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ART. I.—PLAIN THOUGHTS ON THE ETHICS OF
INVESTMENT.

“THERE seem to be no well-understood laws,” wrote a publicist the other day, “guiding the conduct of society in the matter of money investments. It is to be hoped that some modern Solon or Moses will soon arise who will give us a complete code of ethics on the subject.”

I am no Solon, and still less a Moses; nor am I sure that the construction of the code referred to is possible or desirable. But what does seem wanted for plain men, is to have shown to them how the great principles of morality (which we assume as agreed upon) should be brought to bear on questions that present themselves in these days in connection with the remunerative investment of capital, over which we may have responsible control—truly a comprehensive area of practical conduct!

Such questions belong in measure to the department of casuistry, and demand for their solution, not so much the doctrinal controversialist on the one hand, or the financial expert on the other, as the single-minded and honest, as well as intelligent and observant, thinker. “A sound heart is the best of all casuists.”

My own earliest reminiscences as a Colonial Bishop connect themselves with the investment of money, and the right and wrong of it, for my first days in my infant diocese were largely occupied with presiding over a committee engaged in lending out, in the interest of Church work, on the most advantageous terms legitimately obtainable, the slender capital with which its financial history began. Day by day the Bishop's office was haunted by applicants for loans on mortgage, across the now antiquated records of some of which might with truth be

inscribed, I fear, as on the tombstone of the Devil's John-a-Combe :

Ten in the hundred lies here engraved ;

for interest ran high for a time in those days. So much business of this sort was transacted indeed, that, when the treatment of the exterior face of the diocesan office was under discussion, a wag suggested the exhibition of three golden balls as the most appropriate symbol of the work going on within.

The ethics of investment were soon pressed further on my attention by a letter from one of my clergy—an honest man, of modest talents and income—somewhat to this effect : “ I have saved £25, which it would not ruin me to lose, and I am offered, by a knowing friend, shares at moderate price in a particularly promising ‘ claim ’ in my parish. Should I do wrong in risking the sum mentioned in the way proposed ? ” My reply, as far as I recollect, was as follows : “ I am your Bishop and friend, but nowise qualified to act as your financial adviser, and can make no recommendation in regard to the particular shares offered you, on the true value of which I could give no opinion whatever. But what you wish to know is, I suppose, whether you would, in my opinion, do a wrong thing if you bought gold-mining shares ? Now, you are a family man, and would certainly do wrong to needlessly risk what is essential to their maintenance, or to the keeping up of your superannuation payments or life insurance. But to lay it down that taking shares in a claim is evil in itself—having regard to the essential nature and conditions of mining—would be preposterous, and amount to a taboo of a chief and legitimate industry of our colony ; and things not evil in themselves are all lawful to any Christian man. But they are not always expedient ; and you won't deepen your spiritual influence with your flock by acquiring the reputation of a speculator—whether successful or unsuccessful—in mining shares.” Of course, the bearing of this observation, as Captain Bunsby might say, “ lays in the application on it ” ; but that also would be true—would it not ?—of much excellent advice, including the august reply given to a question about paying tribute, “ Render unto Cæsar the things that are Cæsar's, and to God the things that are God's.”

Well, the reverend gentleman bought the shares ; and I may complete my story by adding that he never afterwards saw a sixpence either of interest or capital. But if another clergyman wrote me the same inquiry to-morrow, I should give the same reply.

Much depends on the temper and mental attitude in which

we approach the questions before us. We should handle them first of all as Christians, but also as level-minded and practical men.

As Christian men, for where is any ethic to be compared to Christ's? It is on Christian principles that the social problems of our day must find their true solution, if at all. We have not, then, to discuss and establish our moral standard itself. It would be useless to approach a question of the kind before us from any other than the Christian standpoint.

But also as level-minded and moderate men. Extremists are useful for a time. The alternate swing-swang of the pendulum to right and left is the normal preliminary to its repose on the true perpendicular; and we walk, not by even progression, but by first putting one leg out too far and then the other. Sound and stable conclusions on most topics among men are commonly reached through recoil from successive extravagances in opposite directions.

On the ethics of business extreme things have indeed been said. Erasmus called merchants "the falsest and basest of mankind." "Liars, perjurers, and thieves," he wrote; "they occupy themselves in duping others." We hear language of this type from well-meaning people still about vintners, brewers, and distillers; while no accusation is strong enough for some reformers to fling at capitalists and investors. "The capitalist is a robber," says a writer read widely by the masses in Europe; "capital is the result of confiscation and spoliation." "It is human jelly," says one of his disciples, whatever that may mean; "all interest is larceny," and so on. On these principles, a paper on *Morality in Investments*, might be as short as the traveller's famous chapter on the snakes of Iceland.

There is a fascination about "slashing" views: with a sweep of the arm they dispose of so many difficulties. They save all trouble of classifying, graduating, and considering exceptions, or qualifying circumstances.

As for the perils involved in the opposite extreme, however—*i.e.*, the theory of absolutely unlimited liberty of investment and interest charging—we have only to read English newspapers, and particularly the evidence taken before the Parliamentary Committee on money-lending to become conscious that in that direction lie horrible possibilities of wickedness and of suffering.

Of course, in relation to things intrinsically evil, moderation is wholly out of place; but to those who, like most plain people, cannot possibly rank all taking of interest under that category, moderate views about it will commend themselves as most likely to be wise. "Between the devil and the deep

sea" in questions of this kind there always runs some safe path for honest souls to walk in, resolved to "keep innocency, and take heed to the thing that is right."

Once more we must handle our topic as practical men. Our lot is cast not in cloudland or Utopia, but in the England, in the colonies, of to-day. The fall of man has to be taken into account: it bars our way constantly, often wrecking the fairest theories that were ever floated when once the stays have been knocked away, and they are launched from the safe dock of the faddist's study or lecture-hall into the rough waters of practical experiment. Fourier, for his "phalansteries," wanted angels, and could only get Frenchmen. Not revolution, but evolution, will best bring about the economical transformation of society; and those will probably do most to advance it who leaven our existing social order with the Christian spirit, temper the laws of political economy in their operation with that of love, and, without prescribing counsels of perfection as the common rule for all, try to get the centre of gravitation of our social organism shifted more and more from private interest to public duty, claiming for the law of Christ the right—recognisable when reasonably presented by every unsophisticated conscience—to dominate all our social and economic life and practice.

Let me now review concisely, as I conceive of them, the chief general teachings of Christianity affecting, directly or indirectly, the questions before us. It will be agreed, I think, that Scripture appears to sanction the following ultimate and fundamental principles:

(1) God has given the earth and its natural products to all living men and women for their benefit, without favouritism or exclusion, any private rights in these being matter of human compact or law.

(2) Every "human" has *primâ facie*—until he forfeits it—a right to his life, and to his share of the earth's natural products, for none may murder another or steal his share of them. What that share amounts to is the most complicated of all questions, however; and my candidates for ordination found nothing harder in a late examination than the seemingly simple query, "How would you expound 'his' in the Tenth Commandment?" But is not its ultimate definition, not the brutal, "that which he can by force retain," but "that which, under a righteous system, falls to him as a human being sent by a good God to live out his true life in a world abundantly furnished for its adequate support"? What that precisely is seems the root problem of economic morals.

We come down to details:

(3) The labourer has a right to his reward, and the tiller a

first claim on the fruits of the soil. The adaptation of Nature's gifts to human purposes gives those whose labour achieves it—to the extent of their share in doing so—a title to the improved utility of those gifts, or its equivalent.

(4) Everyone is bound to work according to capacity and opportunity, on pain of liability to forfeit the "share" above-mentioned; but the ruling, teaching, guiding, and protecting of others, as fully entitle men to the rewards of labour as manual toil.

(5) The food of all, not the "singular profit" of self, is the true aim of all true men; the strong, therefore, may not inflict loss on the weak for their own advantage or gratification, a self-sacrifice, rather than self-satisfaction, being the highest ideal of life.

(6) We are in reasonable measure responsible for our neighbour's well-being and ill-doing, so far as we have it in our power to promote or prevent either.

(7) The brotherhood of man, based on the common Fatherhood of God, is the true conception of the mutual relation of human beings.

The above is to be gathered from the general tenor of the Christian Scriptures, rather than from isolated "texts." Many Bible texts are unsuited to isolation; some that bear on questions like that before us either have a special or confined purpose, or seem intended as startling, piquant, and even paradoxical enunciations of some general principle, to be intelligently, not slavishly, applied, and obviously needing adaptation to specific cases.

We have taken time to lay the cloth: let me now uncover the first dish in the following proposition:

That, subject to the control of the principles mentioned above, the system of investment at interest of capital that belongs to us is morally legitimate, and seems part of a social order Divinely recognised and purposed.

That the contrary was held by Plato, Aristotle, the Catos, Cicero, and Seneca sounds alarming, but only concerns the *Christian* moralist as accounting in measure for the sentiment of early Christian writers on the subject. Sympathy with debtors and contempt of trade probably biassed the thinkers above-mentioned; but Cato calls interest murder, and Aristotle incest, the latter arguing that money, unlike corn or cattle, is in itself barren, and the birth of money from money unnatural and detestable. This extraordinary reasoning seems to have weighed much with the schoolmen. Nothing, they urged, is lost by lending an unproductive thing; hence, there is no moral basis for the claim to interest. The fact is, in those days of insecurity to property, hoarding,

not exploitation, was the common idea of amassing wealth; yet one is amazed at the hold such fallacies had upon great thinkers. Shakespeare calls interest "a breed of barren metal"; and even Lord Bacon lays it down that "it dulls and damps industry, improvements, and invention"; that "were it not for this lazy interest, money would not lie still"; while banks, according to this great philosopher, are "suspicious and cunning propositions."

But Scripture texts mainly account for the unquestionable hostility of the Catholic Church (of course I do not mean the Roman exclusively) for centuries to all taking of interest. Five passages were supposed to condemn it: Lev. xxv. 35, 37: "If thy brother be waxen poor . . . take thou no usury of him, or increase." Deut. xxiii. 19, 20: "Thou shalt not lend upon usury to thy brother—usury of money, usury of victuals, usury of anything that is lent upon usury . . . that the Lord thy God may bless thee." Ps. xv. 5: "He that putteth not out his money to usury . . . shall never be moved." Ezek. xviii. 13 (and *passim*): "He hath given forth upon usury, and hath taken increase . . . He hath done all these abominations; he shall surely die." Luke vi. 35 (A.V.): "Lend, hoping for nothing again, and your reward shall be great."

Principally on the strength of this last text, the Church long denounced interest as sinful. Clement, Athanasius, Chrysostom, Gregory of Nyssa, Basil, Tertullian, Jerome, Cyprian, Ambrose, and Augustine, the determinations of Nicæa, and the so-called "Apostolical Constitutions" can be quoted in support, albeit it is suggestive to find some of the old fathers referring to 50 and even 150 per cent. as the subjects of their animadversions. Gregory invokes God's vengeance on all who lend at interest. Chrysostom says: "All those who give themselves to this damnable culture shall reap tares only. Let us stop this execrable fecundity!" Lactantius calls interest robbery; Ambrose, murder; Pope Leo the Great classes it as a heinous sin. The Canon Law was shaped accordingly, and its prohibitions were enforced by council after council and ruler after ruler, and Justinian, and Charlemagne, and Alfred, and Charles the Bald, and St. Louis. Alfred confiscated money-lenders' estates and denied them burial; Anselm, Peter Lombard, and Bernard call them "thieves." Pope after Pope anathematized them. Alexander III. declared the prohibition of interest might not be suspended by dispensation; Dante assigned to money-lenders one of the worst regions in his "Inferno" (Canto XI.); while Clement V. decreed a denial of the sin of taking interest to be heresy. Parliaments, universities, municipalities, and

preachers followed suit. Some canonists held, indeed, that Jews might take interest, as sure of perdition in any case, and so monopolize a business which would involve loss of his soul to a Christian; yet, with cruel inconsistency, their bodies were sometimes dug up and cast out for doing it!

The Reformers at first held the same view. Luther said a usurer who took 5 per cent. was worthy of the gibbet. Melancthon denounced usury at any interest whatever. Under Edward VI., "any measure of interest had, received, or hoped for" involved forfeit of it and of the principal, besides fine and imprisonment at the king's pleasure. It must be admitted, however, that Calvin's view, and the later opinions of Luther, Melancthon, and Zwingli, were far less sweeping. One argument used at that period is curious: "Time is not man's possession; it is given by God alone. Therefore man cannot sell it." It is hard to see how manual strength, land, jewels, or even crops can be sold, if original donation by God makes unlawful the sale by one man of anything valuable to another.

So late as James I., a canon of the Church of England (CIX.), under the heading "Notorious Crimes," prescribes the presentment and excommunication "of any who offend their brethren by usury or other wickedness."

In our own day Mr. Ruskin writes (and readers of "Fors Clavigera" will remember how often he repeats the view): "Usury is speculation; it includes all investments returning dividends, as distinguished from labour, wages, or profits. Idle persons who have paid £100 towards an undertaking have a right to the return of the £100, and no more. The first farthing they take more than the £100 is usury." "How are we to live?" asks a chorus of dividend-drawers. "Live on your £100; or, if you want more, go and work for it," is the answer. And when some rejoin that they are too old, or young, or feeble, or untrained to work for a living, and know not what is to become of them, Ruskin replies: "Well, I don't know either. Many persons don't see their way, any more than I do myself, to an honest life," which savours of *reductio ad absurdum*. Meanwhile, Mr. Ruskin lives chiefly on dividends, and when challenged about this, replies: "My ceasing to do so would be very inconvenient to a number of persons dependent on me for daily bread. I am a thief, but an outspoken, wholesome thief." Paradox is often amusing, and useful in its place, but a tool with which one may cut his fingers; and the unrivalled art critic is scarcely helpful on the ethics of investment.

(To be continued.)