The development of credit money

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My thesis is that capitalism has developed in response to the Christian interest ban. I therefore think that the development of capitalism did not begin by chance in the Christian West.
Before I begin my story, I would like to explain why I am telling it. I believe history is important for understanding the present. There are two things I want to make clear.

1. I am trying to show that prohibitions do not achieve their purpose if the causes of the problems are not eliminated. It is not enough to forbid something. You need to know the reason and eliminate it if you want to change something. This is evident in the alcohol prohibition in the USA. The prohibition was well understood. It should preserve people from alcoholism. But it has produced an organized crime that was ultimately worse than alcoholism. Even a well-meaning prohibition produces more harm than good if the causes of the problem are not eliminated.
2. I also want to show that profit is not self-evident. We often hold profit for the only sensible economic driving force. But the idea, one can always take more than spend, emerged from a historical coincidence. Just because credit money was born at a time when the nobility was constantly shaping new money, the class of merchants could get used to making a profit all the time. Gold and silver from America opened up a new source of money to the nobility just as the merchants developed the credit money. This historical coincidence led to the emergence of capitalism.

The idea that the interest ban became the obedient aid to capitalism is an irony of history.
It is likely that the Catholic Church has decreed the prohibition of interest in order to protect society from the effects of monetary policy. The Catholic Church recognized at an early stage that money-making disturbs and weakens social relations. The idea that the ban on interest created a society in which money permeates everything shows the danger of prohibitions.
In order to understand why the prohibition of interest created capitalism, one must understand the development of money from bill of exchange to modern credit money. I will immediately explain what a bill of exchange is.

The story begins in the 12th century. The long-distance trade began to develop again after the dark centuries of the Middle Ages. But traveling was dangerous, for thieves and robbers drove their misery. Therefore, merchants began to use bills of exchange. This bills were introduced to the change in the shadow of the crusades. The crusades were military attacks by the Christians on the Arab world. Even today, these wars are often referred to as religious wars, but just as modern wars have been trade wars, that time to secure trade routes.
But back to bills of exchange. Through the use of such bills, merchants could avoid the transport of cash. For example, if a merchant went from Florence to Augsburg, he went to a banker in Florence and deposited as much cash as he needed for his business in Augsburg. For this deposit he received a change. The change contained time, place and amount of the deposit as well as the time, place and amount of the agreed payment in Augsburg. With this exchange letter in his wallet the merchant traveled - without cash - from Florence to Augsburg. In Augsburg he went to the banker named on the bill. There he received Augsburger coins for his coins paid in Florence, minus exchange rate and exchange fee.
At this time there were not only different coins in every country, but almost every city. Therefore, the money amounts always had to be converted from one type of coin to another. Without official conversion tables, a judge could not determine whether the conversion also included interest. Therefore, a judge could not recognize a breach of the interest ban in a bill of exchange.
Of course, it was very important for the borrower that the his bill of exchange in court could not be declared invalid. Just a bill of exchange was a very strict contract. If a debtor did not pay his bill on the appointed date, he was thrown into the tower (pur in jail) without a judge being asked. This right of bills was applied throughout Europe. And the debtor could do nothing about it. He couldn't walk out on jail until he paid his bills.

However, in order to be able to hide interest rates, it was necessary to convert from one type of coin to another. Therefore, a bill of exchange contract always needed a change of place. What does that mean? Where does that lead us?
If, for example, a merchant needed money for a trade trip to India, he wanted to lend the money in Florence and pay back about a year later in Florence too after returning with his ship. In this case, the deposit amount and payment amount would appear in the same coin, so an interest rate would be

immediately recognizable. The amount paid out would be higher than the amount paid. Each judge would immediately recognize that that bill violated the interest prohibition and declared the bill invalid. For this reason, the merchants were looking for a way to secure each other without violating the prohibition of interest. So our merchant, who wished to travel by ship to India, signed a bill in Florence, in which he pledged to pay back for the money he received in Florence later in Augsburg. In fact, he took the money he had received and drove with the ship to India. But his bill of exchange went without him to Augsburg. The banker who got the change recognized that no one would come to pay this bill. He therefore sent a new bill of exchange to Florence. This bill engaged the travelling merchant for a repayment in Florence. From one bill of exchange two had become so. Each of these bills included a conversion from one type of coin to another. Time, place and type of coin changed. Therefore, an interest rate was not detectable. A trick to circumvent the law should change the economy and thus the world. What was the trick?

One bill of exchange had been split into two bills to obscure the change in the amount of money. Now the second bill of exchange, which had returned from Augsburg to Florence, had been issued without a payment of money by issuing it. This created the possibility to issue a bill of exchange without making a cash payment. This was the birth of credit money.

I will show how that went.
A merchant came to Augsburg to sell goods. The merchant from Augsburg showed him his treasures and said he would buy his goods. But he would not pay cash. He offered the merchant a bill of exchange, which he could redeem in another city. The traveling merchant accepted the change and handed over his goods. The jumping point is, our merchant could repeat this as often as he like. Using bills as payment he could buy a lot more goods then he could buy by his coins in his chest. With these bills, our merchant could buy 10 times or 100 times of goods than would have been possible with coins. The bills were actually debts, which he himself pledged to pay later. Today, we would say he used credit levers.
The merchant made his own money, on the basis of his own capital of coins. This was the birth of credit money, long before the foundation of the Bank of England.
But how could he pay his bills? The merchant of course sold most of the goods and got bills of exchange from others. With these bills of exchange, he traveled to the market. There all bills of exchange were written into large lists and offset. That took days. In the end, enormous amounts of demanded money had simply disappeared, because credit and debts had been reversed. After that, only the differences had to be paid in cash. In fact, most of the trade had been carried out in bills of exchange, in self-created money. The largest part of this money had disappeared again during balancing.
The truly amazing thing was that not a few single but nearly the whole class of merchants got paid off (earned) coins at the end. How was that possible? Who paid them?
The miracle was possible, because also the bills of exchange of the nobility were offset here. Great merchants lent emperors and kings large sums for wars or luxury goods. Also these loans were disguised as a bill of exchange and filed here. And also these bills were repaid in a timely manner. This was possible because ships brought new gold and silver from America to Europe. This gold and silver enabled the Spanish kings - the largest borrowers of this time - to constantly shape new coins. With these new coins their bills were paid. This continually new money enabled the whole class of merchants for more than two centuries to occupy always more than to spend. Thus the idea could arise that making profit is something self-evident.
This was possible because there were two different types of money creation at the time, whereby the money creation of the nobility had nothing to do with the money creation of the merchants. In contrast to today, the cash money was created completely independently of the credit money.
Only in this way has it been possible to earn profit for centuries without generating a crisis. Today there is no more free coinage of the nobility. Thus the original source of profit has disappeared.
Profits are today always debts, which must be repaid only tomorrow.

Remember: I have tried to show that prohibition often fail to achieve their purpose. You have to know the causes and eliminate them if you want to change something. Remember alcohol prohibition in the USA. And I wanted to show that profit is not self-evident. I think, it is a central problem not only of economy but of society that profit is always expected. I think, we have to eliminate this idea.