The Theory of “Poor Use” and early Franciscan economics

As we know by now, Francis in his Rule, both Earlier and Later, bans the possession of any property and any use or handling of money. Moreover, in his Testament he bans the friars from interpreting his Rule any further. Obviously the two economic prohibitions made it nearly impossible to survive in the budding capitalist economy of the late Middle Ages and the early Renaissance, especially since the prohibitions could not be interpreted.

The situation was handled swiftly by the papacy early on, almost immediately after the death of Francis. In 1230 Pope Gregory IX, a staunch supporter of Francis all along, issues a papal bull (legislative document) Quo elongati in order to resolve some difficulties created for the Franciscan order by the literal interpretation of Francis’s Rule. In it, first of all he rejects the legal validity of Francis’s Testament arguing that one cannot prescribe what to do to future leaders who will have the same authority as you do. In particular, the ban on interpreting the Rule is lifted. Interpretation is vital to the tradition to keep it viable and up to date. (This is a common trend in Catholic theology, cf. our discussion of interpretation of scripture.)

Gregory IX, being a serious Canon lawyer, proceeds immediately to interpret both the principle of “not possessing property” and the principle of “not handling money.” Regarding the use of money he rules that money can be handled through a third party or an agent: either of the persons who wish to contribute money, or of the persons who wish to provide goods for the friars in exchange for the money. Regarding the use of property, either moveable or real estate, he rules that property still cannot be legally owned, either individually or in common, and specifically the real estate that the friars use should remain legally in possession of its original owners who donated it. However, he makes an important statement that “the brotherhood may have the use of equipment or books and such other moveable property as is permitted....” This lays the foundation of the practice of so-called “poor use” (usus pauper), as well as a long-lasting controversy about it. “Poor use” basically means that one is only allowed to use what is immediately necessary and vital for one’s survival. The problems arise out of multiple scenarios, e.g., when something you do not need now but will need in the future will not be available in the future, and thus needs to be procured and stored at present, etc.

After a prolonged engagement with “Spiritual Franciscans” discussed in the previous segment (who fought to uphold Francis’s strict vision of the Rule), in 1279 Pope Nicholas III issues a papal bull Exiit qui seminat (a relevant excerpt linked to this class on the website), which was written with the assistance of Olivi. Nicholas III first of all separates the use (the right to use, factual use) from the jurisdiction or the right of possession or ownership (dominion). One can have use without possession. This will become the foundation of all subsequent Franciscan economic thought, starting with Olivi and Duns Scotus. Next, the bull obligates the friars to observe “poor use,” which means not having anything excessive beyond bare necessity: “...nor indeed the use of all things, as has been said, to any [degree of] superfluity, riches, or abundance, which would derogate poverty such as either a treasuring up [of such things] or by such a spirit so that they might alienate [such things], or sell [them], receive [them], either under the appearance of providing for the future or by other occasions....” Last, the document lays out very elaborate provisions on how to use money: money can be used through a third party or agents.
Money can be used if something cannot be obtained in any other way (cf. Olivi’s thoughts in Question 9 on Evangelical Poverty discussed below).

Bonaventure in his work Defense of the Poor (quoted by Olivi in Question 9) supports the separation of use from right of ownership; he also supports the practice of “poor use.” Chapter 7.3: “One must consider two things as far as the ownership of worldly goods is concerned, namely, jurisdiction [over them] and their use. Since their use is necessarily tied to the condition of our present life, evangelical poverty consists in relinquishing earthly things as far as ownership of them is concerned, provided that their use is not completely rejected, but restricted in accordance with what the Apostle said [to Timothy]: Having food and sufficient clothing, let us be content with these (1 Timothy 6:8).” Chapter 12.20: “And it is in this that the proper measure or balance in the practice of [poverty] consists: in relinquishing jurisdiction without rejecting use; in observing austerity in this use without abstaining from the necessities of life; in providing for one’s needs without deviating from austerity.”

How do Franciscans start to think about economic issues? Francis and his Rule also say that:

- publicly useful work is a requirement; one must practice his God-given trade
- one is allowed to use the tools of the trade
- one must be compensated for one’s work: it is one’s right
- but one should not amass material treasures beyond one’s immediate needs

These simple rules determine the principles of early Franciscan economics. Most Franciscan writers in the 1200’s wrote on economic issues, including Bonaventure in his Defense of the Poor (Olivi quotes some of it in his Question 9) and Olivi in his Treatise on Contracts. However, we will focus on two authors and two works (Duns Scotus’s chapter on economics is linked to the website for those who want to explore the issue in more depth or use it in their papers).

Olivi, Question 9 on Evangelical Perfection. “Poor Use” (brief notes; excerpts linked to the class website)

As other Franciscan theologians, Olivi starts with scripture (p. 7 of excerpts): the idea of “poor use” has biblical foundations as when Christ sends off his apostles and bans them from using any superfluous items. Olivi continues by referring to Francis’s Rule that seems to demand the observation of “poor use.” Francis directed his friars not to use anything “unless they are compelled by obvious need or utility.” Olivi proceeds to the Narbonne Constitutions of 1260 that seem to support the idea of “poor use.” He also refers to Bonaventure’s interpretation of “poor use” quoted above.

What constitutes “poor use” is open to interpretation (its opposite is called “opulent use”). This approach opens up a path to an in-depth analysis and assessment of our economic situation. Olivi starts us thinking about economy: what we really need and don’t need.
One of the drawbacks of opulent use is that it depletes available resources: both natural resources and the resources of the community. Another drawback is that when people’s practices are aimed at personal enrichment as opposed to “poor use,” it destroys socialization and ruins relationships between members of society. Olivi, far ahead of his time, starts to introduce elements of social theory into his economics: what is responsible for society’s troubles are not individuals, as exceptional cases, but social practices.

Olivi points out that the vow of poverty is not irrational: it cannot lead to any absurd consequences. So one must be able to accommodate the necessities of life, for example to be able to store up for the future something you cannot obtain on a regular basis. One can procure now what one will need later if it makes sense: for example, in order to harvest a year later, or have food a year later, one must sow now, a year ahead.

Our need to store food stuffs depends on their use: for example, one does not need to store food for his entire life as it can be reasonably obtained at least on a yearly basis (in medieval economy). This consideration determines whether our use is “poor” or “opulent.”

Also there is a difference between consumed and non-consumed (or not easily consumed) goods, for example, food as opposed dwellings or clothes. Therefore obviously one can have a house procured for oneself, even though it will last him or her a lifetime—but not two homes, for this is not necessary and is lavish and wasteful. The same goes for multiple sets of clothes. An exception is made for books, as one can never tell how many books one may need to study various subjects!

Olivi also makes an exception for the use of money: when things cannot be obtained in any other way, one can use money. In one of the objections he questions the practice of handling money through a third party as absurd, although he does not conclude against the practice.

Almost a century and a half later, **Bernardino of Siena** writes his *Treatise on Contracts and on Charging Interest*. It is well known that his thought is very much dependent on Olivi’s, so the general principles are similar, but the economic situation by his time has changed, there is a developing banking system and all the makings of a capitalist economy, so he has to deal with new economic realities.

Bernardino’s main questions are what constitutes just price (it is the same for Duns Scotus in the text linked to this class) and whether one can profit or collect interest from one’s economic activities, such as buying and selling goods, or even lending goods and money. The background for Bernardino’s thinking are constant prohibitions of usury (bans on collecting interest), starting with Jewish law and continuing in Christian legislation and even Francis’s Rule. Bernardino quotes Luke 6:35: *lend, hoping for nothing from the transaction.*
The way Bernardino thinks of this problem is as follows: if one moves merchandise to a different area where its price is different, or if one incurs expenses and risks, spends much effort, or faces danger while doing business, one is entitled to a modest profit (or even interest) to compensate for all these things. What is to be avoided are fraudulent practices; deception (bad-mouthing your competitors, tampering with the merchandise, etc.); betraying the trust of your clients when establishing prices; using tricks, cunning, and loopholes.

Bernardino’s early thinking about bank deposits is that if people are coerced to deposit money for the good of the community (apparently an existing practice in Italian city-states), they can be compensated for their losses in the form of interest (one can think of federal and state bonds as a contemporary example). Also if one loses potential gains or profits from a transaction (e.g., lending things or money), it is lawful to be compensated in the form of profit or interest.

The term “usury” is now applied to illicit or unethical ways of obtaining interest or profit: when something is gained above one’s losses, needs, effort, etc. So the rule is if one does something to scalp and fleece people, it is illicit, but if one gains profit or collects interest to compensate for one’s losses of effort, it is lawful.

Bernardino provides an example of what we may call “predatory lending.” Predatory lending is more harmful to the people who are financially strained than allowing those people to go bankrupt and sell their possessions. In the claws of predatory lenders, people only get more desperate and poor, instead of getting help. Such practices consume people’s wealth: “...little by little the monetary wealth of the people is diminished when usury, night and day, constantly and constantly, creeps in as a cancer, and, as it were, imperceptibly grinds down and consumes people’s wealth.” Bernardino’s argument sounds much like Jewish laws against lending, poverty, and oppressing one’s neighbor: “...if the person who obtains such a [predatory] loan is poor, and needs to be helped and relieved in his poverty, these practices, instead, make him only poorer, and therefore what seems to give him relief, in fact, oppresses him and aggravates his situation even more.” Also, easy credit generates irresponsible behavior such as spending on luxury items, gambling, etc.

Bernardino also stresses the benefits of circulation of goods and money. They allow wealth to stay within the community and not go elsewhere (cf. contemporary practices of “buying local”). As an additional benefit, “true socialization” results from correct economic activities: “mutual love, which has become extinct among citizens through the absence of the habit of helping each other, is revived through many services rendered and accepted; hardened hearts mellow and become more sensitive; and [ultimately] true socialization is born, which is the union of hearts.... just as the absence of the habit of serving each other generates the hardening of hearts among citizens and easily leads to injustices, which foment and cause fights, dissent, division, sectarianism, and wars, in the same way many [mutual] services generate, grow, strengthen, and wonderfully preserve charitable behavior between citizens.”
In one great quote Bernardino sums up his denunciation of “the rich getting richer and the poor getting poorer” trend in economy: “As a rule, the fact that riches and monetary funds are accumulated by fewer individuals and in fewer purses is a sign that a city-state or a country is doing poorly, and the greater the concentration of wealth is in the hands of the few, the worst situation obtains for the state of affairs of a city-state or a country. In the same way, if one observes in a human being that natural heat is withdrawn from extremities and goes only to the heart and core organs, this is the clearest sign that the organism is failing and death is imminent.”

G. Todeschini’s book *Franciscan Wealth* provides the most complete and outstanding account of Franciscan economic theory, from its inception to the modern times. Therefore I made more detailed notes on this book: see link to this class. He points out the following major traits of Franciscan economics:

Circulation of wealth is the preferred practice as opposed to the hoarding and immobilization of wealth and money.

Value and price of things are relative; Franciscans thought of how to establish just prices. Work (including such work as financial advice and management) is also something marketable and has its price.

The main question Franciscans faced is how to make use of something without having a jurisdiction over it or owning it. This practice forces one to socialize in order to run your economy, and not to seclude oneself.

Franciscans learned how to distinguish between real and false needs; they were extremely attuned to such issues due to their Rule and had to think about them.

The practice of poor use can greatly assist the economy, for example by lowering prices.

Positive economic practices are what allows the market to grow; negative practices are what stalls the market and blocks its growth.

Profit and interest can be lawfully gained only to pay for one’s losses, effort, etc. as compensation.

The last section of Todeschini’s book (pp. 173-181) covers the foundation of Monti di Pietà (charitable banks and pawnshops) by the Franciscans as a practical implementation of their economic theory in the community beyond their Franciscan order. The Monti extended no- or low-interest credits and loans on the collateral of pawned items to help impoverished businessmen. The Monti also helped fund other charitable activities.
Conclusions

Ultimately, the economic principles of Francis and the early friars were interpreted as follows, creating the foundation of a modern capitalist economy “in the Franciscan spirit”:

The principle that one is allowed to have the tools of the trade translates into the understanding of money and wealth being one of these “tools.” Finances, money, capital, etc. are presented as tools, not as wealth and riches. So if “money” in the Rule is understood as “immobilized money,” or as money that has value in itself, then this is what needs to be rejected. So the principle of the early Franciscans that one should not possess property, wealth, or money is interpreted as not having immobilized property or money, property or money for your own pleasure and use, or “bad money” and bad use of property. At the same time, circulating and invested money (as well as the entire financial system) is viewed as a “tool” that we are allowed to have and use.

Also, work, which was a requirement in Francis’s Rule, was understood now as having value and price. Thus compensation for work, which was, according to Francis, a requirement and one’s right, could now be understood as paying price for one’s work, or buying one’s work. So Francis’s rule that one must be compensated for one’s work translates into a permission to gain profit and interest as compensation—if one’s work was in the financial sector!

The understanding of lending at interest (“usury”) in Jewish and Christian law and in the Franciscan Rule would now be follows: if profit and interest is understood as compensation for work and something necessary to sustain one’s life under the new economic conditions, then it is certainly allowed. Profits are gained and interest is collected to pay for the necessary things of life for the professionals involved in regulating the market, managing our money, buying and selling, etc. This also determines the policy of acceptable or “poor use” for profit and interest: if the profit and collected interest are a lot higher than what is necessary to pay for the living costs of the financial expert, and enough to pay for pleasure and other unnecessary expenses, then this is not lawful.