

10 The Reformation and business and commerce

Commerce was affected by the Reformation as trade with European nations was diminished by the wars in Europe, which had a religious dimension following the European Reformation. As people studied the Bible, there was an increasing emphasis on individual piety and adherence to biblical standards of morality, especially amongst Puritans, leading to the 'Protestant work ethic' which saw ordinary everyday work as a duty which benefits both the individual and society as a whole. Further, the use of capital and payment of interest on investment enabled the development of capitalism. The break with Rome heralded a worldwide expansion of trade by Britain.

The Protestant ethic in daily life

The majority of the intellectual and spiritual leaders of medieval Christianity were monastic, as at that period the highest calling was believed to be that of the sacred, the priest and the monk or nun, who retreated from the contamination and harsher reality of everyday life in the world outside the cloister. They tended to regard the 'real' outside world and those who lived there with a certain amount of disdain. However, for the reformers, the real vocation of a Christian lay in serving God in the world of the marketplace not in monastic seclusion. As the Reformation developed, and the monasteries were closed in Protestant countries, there was an impetus to discover what the Bible really said about personal behaviour in the world of daily work.

Protestantism rejected a distinction between the sacred and the secular which translated into an expression of their faith in the world of the workplace. The Reformers' theology led away from a view of work as a socially demeaning, though necessary, function to a dignified and glorious means of praising and affirming God, in and through his creation. The same spirit of excellence and humble obedience in praising God and glorifying him through godly behaviour in accordance with what the Bible teaches on a Sunday should spill over into the attitudes and relationships with our fellow men on the Monday. Thus thrift and hard work with a lack of ostentation and indulgence in personal lifestyle became the hallmark of the Protestants and especially the Puritans. These virtues were taken by one

group in particular, the Quakers, towards trying to provide model workplaces and living conditions for their employees as seen in Cadbury's Village in Bournville or the Rowntrees factory in York. Other Quaker enterprises included the financial sector (Friends Provident) and manufacturing (Clarks shoes) where Protestant principles facilitated the growth of stable companies with strong ethical practices.



Bournville Village, Birmingham. Housing built by George Cadbury for the workforce at the Bournville factory. From The Food of the Gods - A Popular Account of Cocoa by Brandon Head.

The Protestant ethic and capitalism

Until the Reformation, the lending of money for the purpose of making a profit was regarded as sinful following a direct reading of the Old Testament prohibitions on usury (lending at interest). However, Calvin re-interpreted these rules as prohibition on exploitation of the poor (a pre-occupation of many of the Old Testament prophets) through high interest rates, and the payment of interest itself was permissible as long as it wasn't excessive. With the sanction of the reformers, Protestant entrepreneurs, such as those who formed the Dutch East India Company, which became by far the most successful trading organisation of its time, could raise capital and benefit through shared risk and shared profit, paying interest on capital invested. These financially revolutionary innovations sanctioned by Protestant nations allowed a single company to mobilize financial resources from a large number of investors and create mercantile ventures at a scale that had previously only been possible for monarchs.

At the start of the 20th century a number of sociologists noted the economic prosperity of the west, especially in the Protestant nations.

Maximilian Weber, suggested in 1904 that the origins of successful capitalism and the development of the commercial spirit lay in the religious ideas of the Reformation. He argued that certain strands of Protestant thought, notably Calvinism, favoured the rational pursuit of economic gain, and that these worldly activities were given positive spiritual and moral meaning. Of course, this does not mean that capitalist enterprise was absent where the predominant religious expression was Catholic, and some of the capitalist enterprise engaged in by the Protestant countries, such as the slave trade, was morally reprehensible. Nevertheless, in rejecting the structure of medieval Christianity with its reliance on creeds and Papal authority, and substituting personal moral and religious responsibility under a personal relationship with God, Weber suggested that Luther had unleashed a spirit of individualism which empowered successful economic enterprise. Although this thesis has been criticised, recent scholarship continues to find valid Protestant ethical effects both in historical and contemporary patterns of economic development.



Although Canary Wharf represents modern capitalism, its origins partly lie in the interpretation by Calvin of the biblical texts concerning usury. Commons.wikimedia.org

The first Brexit?

One line of recent debate is whether the break with Rome in the 16th century had effects on the economy that could mirror what will happen when Britain leaves the European Union (Brexit). It is difficult to estimate economic activity of the country 500 years ago but it is clear that the largest inhibitory factor affecting trade in

the 16th century was the continental wars rather than any Papal dictate prohibiting Catholic countries trading with heretic Britain. On the other hand, freed from Papal prohibitions of trading with the infidel, British merchants started a lucrative trade with the Eastern Mediterranean states and those beyond which were under Islamic domination. Further, the Pope had declared the Americas and Caribbean closed to all except the Spanish Empire in perpetuity, so they had been closed to English traders while Britain was obeying the Pope. Following Henry's break with Rome, these areas were open to trade as never before and the Protestant states of England and Holland took full advantage of the mercantile possibilities. It can be argued that the 15 years or so from the early 1570s to the Armada in 1588 was a time of astonishing vitality and can-do confidence; the moment when a backward, sleepy nation broke onto the world scene with

ventures and exploration in all directions as exemplified by the oceanic voyages of Drake, Raleigh, Frobisher, and Hawkings. Missions were sent to Muscovy, Persia, and the Moghuls and English ships appeared in Istanbul, Basra, the Moluccas, and the River Plate. The establishment of the great Dutch and British East India trading companies was accompanied by other trading ventures all over the world and both Protestant nations flourished.



A replica of the Golden Hind at Brixham harbour. After the Elizabethan settlement British ships appeared across the globe and trade increased commensurately. Commons.wikimedia.org