

ABOUT THE SIZE OF USURIOUS PERCENT IN THE RUSSIAN EMPIRE IN 19 – EARLY 20 CENTURIES

Usury is one of the oldest financial activities in the history of mankind. Moneylenders are mentioned in all ancient monuments of literary and religious thought (Bible, Gospels, Chronicles, etc.). One of the first references to moneylenders in Russia refers to 1113, when during the Kiev uprising was looted a quarter of moneylenders [1].

The reasons that pushed people to the moneylenders were always the same: an acute shortage of money and the inability to get them elsewhere, for example, in a Bank. Even with the creation of a system of credit institutions in Russia in the late 19th – early 20th centuries, the problem was not solved. Persons who had some capital (at least a small), real estate (for example, land) or are in the service of the institution, were able to use cash loans in banks, credit societies, loan offices, etc. But those residents who did not have significant movable or immovable property, capital in securities or jewelry, were not in the service, could not be clients of the above credit institutions.

In this position turned out to be a fairly wide range of urban dwellers – workers and other hired workers, small artisans, families of retired or deceased poor officials or the military, freelancers, students etc. They could not expect to receive any cash loan from a Bank or credit society and inevitably become embroiled in the sphere of the usurious loan. Here the mortgage could serve not only jewelry, but also household items, wearable things, and sometimes the loan could be issued on receipt.

The situation has changed little and pawnshops created to deal with moneylenders. Their number was small, funds are limited, and interest rates on loans are quite high [2].

A typical feature of usury is a high interest rate on loans from several tens to hundreds of percent per annum. Thus, in Ancient Greece, there are cases of usury loans with payment of 48 % per month (over 570 % per annum). In the middle ages feudal nobility could pay for loans from 30 to 100 % per annum [3].

The state has always tried to limit the highest interest rate on loans. So in Europe (for example, in England, Germany, France, Austria-Hungary) it by the beginning of 20 century was established in 5–6 %, in the USA – in 5–10 %. Charging a higher percentage was considered usury and was punishable up to criminal prosecution. In Russia, the legal maximum was introduced in 1754 and was set at 6 %, in 1786 it was lowered to 5 %, and in 1808 it was set again at 6 % [4]. Since that time, charging interest above the norm for the first time was punishable by a fine, and when repeated, by a fine and arrest or a fine and a prison [5].

In 1879 in Russia the legalized maximum of percent was cancelled. In 1893 a law was passed, pursuing usury in money loans. Under this law, the issue of money borrowed for a higher than 12% per annum was considered a usury transaction.

6 % per month does not seem to be a high percentage, but it was a significant amount per year. For example, in Novgorod, in the 1870s, the local moneylender M. A. Polyak was charged to 6 % per month., (4 % – for the storage of the Deposit, 1.25 % – for insurance, and 0.75 % – "interests of the cash"), that is, up to 72 % per year [6]. On average, in Russia, usury banks and offices acting under the permission of the authorities charged clients from 48 to 60 % per annum, and illegal usurers – and up to 120 % per year [7].

However, the situation with moneylenders in the village was more severe. Poor peasants, rural artisans, fishermen were entirely subordinate to the local usurers – the "kulak," "miroed". At the same time, the usury percentage of 100 % sometimes did not seem very high. For example, took a bag of potatoes for sowing, and give two bags. In fact, the system of enslavement of the rural population was more complex and developed [8]. The bodies of Zemstvo and city self-government spent a lot of effort to deal with moneylenders. However, they could not completely eliminate this ancient fishery.

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