

"Thou collectest wealth from the misery of all, and callest this industry and diligence, when it is but cunning shrewdness and an adroit trick of the trade". Ambrose, the Bishop of Milan, may have been reflecting a widely-held medieval sentiment against usurers, but he was fighting a losing battle. Trade and finance offered new wealth, which was an opportunity not just for the new merchants but also for kings and princes looking for money to pay for wars and adventures.

The leading powers in commerce in the Renaissance were the city states of Italy. But growing commerce generated a theological debate about the practice of usury, lending money at interest. The Old Testament permitted lending to 'strangers', which was used by rabbinic theologians in the 12th century as the authority for Jews to lend money to Christians. Christians also used this authority to lend money to the Muslim Saracens. But could a Christian ever lend to another Christian at interest?

One solution was to evade the prohibition through a technicality - lending in one currency and getting repayment of the principal without interest in another currency, using a favourable exchange rate from which the lender made his profit. But the simplest way to deal with the problem was for moneylenders to make restitution for their 'theft' by giving. This is recorded in entries in Italian trade and banking registers, headed 'per Messer Domeneddio' or 'one percent for God': donations to the church.

In the 15th century there began a transition from merchants giving to the church as restitution to giving to charity to promote and legitimise themselves. Beginning in Renaissance Italy in Perugia around 1460, institutions called Monte di Pieta began to appear. The idea, propagated by the Franciscans, was to take pawns on small items like a cap, a knife or a book, in return for small, cheap loans. The motivation was partly concern about poverty, partly anti-semitism, for while Christian merchants wrangled to get round the rules against usury, the Jews had established themselves as a vital source of finance for citizens and the state. Setting up a rival lender was a deliberate attempt to drive out the Jews, as was explicitly stated when the Florence Monte was established in 1495.

While the capital for the Perugia Monte was raised by a levy on the Jews, in most cases it came from wealthy individuals or the merchants' guilds. This Renaissance microcredit evaded the ban on usury by not making a profit, with any surplus going to charity. Over time the Monti even began widening their capital base by taking deposits at interest and lending to the state - a level of scaling-up that modern microfinance has yet to reach. Some of Italy's banks today trace their origins to a particular Renaissance Monte. There is no reliable data on the impact of the Monti on poverty but contemporary accounts suggest that they provided a valuable service to the poor. They did not, however, succeed in driving the Jews out of business - their own prudish rules governing to whom they could lend often left a reasonable market share on which the Jewish financiers could survive.

In England, the rise of this merchant class in the late medieval era is known more in fable than in fact in the story of Sir Richard Whittington (c.1350-1423). The real 'Dick Whittington' was not of noble birth but nor was he an orphan, and rather than working as a scullion in the kitchens of the wealthy when he came to London, Whittington was apprenticed to a cloth trader, or mercer. Over time he built a fortune through trade and risky, but ultimately advantageous, lending to the Crown - to Richard II, who had first appointed him Lord Mayor of London in 1397, and then to his usurper, Henry IV.

Whittington served three terms as Lord Mayor of London, in which he pushed through legislation to protect young apprentices from some of the hazards of their working conditions, such as hypothermia brought on by having to wash animal skins in the Thames in winter. He also contributed much of the profit from his own business to civic projects that would be familiar to more recent 'city fathers': supporting Greyfriars library, building public lavatories and an almshouse at St Martin Vintry, and a refuge for unmarried mothers at St Thomas's hospital. Maybe because he was childless, Whittington chose to give away his fortune, estimated as £7,000 at his death. The money was used to rebuild Newgate prison, build almshouses and install public drinking fountains.

In Germany, the leading financiers of the Renaissance were the Fuggers of Augsburg. At the zenith of their powers the family was led by 'Jacob the Rich' (1459-1526) who, according to Cynthia Crossen in her book *The Rich and How They Got That Way*, "personified a new class of wealth - the early capitalists - whose members leveraged surplus money into fortunes unlike any before seen outside royal or religious institutions." In 1495 Jacob lent money to the Holy Roman Emperor Maximilian I, secured on his Tirolean copper and silver mines (which passed to the Fuggers when the Emperor failed to pay). In 1519 Maximilian's grandson Charles turned again to the Fuggers for

the financial muscle to best Francis I of France in the election to become Holy Roman Emperor. As well building the fortune, Jacob also took the family into philanthropy, funding what is probably the oldest existing social housing project in the world, the Fuggerei. Created by a gift of 1521 to the city of Augsburg, this was a walled enclave within the city that provided housing to the needy at low cost. The Fuggerei still exists but the family fortune does not, a casualty of a default by the Spanish crown in the early 17th century.

The emergence of philanthropy did not just stem from the growth of a capitalist class in the 15th century - demographic forces also began to shift. The Black Death is believed to have wiped out a third of the population of Europe during the late 14th and early 15th centuries. By 1450 the worst of the epidemic was over and the population started to recover. In England, for example, the population finally recovered to its 1300 peak of around 5 million people in 1500 and nearly doubled over the next 200 years. In the same way that the demographic cataclysm of the Black Death had benefitted the surviving poor, in one respect, by making labour scarce and pushing up wages, the new surplus of workers drove down living standards for those with only their labour to depend on.

In England, this social change was exacerbated by 'enclosure', a process that enriched landowners but by which much of the English peasantry was driven off the small plots of land that they had held as tenants of their feudal lords under the 'open field' system. Open farmland was converted into pasture for sheep, which required little expensive labour. The loss of farmland to sheep farming for wool meant that grain production did not rise to match the rise in population after 1500, causing food shortages and famine. And the new poor that enclosure created were placeless and landless with no feudal protector. Whereas the feudal peasant could rely on foraging and hunting on 'common land' to provide fuel and food, the new poor were forced to rely on selling their labour in an ever more difficult market.

Despite popular hostility to enclosure, landowners had no incentive to return to old ways because they had found a ready and most profitable market for English wool. Moreover, as reckless public financial management by Henry VIII began to fuel inflation in the 1540s, the incentives for landowners to seek the profits from enclosed land simply got stronger and land rents rose.

It was at this moment in England that the Medieval welfare system through the Church was dismantled. In 1535 Henry VIII, who had thrown in his lot with the new Protestant cause for political reasons, was in search of new sources of finance. He lighted upon the wealth of the monasteries as fuel for his fiscal furnace. As the historian Simon Schama puts it: "The uprooting of nearly 15,000 monks and nuns and the destruction of an entire, ancient way of life had little to do with reforming zeal. It was, in the first instance, driven by money. The monasteries and abbeys were to be plundered to establish a war chest for the conflict with Catholic Europe that now seemed inevitable." Many medieval hospitals and schools were forced to close as result of the dissolution.

Certainly, the Church had not offered a comprehensive social safety net but, as the historian Christopher Hill has observed: "However inadequate the monasteries had been in the past, they provided machinery which could have been used and improved, as it was by Colbert in France. In England new machinery had to be improvised in a long and painful series of experiments." And philanthropy was integral to this new machinery.

The statistics of the Tudor boom in philanthropy were first described by Prof. W.K. Jordan in 1959. Surveying data from 10 counties of England from 1480-1660 he found that merchants had played an ever greater role in giving. While only constituting 11% of donors they gave 43% of benefactions, and made up a disproportionate share of the 'great donors' (who gave away at least £1,000). And although these merchants were based primarily in London, 31% of their giving went to other parts of the country.

Jordan also looked at the objects of the giving which were: 36% for relief of poverty; 27% for education, 21% for religion, 10% on social rehabilitation and 5% on municipal betterment. Here too he found a correlation with the merchant classes picking more risky and challenging types of philanthropy such as social rehabilitation, rather than old-fashioned almsgiving.

Probably the greatest innovation of the Tudor merchant philanthropists, however, was idea of endowing charitable trusts with enough capital to sustain their activities in perpetuity. As a result many of these trusts are still active today and provided a model for the great American foundations created in the early 20th century.

William Lambe (d. 1580), although never among the richest merchants in London, is typical of the age in that his was new money being used in new ways for philanthropy. The son of a 'lesser gentleman' he made a small fortune by buying property following the dissolution of the monasteries (formerly belonging to the foundations of Rowley, St John Jerusalem, and St Bartholomew, Smithfield). He used his money during his lifetime to found almshouses and a grammar school in his home town of Sutton Valence in Kent in 1574. In London, he paid for the building of Holborn conduit at a cost of £1500. His bequests also included £6 to buy 120 pails so that 60 poor women could earn a living as water carriers.

The new merchant class, with fortunes built on trade, was not restricted to London. In the port city of Bristol, for example, the Society of Merchant Venturers was founded in the 13th century. They funded John Cabot's voyage of discovery to Newfoundland in 1497 and secured their commercial position with the grant by royal charter of a monopoly on Bristol's sea trade in 1552. This commercial organisation diversified into philanthropy in 1595 when it started the Merchant Venturers' School. The Society continues to make charitable grants today.

Professor Jordan's work has been criticised for exaggerating the scale of the Tudor boom in philanthropy, in particular by not taking proper account of inflation in his calculations. Reliable data on aggregate giving is a problem even today, but recent historical work has done something to rehabilitate Jordan's reputation. Ian Archer, for example, in *The Pursuit of Stability: Social Relations in Elizabethan London* has found evidence of a real increase in philanthropy, the driving force for which appears to be a sense of social crisis associated with the growth of urban poverty. London at this time was run by the merchants (in 1564 24 of city 29 aldermen were merchant venturers). Hence, says Archer, "most of the City's rulers were first generation inhabitants recruited from relatively modest provincial backgrounds." This, he argues, led to more enlightened approaches to the poor, citing an anonymous author in 1584 who celebrates that London is run: "not by cruell viceroyes, as in Naples or Millaine, neither by proude Podesta, as be most cities in Italie, or insolent Lieutenantes or presidentes, as are sundry Cities in France..... but by a man of trade, or a mere merchant, who notwithstanding, during the time of his magistracie, carrieth himselfe with honourable magnificence in his port, and ensignes of estate."

Perhaps the best evidence of the growing importance of private philanthropy in Tudor England is that the Government of the time felt the need to legislate about it. The Charitable Uses Act of 1601 defined what a charity could do and provided legal protection for these purposes. This is the preamble:

"Whereas Lands, Tenements, Rents, Annuities, Profits, Hereditaments, Goods, Chattels, Money and Stocks of Money, have been heretofore given, limited, appointed and assigned, as well by the Queen's most excellent Majesty, and her most noble Progenitors, as by sundry other well disposed Persons; some for Relief of aged, impotent and poor people, some for Maintenance of sick and maimed Soldiers and Mariners, Schools of learning, Free Schools, and scholars in universities, some for Repair of Bridges, Ports, Havens, Causeways, Churches, Sea-banks and Highways, some for education and Preferment of Orphans, some for or towards Relief, Stock or Maintenance for Houses of Correction, some for Marriages of poor Maids, some for Supportation, Aid and Help of young Tradesmen, Handicraftsmen and persons decayed, and others for Relief or redemption of prisoners or Captives, and for Aid or ease of any poor Inhabitants concerning payments of Fifteens, setting out of Soldiers and other taxes; which Lands, Tenements, Rents, Annuities, profits, Hereditaments, Goods, Chattels, Money and Stocks of Money, nevertheless have not been employed according to the charitable Intent of the givers and Founders thereof, by reason of Frauds, Breaches of Trust, and Negligence in those that should pay, deliver and employ the same: For Redress and Remedy whereof, Be it enacted"

It is worth noting that trusts for the advancement of religion were not included in the preamble, on the grounds that they were considered to be adequately administered and so not requiring the protection of the Act. The Act also appointed commissioners, the first attempt to regulate charities. Their role included redressing the misdeployment of charitable trusts by dishonest and incompetent executors.

New ideas also played a role in the Renaissance golden age of philanthropy, with the emergence of what we now call social policy - targeting giving to achieve specific outcomes. The origins of the new thinking around how to deal with the poor rest with the 'humanist' thinkers inspired by the Dutch philosopher Erasmus (1466/69-1536), particularly Juan Luis Vives (1492-1540). A Spaniard by birth he had passed under Erasmus' influence in Leuven before settling in Bruges, where he studied poverty and produced his major work *De subventionem pauperum*,

published in 1526. Vives' approach began with auditing and categorising the poor, as a basis on which to provide training for the willing and forced labour for the idle and unwilling (it is in Vives's ideas that we find the roots of the workhouse movement, the first in England being established at Bridewell in 1557).

Vives's ideas were adopted widely across Europe, particularly in more economically advanced areas of France and Northern Germany. These tended to be protestant, hence the common criticism that his ideas were 'Lutheran', but there was nothing denominational about Vives's ideas. In Lyons, for example, hunger riots (La Rebeine) caused the merchant classes, protestant and catholic, to work together to set up an aumone-general in 1534 to meet the needs of the poor, particularly abandoned children.

The problem for philanthropy was that the speed of demographic and economic change meant that the social problems grew faster than the donors could cope with. In London, for example, while the resources for charity increased by more than 50% between 1573 and 1597, the real per capita resources available to the poor fell by 9% over the same period because of the rising urban population. Hence, although private donors supported 10 almshouses in London during this period, this still meant that 24 parishes in the city had no such provision.

The English Poor Law of 1601 was the first national legislation to deal with the poverty problem. Rather than a bold new initiative, this Act was the culmination of a series of steps over the previous half century or more to cope with rising poverty. These had seen local Justices of the Peace increasingly involved in categorising the poor and raising money for poor relief. The Poor Law brought these initiatives together, placing responsibility for poor relief with the 15,500 parishes across the kingdom, to be funded by local property taxation. It made provision for the traditional category of 'impotent' poor, such as the ill, the elderly and orphans, by providing food and, in some cases clothing. Provision of accommodation in almshouses for the elderly and infirm remained largely a service provided by private charity. The new 'able-bodied' poor who were unable to find work were also eligible for support from the parish and 'sturdy rogues' who refused to work, were provided with 'houses of correction'. The magistrates and poor law overseers also had control over the movement of the labouring population. Hence labourers who took off without a certificate were liable to be arrested as vagrants and deported to the parish of their birth. The Poor Law was not intended to be a modern welfare state. But while this was emergency legislation, as a precaution, it was increasingly relied upon to meet the needs of the poor.

Philanthropy didn't stop in the 17th century. But across Europe the political and religious divisions created by the Reformation exploded in a number of brutal conflicts, notably the English Civil War and the Thirty Years War. Wealth creation inevitably suffered and a period of remarkable growth and experimentation in philanthropy ended.