for more wealth.<sup>16</sup> Puritan thought viewed those who used accumulation as a motivation for work as no better than one who chose idleness.

The Puritans also recognized the danger that “service to God” in one’s call could lead to overwork. To this end, they taught (as represented by John Owen) that while diligent attention to one’s calling was service to God, it did not exhaust our responsibility to God. Indeed, when our work interferes with prayer and worship, we have stepped over the line.

Hart (1995c) disputes Weber’s assertion that for the Puritans, success in work was a means of assurance of election. He argues that Weber seriously misses the mark with this assertion and that Puritan preaching, on the contrary, left no room for a link between work and salvation. It must be pointed out that in the concluding summary to his article on Puritanism it appears that Hart is writing from a perspective of admiration. He claims that,

stress on work as loving obedience to a personal God and loving service to one’s fellowmen, their massive argumentation, warm, profound reflection and detailed practical application add up to the most comprehensive exposition of the Christian view of work ever presented. (Hart, 1995c, p. 209)

The Puritans seem to have viewed wealth accumulation in a positive way, if for no other reason then it implied that productive work was being done. Fullerton claims that the Puritan writers of later centuries (such as Baxter) exhibited the traditional warning against riches along with encouragements to undertake activities that would enhance one’s



financial position. Mostly, he argued that productive work was a form of spiritual discipline that kept one from becoming lazy. Work is designed to keep us from the temptations that riches and excess time often raise. Indeed, even the “rich” are obliged to work as it has been commanded by God.

Baxter also argues that increasing your riches may be a way to show your obedience to God. He argues that if there is a way to increase your earnings without harming your soul or someone else, good stewardship requires you to undertake that action. Labor within one’s calling that increases one’s wealth then becomes commendable and a service to God.

In contrast, and in a way that would also benefit a growing capitalist economy, the Puritan was not to engage in wantonness with his wealth. Indeed, frugality was highly prized. Thus, wealth that was earned was not to be spent, but to be used to further one’s own calling or used for the benefit of others. With this approach, one that rewards faithful service within one’s calling and urges thrift and frugality with the rewards, a store of capital would be developed that could then be used to invest in further productive activities. Without frugality there can be no industry as there would be no available capital. Thus, these two attitudes are needed for a capitalist system to quickly expand.

As Puritanism was so foundational to the American experience, particularly in New England, some insights can be gained from the writings of John Robinson, described by Reinitz (1970) as the spiritual father of the Mayflower colony.<sup>17</sup> Robinson notes that even Adam was to work in the garden and that toil came only after the fall. As a result, none of Adam’s “sinfull posteritie” are to “lead their life in Idleness” (Reinitz, 1970, p. 66 [spelling original]). While rest awaits in heaven, the fallen earth is closer to hell than heaven, and while we are here we are to toil. Idleness of body also leads to spiritual idleness, which can lead a person into temptation.

As far as possessions are concerned, Robinson notes that those things that are useful for serving this life should have no hold over us; they should be used with indifference; only those things that are useful for eternity should we use with affection. Wealth is a blessing of the Lord. This is true even if the wealth comes from an inheritance for then God’s blessing is that a man was born with rich friends. Robinson writes that,

If goods be gotten by industry, providence, and skill, it is God’s blessing that both gives the faculty, and the use of it, and the success unto it. And as riches are in themselves God’s blessings, so are we to desire them of him, and to use lawful diligence to get them, for the comfortable course of our natural and civil state. For though we are to be able to bear poverty if God send it, yet should we rather desire riches, as a man, though he can go afoot, yet will rather choose to ride. (Reinitz, 1970, p. 73 [spelling original])

Robinson writes further that riches are to be desired as a way of escaping from the temptations brought about by poverty. In addition, if we have riches, we are then able to use

them to minister to the poor around us. It should be pointed out that Robinson also notes the presence of temptations from riches as well as temptations from poverty. Pride is his primary example. Poverty is sent by God to humble men, to teach them to be truly poor in spirit.

## Conclusion

This paper has examined the teachings of Luther and Calvin, and the Puritan modification of Calvinism with regard to matters of wealth, work, interest, and property. The purpose has been to highlight those teachings that may be said to lead to a “Protestant Ethic” or a “Spirit of Capitalism.”

As many have pointed out, capitalism existed long before the Protestant Reformation. Indeed, Weber did not seek to explain capitalism per se, but to explain what he saw as a new spirit that was tied up with and fostered capitalism. This spirit was said to come from the Calvinist strain of the Reformation. It is true that some of this teaching, a higher view of work and interest taking in certain cases, would be amenable to a developing capitalist economy.

It is also true that the Reformers, particularly Luther and Calvin, were interested in economic issues primarily from a Pastoral perspective. Both saw charity in the brotherhood of humanity as driving principles. Both would suggest that there are some businesses and attitudes (such as taking advantage of someone’s need) that are incompatible with a faithful life.

While both could be said to support what economics would describe as a competitive market, neither supported an unfettered market. Unbridled capitalism, gain for the sake of gain, or gain at the expense of others would be condemned by both. Both recognized that markets needed to be regulated at times to prevent human greed and make it more likely that market outcomes worked for all. Both held that alms, not loans, were the way to give to those in need. Many of these problems, such as monopoly and unfair trade practices, are relevant to capitalist economies.

This paper has also shown that much of the instruction given by the reformers continued in the tradition of Catholic teaching. This is particularly true with regard to usury and just prices. The striking change brought about by the Reformation was the new attitudes toward work. No longer was work seen as toil and something that hindered the Christian life. Indeed, now one’s work was seen as one’s Divine calling and was to be carried out in service to God and for the good of the community. This change in thinking would create an environment more favorable for capitalism, but in no way would it cause capitalism or a capitalist spirit. We find that work and the rewards of hard work become much more important for the Puritans as an assurance of God’s salvation and blessing than they would have been for Calvin or Luther.<sup>18</sup> However, while teaching this view, the Puritans did not encourage work for the sake of accumulation. They too recognized that while wealth may be a

blessing from God, it should not be interpreted in a strict cause and effect relationship.

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### Notes

1. The theses are taken from Lull (1989, pp. 21-29).
2. Found in Luther's Works, Vol. 45.
3. While these are included in the German translation of Luther's works, they are not included in the American Edition.
4. In particular, works by Althaus (1972) and Hart (1995a) seem to overlook this aspect of Luther's thought. Biographies of Luther, such as Oberman (2006), seem to call attention to this area, but do not give much depth.
5. From "Commentaries on the Last Four Books of Moses" as reprinted in Kitch (1968).
6. From *Commentary on Psalms*, quoted in Hart (1995b, p. 133).
7. Note here the difference between Calvin's implicit view that money is productive and the view of Luther that money doesn't make money.
8. Indeed, Calvin advocated a quite extensive system of government regulation forbidding among other things trade unions and business cartels. For more information, see Graham, chapter 7.
9. Any source on Calvin's life would note the similarity between this system and the existing political structure in Geneva.
10. See for instance the commentaries on Ps. 15:5 and Ge. 29:14. In the latter, Calvin speaks highly of the role of contracts and their anxiety reducing properties.
11. To this day, those who would call themselves "Calvinists" usually define themselves in accordance with the five points of Calvinist soteriology. (Interestingly, the five points originated as responses to five doctrinal issues raised by Dutch Arminians against certain Calvinist teachings; see Muller, 1993.) Other teachings of Calvinism do not seem to be included in most contemporary definitions of "Calvinism."
12. Perkins, Works, as quoted in Kitch (1968, pp. 134-135).
13. Excerpted from "On Usury" in *Essays*. Reprinted in Kitch (1968, pp. 135-138).
14. From Baxter, "A Christian Directory or A Summ of Practical Theologie and Cases of Conscience" as abstracted in Kitch (1968, pp. 138-143).
15. Indeed, one of the primary critiques of Weber's work is that it fails to make an adequate distinction between Calvinism per se and the Puritan interpretation of Calvinism. Weber tends to draw his examples from the Puritanism of centuries after Calvin.
16. Hart argues that the economic conditions facing Luther and his followers made this temptation irrelevant.
17. These are excerpted in Reinitz (1970), *Tensions in American Puritanism*, from John Robinson's "Diligent Labor and the Use of God's Creature." This work is contained in John Robinson's *Observations of Knowledge and Virtue*.

18. Calvin would tell those who questioned their election that they need only look to the cross to find assurance. The Puritans began to indicate that the fruits of God's blessing could be taken as some assurance, but that no final assurance was possible.

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