



USTURY

DESTROYER OF NATIONS

S. C. M O O N E Y

USURY

Destroyer of Nations

by

S.C. Mooney

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About the Cover

Depicted on the cover is a graphic parable, which encapsulates the thesis of this book. There looms the ghost of what once was a great oak. What remains of it stands cold and bare, while the vines which caused its death flourish about it. The parable that inspired this illustration comes from the pen of a 16th century English Puritan preacher, Henry Smith, whose own words now explain its meaning:

"For Christ said to his Disciples, *Love one another , as I have loved you* . But it may be said of the Usurer, See how he hateth his brethern, and hear how he loveth them: for he loveth them in words, and hateth them in deeds. He sayeth that he loveth them, and that he lendeth for compassion, but it is for compassion of himself, that he may gain by his lending. The Usurer loveth the borrower, as the Ivy loveth the Oak: The Ivy loveth the Oak to grow up by it, so the Usurer loveth the borrower to grow rich by him. The Ivy claspeth the Oak like a lover, but it claspeth out all the juice and sap, that the Oak can not thrive after. So the Usurer lendeth like a friend, but he covenanteth like an enemy, for he claspeth the borrower with such bands, that ever after he diminisheth, as fast as the other increaseth."

Foreword

This book will provide the attentive reader with answers to some of the most puzzling questions that we face today about money and interest or usury. This book was written because there is nothing else available today which thoroughly covers this important topic from a foundation of God's Word. How many investors today can remember their Pastor teaching on the Biblical foundation for making interest-producing loans to individuals, banks and other businesses? Is the Bible silent? No. Is the subject of money and interest so far removed from the pressures and concerns of every day life in modern America that it would be considered a distraction from "real life" to provide instruction in these areas? No.

Traditionally, Pastors have lacked important economic related instruction. One example of this lack is found in the otherwise comprehensive *Lectures on Calvinism*, by the esteemed Abraham Kuyper. This work was designed as a survey of the impact of the Christian faith in all areas of life. The fields covered include theology, government, art, and science. It is instructive to note that there is no section covering Biblical faith as it relates to economic activity. In a similar vein, Gary North laments that in all the centuries since the founding of the Church, there has never been a economic commentary written on the books of the Bible.¹

1. Gary North, *The Dominion Covenant: Genesis*

This neglect leaves Christians to borrow from the unbelieving world those ideas which will be applied to the economic aspects of everyday life.

The lust for gain without pain is very powerful. Too often the Church has no one to turn to when economic temptation presents itself. The truth is that the vast majority of Pastors 1) have never been asked to study these subjects in college or seminary and therefore 2) do not always recognize the important need to understand them. We believe that everyone who uses money, or acquires it through interest bearing investments, should both understand the origin of money and be able to give an account regarding righteousness of his actions. How can a man provide a godly witness before an unbelieving world if his personal finances are not handled in a distinctly, self-consciously Christian way?

Love characterizes God's covenant people; love must characterize any truly Christian concept of economics. The sin which this book addresses would not exist if we truly loved one another from the heart. As it is, we have an economic system where profit for some depends on the continual need of their brethren to borrow that which they lack. This is the effect of usury on any and every sort of loan. Christians need to see that living this way is not demonstrating God's truth to the world. What is more, the prevalent notion is that usury is a normal aspect of an economy. However, historically the church has long been opposed to usury by the conviction that it is contrary to God's law. That is, the position taken here is not a new one, but a call to return to what the church had believed for over a thousand years.

It is no wonder when professing Christians ignore God's instructions about loans, that instead of more affluence and freedom they receive higher taxes, oppressive government, and more per capita indebtedness. The United States is thought to be the world's wealthiest nation, while in reality it is the world's greatest debtor. If the average citizen were proportionally as far in the "red" as we are as a nation, every creditor who knew of his plight would foreclose on all loans as fast as the paperwork could be completed.

The United States is a nation under God's judgement and discipline. Usury always leads to slavery. This time, because we have ignored God's commands, we will end up the slaves. Every year a larger portion of Christians' disposable income goes to support domestic and foreign debts.

Increasingly, the Internal Revenue Service relates more like the Pharaoh's taskmasters toward citizens, churches, and Christian schools.

My hope is that righteousness might come to characterize our economics as a Christian people. It is time that the Church teaches the nations "to observe all that Christ has commanded". Let us no longer borrow our economics from the world. Rather let them come to us for the righteous economics of godly peace and prosperity. This is a goal to which anyone involved in "Christian economics" would subscribe, however, this goal cannot be realized as long as the sin of usury besets us. This book is directed to the end that we would repent of usury as a people, and achieve an economy in which all men love their neighbor as themselves and thus fulfill the law of Christ.

David B. Wiley
Director, Theopolis

Author's Preface

God's Word tells us that, "When there are many words, transgression is unavoidable" (Proverbs 10:19). Though the present writer has many to thank for making possible the completion of this work (too numerous to name), he nevertheless reserves to himself responsibility for the unavoidable transgressions.

Having already drawn upon the wit of Mr. Smith for the cover concept, another appeal to him in the preface risks conveying to the reader the mistaken impression that the present writing is but a narrow reiteration of the Puritan position. Suffice it to say that the scope of this work is much broader than that. Having so said, it is hoped that the reader once again may appreciate the words of Henry Smith, whose introduction to his sermons on usury is a most fit introduction to the spirit of the study which follows.

Here thou hast the sermons which have been often desired, because of the matter fit for this city. One sayeth, that he would never speak to usurers, and bribe-mongers, but when they be upon their deathbeds: for he which liveth by sin, resolveth to sin, that he may live. But when he goeth to hanging, Judas will say, *I have sinned*. If I speak not to usurers upon their death-bed, yet I speak to usurers which shall lie upon their death-bed. Three things do give me hope. One is, that all hearts are in the hands of God, to call them at what hour He list, and therefore Saul may become an Apostle. The next is, that the third crow doth waken more than the former, and therefore after the crowing of other, this crow may happily be heard. The last is, that there is no sin, but some men have been reclaimed from it, and so may usurers from their sin.

Therefore go my book like David against Goliath, and fight the Lord's battles against usurers. The Lord give that success to his doctrine in these leaves, that it may consume usurers, as Joshua drove out the Canaanites before him. If I could take but this one weed out of the Londoner's [American's] garden, I were answered for my health and my strength spent amongst them. Read with thy best mind, and thou shall profit more.

S.C. Mooney

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DEFINITION OF USURY

God commands us in Exodus 22:25, "If you lend money to My people, to the poor among you, you are not to act as a creditor to him; you shall not charge him interest." The KJV puts it, "thou shalt not be to him as an usurer, neither shalt thou lay upon him usury." Everyone agrees that usury is a sin; that is, provided that everyone is allowed to define usury for himself. Few, if any, would defend usury no matter how it is defined, but almost everyone would condemn usury according to some definition. However, there is not a universal feeling that "interest" is wrong. When the statute is expressed as prohibiting the charging of "interest", it generally is supposed that this prohibition must hold only in certain cases. Some define usury so that it may be lawful in certain cases, and define "interest" so that it may be unlawful in certain cases. The controversy over usury has centered on the problem of definition. In order to receive the instruction of Exodus 22:25, and a number of other texts, in their fullest sense, it is necessary that we understand what is meant by "usury" in older translations, and "interest" in newer ones.

Gary North says, "The definition of usury is precise Biblically: *any increase taken from the poor in return for having made a loan.*"¹ Actually, "usury" is not defined in the Bible. It might be said that the Bible *circumstantially* defines "usury", in the usage of the term in various texts. It would be more true to say that the definition of usury is *as precise*

1. Gary North, *An Introduction to Christian Economics* (The Craig Press, 1973)

as is one's interpretation of certain biblical texts. In the case of obscure, little used words, their usage in context can give a clue as to their meaning. However, the biblical terms which may be translated "usury" are not of this type. In the case of usury, an exegetical problem arises more from the fact that the economic teaching of God's Word comes to us from a time when men had no discreet economic theories. Economics is a young science. Usury in ancient times was not understood according to discreet economical categories. The writers of the Bible did not have a range of economically defined concepts from which to choose when speaking on the subject. In their time there was nothing like the shades of meaning between "interest" and "usury" that we have today. The modern temptation is to read one's favorite economic doctrine back into the Scriptures. Therefore, the order of the present discussion shall give a treatment of the pertinent biblical texts only once the definition and history of usury have been treated. This order does not imply a low view of the Scriptures. The present writer holds to the orthodox confession, that the Bible is the very word of God, inerrant in the original manuscripts, and is man's only infallible rule for faith and practice. The prior discussion of definition and history is necessary because of the misunderstandings of usury that are introduced by modern "interest theories". That is, in order to gain an adequate understanding of the requirement of Exodus 22:25, it is necessary that one know what is meant by the terms "usury" or "interest", and yet the modern, popular understanding of those terms is not sufficient.

It shall be difficult to exhaust the matter of the definition of usury without going into the facts of its history. Indeed, a brief survey of various ways of defining usury provides a general outline for the history of usury. Usury is as ancient as civilization. From earliest records up to the present, it has been understood to be an evil that lenders commit upon borrowers. Variations of meaning occur within this general idea. The popular conception of usury has evolved through the ages. The ancient understanding of usury was largely an emotional one. Ancient thinkers did not develop economic theories that were distinct from other theoretical disciplines. Consequently, usury was considered not according to definite economic concepts, but according to its character as it impacted the parties to a loan. This is illustrated by the language that

was used in ancient documents that treat of usury. There are two Hebrew words that are translated "usury" in the Old Testament. *Neshek* spoke to the character of usury vis-a-vis the borrower. Its root means literally "a biting". In this term, the oppressive nature of usury was expressed. The other word, *Tarbith*, has to do with the creditor's experience; it means "increase".² Numerous texts of ancient Mesopotamia, notably the Babylonian Code of Hammurabi, deal with usury. The term in the original language is *Sibtu*. It is related to another word, *Asabu*, that means "to enlarge, to add, to increase in size or number". This parallels the Hebrew *Tarbith*. *Sibtu*, however, carries a distinctly negative connotation, as does the Hebrew *Neshek*. Besides its meaning of "usury", it also means "attack" or "seizure" as in epilepsy, and also the violent seizure of property by pirates. As well, it means "tax", "tribute" or "levy", as a conqueror or lord would impose upon his vanquished.³ As these terms suggest, usury in ancient times was known for the hardship and misery that it inevitably meant for borrowers, and the riches and power that it meant for lenders. The difference between ancient Israel and Babylon was simply that the former got her laws from God, and consequently condemned usury, while the latter derived her laws from pagan men, and accordingly permitted and "regulated" usury.

This ethical and emotional conception of usury endured into the medieval era, but near the close of this era economic theories began to emerge into view. The technological advances in transportation and in industry led to the maturation of the partnership in commercial enterprise. Commercial activity stood to gain from loans of capital, but such loans seldom were made because 1) lenders typically wanted usury and 2) usury still had a bad reputation. In this context of developing commerce, economical concepts also began to develop. The medieval English term *usury* derived from the Latin *usuria*, and carried the more theoretical idea of selling the *use* of property. In an attempt to rescue money-lending from the stigma of "usury", an alternate concept was

2. A. Pick, *Dictionary of Old Testament Words* (1845; Grand Rapids: Kregel, 1977) p.523

3. *The Assyrian Dictionary*, (Chicago: The Oriental Institute, 1962), Vol.XVI, p.158-167

proposed: what now is known as "interest" (from the Latin *interest*, meaning a compensatory payment). The ancient, pagan method of government regulation of "interest rates", rather than the simple censure of usury, came into favor in Western, Christian nations.

The age-old popular aversion to usury was overcome by means of a new science: economics. Economic argumentation convinced the civil powers of the pragmatic benefits of loans at usury to commercial enterprises. The ancient emotional view of usury was undercut because these commercial ventures demonstrated that those who borrow on terms of usury do not always suffer for it. The lender had his "increase", but the borrower who was successful in his enterprise no longer experienced the "bite". The proverbial miserable and enslaved debtor gave way to the commercial entrepreneur, who stood to profit from borrowing at usury. Those in the church, who inherited from their forefathers a distinct disapproval of usury, nevertheless did not inherit any theoretical basis for such disapproval. There was little basis for them to object to usury once it was shown that misery no longer automatically attends borrowers. The civil powers were tempted by the potential lucrativeness of commercial activity that was artificially accelerated by abundant loans at usury. Since the church seemingly was unable to refute what the new "economists" were saying, her strict anti-usury position was abandoned.

The early modern era, therefore saw a push to destigmatize the idea of usury. Through the 19th century "interest" was regarded as "usury without the bite", and in order to assure that usury was rendered toothless, the maximum rate of such "interest" was set by law throughout Europe and in the United States. The term "usury" still was in popular usage, though it was restricted to mean "interest" which was in excess of that allowed by law. Such laws were designed to allow for enough "interest" to stimulate the economy, but not enough to result in the misery and suffering that attended usury in ancient times. The latest economic theories attempt to explain "interest" as a natural market phenomenon that varies according to the subjective values of men. It is thought of as a "price" of money, which ought to be allowed to fluctuate naturally in the market along with other prices.

All theoretical underpinnings for "usury laws" have vanished, as have many of those laws themselves. As a result, the term "usury" no

longer is in popular use. In fact, it is not uncommon today for otherwise educated people to be without any idea of the meaning of "usury". However, foes of usury have not vanished. Gary North indicates a weariness over the fact that the problem of usury is an "endlessly repeated question".⁴ At this juncture in human history, the question seems to be complicated by the numerous approaches to the matter that are left in the wake of the past. Originally, the term meant precisely the same thing as now is meant by the term "interest" in connection with loans. William Blackstone saw the terms as synonymous, with only this difference: it "generally is called *interest* by those who think it lawful, and *usury* by those who do not so."⁵ It is only semantical horseplay to give "usury" the meaning of "excessive interest", or some such qualification, yet there are numerous ways in which this is done. There are those today who would focus the definition of usury on its character. For instance, Messrs. Thoren and Warner claim that a charge for the use of an existing asset is "interest", not usury, but that a similar charge for the use of "money" that a banker creates out of nothing is usury.⁶ Such an understanding of usury has no basis in history, nor does it admit any theoretical precision or consistency. The "Truth in Money" thesis is correct in condemning the pretense of some to "creating money out of nothing", however, it is invalid to use this as a pet concept to distinguish between "interest" and "usury".

Others would focus on a legal definition of usury. According to this notion, a fee for the use of property is "interest" if it is within some limit, and "usury" if it exceeds the limit.⁷ While this idea has some pitiful basis in history, the circumstances of its history are questionable. The obvious difficulty with this view is the problem of determining the appropriate limit of "interest". Such mystical limits are tools of power and wealth in the hands of an elite, and arise from no theoretical necessity.

4. Gary North, "Dominion Strategies" (Tyler: ICE, 1986) Vol.II, No.3

5. W.C. Jones, ed., Sir William Blackstone, *Commentaries on the Laws of England* (1915; Baton Rouge: Claitor's, 1976) p.1336

6. Thoren & Warner, *The Truth in Money Book* (Chagrin Falls: Truth in Money, 1984), p.100

7. e.g. Funk & Wagnalls Standard Dictionary, (New York: F&W, 1973), "usury - the act or practice of exacting a rate of interest beyond what is allowed by law"

Still others - the present author included - insist that "usury" take the meaning that is suggested by its etymology. Usury, as a noun, is a fee charged for the use of property - period. As a verb, it is the practice of charging such a fee. Usury is the same thing as what the modern mind calls "interest".

Gary North faults the translators of the King James Version of the Bible for translating the Greek *Tokos* as "usury". He claims, "it doesn't mean usury in the Greek; it means 'interest'. This is how modern translations translate it. There is a difference between usury and interest."⁸ He goes on to suggest that, "Usury referred to interest taken from a poor fellow believer, in other words, interest secured from a *charitable* loan."⁹ It is curious indeed how anyone can suggest that ancient writers knew anything of modern distinctions between "interest" and "usury", when in the Greek language there was but a single term *Tokos* - that was in use. It is even more curious how the otherwise competent Dr. North can seriously suggest that *Tokos* means specifically "interest" and not "usury". In fact, its literal meaning is "birth". Thus, Christ is called the "firstborn" or *prototokos* (Col.1:15). Would Gary North have us translate this "first-interest"? Of course, neither would we give it as "first-usury". Translating *Tokos* as "usury" is interpretative of an ancient Greek metaphor. Our term "usury" is more theoretically descriptive of the practice, whereas the ancient concept was more visual. When more money is repaid than was loaned, it was described by the metaphor that the money gave birth to more money. Indeed, this metaphor was the basis of Aristotle's argument against usury. His basic point was that money is barren, and thus does not in fact beget more money. The point is that there is nothing in the Greek itself to compel the translator to choose "interest" instead of "usury".

It is nonsense to suppose that the ancients entertained anything like the modern, tedious distinctions. They had but one concept to refer to the practice of requiring in repayment of a loan a greater quantity than was loaned, no matter how great or small the additional amount, and

8. Gary North, *Honest Money* (Ft. Worth: Dominion Press & Nashville: Thomas Nelson, 1986), p.70

9. IBID

regardless of who borrowed it. As was noted, in the medieval era the term "interest" was brought in as an alternative expression, though it is evident that no real theoretical distinction between "interest" and "usury" was entertained. In the 17th century, substituting "interest" for "usury" was not meant to signify that there was any difference in theory or practice, but only to give the one practice a less offensive appearance. Roger Fenton published his *A Treatise of Usurie* in London in 1611, the same year as the publication of the KJV. On the issue of terminology, Fenton said of usurers,

They will not call it Usurie, lest the word should be offensive, or make the thing odious. But it shall be termed Use or Usance in exchange, which are smooth words as oyle [oil], never a biting letter in them. Or it shall be called Interest, or Consideration, which are civill and mannerly terms, though by them they meane indeed nothing else but plaine Usurie.¹⁰

The King James translators no doubt were acquainted with the term "interest", which even in their day was still a fairly new term, but as well they would have been acquainted with its intended utility as an escape from the condemnation that was due to usury. "Usury" was the term that had been in vernacular usage for centuries. They cannot be faulted for choosing the common vernacular term (usury) that in its etymology embodied a theoretical description of its meaning, rather than a lately emerged alternate term (interest) whose only use was to avoid just condemnation.

Gary North's peculiar understanding of the term "usury" was not the understanding of the term held by English speaking people throughout the medieval era. What they meant by "usury" is exactly what North means by "interest". What North means by "usury" was unknown to the medieval world, and consequently they had no word for it. Thus, the King James translators were not, as Gary North charges, guilty of an "error" in translation, and neither was it common until recently for men

10. Roger Fenton, *A Treatise of Usurie* (1611; Norwood: Walter Johnson, inc., 1975), p.4

to posit any legal or economical difference between "interest" and "usury".

Nor will modern day moralizing suffice in a treatment of usury. Modern moralists ignore a careful economic definition of usury in favor of a general concept of uncharitableness. G. K. Chesterton, for instance, included greed, materialism, exploitation, etc. in a broad, ill-defined concept that he called "usury".¹¹ The problem with doing this is that it turns a just opposition to "charging a fee for the use of property" into a socialist opposition to "profit". A moralistic understanding of usury was possible in ancient times since the oppressive consequences of usury always were evident in the "natural economy". That is, usury could be understood simply as a "biting" because the bite of usury always was plainly evident. Today it is not so. In fact, early modern usury apologists commonly based their arguments in favor of usury on the idea that in business loans the bite of usury was gone. Since the borrower stood to gain more in his enterprise than he had to pay in usury, they said, interest on such loans no longer ought to be considered usury. However, usury cannot be so sensuously understood any more than any other point of the law, for in fact the "bite" of usury did not vanish with the emergence of business borrowing; it merely became more difficult to recognize, since the burden of it was distributed over the economy as a whole. The name given to usury by the ancient Israelites (*Neshek* - a biting) is not definitional, but a testimony to the calamity which necessarily attends usury.

The only understanding of usury which will serve in a rigorous study of its nature and history is the one which is proposed here: it is a fee that is charged for the use of property; a "use charge", or as an obsolete Old English term put it, "usance". Blackstone generally concurs, defining usury as, ". . .when money is lent on a contract to receive not only the principal sum again, but also an increase by way of compensation for the use."¹² The weakness in Blackstone's definition is that it limits consideration to loans of money. The present thesis goes beyond this to

11. G. K. Chesterton, *Utopia of Usurers* (1917; Freeport: Books for Libraries Press, 1967)

12. Jones, Blackstone, Vol.I,p.1336

include loans of any sort of property, which Blackstone considers under the head of "hiring". This touches upon what is perhaps the most controversial aspect of the present thesis, which shall be treated at length in due course. The correctness of treating all manner of loans under a single category is demonstrated in history. The practice of usury was well established in antiquity on loans of all sorts of property, before there was any such thing as money. Also the biblical injunction handles all types of loans together, specifically prohibiting "interest on money, food, or anything that may be loaned at interest." (Deut.23:19)

Toward a better understanding of usury, it is helpful to elaborate upon the meaning of the "loan", from which usury derives. Part of the problem of the modern understanding of usury is a modern misunderstanding of the nature of the loan. A loan sometimes is characterized as an exchange, and other times is characterized as an "investment". In the case when the loan is perceived to be a type of sale, or exchange, "interest" is afforded a pretended legitimacy by means of its characterization as the "price" of the loan. Gary North, for instance, declares, "Operationally, the rate of interest, like all prices, is a product of supply and demand."¹³ This is a fundamental error, which guarantees an erroneous definition of usury. Several centuries ago Roger Fenton explained the difference between a loan and a sale in this way:

From selling doth this lending also differ, because sale is a perpetuall alienation of the propertie for a price. Lending is a free alienation for a time. So that though lending and selling doe agree in this, that both doe alienate the propertie with the use; yet in these two things they differ, that the one is liberrall, the other for a price; the one temporall, the other for ever.

It [the loan] differeth from *exchange*. Not only in time, as *giving* and *selling* doth; but in the object; because *exchange* is *the giving and taking of one certaine thing for another*. But in this kind of loane, only the like in the same kind is required at the time appointed to be restored. Besides, in things exchanged, there is some difference respected, either of kind, quality, or use; which mooveth us to make an exchange. But in simple lending or mutuatioun, both the same in kind, money for money, oyle for oyle, corne for corne; the

13. Gary North, *An Introduction to Christian Economics*, p.364

same in quantitie, and the like in quality, so much and so good, without respect of difference, is required.¹⁴

In an exchange, one thing is given in exchange for *another* thing. In a loan, one thing is given, not in exchange, but on obligation to receive the *same* thing again after a time. The difference of things exchanged, and the sameness of things lent and repaid is interesting, but the key word here is "obligation". Proverbs 22:7 plainly tells us that, "the borrower becomes the lender's slave." This is the greatest difference between a loan and an exchange. Following an exchange of property, there endures no obligation that one party to the exchange may lay upon the other *arising from the nature and terms of the exchange*. However, the borrower is bound in contract to specific performance, viz., to repay the lender, *by the very nature and terms of the loan*.

Some may object that debt, and thus obligation, may also arise from an exchange. If two parties agree on terms of an exchange of property, and one party is delinquent in carrying out his part, then he remains in obligation to the other. This is true, however, this debt does not arise from the nature of the exchange. In the first place, until both parties have done their part, there is no exchange. Secondly, one party has an obligation to the other only once title to the property in question has converted to the other party. The delinquent party now "owes" it to the other, and continues to hold it himself under terms that are indistinguishable from a loan. The one party in effect loans it to the other until it is paid. In short, the debt of a delinquent party to an exchange actually arises from a loan. So it remains that the distinguishing feature of the contract of loan is the slavery into which the borrower enters.

The reality of slavery is inescapable to the borrower. The lender is protected from any concern over enslaving his brother by an array of euphemisms, which subtly reinterprets the nature of the loan. This is the utility of attempting to identify a loan as an exchange, and usury as the "price" of the loan. A "price" simply is what one party gives to an exchange of goods. In most modern exchanges, the "price" typically is thought to be the money that one party "pays" to obtain other goods.

14. Roger Fenton, *A Treatise of Usurie*, p.17

However, theoretically, both sides of an exchange have the same significance and function. Anything given in exchange may be regarded as the "price" of the other thing. The unlawfulness of usury may be seen simply in the fact the payment of usury is not really a "price" of anything, i.e. one does not give it in exchange for anything else. It can only be thought of as a payment that a lender requires a borrower to agree to pay before he will grant him a loan.

Another euphemism which distracts the modern consciousness from the essential slavery of borrowing is to term the loan an "investment". Not only is the loan distinguished from the exchange, as well it is distinguished from the "investment". Properly speaking, a loan is not an investment. By means of this euphemism, many today are insulated from the realization that they are lenders. It is common for one to think of Certificates of Deposit, IRAs, Treasury Securities, Municipal Bonds, etc. as "investments". However, in reality they are loans. One holding such commercial paper actually is a lender to banks and governments. Recently, "investment" opportunities have opened up so that through some Mutual Funds small "investors" may participate in the unsecured credit market, and thus become lenders to their neighbors. By terming such loans "investments", usury on such loans is afforded a pretense to legitimacy when it is said to be a "return" on the "investment". If the difference between the loan and the investment were understood, then millions of Christians today, who think of themselves as "investors", would begin to discern the truth - that they in fact are usurers.

The idea of "investment" derives from the term "vest", which means "garment", or "clothing". Originally, to "invest" meant "to put on clothes." As this involved a rudimentary concept of "enveloping", the term eventually took on a military sense of surrounding and conquering an enemy. However, the term also developed in another direction. The medieval era retained from ancient times the custom of using distinctive clothing to symbolize authority. In ceremony, one acquired judicial or executive authority by means of receiving certain symbolic garments, which were bestowed upon him. This practice has survived to our own day, in the form of black robes worn by United States Judges. Thus "investment" came to mean not only "to bestow clothing upon", but as

well "to bestow dignity, authority, nobility, etc. upon." From this there derived a commercial meaning, "to bestow property upon."¹⁵

To invest in a commercial enterprise is to bestow upon it some property that is required in order to enhance the function of the enterprise. Whereas the commercial investment is a type of an exchange, property accrues both to the enterprise and to the investor. In return for the investment, the investor receives a proportional share in ownership of the commercial enterprise. This share increases or decreases in value, as the value of the enterprise as a whole increases or decreases, due to the success or failure of the enterprise. The difference between the value of one's share of an enterprise and the value of his initial investment is called the "return" on the investment in the event that the former value is greater than the latter, and is called a "loss" on the investment if the reverse is true. This, of course, is a picture of commercial "stocks". The important need is for one to see the difference between this and a loan.

The one granting a loan gives what he does not in exchange for anything else, but *unilaterally*. He receives no equitable share of ownership in anything as a result of giving a loan. The borrower, being bound to the lender, is obligated to return the loan. This obligation is not dependent upon the success or failure of any of his commercial activity. In antiquity men commonly lapsed into outright slavery just because they were obligated to repay their loans even though their means failed. The obligation to pay usury in addition to the loan only aggravated this situation, and increased the likelihood that slavery would result for the borrower. The loan is not an exchange, nor is it an investment. It remains only to comment positively on the nature of the loan.

The loan is a dangerous thing. It has two aspects which, if both are not held in view, can turn the loan into a great calamity among a people. First, as already was mentioned, the loan is a source of bondage from the standpoint of the borrower. While many avenues of freedom remain for the borrower, still his future is greatly limited in scope because of the obligation upon him to return to the lender that which he has borrowed. This is why borrowing in order to obtain property (modern American

15. Eric Partridge, *Origins: A Short Etymological Dictionary of Modern English* (New York: Greenwich House, 1983), p.772

"consumer credit") is so ridiculous. Surely, the borrower enjoys the property, but eventually the lender must be paid. That is why historically people borrowed only that which they really needed but could not wait to obtain. As it is, the modern American tax structure has made it economically advantageous to "buy now; pay later". The average borrower has no consciousness of bondage until his debt becomes a problem.

Secondly, from the standpoint of the lender, the loan is an act of charity. The greatest form of charity is the gift, which does not enslave the recipient since there remains no obligation upon him. The loan, however, is a type of charity, because the lender acts upon no profitable motive. The loan may be described as one providing another that which the other lacks on the condition that he give it back after a time. The lender gives out of his abundance; if he did not have the property available, the loan could not be made. If one has property that another needs, and he is not using it, his freely loaning it to the other must be characterized as an act of compassion or charity. Since the borrower enters into bondage to the lender, it is required of the lender, if he is not at enmity with the borrower, to treat him with great care and sensitivity. It is required of God's people, who are brothers to one another, that they not enslave one another (Lev.25:39-45). Therefore, since the borrower becomes the lender's slave, it is necessary that one who lends to his brother exercise extreme care. He must have only charity in his heart toward the borrower. Biblically, the one who loans to his brother properly is characterized by generosity and graciousness. For example, consider Psalm 37:25-26:

I have been young, and now I am old;
Yet I have not seen the righteous forsaken,
Or his descendants begging bread.
All day long he is gracious and lends;
And his descendants are a blessing.

Biblical lending among the brethren excludes the idea of gain in property to the lender. The gain to the biblical lender is the blessing of God that accrues to the obedient. The biblical loan is not the giving of

property in order to acquire property. Compassion for one's needy brother is demonstrated by "generous lending", and is subverted by the desire to gain by usury, which only aggravates the debtor's bondage. The proper means of gain is by "exchange" and "investment". But these contracts are not examples of acceptable uncharitableness. The difference between the loan on the one hand, and the exchange and the investment on the other, is not that charity is present in the former and missing in the latter. Men *always* ought to relate to one another with charity. The contracts of "exchange" and "investment" provide that all involved gain the most when all involved are most charitable. When men want to better their lives, they exchange goods with one another. Each party to the exchange considers his situation following the exchange to be better than that prior to the exchange (or that it leaves him in a position that eventually will lead to a better situation), or else he would not agree to the terms of the exchange. The investment has a similar nature. The enterprise in which one invests gains by the investment. If this gain is sufficient to aid in the success of the enterprise, then the investor gains as well, because his share of ownership in the enterprise now is worth more than the original investment. The principals of the enterprise and the investor agree to the terms of the investment because all concerned believe that their respective situations shall be improved by it. Charity is not lacking in the exchange and the investment, for all parties gain the most when their goal is service. However, no one can gain by lending unless he fails to relate to his debtors with charity. It is a devious confusion for one to feign charity by giving property in a contract of loan, and yet to require an increase as though his giving were in fact in terms of a contract of exchange or investment. Neither the exchange nor the investment can *ensure* a gain to any party. Usury pretends to ensure a gain to the lender, but this is only because it is an evil. No contract that is lawful can guarantee a gain to anyone.

Now the danger of the loan becomes evident. If the aspect of charity is forgotten, the loan becomes a harsh tool of dominion. Uncaring lenders readily may enslave the needy. The lack of charity in the lender's motive sets the stage for the ruthlessness for which lenders were infamous in ancient times, and as well removes the inherent restraint on usury. Usury obviously exhibits a motive of gain, which betrays the charity that ought

to reside in the lender's heart. The charity of the lender was the missing element in ancient lending, and it is this lack of charity that accounts for the constant calamity that lending on usury caused in ancient times, and also accounts for the numerous and stern warnings of God that His people ought to abstain from usury and lend freely.

Our modern time is quite similar to the ancient era in this respect. The one aspect of the loan - the bondage of the borrower - is given due consideration in our day, but the charity that this bondage requires of the lender is nearly entirely neglected. Christian financial counselors often quote Proverbs 22:7, but tend to do so selectively. To the one who is in debt they declare, "the borrower becomes the lender's slave." For example, Larry Burkett has said, "It is important that a Christian understand God's attitude about *debt*. Proverbs 22:7 says, 'The rich rules over the poor, and the borrower becomes the lender's slave.' God says that when someone borrows, he becomes a *servant* of the lender; the lender is established as an *authority* over the borrower."¹⁶ The present writer agrees with Mr. Burkett's exhortation. The only problem is that Mr. Burkett, and scores of other Christian financial counselors, so exhort only those who are borrowers. When it comes to exhorting lenders, Proverbs 22:7 fades into the background. The text of popularity when addressing lenders ("investors") is the parable of the stewards in Matthew 25:14-30 and Luke 19:12-24, which nearly always is mishandled. What the popular counsel amounts to is this: do not be enslaved by borrowing, but enslave others by lending. Obviously, if everyone heeded this advice everyone would seek to lend, but no one would agree to borrow. With no one borrowing, there would be no lenders. Implicit in this "lend but do not borrow" counsel is the understanding that some will heed, and others will not; that there will continue to be a population of slaves who will provide usury for the other's "investments".

Lenders today do not see themselves as usurers; they think they are "investors", or that they merely are marketing a product. But even if lenders were to regain the perspective of charity, still the loan may become a calamity in the land if borrowers do not take seriously their

16. Larry Burkett, *Your Finances in Changing Times* (Chicago: Moody Press, 1982), p.55

bondage in debt. Borrowers, especially those who still can afford to make their payments, do not see themselves as slaves; they think they are taking shrewd advantage of "tax breaks". Also, many borrow fearlessly, knowing that modern bankruptcy laws will save them from indentured servitude. If the proper idea of the loan were held in view, there would not be a great crisis of debt in our land today, and neither would there be rampant usury. If the loan were consistently held by the lender to be an act of charity, then gain from his lending would be ruled out of consideration for two reasons. First, with charity as a self-conscious motive, the lender will not confuse his lending with either an exchange or an investment, and thus will not expect to gain by it. Secondly, his motive of charity will serve to keep him sensitive to the welfare of his debtor. He would be careful not to aggravate the bondage of his debtor, and will work with him to restore his freedom as quickly as possible. Usury does not service such a motive; rather it totally subverts it. And, if the loan were consistently held by the borrower to be a state of bondage for him, then loans would be sought only in those cases where consequences of not borrowing seem worse than the bondage of debt. If both elements were held in view, the loan would be restored to its proper character, and usury would be unthinkable.

The foregoing discussion defines usury, and as well provides a rudimentary explanation of why it is wrong. Usury is a fee charged for the use of property; it is wrong primarily because God's law prohibits it. And it is not difficult for one to understand why it should be prohibited, for usury contradicts the essential charity that lenders must have toward their debtors. This gives a much better understanding of the requirement of Exodus 22:25 (cited at the outset of this discussion) than that which seems immediately to occur to the average modern reader. As soon as one understands the nature of the requirement, the immediate response is a profound sense of the need to repent. It becomes obvious that much that is wrong with our economy today is directly the result of the sin of usury. But, a powerful inertia that must be overcome is the assumption that usury itself cannot be the problem. It has been an accepted institution for several hundred years now. A brief survey of the history of usury will help one rightly to esteem the merit of our present economy, and will aid in his gaining a true conviction of God's law on the matter. The subject

shall be taken up under three major headings, viz. the three major epochs of history - Ancient, Medieval, and Modern. The transitions of economy in general, and in particular the evolution of the concept of "money" shall be noted. In this context the idea, the laws, the nature, and the consequences of usury shall be examined. Then the biblical texts regarding usury shall be examined, which treatment shall prove conclusively that usury is unlawful.



USURY IN THE ANCIENT WORLD

Following the great flood, the earth once again was repopulated by the sons of Noah; Shem, Ham, and Japheth. An incident in Noah's tent revealed Ham to be a wicked man. Noah cursed Ham's offspring, and ascribed a blessing to Shem and Japheth. A grandson of Ham was Nimrod (Genesis 10:6-8), who became great and founded Babylon (v.10). A descendant of Shem, one of the blessed, was Abram (later known as Abraham, Genesis 11:10- 27). God made a covenant with Abram, to make him a great nation and a blessing to all the earth (Genesis 12:1-3). He called Abram out of Mesopotamia, specifically out of Ur, a sister city with Babylon in the plain. It was in this "plain in the land of Shinar" that the offspring of Ham gathered to build the Tower of Babel (Genesis 11:1-4). They sought to build this city and tower as a monument to themselves; in order to make a name for themselves (v.4). This was the ungodly company out of which God called Abram. The godly, such as Abram and his offspring, receive the name God bestows upon them; they do not seek to make their own name. They do not seek to establish themselves in the earth independently, but acknowledge their Creator who alone establishes and displaces peoples and kingdoms according to His own good pleasure. They receive their law from the mouth of God, rather than creating it out of their own sinful minds. So it was that Abram listened to God, and followed Him out of Ur. And so it was that God gave His law to Abram's descendants, who became the people of God - Israel. Meanwhile, in Babylonia sinful men were busy making their own laws, and becoming the people - or rather the serfs - of their self-exalted rulers. From the depths

of their respective foundations to the furthest extent of their respective structures, Israel and Babylon represent two utterly opposed and irreconcilable religions, philosophies, and law-systems. They may be spoken of in the broad generalities suggested to us by Augustine - "The City of God", and "the earthly city".¹ Their differences may be explored endlessly, however the present purpose is to recount the impetus each has given to the phenomenon of usury. Israel, as The City of God, held in the law of God the fountain of all opposition to usury, which endures to this day. Babylon, with its antithetical Code of Hammurabi, became the originator of usury and the cultivator of idolatrous plunder and covetousness, also which endures to this day. It shall be instructive to explore these two sources, for their respective characters shall add convincing proofs of the unlawfulness of usury.

According to the modern perspective "interest" commonly is thought of in terms of a loan of money, however, "interest", or usury, was present in ancient economies as far back as records go; even before there was any such thing as money. Earliest records show that ancient trade at first was what now is called "barter". As civilization began reconstruction following the flood (Genesis 9-11) each household generally produced what it needed. This included growing or hunting food, constructing shelters, and manufacturing clothing, vessels, and other household articles. Men were able to imagine greater quality and quantity of goods than they actually were able to produce. This is not surprising, since men still experience such limitations to this day. However, the ancient limitations were much more restrictive than what are now experienced. Back then, men were for the most part limited to whatever natural resources they had on hand, and were resigned to produce only those articles as their own personal talents would allow. The desire for abundance of quality as well as quantity - whatever the motivation - sparked the creativity of men to overcome the limits that they experienced. They learned to accumulate a surplus of easily produced goods, and trade them in barter for other goods that were needed. For instance, one who was particularly talented in making rope could feel fairly secure in devoting a substantial portion of his time and energy to

1. Augustine, *The City of God*, Bk.I

rope-making because he knew that others similarly were devoting themselves to making other things, for which he could trade his surplus of rope. Also, men of one region could concentrate on the production of goods that required natural resources which were indigenous to their land, and trade the surplus of them for goods produced in other regions with resources that they themselves lacked. For instance, an area rich in iron ore could produce an abundance of goods, such as tools, that are useful all over the world, and trade from their surplus for some other goods, like spices, which are found only in another part of the world. In this way, a great variety of expertly made goods was made available all over the then known world. This was what economists call a "natural economy".

All was not, however, one happy household. The sinfulness of men had expanded the violence which Cain had perpetrated upon Abel into a deep-set enmity among peoples. In the manner of "the earthly city", some men sought to exalt themselves by means of subjugating other men. The needs of men's military pursuits provided the necessity which became the mother of invention. Transportation methods, particularly sea travel, began to be developed, though they would require centuries to perfect. Advancing technologies and methods not only made military campaigns more successful, but also provided for more efficient transportation of goods. However, travel by any means was hazardous over great distances, due to roving pirates and bandits. The strong centralized governments of the ancient world realized the advantages of vigorous trade, and provided security for the transportation of goods.

Such security was effective against alien threats, however, kingdom after kingdom in the ancient world succumbed to internal strife and disintegration. The causes of such internal turmoil were many, but certainly not the least cause was usury. One historian maintains: "Interest probably originated in Babylonia, and debt and excessive interest were burdensome. The usual rate was twenty per cent, though higher rates were frequent."² The pagan religious order was the center of life, including commercial life. Their pagan temples served also as banks, and

2. C.A. Herrick, *History of Commerce and Industry* (New York: Macmillan, 1920), p.32

the priesthood as bankers. Their banking functions were surprisingly advanced; offering commercial contracts, checking, and promissory notes. A central feature of Babylonian banking was usury.

Ancient usury occurred in the form of the granting of a loan on condition that the borrower repay more than was loaned. Due to natural conditions, such as drought, or conditions imposed by man, such as the ravages of war, it was not at all uncommon for some men to find themselves in want. Usually, the goods that could meet their need were available, but the problem was that they had nothing to trade in order to acquire them. Those having a surplus of the desired good were in a position to make a loan, but all too commonly would not do so unless the borrower committed to repay a greater quantity of like quality goods. Also, loans typically were made only on personal security, or the security of one's property (including his family). The requirements to 1) repay more than was loaned and 2) offer security of person or property, proved to be a double edged sword. The stipulation that more be repaid than was loaned amplified the likelihood that repayment could not be completed, and upon default, the nature of the loan security meant that the borrower and/or his family entered into slavery to the usurer, or that all of his property was confiscated by the usurer. Of course, this system only served to increase the abundance of those with an abundance, and the want of those in want.

It was this abundance of some and want of others that tended to stratify ancient societies. It was a "classic" case of the rich getting richer and the poor getting poorer. The Ancient world dramatically illustrated the truth of Proverbs 22:7, "The rich rules over the poor, and the borrower becomes the lenders slave." Usury was a wedge that only widened this breach. The lender was in a position to make a loan *because* he had an abundance of a desired good. The borrower was in the position of seeking a loan *because* he suffered lack. Unless he was a usurer himself, the borrower made his gains honestly, through his own productive efforts, or through trade. Yet he found that usury ate away his gains. He experienced himself working and sweating, but the output of his work did not sustain himself and his household to the extent that it would have were it not encumbered by usury. The usurer, on the other hand did not sweat, nor did he toil. He simply made a loan. Perhaps he made several loans.

Then he sat back and watched while the measure of wheat that he loaned out came back to him as 1.5 measures of wheat. He reaped great gains, yet he engaged in no productive effort, nor did he engage in trade. Great fortunes were acquired by this means. Overlords arose displaying great wealth that was produced by the sweat of others. Also, these overlords became masters of many slaves by means of foreclosure. Time and again, such slavery became so massive, and the class polarization so great, that revolution resulted. Such disintegration was inevitable because that which was loaned was in finite supply. Usury is a monster that feeds upon itself. Having to repay more than was loaned imposes an immediate hardship. As a number of debtors enter into competition with one another - not to produce the best quality product at the lowest price - but to corner enough scarce resources to meet his debts and usury, the prospects of repayment dwindle. New loans arise in order to maintain the usury payments on the initial loan. If the process survives a rash of defaults without debilitating social chaos spawned by frustrated debtors, it eventually will reach the point of arithmetic impossibility. There simply will not be enough goods in existence to pay all of the debts with usury.

This sort of scenario was prevalent in the ancient world, however, there was one society that stood out as opposite to this in every respect. They had ideals which condemned usury, and instead required that one look with compassion and love upon one's fellow countryman who had become needy; requiring free loans to such a one. That society was ancient Israel. Their law was the law of God. The practice of usury was not unknown to the people Israel. In their language they had characterized the practice most fittingly as a bite (Heb. *Neshek*). This was not the consuming bite of a lion, but the poisonous nip of a serpent. Usury does not all at once destroy a man or a nation with, as it were, one bloody gulp. Rather, it slowly, sometimes nearly imperceptibly, subverts the victim's constitution until he cannot prevent the fatal consequences even though he knows what is coming. This subtle violence was not only appropriately named, but also was condemned in Israel's law. On three occasions in the giving of the law, God admonished His people to be free from this sin (Exodus 22:25, Leviticus 25:35-37, Deuteronomy 23:19). These texts and others will be discussed more thoroughly in a following chapter; the following observations shall suffice for the present

discussion. There actually is no Hebrew word to be translated "money". The word translated as "money" in Exodus 22:25 and Deuteronomy 23:19 literally is to be rendered "silver", as it is in Leviticus 25:37. It is evident that by the time of the giving of this law, it was common for loans to be made of exchange media. However, direct loans of needed goods were not entirely unknown, and in order that the law may explicitly be understood to cover loans of every sort, and therefore to prohibit usury in every case, Deuteronomy 23:19 specifies "interest on money, food, or anything that may be loaned at interest."

Not only the law, but the prophets as well condemned this covetous evil. An example is Ezekiel chapter 18. The prophet is contrasting the righteous and the wicked. The righteous man is characterized as one who is free from idolatry, not oppressive, does not commit robbery, is gracious to the needy, executes true justice, keeps the statutes and ordinances of God, and "does not lend *money* on interest" (v.5-9).³ The wicked man is characterized as entirely opposite to this. He "oppresses the poor and needy, commits robbery, does not restore a pledge, but lifts up his eyes to the idols, and commits abomination, he lends *money* on interest and takes increase" v.12-13a. The prophet continues, "will he live? He will not live! He has committed all these abominations, he will surely be put to death; his blood will be upon his own head" (v.13b).

The social chaos that necessarily results from rampant usury need not plague a law-abiding people. Though they had the law according to which they could live as a free and prosperous people, Israel was unfaithful, and succumbed to the enticing sins of the pagan peoples. As a consequence, they spent seventy years in captivity to Babylon. But God had prepared the hearts of a new generation to return to Him and to His law. Under the leadership of Nehemiah, a remnant returned to Jerusalem to rebuild the city. The book of Nehemiah tells the story. Chapter 5 tells of a problem that had beset the people. Usury had begun to subvert the brotherhood of the remnant. Some held mortgages on their brother's fields, vineyards, and houses, which they felt compelled to mortgage in order to buy food.

3. The Reader is reminded of the significance of italics in the New American Standard translation. It indicates a word supplied by the translators that does not occur in the original text.

The complaint of the borrowers arose, "And now our flesh is like the flesh of our brothers, our children like their children. Yet behold, we are forcing our sons and daughters to be slaves, and some of our daughters are forced into bondage *already*, and we are helpless because our fields and vineyards belong to others." (v.5) Nehemiah discerned the nature of the problem. "Then I was angry when I heard their outcry and these words. And I consulted with myself, and contended with the nobles and the rulers and said to them, 'You are exacting usury, each from his brother!' Therefore, I held a great assembly against them." (v.6,7) In the assembly Nehemiah explained to them their sin of usury, and demanded that they not only repent, but also return the fields and vineyards that were seized through usury. It is evident that this was a remnant of the City of God, for their repentance came quickly and cheerfully. The repentant usurers declared, "We will give *it* back and will require nothing from them; we will do exactly as you say." (v.12) Their society was healed of this sin, and was restored.

Countless times pagan societies were in this same situation, and instead of humility and repentance, there was revolution, bloodshed, and chaos. The City of God calls her inhabitants to exalt not themselves, but God. The people of God are to act not according to the base instincts of their sinful hearts, but are to instruct their hearts with the law of God. In keeping with their paganism, godless people indulge in self-gratification. The restraining influence of their man-made laws usually arises from practical necessity; sometimes it is practical to oppose usury rather than to risk revolution. Ancient history records numerous instances when debts were forgiven. This usually happened when power changed hands, and power changed hands not only after wars, but after debtor uprisings as well. Debt forgiveness was a very popular tactic for new rulers, but in pagan societies it only mimicked godly justice. Such remissions were cheap imitations of God's law, which were born not of righteousness, but of pragmatic necessity. As such they were witnesses against the essentially pagan and godless economies that spawned their necessity. In ancient Babylonia, these edicts of remission of debts were called *misarum*, which

literally means "justice" or "equity".⁴ If the cancellation of debts was called "justice" by the ancient Babylonians, it is little wonder that they called the usury itself *sibtu*, a "seizure".

By the time of the height of Babylonia (about 2000 B.C.) trade had developed to the point that men began to "mediate" their exchanges with goods that had more or less universal appeal. In Babylonia this was silver. This was not in coins, but lumps, and was traded by weight. Babylonia achieved a highly developed and active trade, which was served by an elaborate system of weights and measures. The well known "shekel" was part of this system. (In Genesis 23:16 Abraham bought a burial site for Sarah for "four hundred shekels of silver"). This was an example of a most significant trade development known as "mediation of exchange". This type of exchange was devised to overcome further limitations on the productive creativity of man. Personal limitations were answered by trading with other people and other lands, as was noted above. But the possibilities that this created only served eventually to reveal in time a new type of limitation. If men acquire goods from other men through trade, what can be done if one cannot easily find another who desires what he has to offer? Cunningham illustrates this problem of the exchange: "I have a coat which I want to exchange for bread; you have bread which you want to exchange for boots; unless a third party comes on the scene it may be impossible for us to arrange any terms at all."⁵ Cunningham goes on to recount an anecdote from the ancient market concerning an unfortunate would-be trader: "He may be seen wandering in the Bazaar with a ball of beeswax in his hand for days together, because he can't find anybody willing to take it for the exact article he requires."⁶ R.C. Sproul, Jr. theorizes how an ancient hermit economist might have addressed such a problem. He comes up with a most improbable solution,

4. James B. Pritchard, introductory essay to "The Edict of Ammisaduqa" in, Pritchard, ed., *Ancient Near Eastern Texts* (Princeton: Princeton University Press, 1969), p.526

5. W. Cunningham, *The Growth of English Industry and Commerce* (1910; New York: A.M Kelly, 1968), Vol. I, p.116

6. IBID

The hermit, the great economic thinker of his community, searched long and hard for a solution. After many sleepless nights it dawned on him. He entered the market the following day armed with a bundle of high quality spears and an armful of clay tablets. The tablets bore this inscription: 'The holder of this tablet may redeem it for one spear.' A frustrated skinmaker approached the hermit, bemoaning the limits of their barter system. The hermit, whose skins were threadbare, offered a tablet to the skinmaker. The skinmaker explained that he had no need for a spear at the present time. The hermit explained that somebody undoubtedly would in the near future, someone who perhaps had something the skinmaker would want. The two made a deal. The skinmaker traded a skin for a tablet, which he redeemed for a small bear (skin intact) before the day was done.

The hermit's new idea did not take hold instantly, but eventually all producers installed tablets into their market proceedings. Thus money began.⁷

This is a quite unfounded account of the origin of exchange media. In the ancient world it would have been unthinkable to trade goods for clay tablets, no matter what they said. The Babylonians used clay tablets as a means of recording contracts and debts, but these did not circulate as exchange media. Production of goods was too difficult, and transportation of goods too hazardous, for the ancient man to give up his wares for clay tablets and to assume that the promise on its face would ever be paid. Needed was a universally desired good, which could be accumulated in surplus, and traded anywhere, any time, with any one, for other goods that are particularly desired. Exchange still occurs, only one party to the exchange would receive some good which does not service a particular felt need, but which he knows he will be able to pass on to some one else in exchange for such need-servicing goods. This is not to say that such a mediating good has no useful purpose, but only that the desire for such a good is universal enough that one would not think it too risky to acquire more of it than he actually may need, knowing that he surely will be able to use the surplus in future exchanges. Goods which have served this purpose in antiquity have been many. Durant reports, "There is hardly any thing that has not been employed as money by some people at some

7. R.C. Sproul, Jr., *Money Matters* (Wheaton: Tyndale House, 1985), p.67

time: beans, fish-hooks, shells, pearls, beads, cocoa seeds, tea, pepper, at last sheep, pigs, cows, and slaves."⁸ The great commercial advances of Babylonia were a result of the emergence of silver and gold as the premier media in exchange (it is invalid to follow Durant in calling them "money" at this point, as shall become clearer below). The universality of their appeal was greater than any other article, thus exchange could occur over the widest possible space. The limitations on trade were reduced to the technical and security problems of transportation. The use of such media to enhance trade was a key feature in the transition from the "natural economy" to what economists term a "money economy".

However, the development of exchange media also had consequences for the matter of loans and usury. With a universally valued exchange medium, loans were more easily given, since it no longer was necessary to loan the very goods that were needed. All one needed in order to become a professional usurer was a store of silver or gold. A quantity of these metals could be loaned to anyone who suffered virtually any need, for they could trade the metal loaned for whatever they needed. Though making the loan became easier, repaying it with usury did not. This only exacerbated the calamitous effects of usury on society. The development of exchange media rightly is to be considered a blessing, if it may be assumed that they are used by a righteous people. However, the very same developments evidently are a curse in the hands of pagans. The Code of Hammurabi, the law of "the earthly city", regulated usury in an attempt to minimize the social unrest brought on by default and foreclosure. For an example, law no. 88 states, "If a merchant lent grain at interest, he shall receive sixty *qu* of grain per *kur* as interest. If he lent money at interest, he shall receive one-sixth (shekel) six *se* (i.e. one-fifth shekel) per shekel of silver as interest."⁹ Other laws in this code restrict or even prohibit usury in certain cases. However, the point is that Hammurabi *regulated* usury; he did not *prohibit* it. In this "regulation" the law sought a practical

8. Will Durant, *The Story of Civilization* (New York: Simon & Shuster, 1954), Vol.I, p.15

9. James B. Pritchard, ed., *Ancient Near Eastern Texts* (Princeton: Princeton University Press, 1969), p.169

effect rather than righteousness. They desired to maximize wealth, produced by the sweat of debtors, short of causing them to revolt.

The pagan societies of ancient Greece and Rome found themselves burdened by the problem of usury. For their model, Greece and Rome adopted the way of "the earthly city". Herrick reports, "A writer on ancient law says that there is no legal conception or legal transaction of the Roman law at the height of its development that does not find its counterpart in Babylon."¹⁰ Durant concurs, saying of ancient Greek banking, "The temples serve as banks, and lend to individuals and states at a moderate interest Meanwhile the money-changer at his table (*trapeza*) begins in the fifth century [B.C.] to receive money on deposit, and to lend it to merchants at interest rates that vary from 12 to 30 per cent according to the risk He takes his methods from the Near East, improves them, and passes them on to Rome, which hands them down to modern Europe."¹¹ Whether the alterations made by the Greeks are to be considered "improvements" is a matter of perspective. Certain aspects of the development (e.g. the benefit of coinage) would be considered an improvement, even in the City of God, but such benefits hardly are worth adopting the general Babylonian economy in sum.

Prior to the rise of Greece, exchange of goods was mediated with a number of substances, but mainly silver and gold, as was noted above. It also was noted that the introduction of mediation alleviated to some degree the limitations of barter. However, when a gross problem is solved, a more delicate problem is revealed. In this case, once the benefits of exchange media became commonplace, the awkwardness and cumbersome of the media became more and more of a nuisance. Silver and gold were traded by weight. That meant that there had to be a balance and a set of standard weights on hand at every exchange. This not only was inconvenient, but provided many opportunities for cheating. The weights could be altered by the seller so that the buyer was tricked into giving more silver than he thought he was giving, or they could be altered by the buyer so that the seller was cheated. Also the silver itself could be altered so that the lumps or bars were in reality only silver covered. Such

10. Herrick, p.32

11. Durant, Vol.II, p.274

schemes could be detected fairly easily; by comparing weights, and cutting open silver bars, but this is what constitutes the awkwardness and cumbersomness of the use of media in exchange. A solution to this problem was to mint the metals into coins. "The necessities of an extensive trade stimulated banking, and caused the Lydian government about 680 (BC) to issue a state-guaranteed coinage."¹² The Greeks quickly picked up on this idea and perfected it. Coins issued by the state elicited a certain trust on the part of the general population. It was natural to assume that in their original condition the coins were full of integrity, and it was very easy to detect any tampering. A coin, by its markings could, by visual inspection alone, be determined to consist of a certain weight of silver or gold. Rome also excelled in the art of coinage. Their chief coinage operation was set up in the pagan temple "Moneta", and it is this name which eventually gave us the word "money".¹³ The term "money", strictly defined, refers to silver and gold in coin form. A number of things may function *as* money, but later, in the discussion of modern history, the danger inherent in considering such things to be money themselves shall be noted.

Coins worked because of the readiness of the general population to trust in them. Almost as soon as governments issued coins upon this trust, they also began to betray this trust by their own version of unjust weights. Greece and Rome both quickly became addicted to inflation by means of debasement. Debasement is the technique of reducing the proportion of silver or gold in a coin, so that a given quantity of precious metal will make more coins than before. The more coins they could make, the easier they could pay their debts and finance wars - that is until prices started to rise. The remedy to price increases, typically, was more debasement. Durant:

The emperors from Septimius Severus onward repeatedly debased the currency to pay for state expenses and military supplies. Under Nero the alloy in the denarius was ten percent [i.e. 90% silver], under Commodus thirty, under Septimius fifty. Caracalla replaced it with the *antoninianus*, containing

12. Durant, Vol.II,p.69

13. Oxford English Dictionary

fifty percent silver; by 260 its silver content had sunk to five per cent. The government mints issued unprecedented quantities of cheap coin; in many instances the state compelled the acceptance of these at their face value instead of their actual worth, while it insisted that taxes should be paid in goods or gold. Prices rose rapidly; in Palestine they increased one thousand per cent between the first and third centuries.¹⁴

A so-called ruler of the people, who would feign to prosecute and punish the thief and then commit thievery himself by means of coin debasement, surely is an unrepentant dweller of Babylon. To circulate a coin that on its face claims to be a shekel of silver, when in fact it contains only a fraction of that amount, is nothing different than what the crooked merchant does with his rigged up balance or deceptive weights. The law of God condemns the one just as well as the other. "You shall do no wrong in judgement, in measurement of weight, or capacity. You shall have just balances, just weights, a just ephah and a just hin" (Leviticus 19:35,36)

What the mediation of trade accomplished in Mesopotamia, the introduction of coinage amplified in Greece and Rome, to the extent that it was not subverted by inflation. The greater efficiency afforded usury by these development also was amplified. Even the inflation of coinage debasement served to amplify the effects of usury, because the price increases that followed inflation also meant higher "interest rates" and a greater necessity of borrowing. Greek and Roman societies became fairly volatile. In Greece, the stereotypical ruthlessness of creditors and misery of debtors was painfully evident. Durant describes the situation in this way,

The poor, finding their situation worse with each year - the government and the army in the hands of their masters, and the corrupt courts deciding every issue against them - began to talk of a violent revolt, and a thoroughgoing redistribution of wealth. The rich, unable any longer to collect the debts legally due them, and angry at the challenge to their savings and their property, invoked ancient laws, and prepared to defend themselves by force against a

14. Durant, Vol.III, p.632

mob that seemed to threaten not only property but all established order, all religion, and all civilization.¹⁵

Plato similarly describes the ravages of usury on ancient Greek society, as part of his argument for "democracy", in preference to an "oligarchy":

In an oligarchy, then, this neglect to curb riotous living sometimes reduces to poverty men of a not ungenerous nature. They settle down in idleness, some of them burdened with debt, some disenchanted, some both at once; and these drones are armed and can sting. Hating the men who have acquired their property and conspiring against them and the rest of society, they long for a revolution. Meanwhile the usurers, intent upon their own business, seem unaware of their existence; they are too busy planting their own stings into any fresh victim who offers them an opening to inject the poison of their money; and while they multiply their capital by usury, they are also multiplying the drones and the paupers.¹⁶

It was in this explosive atmosphere that Solon came to power. His legislation effectively averted violent revolution, and had such potent and long term effect that Durant has called it "one of the encouraging miracles of history".¹⁷ A centerpiece to his reform was the cancellation of all debts. "All persons enslaved or attached for debt were released, those sold into servitude abroad were reclaimed and freed."¹⁸ This, of course, was wisdom that Solon borrowed, consciously or not, from the law of God. In the City of God, not only were loans to be without usury, but they were to have a term of no more than six years (Deuteronomy 15:1,2). At the end of this term all debts were to be cancelled. How strange that when unbelievers do what the law of God requires, even from earthly or practical motives, it is called a "miracle" if the result is favorable. Solon's plan, however, did not include repentance. His was a pragmatic course.

15. Durant, Vol.II, p.112

16. F.M. Conford, tr., *The Republic of Plato* (London: Oxford University Press, 1968), p.280-281

17. *IBID*, p.118

18. *IBID*

His cancellation of debts was only designed to appease those oppressed with debts. Since he was dealing with haughty, unbelieving hearts, he would not avert a crisis without also appeasing the other side. This he accomplished by allowing the usurers to keep "their" property, and by allowing usury to continue, though under new regulations.

Rome faced similar troubles. The Twelve Tables of ancient Roman law accommodated usury in an attempt to keep it moderate. However, a society facing the choice of rampant destruction or moderate destruction does not respond as though it were facing any real choice at all. Either road eventually brings it to the same place. In response, the Roman government grasped for stability by lowering the legal rate of usury, eventually banning it altogether. This proved fruitless, though, because the inhabitants of "the earthly city" did not have this law written on their hearts. The "inventors of evil" (Romans 1:30) devised ways of accomplishing the same thing as usury while keeping the letter of the law. The "repurchase agreement" was one example of such thinly disguised usury. In a typical case the usurer would buy an article from the borrower for, say, 10 shekels, and then sell it back to him for 11 shekels, payable over some period of time. The article in question may or may not change hands, but the effect of this deal was a loan of 10 shekels at usury of 10%.

The philosophers generally were opponents of usury in the pagan realms. The two philosophers of note in ancient Greece, Plato and Aristotle, both spoke against it. The general thrust of Plato's comments is given above. Additionally, in his "Laws" he proposed to outlaw usury. His opposition to usury was of a general, ethical nature, which arose from the problems that usurers created for society. Aristotle was the only one who came forth with any real theoretical argument against it, though it is not much of a case. It is concise enough to be quoted in its entirety.

There are two sorts of wealth-getting, as I have said; one is a part of household management, the other is retail trade: the former necessary and honourable, while that which consists in exchange is justly censured; for it is unnatural, and a mode by which men gain from one another. The most hated sort, and with the greatest reason, is usury, which makes a gain out of money itself, and not from the natural object of it. For money was intended to be used

in exchange, but not to increase at interest. And this term interest (Gk. *Tokos*), which means the birth of money from money, is applied to the breeding of money because the offspring resembles the parent. Wherefore of all modes of getting wealth this is the most unnatural.¹⁹

It is apparent that Aristotle's case was a pragmatic one. He appeals to nature rather than to law. He saw the consequences of usury, and sought for some theoretical reason to oppose it. However, the usurers and nobles of his day were just as pragmatically in favor of usury as he was pragmatically against it. As with Solon and with Roman law at certain points banning usury, there were periods where the governments became convinced of the utility of giving usury a rest for a time. One must wonder whether Aristotle did not ever flirt with the idea of the practical utility of indulging in usury. According to the Rev. Cleary, the history of usury in Greece and Rome as a whole is characterized by this dialectic, "All practice in Greece and Rome was in favor of usury-taking, all theory was against it."²⁰

A voice in the ancient world that was more convincingly opposed to usury than was Aristotle, was the testimony of the "Church Fathers" and the "Ecumenical Councils". Who better to speak to this matter than those learned inhabitants of the "City of God", whose views are informed by the law of God? God raised up a mighty army of saints in the infancy of the church to assure purity of doctrine and practice. Their writings form a chorus of orthodoxy and piety, and it does not surprise us to find a unanimity on the prohibition of usury. Basil, Chrysostom, Clement, Tertullian, Ambrose, Jerome, Augustine, and others all spoke vigorously in opposition to usury. Probably because they were content to dispose of the matter in terms of the law, they did not take a theoretical approach to the problem. That is, it was enough for them to note that usury is unlawful, consequently they experienced no burden to explain *why* it was unlawful. Numerous church councils were conducted in the early centuries AD. They were convened to handle various doctrinal and

19. Aristotle, *Politics*, Bk.I, Ch.10

20. Rev. P. Cleary, *The Church and Usury* (1914; Hawthorn: The Christian Book Club of America, 1972), p.26

ecclesiastical matters, but several of them saw fit to speak briefly to the matter of usury. Canon 20 of Elvira (300 AD) states:

If it is discovered that any of the clergy accepts interest on the loan of money, it is determined that he is to be degraded and that fasting is to be imposed upon him. If it is proved that someone, even a layman, has accepted interest; and, already reformed, he promises that he will cease and will not exact interest any more, it is determined that he be shown mercy. But if he persists in his wickedness, he is to be ejected from the church.

And Canon 17 of Nicea (325 AD) says in part:

. . . the holy and great council has decided that if anyone after the publication of this decree receives interest for the services of a loan, or engages in the business of usury in any way, or demands half again as much, or devises any other scheme for filthy lucre, he is to be deposed from the clerical estate, and his name stricken from the register.²¹

Many scholars doubt the authenticity of the inclusion of laymen in the condemnation of Elvira. It is the only ancient decree of the church that specifically prohibits usury to laymen. Cleary points out that this was not because the church tolerated usury among the laity, but because the "Fathers" wanted to avoid conflict with the state. Since usury once again was allowed by Roman law, there would have been a problem in their forbidding Roman citizens from doing that which Roman law permitted.²²

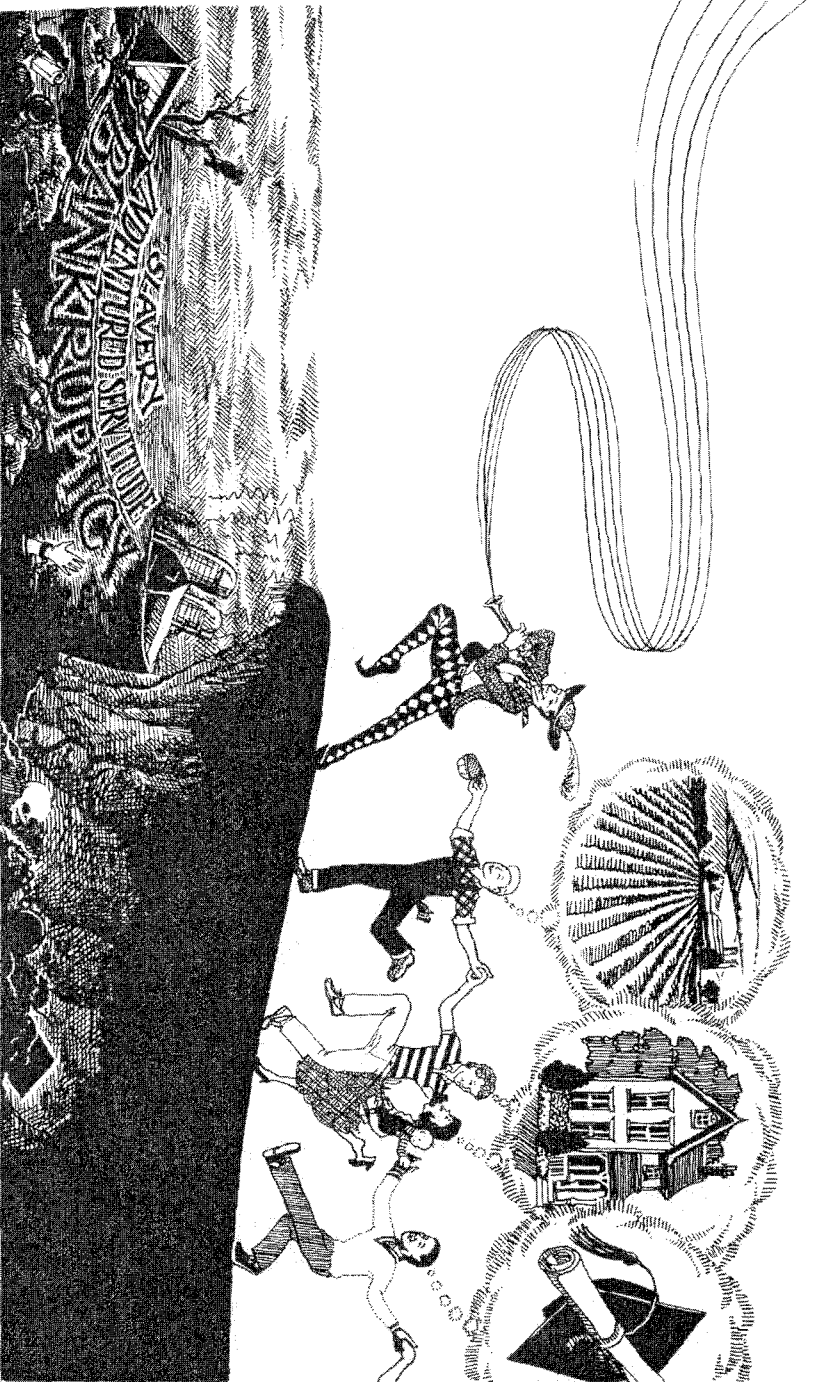
A number of other church councils spoke similarly on the matter of usury. Constantine was Roman Emperor during this time, and is well known for having embraced the Christian Faith. Many of the church councils were called at his bidding, for the purpose of strengthening the unity of the church amid doctrinal controversies and heresies. However, neither he nor any of the Emperors who came before took any serious

21. cited in, W.A. Jurgens, *The Faith of the Early Fathers* (Collegeville: The Liturgical Press, 1970), Vol.I, p.254,255,286

22. Cleary, p.45

steps to transform the realm into a true "City of God". The social unrest, due in part to usury, was never effectively addressed, as in the case of Greece under Solon. The wage and price controls of Diocletian were a failure, and legislation was enacted, and later confirmed by Constantine, that cast the average tenant farmer into a virtual serfdom. This, along with the decentralization resulting from the Barbarian conquest of the Empire, ushered in the medieval era.

Of the many iniquities that have plagued economies through the centuries, usury is the most destructive.



USURY IN THE MEDIEVAL WORLD

With the Barbarian conquest of Rome, the centralized control that Rome had over virtually the entire then-known world was broken. Broken along with the control also was the trade and commerce that rode upon the imposed unity of the state. The Barbarian clans were pagan, independent, and had very narrow loyalties. As well, they were virtually self-sufficient in their chosen way of life. Trade among them was sparse, and trade among others that required the transportation of goods through the regions which the Barbarians controlled was nearly impossible and highly risky. Thus, Europe plunged back into a "natural economy". Coinage virtually disappeared. The Mediterranean Sea still provided an avenue for trade in the Near East, but the emergence of Islam about this time proved to hamper trading expeditions. What was left of Rome reorganized around Constantinople as Byzantium, and was distinctly Christian in makeup. Both Islam and Byzantium held their respective religious values and principles in higher esteem than anything that cooperative trade could have brought them, and their intense rivalry severely hampered the former highly active trade.

The Byzantine empire achieved a high degree of Christianization, relative to ancient societies as a whole. Economically, she had repudiated the dishonest weights and measures of coin debasement, and maintained a coinage of integrity for generations. The Byzantine Emperor, Justinian, authored a body of law which preserved much of old Roman law and incorporated a distinctly Christian conscience. However, Justinian's approach to the matter of usury was more Babylonian than Christian. Rather than prohibit usury, he attempted to regulate it. Perhaps it was

that he failed to correct the toleration of usury that was present in Roman law at the time of her fall. Islam, on the other hand stood rigidly opposed to usury, even though they exhibited a distinctly false religion. Traditional Islamic law prohibits usury to this day. It would be simplistic to say that for this reason alone Islam eventually won out over Byzantium, however it is at least interesting to note that those who came to dominate trade in the Near East at this time were those who were committed to carry it on without usury.

Meanwhile, in Europe, the decentralization of Barbarism was offset only by the tight unity of the church that persisted over the continent. Continuing the position of the ancient "Church Fathers" and the decrees of the early councils, the church remained adamantly opposed to usury. However, church censure of usurers remained directed mainly to the clergy. Usury persisted among the laity without any specific censure by the church. As was pointed out above, this was not due to any lack of conviction on the matter, but because the church was reluctant to contradict the toleration of usury in the Roman law. This eventually was corrected during the reign of Charlemagne.

Charlemagne's rule was like an oasis amid the confusion and backwardness of the early Middle Ages. He ascended by means of military conquests. In Roman fashion he imposed unity upon the splintered European states. Being a man of faith, he utilized his great power to assure the growth of the church, and with it also there grew a close church-state alliance. On Christmas day, 800 AD, Pope Leo III crowned Charlemagne Emperor of what was considered a reorganized Roman Empire. Charlemagne's civil laws, the Capitularies, repeatedly prohibited usury. An enhancement of what had been the church's position all along was that Charlemagne extended the censure to include laymen. As Cleary put it, "The great characteristic of the period was the prohibition of the practice of usury even for the laity. In 789 it was decreed at Aix-la-Chapelle 'that each and all are forbidden to give anything on usury'; and a capitulary of 813 reinforces the prohibition, 'not only should the Christian clergy not demand usury, laymen should

not.' "1 Punishments for usurers were severe, but this did not eliminate usury. The close unity of the state, however, kept the ravages of usury to a minimum.

In Charlemagne's rule there was great promise of fulfillment of the ideals of "The City of God". This was evident not only in the case of usury, but in the character of his reign on the whole. He combatted illiteracy, established schools through the monasteries, and directed their masters: "Take care to make no difference between the sons of serfs and of freemen, so that they might come and sit on the same benches to study grammar, music, and arithmetic."² Durant further characterizes the Emperor himself: "he gave himself also, with never aging enthusiasm, to science, law, literature, and theology; he fretted at leaving any part of the earth, or any section of knowledge, unmastered or unexplored . . . there was in his thought and speech a directness and honesty seldom permitted to statesmanship."³ It is little wonder that he came to be known as "Charlemagne", an adaptation of the Latin "Charles the Great". In his old age he divided his kingdom between three sons. Two of them died before their father, and the third, though incompetent, ascended to the Emperorship months before Charlemagne's death. Charlemagne's shoes proved too large for anyone to fill. The unity and character that his kingdom had achieved began to crumble. Barons took advantage of the ineptness of his successors to reassert their own lordship and the serfdom of their tenants. Trade and commerce that had begun to revive in the context that Charlemagne's rule provided now began to falter. Though he had reinstated a silver coinage modeled after the old Roman system, his single lifetime was not enough to revive a "money economy". Europe was once again fractured into hundreds of feudal manors. These manors were mostly self-sufficient in their production of goods and in their legal structures. Trade was once again virtually impossible. Transportation was difficult because of a lack of security, and because of the ill-repair of roads. Each manor exacted a toll for the passage of goods, so goods could

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1. Rev. P. Cleary, *The Church and Usury* (1914; Hawthorn: The Christian Book Club of America, 1972), p.60
 2. Will Durant, *The Story of Civilization* (New York: Simon & Shuster, 1954), Vol.IV, p.466
 3. IBID, p.470

not go very far without being consumed by tolls. Without a unified state, the decree of the church against usury could not be enforced. Men of conscience, citizens of the "City of God", voluntarily could abide by the teaching of the church, but these were pitifully few. Most proved themselves to be inhabitants of Babylon, "the earthly city", and found ways to indulge in usury while escaping the stigma of church censure. Two popular schemes were the "repurchase agreement" and the "gift". Earlier, the "repurchase agreement" was described. The lender "buys" some article from the borrower, "cash on the barrel head", and then "sells" it back to him for a higher price, to be paid in installments over a period of time. In the second case, usury is disguised as a "gift". The loan is made out to be without usury, but by prior agreement the borrower bestows a "gift" on the lender to expression his "appreciation" to the latter for his making the loan. These and other equally subtle tricks were used by the covetous to keep usury alive during this time of its universal unpopularity.

A blessing in disguise was the threat of Islam in the East in the 9th and 10th centuries, for conquests which they had begun to make into Europe provided the necessity for Europe to unify against a common enemy. The sum of European trade at the time was carried on as barter among feudal manors at periodic "fairs". Usury was producing the typical social stratification and debtor misery, and was not financing anything in the way of commercial enterprise. However, there was a manifest necessity to finance the enterprise of the Crusades, to secure safety for life and honor for the Christian religion. Usury was so high that no one would voluntarily enter into debt. Those who did acted out of desperation, to meet an urgent need. In order to gather the resources needed to carry out the expeditions, loans were offered at no usury. The Crusades were successful to the extent of driving Islam out of Europe. The Crusade expeditions also served to unify Europe politically. The various nations of the continent began to take form, providing more uniform government and laws over wider regions.

With a stronger state came also a stronger church. The church, relentless through the centuries in her opposition to usury, began to speak out once again. Typical of her outspokenness in this period is a decree from the second Lateran Council of 1139, "We denounce that detestable

and disgraceful rapacity condemned alike by human and divine law, by the Old and the New Testament, that insatiable rapacity of usurers, whom we hereby cut off from all ecclesiastical consolation; and we order that no archbishop, that no bishop, or abbot, or cleric, shall presume to receive back usurers except with the very greatest caution, that on the contrary usurers are to be regarded as infamous and shall if they do not repent be deprived of Christian burial."⁴ A third Lateran Council in 1179 issued a similar denunciation, adding: ". . . we ordain that manifest usurers shall not be admitted to communion, nor if they die in their sins receive Christian burial, and that no priest shall accept their alms."⁵

This was the period of the "Scholastics" in the church, notable among whom was Thomas Aquinas. Aquinas addressed virtually every theological and legal topic in his voluminous writings, and not surprisingly addressed the topic of usury as well. Characteristic of the work of the Scholastics as a whole was the revival of classical ideologies. They drew liberally upon the Greek philosophers and Roman law. Aquinas has been charged with polluting the faith by attempting the marriage of Scripture and Aristotle.⁶ The present writer concurs with this analysis of Aquinas, yet critics generally agree with supporters that Aquinas had a keen and penetrating intellect, and spoke with great learning on a vast variety of subjects. His treatment of usury was characterized by both his great insight and his appeal to classical thought. He drew upon Aristotle's argument concerning the barrenness of money in order to provide some theoretical underpinnings to the church's opposition to usury. Up to his day, opposition to usury consisted merely of expressions of outrage over the ruthlessness of creditors and the misery of debtors. The only theoretical basis for this opposition was a simple appeal to the law of God. As was noted earlier, Aristotle's argument was not very developed, and Aquinas elaborated upon it, drawing also upon Roman law.

Aquinas' analysis set a new tone for the discussion of usury, for he treated it as a problem of law; ". . . it is by its very nature unlawful to take

4. Cleary, p.64

5. IBID

6. for one such thesis see Francis A. Schaeffer, *Escape From Reason* (Downers Grove: IVP, 1968)

payment for the use of money, which payment is known as usury: and just as a man is bound to restore other ill-gotten goods, so is he bound to restore the money which he has taken in usury."⁷ The former estimation of usury, that was focused on the emotional impact of its character, did not distinguish various legal circumstances under which usury was exacted. Under Roman law, the loan had become a civil contract, and the code distinguished four different kinds of loans. John T. Noonan, Jr. explains: "The Roman law had known two parallel gratuitous contracts and two parallel onerous contracts: the *commodatum* by which a good was freely and temporarily transferred as to its use, and the *mutuum* by which a good was freely and temporarily transferred as to its ownership; the *locatio*, in which the *commodatum* was replaced by a charge for the use, and the *foenus*, in which by an added, positive stipulation a premium was charged for the loan."⁸ The name "mutuum" was a play on words in Latin. It was a contraction of the words "Mine" and "Thine". The essence of the contract of *mutuum* was that "mine becomes thine". In other words, the good loaned transferred not only as to use, but as to possession and ownership as well.

The nucleus of Aquinas' argument was that usury (*foenus*) was unwarranted in the case of *mutuum* because the use of the good cannot be separated from the good itself. For example, the loan of bread is a contract of *mutuum* since the use of the bread cannot be carried out without consuming the bread. One cannot sell the use of the bread to another while retaining ownership of it himself. In the case of loaning bread "mine becomes thine". Repayment of the loan restores a like quantity and quality of bread to the lender, but, assuming the bread was used, it would not be possible to restore to the lender the very bread that was used. The class of such goods is what is termed "fungibles". It was argued that money belongs to this class since no borrower uses money (according to its normal use) without divesting himself of it, and no creditor expects to receive back the very coins that were loaned. Since

7. Aquinas, *Summa Theologica*, II, q78-1

8. Noonan, *The Scholastic Analysis of Usury* (Cambridge: Harvard University Press, 1957), p.40

Aquinas, the condemnation of usury typically has been reserved to contracts of *mutuum* .

In the case of non-fungible goods, their use may be distinguished from their substance, according to Aquinas. One may think of a house or a horse. One loaning a horse expects to receive back the same horse that was loaned. He does not consider the horse as becoming the property of the borrower while the borrower has use of it, but always considers it to be his horse. This difference in the nature of the property loaned was supposed to justify the imposition of a fee for the use of such property. The perceptive reader will have noticed that the *locatio*, charging a fee for the use of non-fungible property, is within the definition of usury that was proposed at the outset of this discussion. It is at this point that the controversy of definition begins to escalate. Aquinas' exposition of Roman law provided that subsequent condemnations of usury on loans of money stood side by side, in numerous writings, with endorsements of the "rental" of non-fungible property.

There are theoretical problems with the Roman law categories of loans, and with Aquinas' treatment of them. Yet, rather than to distract the pursuit of the history of usury any further with this point, the reader is referred to a following discussion of rent for a more comprehensive treatment of this controversy. It would be helpful to add that even if the point were to be conceded to Aquinas and the modern day defenders of rents, this would not avert the case against usury a great deal at all, since by far the biggest problem with usury is in the case of money loans. By no stretch of the imagination can a loan of money be considered under *commodatum* or *locatio* .

Meanwhile, coincident with the Scholastics, trade and commerce were reviving from the stifling effects of feudalism. Strong centralized governments provided for safe and swift transportation. Most European states were reinstituting silver and gold coinage. Trade routes to the Near East were left in the wake of the Crusades. The church/state alliances experienced some glories via the emotional fervor of the Crusades, but the state has always proved to be fairly pragmatic and fickle. Those in control of the sword saw that 1) the more vigorous the trade and commerce, the more benefit to the realm, 2) the more liberally loans were made, the more vigorous the trade and commerce, and 3) the more usury

accruing to the moneylenders, the more liberally loans were made. So, the ideals of "the City of God" once again were set aside in favor of temporal pleasure and trinkets.

However, the church had succeeded in instilling either a Christian conscience or the fear of God (probably both) in the population, and it was not an easy task to recruit a sufficient number of usurers of sufficient means to drive commerce at the pitch desired. As was mentioned, it was common for men to engage in usury by means of a variety of subtle schemes, but such schemes were designed to get around the condemnation of usury. They did not afford commerce the volume of loans that would make its acceleration possible. For this purpose, bold and open lending and usury were required. A solution was to look outside the church, in particular to the Jews. The Jews already were hated for the typical reasons connected with moneylending. A revenue-generating scheme was to offer them royal protection in return for a share of their loot. In the case of England, they became the chattel property of the King. Under royal protection they extended loans charging usury at above 40%. As Herrick put it, "They have been well likened to 'sponges' which, having soaked up the money of the nation, were squeezed by the king. The Jews fleeced the subjects of the realm as the king fleeced them."⁹ Some commerce was financed, and the royal treasury fattened, but as well there resulted the inevitable misery and suffering, as ever larger segments of the population fell more deeply into debt than they could possibly hope to pay. When Edward the First ascended to the throne, the situation was very bad indeed. Wisely, he outlawed usury and cancelled many debts. However, the Jews found it impossible to leave off usury and assimilate into English society. That was the reality, regardless of whether they were not permitted to assimilate, or sincerely could not do so due to a deeply ingrained culture or habit. In any case, public sentiment against them would not subside, and in 1290 they were expelled from England, more than 16,000 in number.¹⁰ They similarly were expelled from many countries of Europe, including France, Germany, and Spain. There is no

9. C.A. Herrick, *History of Commerce and Industry* (New York: Macmillan Co, 1920), p.145

10. W. Cunningham, *The Growth of English Industry and Commerce* (1910; New York; A.M. Kelly, 1968), Vol.I, p.199-208,286

doubt that they were cruelly used by the kings to generate revenues and credit. But as well, their usurious practices caused much misery. In their absence, usury continued under Christians, and more pressure was brought to allow usury in certain cases, in particular the "business loan".

The enhanced arguments against usury provided by the Scholastics, the strict outlawing of usury in the civil sphere, and the expulsion of usurers from much of Europe, together made the prospects of moneylenders appear rather dim indeed. Economic theory of usury had not even begun to develop at this point, and it was difficult for anyone to argue with the new contention that usury was necessary in order for commerce to carry on, or that usury on "business loans" does not "bite", and therefore ought not to be censured. There was a perverse sense in which it did not seem "fair" that one who loaned money for a business enterprise should not share in the profits of the venture. (Of course, the same fair-minded concern was not so quick to call upon the moneylender to share also in the losses of a venture that failed.) With no economic theory in place, on which one might judge these notions, it was difficult indeed not to succumb to their reasonings. One by one, special allowances were made by which a moneylender might legitimately claim a payment over and above the principal, which was not to be considered usury and not liable under the usury laws. These allowances came to be known as "Extrinsic Titles".

Clarey explains: "If any surplus might be taken, its legality arose not from the contract of *mutuum*, but from a collateral contract, express or implied, entitling the lender to compensation for losses incurred through special circumstances extrinsic to the nature of the fundamental contract."¹¹ Principally, there were four such titles: *Damnum Emergens* (accrued damages), *Lucrum Cessans* (lost profit), *Poena Conventionalis* (penalty by agreement, basically a late fee), and *Periculum Sortis* (compensation for risk). Theologians had debated these "Extrinsic Titles" for centuries, but it was the late Middle Ages before they came into general acceptance in the church and into popular usage. The first two were entitlements to compensatory payments based on, first, damages suffered by the lender because he made the loan, and second, the loss of

11. Clarey, p.114

profits the lender might have realized if the loan was not made. Payment under both of these titles was known as "interest". That word ought to look vaguely familiar to the average reader. It means literally, "compensatory payment"¹², and is the source of the term "interest". It came into usage under Extrinsic Titles in order to distinguish such payments from usury. Today, the term "interest" is used to mean precisely what "usury" meant in the medieval era. Compensatory payments are not wrong or usurious in principle, but become so when they leave the lender with more than what he loaned. If an article loaned is damaged by the borrower, then return of the article plus a recompense for damages will leave the lender the equivalent of what he had in the first place. Appeal to these titles in order to reap gains on loans was simply usury in disguise.

Poena Conventionalis was a late blooming title which stipulated that the lender was due a fine if the borrower did not repay the loan by an agreed upon due date. This one was particularly abused by the usurers. As soon as it was recognized as a legitimate claim to compensation, moneylenders began to grant loans with no usury on the condition that they were to be repaid the next day. The borrower generally needed the loan and readily agreed to such terms. Of course, the loan was not repaid on time, the compensatory payments began, and the usurer was guiltless before the letter of the law. That is how it works in "the earthly city", but such still is usury before God, for it is usury that emanates from such a lender's heart. It is the hearts of His people on which God writes His laws, and it is the heart which He searches as Convictor and Judge. This title operated solely as an excuse for usury, for there is no quantifiable damage that arises in missing a due date. If the lender suffers other damages because the loan was not repaid on time, that is another matter. Examples would fill many pages, as each case would require individual consideration. However, the tardiness of repayment itself cannot entitle the lender to anything in addition to the principal.

Last to be accepted as a legitimate title, and for good reason since it is so far fetched, is *Periculum Sortis*, or compensation for risk. The eventual acceptance of this was a cause of celebration for usurers whose

12. Oxford English Dictionary

pragmatism had prevented them from "risking" the practice of usury amid the powerful sentiments against it. Now everyone could be a usurer who wanted to be one, for anyone who granted a loan bore a risk. But, by what logic does the risk borne by the lender take precedence over the risks experienced by the borrower? Herrick reports that conditions of trade were so hazardous in the Middle Ages, that "Some held that if money was loaned and at the end of a given period it was returned, an obligation was due from the lender, for the borrower had been subject to the danger and inconvenience of keeping the money, and therefore the lender should pay interest".¹³ A discussion to follow will handle this matter of risk in greater detail. It will suffice in the present discussion simply to assert that compensation on the basis of risk is unfounded.

This liberalization of usury laws under "Extrinsic Titles" was not unopposed, nor was it without its own difficulties. Cunningham reports that loans at usury for business purposes became a stumbling block to many young, inexperienced traders. They easily became over-extended, and many bankruptcies resulted.¹⁴ The reasoning that usury was good for trade held together as long as traders who owed usury were successful. Those whose ventures failed found themselves deeply in debt, and the usurer who wanted to justify his claim to a share of the profits now became only a creditor demanding payment. Also, this idea of the necessity of usury for trade was not totally without critics. Roger Fenton contended as convincingly as was possible at the time that usury enriches the usurer at the expense of the community. For him, an argument to justify usury because of an alleged necessity was incredible. Circumstances do not define good and evil. Since God's word already had defined usury to be sin, Fenton rightly wonders, "if men or estates have drawne a necessity of sinning upon themselves by the custome of sinne; doth this extenuate or aggravate the fault?"¹⁵ The obvious reply is that none of the contingencies of human life may be regarded as "extenuating circumstances", and thus our responsibility before God remains.

13. Herrick, p.144

14. Cunningham, Vol.II,p.145

15. Roger Fenton, *A Treatise of Usurie* (1611; Norwood: Walter Johnson, Inc., 1975), p.122

The significance of the Renaissance and Reformation on the matter of usury is not great. The importance of the Renaissance is the secularization of culture. Well known Renaissance figures did not contribute significantly to economic issues. The Reformation of the church, however, saw a mitigation of the strict anti-usury position, which the church had held for centuries. The contribution of the Reformers is unimpressive because inconsistent. The Heidelberg Catechism (1563) took at traditional view of usury. Addressing the question, "What does God forbid in the eighth commandment?", the catechism says, "Not only such theft and robbery as are punished by the magistrate, but God views as theft also all wicked tricks and devices whereby we seek to draw to ourselves our neighbor's goods, whether by force or with show of right, such as unjust weights, ells, measures, wares, coins, usury, or any means forbidden of God..."¹⁶ However, such a position was not consistently maintained in the writings of individual reformers. Though Martin Luther spoke against usury with an eloquence and outrage that rivaled the early "church fathers", he nevertheless compromised his position later in his life. In a letter to the Duke of Frederick, Luther advised, "I would say that it is very necessary to have uniform regulations governing the charging of interest throughout our German lands. To forbid it altogether would not be right, for it may be justifiable under certain conditions."¹⁷ Calvin was disappointingly accommodating of usury. More has been made of Calvin's views on the subject of usury than they are worth. Because of his well deserved stature as a Reformer, and because of the appeals that are made to him in an attempt to justify usury, his views are treated at length in a later discussion. The ideals of the "City of God", insofar as usury is concerned, were carried on more faithfully among the Puritans in England than the Continental reformers. Notable among the Puritans were Roger Fenton and Henry Smith. Cunningham reports that Henry Smith had gained the reputation as a "silver-tongued lecturer".¹⁸

16. cited in Philip Schaff, *Creeds of Christendom* (1877; Grand Rapids: Baker, 1977), Vol.III, p.347

17. cited in Ewald M. Plass, ed., *What Luther Says* (Saint Louis: Concordia, 1959), Vol.I, p.445

18. Cunningham, Vol.II, p.154

He further says of Smith that he was an "extremist", because he was unrelenting in his strict stand against usury amid a tide of compromise.

By far the most important factor in the liberalization of usury in the Middle Ages was the growth of commerce, and the incessant cry for credit to finance it. As highly developed as commerce and banking had become in the ancient world, it never attained the height of enterprise that Europe did, for it was without the Christian conscience that would so order society and motivate men to bring it about. However, the gains of lawful trade and commerce became a temptation to achieve even greater heights unlawfully. Experiencing a new power, men became preoccupied with what might be done, if only enough capital were available, and lost sight of what ought to be done, within the parameters of the law of God. In the "City of God", men pursue dominion over the world because they hold that as their calling from God. It is for Him and for His glory that they so act. Hearts which are fixed on that purpose, and which are instructed by God's law and sustained by His grace, can overcome the temptation to do whatever they might do, and discipline themselves to do what they ought to do. They judge all things according to a righteous standard. If usury seems necessary to them for some mode of commerce, this necessity cannot legitimize what God has condemned, rather, the standard of the unlawfulness of usury serves to eliminate from consideration any activity that would require usury. In "the earthly city", however, it is not so. Inhabitants of Babylon feel alone in the world, and so they must make a name for themselves. They must build a great monument to themselves, for they know no law and ascribe no glory outside themselves. They might decide in their own minds what sort of commerce ought to take place, and if it requires usury in order to succeed, then this does not serve in their minds to condemn the mode of commerce they have chosen, but rather to sanction usury. The church in medieval times fought many battles, and suffered many trials and purgings. It is not to be expected that those who have gone before us ought to have accomplished everything. The present generation ought to be thankful for their accomplishments, but there is more that must be done. The plague of usury still is with us. Ours is a terribly blind and impotent age. If the church today accomplishes only one thing, she would do well to purge usury from her heart.

At the close of the medieval period, Europe was exposing herself as thoroughly Babylonian in economy. More and more voices were added to the chorus calling for the liberalization of usury laws, that commerce and industry might have loans. Christians began to speak openly and vigorously in defense of usury. Theorists were in the process of devising discreet economic theories for the first time. Theories of "interest" emerged which provided the first real development since the Scholastics' elaboration of Aristotle. Bentham in England and Turgot in France ascended as the most influential in reversing the theoretical consensus concerning usury. For instance, Turgot said of the old theories,

Having discussed inequality, they allege as an example of inequality the fact that the borrower, in returning more than the principal, gives back more than he received; and they infer that this is unjust. Such reasoning takes it for granted that the money received today and the money which is to be returned in a year, are two things perfectly equal. Is there not, on the contrary, an obvious difference between the two values - so obvious as to be recognized by the proverb, "A bird in the hand is worth two in the bush"?¹⁹

The modern case for usury proved at its outset to be so abstract as to be only esoterically intelligible. The point of the proverb is well taken, but it must be noted that it is true *as long as the two birds remain in the bush*. If one should owe a bird in repayment of a loan, and if he should obtain one from a bush and put it into his creditor's right hand, there is no reason why the creditor should value the bird in his right and any differently than he values a bird in his left hand. If he does value them differently, it can only be for entirely subjective reasons, which cannot bind the debtor as guilty of any lawlessness.

With the dawn of the modern era, the old dialectic that was observed by Cleary, that theory was opposed to usury, while practice was in favor, gave way to a unity of theory and practice in favor of usury. All of the old reasons for being theoretically and practically opposed to usury remain, only now they are obscured by complicated theories and

19. cited in F.W. Ryan, *Usury and Usury Laws* (New York: Houghton Mifflin, Co, 1924), p.49-50

arguments that require treatment such as the present writing in order to rebuff them.

The interface between the medieval and modern eras is rather fuzzy. The beginning of the modern era may be marked with the Industrial Revolution, the colonization of the New World, or a number of other historical pointers. For the present purposes, modern times shall begin with the advent of modern banking. The development of banking had begun along with the recovery of trade in the late Middle Ages, and with changes in national monetary systems. The next discussion shall cover these developments in order to provide some continuity to the account of modern banking and the impact it has on the problem of usury.

USURY IN THE MODERN WORLD

The recovery of a "money economy" in late medieval Europe was attended by two other developments which were missing from the "money economy" of the ancient world: 1) a greatly refined paper making process, and 2) the invention of the printing press. The impact of paper and the printing press has been felt in economics nearly as much as it has in publishing. The phrase "paper money" is a subtle contradiction of terms. It was noted that "money" strictly defined is gold and silver in coin form. Nothing that is made out of paper can qualify as money. Another question is: can paper serve the same purpose as money? There is some intrigue in this notion that has resulted in attempts to circulate paper instead of money ever since it was mechanically possible to do so. Hans Sennholz explains, "...the universal use of paper monies today was made possible only by their prior use as substitutes for real money, such as gold and silver, for which there was an industrial demand. Only when men grew accustomed to these substitutes, and governments deprived them of their freedom to employ gold and silver as media of exchange, did paper emerge as the only exchange medium."¹ Advocates of "paper money" persist in modern times. For the most part, they indulge in the fantasy that "money" functions merely as a token, and does not need to possess any "intrinsic value". As a first step in understanding the economic changes in the dawning of the modern era, some modern misunderstandings about

1. Hans Sennholz, *Age of Inflation* (Belmont: Western Islands, 1979), p.14

the history of money shall be examined. Two cases in point are theories concerning the clay tablets of ancient Babylon and the "tally sticks" of medieval England.

Ancient Babylon, "the earthly city", made extensive use of clay tablets for the purpose of recording contracts and debts. The function of these clay tablets was much the same as modern-day checks and promissory notes. In fact one historian has said, "Babylonia was thus the motherland of our modern commercial usages and commercial paper."² While it perhaps is true that in concept paper money-substitutes are begotten of Babylonian economics, it also is the case that in Babylonia clay tablets were record-keeping devices, and did not circulate as exchange media. A modern writer, R.K. Hoskins, goes too far when he remarks concerning Babylonian banks, "These banks offered almost every service offered by banks today including the use of checking, savings, letters of credit, and the Babylonian form of paper money - the clay tablet. The banks kept the gold - naturally."³ In the first place, Babylonia had a silver based economy, not gold. Secondly, while the clay tablets serviced all of the banking functions that Hoskins lists; they were not used as money.⁴ Ancient men came by their goods with much difficulty. Production techniques were burdensome, and the transportation of goods was dangerous. An ancient man would not give real goods in exchange for someone's promise to pay him later, recorded on a clay tablet, unless he consciously was giving the other a loan.

Another misunderstanding of history that is used to promote "paper money" involves the "tally sticks" of medieval England. These were wooden sticks that were notched along one side and split lengthwise. One half was kept in the royal treasury and the other in private hands. Since the notches on both halves were to match, there was little likelihood that the data encoded on the sticks could be corrupted. What was the function of these tally sticks? Thoren and Warner, in *The Truth in Money Book*

2. H.E. Barnes, *An Economic History of the Western World* (New York:Harcourt, Brace & Co., 1942), p.25

3. Hoskins,*War Cycles - Peace Cycles* (Lynchburg: The Virginia Publishing Co., 1985), p.6

4. C.A. Herrick, Ph.D., *History of Commerce and Industry* (New York: Macmillan Co., 1920), p.32-34

make a preposterous suggestion. They claim, "Tally sticks were used exclusively as money in England for 594 years" (supposedly beginning with Henry the First in 1100).⁵ The fact of the matter is that English kings steadily issued a silver coinage since the recovery of a "money economy" after the fall of Rome. For a full account of such coinage see John Kent's *2000 Years of British Coins and Medals*.⁶ Cunningham explains the actual function of the tally sticks. The county sheriffs were accountable to collect taxes in their areas and make payment of them to the king. Taxes were payable in two installments, at Easter and Michaelmas (September 29th). ". . . at Easter the sheriff made a payment on account, of half the sum due in the course of the year; this was credited to him, and he received a tally as a voucher. At Michaelmas he had to render his accounts in due form . . . The first item taken was the sum which had been paid into the Exchequer at the previous Easter, and for this a tally was produced."⁷ As is evident, the tally sticks of medieval England functioned in much the same manner as the clay tablets of Babylonia. They did not support the range of banking activity as did the clay tablets, however, they functioned similarly as record keeping devices. The sheriff did not pay taxes with tally sticks; he furnished tally sticks as a statement of a previous partial payment of taxes in silver. They did not circulate as money, and there is absolutely no warrant for the claim that, "Tally sticks were used exclusively as money in England for 594 years."

Neither Babylonian clay tablets nor medieval English tally sticks were early versions of "paper money". "Paper money" evolved from the ancient and medieval use of various substances to represent a debt of money, such as the tablets and the sticks. The critical stage of the development of "paper money" was the use of paper to represent, not a claim to money, but the money itself. Once this practice gained popularity, there was little complaint when the modern feature appeared, viz. the use of paper *as money itself instead of silver and gold coin*. This

5. Thoren & Warner, *The Truth in Money Book* (Chagrin Falls: Truth in Money, Inc., 1984), p.228

6. British Museum Publications, 1978

7. Wm. Cunningham, *The Growth of English Industry and Commerce* (1910; New York: A.M. Kelly, 1968), Vol. I, p.156,157

process of evolution is fairly subtle, and deserves some elaboration, for the onset of "paper money" in modern times has served to provide the "bite" of usury with a seemingly innocuous mask. "Paper money" has tended to slow the inevitable upheaval that usury causes in a society, because, as usurers absorbed too much of the available "money", more could be printed. In order more fully to understand the dangers of this false solution, its origins must be considered.

The use of paper to record debts greatly expanded in the late medieval and early modern eras, along with greatly expanding trade and newly emerging industry. Levels of wealth in silver and gold were beginning to be amassed such as was not seen since ancient times. But the advantages of these media as a store of wealth also presented a new problem of security. Not only could great wealth reside in a relatively small place in the form of silver and gold coins, but as well, great wealth could fairly easily be stolen in the form of silver and gold coins. Not only did these exchange media provide a convenience to the merchant, but to the thief also. Metal smiths, who's livelihood involved large quantities of silver and gold, had installed security measures such as vaults. It happened that those who had a security problem with their money made arrangements with metal smiths so that the smiths would store the money in their vaults. Of course a receipt was issued entitling the owner to the correct quantity of money. This receipt was the basic paper record of a claim to money.

Another type of this paper record was the "bill of exchange". As commerce spread over greater and greater distances, it began to encompass not only all of Europe, but to reach beyond the Mediterranean Sea and the Atlantic Ocean. The shipment of goods over these distances still was hazardous, but not to the extent as the shipment of silver and gold. In order to alleviate the problem of shipping large quantities of silver or gold, merchants began to accept "bills of exchange" instead of immediate payment for their goods. These bills entitled them to payment of the correct sum through one of the buyer's associates in a location that was closer to home for the merchant. In this transaction, one party would give up goods and in return he would receive but a piece of paper. This sort of thing was unthinkable in earlier centuries due to the lack of any certainty whatever that the promise to pay ever would be made good. It

became thinkable to receive paper in return for goods only by the organization of the metal smiths into larger and internationally associated banks. The utility of the bill of exchange *depended on the confidence of the participants* in the system. Lacking the confidence that a bill could be redeemed for money, a merchant hardly would accept one in exchange for goods.

Actually, such an arrangement was *not an exchange*. It was the initiation of an exchange, but the exchange would not be complete until the bill was redeemed for money. Once the buyer has his goods *and* the seller has his money, and only then, could it be said that there was an exchange. That may sound like an irrelevant technicality, however, the reader must remember his own context. The late 20th century man does not view paper "money" as a contract or a promissory note. As its appellation implies, it is viewed as if it were itself money. However, the medieval and early modern merchant had no such concept. For him the value of the bill of exchange lay in its promise of a future payment of money (silver or gold coin).

The convenience of receipts for deposit of money and bills of exchange served to reveal other inconveniences. Both the receipts and the bills entitled a particular person to a particular sum of money. But, if one had the confidence to hold paper for a time to represent his claim on money, he could expect that those with whom he dealt also would be willing to do so, and in most cases it was likely that they already were doing so in the matter of their own personal accounts. So, in making a purchase locally, why not simply sign over one's receipt for money to the seller, instead of getting the money out of the vault, handing it over to the seller, and him turning around and depositing it back into the vault under his name? Or, in the case of bills of exchange, would it not be advantageous if they were useful in the course of one's journey - to be exchanged for goods in the same manner in which one originally had received them? The problem to be overcome was the constant noting and dating each use of the paper in exchange, in order to identify the new payee. Certain changes in the makeup of the paper were needed in order to make them more suitable for this purpose. First, they had to be made anonymous, entitling whomever had them in their possession to the money which they claimed. Secondly, they had to refer to standard

denominations of money instead of a particular account balance or the price of a particular sale. In this way, various combinations of the bills could better serve transactions of any amount. These changes greatly facilitated trade, however, they also made for a subtle change in the nature of bank paper. Now, instead of bank paper representing the *claim of a particular person for a specific quantity of money*, it now represents *the money itself*. If money, in standard denominated units, was payable on demand to whomever held a piece of paper which represented it, then once again a convenience for trade proves also to be a convenience for the thief. The reason that the silver and gold is in the vaults is in order to secure it from thieves. If pieces of paper are out in general circulation, which represent the silver and gold, and which carry the commitment to pay the silver and gold, on demand, to whomever has the paper in his hand, then the security problem is presented all over again. Now a vault is needed in which one may secure his anonymous paper receipts and bills from thieves.

The entrance of banks into the exchange of goods by providing redeemable paper signals the beginnings of an economy of questionable merit. It already was noticed that it is the pragmatic inhabitant of Babylon, "the earthly city", who will disregard what *ought* to be done in favor of what *can* be done. Each step in the evolution of "paper money" was dictated by convenience. Convenience surely is a legitimate consideration in one's contemplation of a course of action, but it ought not to be made in his mind the ultimate standard of value. Men ought rather to prove themselves to be citizens of "The City of God", who "take every thought captive to the obedience of Christ." (II Corinthians 10:5). They must weigh the overwhelming inconvenience of transgressing the law of God more heavily than anything else. Banking practices based on redeemable paper are not sinful in themselves. But, 1) they quickly turn into banking practices based in irredeemable paper, which shall be discussed in turn, and 2) while not in violation of the law, they do run counter to the counsel of God, which shall be discussed presently.

Repeatedly the Wisdom (Proverbs 6:1; 11:15; 17:18; 20:16; 27:13) warns about the dangers of "going surety". "Surety" is sharing responsibility with another for a debt. Contemporary Christian financial counselors appeal to the Proverbs which warn of surety as a basis for

warning against co-signing for a loan.⁸ This is sound advice, however, it does not cover all instances of surety. If a buyer owes a seller some money in exchange for goods, and if he presents to the seller a bill of exchange, in essence the buyer and the banker have entered into a surety arrangement together to pay the money. If the bank for some reason does not pay the money, the seller may still require it of the buyer. If the bill is not presented for payment, but is passed on to yet another seller in exchange for goods, the surety for payment passes to the new buyer. With the changes in bank paper described above, paper began to circulate as a medium of exchange. Banking became a clearing house operation. Banks would track the credits and debits of each transaction involving their paper, and only periodically make actual money payments to settle accounts. Such a system was not strictly unlawful, but inasmuch as it was based on surety, it manifestly was not a good idea.

The inadvisability of the circulation of bank paper as a substitute for money was further indicated by the fact that it quickly reverted to schemes that blatantly were unlawful. Yet these schemes were nothing new, they merely were a new way of committing the ancient sins of inflation and usury. The reader will recall that in ancient times rulers inflated their currency by a process of "debasement". They could mint more coins than before because they put less silver into each one, so the silver went further. Banks in the early modern era accomplished the same thing by issuing receipts promising to pay a greater quantity of money than they actually had in their vaults. As the paper itself began to be accepted as media in exchanges, it was noticed that the great majority of the precious metals was allowed to rest in the vaults. The paper representatives were out doing the job of money, so there was little demand for the silver or gold itself. The paper still certified that a certain amount of money was payable *on demand* to the bearer of the paper, but it was difficult not to notice that most of the people most of the time were content not to demand it. Banks easily could carry on their functions with only a fraction of the silver and gold in the vaults. Although it never would have entered the mind of a righteous man, however, this meant that

8. e.g. Larry Burkett, *Your Finances in Changing Times* (Chicago: Moody Press, 1982)

1) some of the metal could be loaned out at usury and not be missed, and 2) more paper could be printed and loaned out at usury. The former was tempting in the case of international loans and usury; the latter in the case of domestic loans and usury. Inflation by means of the printing press proved to be a help and a hinderance to usury. It was a help in the sense that the stock of paper in which the loans were payable was less obviously finite in dimension than silver or gold. If usury was close to absorbing all of the paper, more could be printed to keep the usury payments flowing, and thus the social unrest that attends wide spread defaults could be postponed. The hinderance to usury was that continuously inflating the supply of paper in such a manner is ruinous of the economy, because the exchange value of the paper is eaten away. The usury continues, but the paper in which it is paid is less and less valuable. Usurers complain about inflation, and adjust the level of usury to compensate for the devaluation of paper, but on the whole it seems that they are willing to trade a little loss of value for a gain of social stability. Of course, the stability is only illusory, because inflation itself is destabilizing, since it eventually ruins the economy. The semblance of stability actually is only the delay of the "day of reckoning". The illusion of social stability that comes by way of unrighteous manipulation is but the storing up of wrath for a day of even more severe judgement.

There remained one last obstacle to the solidification of this inflate-and-lend approach to usury in modern banking. If the paper lost too much value through inflation, people would choose not to use it because the declining value of the paper would tend to neutralize the convenience of the paper. What was needed was a means of protecting the "investment" of inflating paper, so that there was some assurance that when it came back with usury it still could be "spent" for real goods. This problem was solved by the arbitrary decree of governments, who by this point were surviving on bank loans, and had a vested interest in the solution of the problem. Their answer was "legal tender" laws. The idea basically was a government decree that certain privileged bank paper was declared to be money, and must be accepted if it is offered in payment of debts, "public and private". This, of course was a gross loss of freedom, and an unrighteousness in itself. The British financier, Sir Thomas Gresham, observed that "Bad money drives good money out of

circulation", (Gresham's Law). That is, if paper will circulate as money, and do the job of money, then why spend money? Lately, Hans Sennholz has pointed out that "legal tender" laws are the power behind Gresham's Law, and that if people were free to enter into exchanges with whatever they wanted to use, then paper would not be accepted and Gresham's Law would operate in reverse: money would drive paper out of circulation.⁹

Modern banking may be considered as commencing in 1694, with the establishment of The Bank of England. This bank was given a charter by Parliament to issue paper notes (over and above the stock of money) to be loaned to the government and to commerce upon usury. Fourteen years after the bank was chartered, Parliament granted to it an exclusive monopoly on the issue of notes. In 1797, the Bank of England suspended the payment of money for its notes. The problem was a lack of silver and gold, or, looked at another way, too much paper. England has no silver or gold mines, and always has relied on international conquest or commerce for the influx of the metals into the land. Since the bank was pursuing an inflationary course, it had extended many more pounds in paper notes than it had pounds sterling of silver with which to pay them. All seemingly was well as long as people generally were content to hold and trade paper, but a threat of invasion by France stimulated the general population to desire money instead of paper. From there, the bank's notes traversed a steady course of depreciation. No longer payable in money, all restraint on the quantity of issue of the notes was gone. There was a plan devised for the resumption of the redemption of notes in money, but it could not reverse the ill effects of the inflation of paper because it involved the arbitrary government control of the price of the precious metals. Governments cannot create value, and therefore cannot effectively control prices. The outcome in this case was a change of the Bank's charter in 1833, declaring its notes to be "legal tender".¹⁰

The printing of a piece of paper that is denominated in some weight of silver, and pretends to be payable in silver on demand, when in fact

9. Sennholz, *Money and Freedom* (Cedar Falls: Center for Futures Education, Inc., 1985)

10. see G. Tucker, *The Theory of Money and Banks Investigated* (1839; New York: Greenwood Press: NY 1968), p.333-340

there is no silver that is dedicated to the redemption of that paper, is rightly to be considered the creation of money out of nothing. The principle may seem alarming to one who is beginning to understand it for the first time, but it was rather frankly and bluntly stated by William Paterson in 1694, upon obtaining the charter for the Bank of England, "The Bank hath benefit of interest on all moneys which it creates out of nothing."¹¹ This is the startling feature of the course of usury in modern times. Heretofore, some work or labor was required in order to generate something to be loaned. Granted, it usually was not the sweat of the usurer that provided him with excess to loan, but the usury paid to him came from some one's productive efforts. Now, the initial principal of a loan of "money" comes from nowhere. The moment before the loan was granted, the "money" did not exist. Whether by means of printing some bank notes, or by the even subtler means of simply crediting the borrower's account, the banker, by the stroke of his pen, brings into being what the legal tender laws say that merchants must receive in exchange for their goods. The borrower has no privilege from the state to create "money" out of nothing. The paper with which he will repay the loan must be acquired by means of the sweat of his brow, and that with usury as well. There is an injustice inherent in one loaning solely by means of one's wrist reflex what another must repay by means of sweat. On top of that, the one who sweats must repay a greater quantity of what the banker created. But the banker did not create enough for the borrower to repay with usury; he only created enough to make the loan. The borrower still can repay his loan with usury, if the velocity of circulation is high enough, that is, if money changes hands fast enough, *but velocity of circulation cannot increase indefinitely. Eventually there will be defaults and foreclosures.*

This problem was painfully evident in the ancient world, but the modern employment of paper served to obscure the threat of usury on the economy. By the nineteenth century, usury was a non-issue among the new breed of economists. Adam Smith, who may be considered the father of modern economics, did not devote so much as a paragraph to the

11. cited in Carroll Quigley, *Tragedy and Hope* (New York: Macmillan Co., 1966), p.49

defense of usury in his very large work, *The Wealth of Nations* (1776). The controversy over usury had engaged thinking men for centuries, and had spawned thousands of pages of debate, yet consider the ease with which Smith dismissed the issue. He simply observes: "In some countries the interest of money has been prohibited by law. But as something can every-where be made by the use of money, something ought every-where to be paid for the use of it."¹² That is it. He provides no analysis of the biblical texts, the ancient philosophers, the church fathers, or the scholastics. The indication is that Smith considered the opposition to usury to be so unworthy as to merit not even an argument. All opposition is set aside merely on the basis of the instinct of covetousness. If someone gains from a loan, then the covetous lender is not satisfied to receive back only what was loaned. Rather than feeling blessed because the borrower taught him a profitable way to employ his goods, the covetous lender would attempt to justify a claim on the borrower's goods. When covetous men stand to gain much through little or no work, almost anything can be justified in their minds.

It was this wide-spread dismissal of opposition to usury that provided the appropriate ideological context for the "national bank". "Usury" now was understood to mean "excessive interest", and now "usury laws" no longer prohibit interest taking plain and simple, but restrict interest taking to an arbitrary statutory limit. Only the near-sighted could interpret this as economic progress. The heritage of Western Christendom is the plain and simple *prohibition* of usury. The *regulation* of usury is nothing but a reversion to the ancient course of Babylon. True progress is defined in terms of the ideals of God's word. Europe, however, abandoned the quest for the "City of God", and followed covetousness into the mire of the "earthly city". The abandonment of the biblical idea of usury, together with the irredeemable "paper money" ploy, allowed the "national bank" idea to be pursued with great vigor. Paper, which could be printed at will, promised to solve the problem of usurers absorbing all the money. But the appetite which usury incites is insatiable. The more "money" that exists, the more there is to be absorbed

12. Adam Smith, *The Wealth of Nations* (Cannan edition, New York: Random House, 1937), p.339

through usury. The day of reckoning may be postponed by various means, but it cannot entirely be evaded. This was experienced in the extreme by France at about this same time. Tucker's summation of their fiasco is enlightening:

The first bank of circulation in France was established two-and-twenty years after the bank of England; and, though it lived little more than four years, it became more memorable than any other, from its connection with the most extensive and ruinous scheme of speculation which history records.

This bank, which has given celebrity to its founder, - John Law, a Scotchman, - was established in 1716, under the auspices of the duke of Orleans, then regent of France, for the express purpose, as some suppose, of wholly or partially paying off the public debt, - then amounting to 2,000,000,000 of livres, and of which the government was unable to pay the interest.¹³

Law's paper program failed because Gresham's Law began to operate once the bank notes were given legal tender status. The paper suffered a series of depreciations, and there finally resulted wide discontentment over losses due to inflation. Though this was not the sole factor involved, still the debt, which usury had made great and unpayable, figured prominently in the onset of the French Revolution.

Meanwhile, in colonial America, the ravages of the dishonest weights and measures known as inflation was once again demonstrated. England was having her own problems of scarcity of money (overabundance of paper), as was seen above. It was decreed a criminal offense to ship any British coins to the colonies. What precious little money the colonies were able to accumulate by trade served as a basis for their own monetary system. It was impractical for the coinage to serve as the totality of their currency, so once again men turned to the printing press. However, the various colonies adopted various ratios of value for their paper vis-a-vis the pound sterling. Trading between the various colonies' paper was exceedingly complex and a breeding ground for fraud.

13. Tucker, p.343

Since the colonies originally were populated by Puritains and separatists, a strong anti-usury sentiment was ingrained from the beginning. For example, William Penn, a separatist and founder of the state of Pennsylvania, said, "Interest has the security, though not the virtue of a principle. As the world goes it is the surer side; for men daily leave both relations and religion to follow it."¹⁴ However, the pressure that earlier was felt in England, to allow some usury in order to stimulate trade, also was brought to bear in the colonies. Usury was tolerated under the trade and commerce justification, was regulated under the laws, and was fueled by the paper money fires.

Debts mounted as the value of the paper currency fell. The calamities of debt and paper money were a large part of the obstacle faced by the colonies in their fight for independence. In a letter of December 21, 1776, Robert Morris, a signer of the Declaration of Independence, said of the trials endured by the colonies, "I must add to this gloomy picture one circumstance, more distressing than all the rest, because it threatens instant and total ruin to the American cause, unless some radical cure is applied, and that speedily; I mean the depreciation of the Continental currency."¹⁵ As is well known, the military exploits of our founding fathers turned from gloomy to victorious. However, the monetary problems were worsening. A letter writer from Delaware, September 2, 1777, declared, ". . . it is my fixed opinion that America has much more to fear from the effects of the large quantities of paper money than from the operations of Howe and all the British generals."¹⁶

The nature of the problem with the colonial paper and the Continental Currency was obvious to thinking men. One such man, Roger Sherman, provided a lengthy commentary on this problem in his, *A Caveat Against Injustice*, subtitled, *An Enquiry into the evil Consequences of a Fluctuating Medium of Exchange*. Originally published in 1752, his treatise dealt with the legal tender laws of the colony of Connecticut. He said, "If what is used as a Medium of Exchange is fluctuating in its value it

14. Penn, *Some Fruits of Solitude*, §152

15. cited in Commanger & Morris, eds. *The Spirit of 'Seventy-Six* (New York: Bonanza Books, 1983), p. 789

16. IBID, p.791

is no better than unjust weights and measures, both which are condemned by the Laws of God and man, and therefore the longest and most universal custom could never make the use of such a Medium either lawful or reasonable."¹⁷ The destruction and poverty suffered in the colonies under the inflation of paper served to yield considerable support for the anti-paper view. Also prominent in causing the push to reform the new nation's monetary situation was the mass of debt which burdened the states following the war. Madison's statements of accounts as of 1783, show a total public debt in excess of 36 million dollars. Usury on this debt had by that time accumulated to \$2,362,320.¹⁸

In framing our present Constitution, the Continental Congress acted to solve the inflation problem. Article I lists the duties of Congress, and in Section 8 is included, "To coin Money, regulate the value thereof, and of foreign Coin, and fix the Standard of Weights and Measures." It is difficult to consider the printing of paper as the "coining" of money. This provision clearly seems to authorize Congress to provide for the minting of silver and gold coins. In addition, the final Section of Article I limits the rights of the States in certain matters. At the insistence of Roger Sherman, there was included, "No State shall . . . make any Thing but gold and silver Coin a Tender in Payment of Debts." In keeping with the duties of Congress, the term "dollar" was defined in the coinage act of 1792, as being 371.25 grains of silver. This was based on the specifications of the Spanish Milled Dollar, or Piece of Eight, which had become well known all over the world by that time. The term "dollar" was derived from the German "thaler" (pronounced "taller"), and always has denoted a certain weight of silver. There was all the appearance that America was on her way to monetary reform.

However, certain influential men remained in the new government who were very vocal in their desire for a Bank of America after the pattern of the Bank of England. Alexander Hamilton was one of their ranks. He became Secretary of the Treasury under Washington, and in 1791, succeeded in his efforts to secure a charter for America's first national bank. Its charter was for twenty years, and in 1811, was allowed

17. reprinted by Spencer Judd: Sewanee, TN 1982

18. *The Spirit of 'Seventy-Six*, p.788

to expire. It has been suggested, and indeed there is considerable evidence, that the War of 1812, was brought upon this country as a means of tempting Congress to renew the bank's charter in order more conveniently to finance the war.¹⁹

International bankers were (and are) a close fraternity. The "inflate-and-lend" scheme of banking and usury does not admit numerous competitors, for this approach tends to accrue all wealth to the hands of the few. The Rothschild family stands out in history as a prime example of the manipulating power of international banking. Sons of the patriarch Rothschild spread their banking network across Europe, setting up shop in Germany, Austria, England, France, and Italy. By means of usury on an international scale, they were able to consolidate great wealth and power to turn world affairs according to their own fancy. It certainly was not out of the question for them to further their own name and wealth by any means at their disposal, including war. The existence of a national bank in America, with a monopoly on the issue of interest-bearing paper that is declared by the government to be "legal tender", is according to the program of international banking. It is not unthinkable that war would be a device for securing the reality of such a bank. Whether or not by human design, it was the effect of the war of 1812, that in 1816, a Second National Bank was chartered, also with a twenty year charter. In the course of its existence, it created tens of millions of "dollars" out of paper and ink, and loaned them out at usury, mainly to the government.

Usury under the paper money scheme creates social turbulence in the same way as it did under silver and gold in the ancient money economy, with one important difference. In ancient times, the misery of debtors was felt particularly when the stock of money in existence had substantially been absorbed by the usurers. There was little money to be had for payment of debts, and payment not forthcoming led to defaults; the debtor often entering into outright slavery to the creditor, or at least all of his property reverting to the creditor's possession. With defaults widespread, strong and broadly held sentiments brewed against the usurers, and spawned uprisings and revolutions. Thus, a finite supply of money made for a particularly volatile situation. With paper circulating

19. see A.R. Epperson, *The Unseen Hand* (Tuscon: Publius Press, 1985), p.132-133

as an exchange medium, the wealth of the land accrues to the usurers in exactly the same way, however, the usurer's greed and covetousness does not mean quite so much danger to his life and limb, for paper offers him something that he did not have with gold, viz., *control*. Social unrest can be useful to professional usurers. But it is entirely useless if it cannot be controlled. If the absorption of wealth through usury threatens to reach levels that spawn social unrest, more paper can be printed and loaned into circulation to keep the payments flowing and the spirits calm. When unrest benefits the cause of usurers (in order to keep an endless parade of baffling problems before the people, so that they continually appeal to "the government" for answers), all that need be done is to contract the supply of paper.

Unrest was useful to those who were striving for a complete monopoly on usury-generating paper in this country. The early American national banks did not provide all of the features they desired, but they provided enough for them to create the kind of financial crises that would keep the nation's leaders searching for answers. After the charter of the Second National Bank expired, it also was not renewed. Strong popular opposition to the idea of a National Bank still existed, thanks largely to the suffering and misery big banking had caused in its expropriation of wealth from the masses. As Epperson put it, "The Bank was using its powers to increase and decrease the money supply to cause, first inflation, and then deflation. This cycle was of benefit to the bankers who were able to repossess large quantities of property at a fraction of its real value."²⁰

Andrew Jackson made the national bank an issue in his presidential campaign. That the popular sentiment in this country was set against the bank idea was indicated by the wide margin with which Jackson won the presidency. He was true to his campaign rhetoric, and in 1832 Jackson vetoed an act of Congress to recharter the national bank. For decades the nation was free of "legal tender" paper money and banking monopolies. As was noted, however, one way of stimulating the temptation for such things is the urgency of financing a war. There were a number of factors which contributed to the onset of America's Civil War, and among them

20. IBID, p.172

were economic issues, which tend to figure to some extent in all wars. Lincoln resisted the adoption of a national bank, but resorted to other measures that were little better to be esteemed in order to finance the war. One was an income tax, the first in our nation; another was bank chartering regulations, whereby a number of independent, paper-issuing banks could operate, rather than just one; and a third measure was the famous "greenback", a U.S. Treasury Note which circulated as money. Debt accumulated rapidly, at usury, during the war. Government debt increased over 4000%, from \$66.5 million to \$2.67 billion between 1861 and 1865. Things in the private sector were not much better. Banks had to suspend the redemption of their paper. Many voices continued the cry for monetary reform. There eventually was the resumption of paper redemption, but it was at a discount that reflected the loss of value of the paper.

The proponents of a National Bank used every fiscal dissatisfaction and woe as an occasion to argue for the rechartering of the institution. Countering them were the tireless defenders of the silver and gold coinage for which the Constitution originally provided. A particularly entertaining example is an enlightening fable by David Wells titled *Robinson Crusoe's Money*.²¹ Using the man-stranded-on-a-remote-island theme, and building up from there, Wells enlightens the average reader concerning the origins of economy and money, showing convincingly the follies of calling upon paper to fulfill the role of a valuable commodity, as a medium of exchange. Illustrations by Thomas Nast graphically portray monetary truths. One, which is included here, shows the ridiculousness of viewing paper as money itself rather than simply a claim to money.

The illusion of prosperity that attends the proliferation of bank paper proved to be tempting enough to endure the losses that attend the contraction of bank paper. America became addicted to paper, notwithstanding the "panics" that periodically ensued. Following the panic of 1907, President Roosevelt signed a bill creating the National Monetary Commission. As though the problem with the nation's economy were a great mystery which never before had been addressed,

21. originally published, 1896, reprinted by Greenwood Press, New York, NY 1969



MILK-TICKETS FOR BABIES, IN PLACE OF MILK.

the Commission promptly went to Europe - the source of the problem - in search of answers. The American public was turning into the duped and intimidated body which it is today. They had become convinced that economics and monetary concerns were much too complex for the untrained mind, but that they need not worry, because the government's panel of experts surely would come up with a solution. Of course, in Europe, the Commission learned all about the National Bank concept: a privately owned Bank, with an exclusive monopoly on usury reaping paper, which is declared by the government to be legal tender. Naturally, this is the scheme which they were to propose. In 1910, the German Banker, Paul Warburg, held a secret meeting in which was drafted the legislation to accomplish this very thing. It became known as the "Aldrige Plan", named after U.S. Senator Nelson Aldrige, who participated in the secret meeting. Strong opposition arose in Congress, and the plan failed ever to be considered for a vote. After elections, new support was gained for the measure. It was lightly gone over and re-submitted as new material, under a new name: The Federal Reserve Act. On December 23, 1913, with the thoughts of most of the nation fixed on Christmas, President Wilson signed it into law.

As an ideal, the Federal Reserve System closely approximated the goal of a monetary school that sometimes is called "social credit" or "monetary science". In fact, one of this school's learned advocates at the time, Senator Robert Owen, was a principal author of the original version of the Federal Reserve Act. Since this school of thought still enjoys a measure of popularity, it would be good at this point to glance at its basic position, and its idea of usury. A rudimentary concept of "monetary science" is that money is only a "token". It is supposed to be a claim on the products and services of a society. This is a fundamental error, which guarantees the fallaciousness of the entire system. In a free society, sellers are not compelled to sell. No one has a valid "claim" on any product based only on his possession of a piece of paper. The tyranny of "legal tender" laws is that *if* one chooses to sell something, then he *must* accept a certain type of paper in payment for it. Of course, if money is viewed as a claim ticket, then this suggests the obvious problem: *who* has the authority to issue such tickets?

Those of the "monetary science" school rightly were alarmed by the pretense of some bankers to create money out of nothing. What apparently had escaped their notice, however, was that the banker's creation was not a claim ticket for existent products and services, but for non-existent silver and gold. They rightly analysed the potential for corruption in such a system; indeed such a system is corrupt in its very design. But their proposed solution aimed to cure the corruption in the wrong way. They had no quarrel with the creation of money as such, but with *who* was creating it, and for *what* purpose. Their proposal was to take the money creation powers away from the bankers and give it to politicians! Gertrude M. Coogan, one of the early writers in this vein, states as an essential element of an "honest money" system: "The power to create money should be vested in a Monetary Trusteeship appointed by and answerable to the United States Congress."²² This is a classic case of putting the fox in charge of the chicken coop. It did not seem to occur to Miss Coogan, and others of this school, that ethically no one ought to be "creating" money - not the banks, nor the government.

A rudimentary principle of the American government is that rulers derive their just powers from the consent of the governed.²³ That is, the interests which a legitimate government protects for society are the same which an individual would be justified in protecting for himself, e.g. defense, the guarding of property, etc. If an individual would like to enter into exchanges of property with others, it is necessary that he first *produce* something that he may contribute to such exchanges (even if this is only his labor). He would be totally unjustified in simply printing up some paper that he declares to be a claim on the products of others. Of course, no one would take seriously any such claim. If one meant to press this sort of a claim, he probably would have to resort to intimidation or threat (legal tender laws), and any degree of success he had in thus acquiring the property of others would be considered extortion. If such a course is unthinkable for the individual, then how does it become thinkable for a "government"? How can a body of individuals delegate to a "government" a right and a power that none of them have as individuals?

22. G.M. Coogan, *Money Creators* (1935; Hawthorn, CA: Omni, 1982), p.334

23. Declaration of Independence

Of course, legitimately they cannot. Frederic Bastiat enunciated this principle in a pamphlet titled "The Law", first published in 1850:

The law is the organization of the natural right of lawful defense. It is the substitution of a common force for individual forces. And this common force is to do only what the individual forces have a natural a lawful right to do: to protect persons, liberties and properties; to maintain the right of each, and to cause *justice* to reign over all.²⁴

The "monetary science" writers would not do away with "money creation" in their proposal to strip the banks of these powers. They simply would transfer this power to the government. They were not concerned that the government would be less disciplined and more self-serving than the banks in the role of "money creator", because it was their vision to assemble a body of "Monetary Trustees" who had, in the words of Rev. Denis Fahey, "an unblemished record for honesty and integrity."²⁵ Though it manifestly is a noble vision, it is a very shaky foundation for an "honest" money system. This also was what the "monetary scientists" hoped the Federal Reserve System would fulfill. They were bitterly disillusioned by the crash and depression of the 1930s. Miss Coogan published her book in 1935, and Senator Owen eagerly contributed a forward to it. In his comments, and by lending his name to Coogan's book, Owen repudiated what the Federal Reserve turned out in fact to be, as shall be discussed below.

The main problem with the Federal Reserve System, according the "monetary science" school, is that it consists mainly of privately owned banks that are allowed to create money out of nothing, which they lend out at usury. The "monetary science" proposal is that the government should create money and *spend*, not lend, it into circulation. Writers in this school rightly point out that as it is, newly created money is put into circulation only by way of a loan, but their alarm at this fact is mis-directed. They observe that only the principal amount is created, and that

24. F. Bastiat, *The Law* (1850; Irvington-on-Hudson, NY: FEE, 1984), p.7

25. Rev. Denis Fahey, *Money Manipulation and Social Order* (1944; Hawthorne, CA: Omni, 1986), p.69

therefore not enough "money" exists to pay both the principal and interest. Rev. Denis Fahey has written, "The payment of the interest of money brought into existence as a debt involves the payment of more than is issued. This cannot be done without further borrowing, so the process means steady progression into debt for the society as a whole."²⁶ But this is true only if a "dollar" can be spent only once. In reality, there is a "velocity" of circulation of "money", determined by the number of times it changes hands in a period of time. Given a high enough velocity, one "dollar" could pay all loans and usury. There is a practical limit to velocity, such that usury eventually will become an arithmetic problem, however, it is not a good course to oppose usury only for the pragmatic reason of an arithmetic difficulty. Opposition to usury must have as its fundamental concern that usury is contrary to God's law, and therefore is immoral. This is not the position expressed in the "monetary science" school. Consequently, it is not surprising to find these writers giving an inconsistent treatment of usury. Their problem with usury is only in case the principal was something which the lender created out of nothing. In the case of loans of existing assets, their system allows for usury. Miss Coogan, for instance, has said,

Note carefully that the original issuance or creation of money, *paid* into circulation, should always be interest free. Carefully distinguish this original issuance of money upon its creation with the *lending* of *real* money, which has been obtained by those who have *earned* it by rendering personal services or real goods in exchange for that money. In actually lending real money so earned, one may expect a fair interest rate.²⁷

Thus, the "monetary science" position on usury is pragmatic in nature. They see usury as an evil only in such case as it ruins the monetary science system. Whereas they do not oppose usury on the basis of a principle of law, they accommodate usury in cases where their system would not require its censure. Their fixation with "paper money" is such that the evil and tyranny inherent in legal tender laws is ignored, for no

26. IBID, p.36

27. Coogan, *Money Creators*, p.118,119

"paper money" system can survive apart from some governmental power arbitrarily declaring some paper to be "money". This is precisely what the Federal Reserve System is all about. The "monetary science" school is opposed to the Federal Reserve System not because its paper claims to money are fraudulent, but because it is the operation of private bankers.

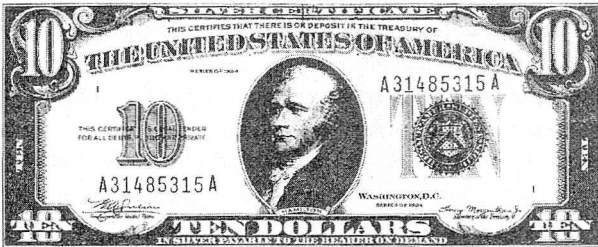
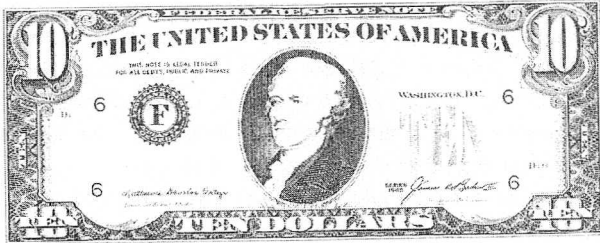
The Federal Reserve System is a dream-come-true for the National Bank advocates. It created by law a "fractional reserve" national banking consortium. This provided an air of legitimacy to the centuries-old practice of keeping on hand only a fraction of the silver and gold which bank paper attests. The privilege of issuing this paper was granted to it by the government, and the government became its biggest customer, borrowing the paper on usury. This arrangement did not raise much protest because the Federal Reserve System was cleverly named so as to give the illusion that it was part of the government. It is not.

The Federal Reserve is a system of privately owned banks, whose affairs are directed by a Board of Governors, the chairman of which is appointed by the President. Though the Board technically has accountability to the government, in reality it acts independently of the government. The term of the Board Chairman is fourteen years, which hardly makes government control practical. The Board has broad powers of control. Their edicts dictate the extent to which the various member banks can create "money". Economic analysts would have us believe that mysterious factors influence the rates of price inflation and usury, but this is mysterious only to those who are unacquainted with the powers of control that have been vested in the Federal Reserve System. Public outcry is stifled by this shroud of mystery. The System never has been audited by a government agency, despite repeated requests by many influential members of government over the years. No other private corporation can boast of such an audit-free record.

Rather than one bank, the Federal Reserve is a system of twelve banks, each of which covers a region of the country. This gives the illusion of decentralization. All factors contributed to the confidence of the public, that the government finally was getting somewhere with the nation's monetary troubles. This ill-conceived trust was so durable that it was not suspected that the two World Wars, and the crash and depression of the 1930's had anything to do with banking shenanigans. Considerable

evidence of this is available today, though it still is not popularly believed that the wars were planned, or that the depression was deliberately caused. Nevertheless, the culmination of their effects was public acceptance of the idea that more control over money was needed. By Executive Order, Roosevelt decreed that by May 1, 1933, all Americans had to surrender to Federal Reserve Banks, all gold coins and bars, and "Gold Certificates" (paper which entitled "the bearer" to a certain quantity of gold), in exchange for other currency. This was done "to provide relief in the existing national banking emergency, and for other purposes", according to the Order. Americans by the millions lined up like sheep to comply with this lawlessness and tyranny. They thought it expedient to do so; the penalty for non-compliance was \$10,000 (that is 1933 dollars) and/or 10 years imprisonment. Previously, even Federal Reserve notes were redeemable in gold. Following this order, a bank reserve in gold still was required, but gold was eliminated as a circulating medium. In 1965, in a revised coinage act, the government took away the silver also. They did not require that silver coins and "Silver Certificates" be surrendered. They merely stopped putting any silver into the coins that they minted, and rescinded the Silver Certificate's promise of payment in silver on demand as of 1967. One still may spend silver coins today, though it is foolish to do so since they greatly exceed in value their copper/nickel look-alikes that have been dumped onto the market.

In 1971, President Nixon officially severed all remaining ties between the "dollar" and gold. The subtle redefinition of "dollar" had gone almost unnoticed by the public. The devious character of today's "Federal Reserve notes" becomes evident in comparing the sets of "bills" on the following page. The old U.S. Treasury Silver Certificates were replaced with look-alike Federal Reserve notes, which make no reference to silver or redeemability. The Federal Reserve note clearly is modeled after the old silver certificate. Perhaps it was thought that the startling changes in the nature of the paper might be concealed by the familiarity of a similar appearance. The serene gaze of George Washington is unchanged. But the representations of the paper are altogether different. No longer is there the commitment to pay anything on demand. The popular conception today is that the Federal Reserve note *is* a dollar. As there is neither expressed nor implied any "promise to pay", it manifestly



is not a "note", though it says Federal Reserve *note*. Though it says *Federal Reserve note*, there is nothing "Federal" about it. As was pointed out, the Federal Reserve Banks are privately owned corporations. The phrase "One Dollar" at the bottom is similar in appearance to the Silver Certificate, however, all of the fine print is missing. That being the case, the only interpretation that seems feasible is that this is a claim to *be* a "dollar"! This claim would have been met with either outrage or hilarity on the previous century.

What is more, paper and the printing press no longer are the preferred hardware of the inflationists/usurers. In the last quarter of the twentieth century, they use electronics. Federal Reserve notes still are printed, but they are issued only to meet the general public's desire for currency. The quantity in circulation fluctuates with demand, rising during holidays, and then dropping off, and on the average it does not comprise any more than 30% of what the Federal Reserve now is calling "money". In fact, a recent AP Wire Service report says that about \$136 billion in Federal Reserve notes - 88% of the total in existence - is unaccounted for. Most of the "money" in circulation exists only as bank account balances - electronic impulses in banks' computers. When checks are written on these accounts, mostly they are deposited by the payee. Account balances merely are credited or debited. Banking today is a giant clearing-house operation, with one important difference. The early clearing-houses kept their records on paper, and periodically paid off balances in silver or gold. Today records are kept in electronic signals, and balances periodically are paid in paper.

The entire economy is "running on empty". Earlier it was noted that the introduction of paper disrupted the concept of exchange, for when one receives paper, having given goods or services, the exchange is not complete until the paper is redeemed. The reality of the exchange was further muddled as men found ways of circulating the paper rather than redeeming it. In our time circulating paper is all that can be done with it. To think of "redemption" in connection with today's "money" is nonsensical. Herrick said, "The large use of money and credits in modern times tends to obscure the fact that commerce is the giving of goods for

goods"²⁸ He wrote in 1920. Today it is evident that the use of paper and electronics not only "obscures the fact", but destroys the reality of trading goods for goods. These things did not happen by way of natural evolution of economy, but were forced in this direction by men who desired to gain at the expense of others. Ludwig von Mises asserts,

Thus inflation becomes the most important psychological resource of any economic policy whose consequences have to be concealed; and so in this sense it can be called an instrument of *unpopular*, that is, of antidemocratic, policy, since by misleading public opinion it makes possible the continued existence of a system of government that would have no hope of the consent of the people if the circumstances were clearly laid before them. That is the political function of inflation. It explains why inflation has always been an important resource of policies of war and revolution and why we also find it in the service of socialism.²⁹

In order for such an economic policy to survive, broad public confidence is required. Confidence is an inescapable part of the interrelations among men. In the ancient "natural economy" the required confidence was the confidence that one needed in his own productive abilities. In the "money economy", a broader confidence was needed, but basically it was a trust that the man with whom one traded was not going to stab him in the back as soon as he turned to leave. The modern economy is by no means natural, and inasmuch as all true "money" has disappeared, it cannot rightly be regarded as a "money economy" either, though generally it is held to be such. More accurately, it must be thought of as a "debt/credit" economy. The confidence that is required in order for such an economy to operate is not a confidence in oneself, or in fellow men, but in the paper and electronics that provide the illusion of wealth. Columnists Ross LaRoe and John Pool, writing in reference to the 1984 Ohio Savings & Loan crisis, said,

28. Herrick, p.9

29. Mises, *A Theory of Money and Credit*, p.255

The recent problems, however temporary, of the savings and loan institutions in Ohio and Maryland have focused attention once again on the fragility of our monetary system. Although most of us don't think much about it, the health of our whole financial system depends largely on our confidence in it. Like Tinkerbell, so long as we believe in it, it will work.³⁰

Professor Emeritus of Economics, James L. Green, University of Georgia, put the same point in this way,

The recent "moritorium" in Ohio dramatized the fragile structure of our debt-based financial system. Depositors in Ohio lost confidence in the banking system and lined up to get their money. By the very act of withdrawing their money en masse, they forced the institutions to close their doors. Some 500,000 Ohioans were "locked out" with no access to their savings. Confidence melted away as fast as butter on a red hot stove.

Karen Horn, President of the Federal Reserve Bank of Cleveland, summed up the Ohio crisis in a way which Mr. and Mrs. Depositor should never forget. She stated succinctly: "Financial institutions really don't run on cash as much as they run on confidence. There is no amount of cash delivery in the end that will do the trick if that confidence is stripped away."³¹

Accordingly Mises has said, ". . .the circulation of fiduciary media [bank paper] is possible only on the assumption that the issuing bodies [The Federal Reserve Banks] enjoy the full confidence of the public, since even the dawning of mistrust would immediately lead to a collapse of the house of cards that comprises the credit circulation."³²

It is the usurer's assets that are at risk in this "house of cards", as well as the debtor's. In fact, Mises, Sennholz, and others contend that usurers are at greater risk. Mises maintains, "The popularity of inflationism is in great part due to deep-rooted hatred of creditors. Inflation is considered just because it favors debtors at the expense of creditors."³³ Creditors are represented as at a disadvantage under inflation because loans are

30. "The Columbus Dispatch", Jan 21, 1986

31. Green, "The Disappearing Dollar", April 14, 1985

32. Mises, *A Theory of Money and Credit*, p.397

33. Mises, *Human Action*, p.467

repaid with less valuable "dollars". Even though usury would stipulate that a greater quantity of "dollars" be repaid than was loaned, still, the declining value of the "dollar" under inflation would eventually reach a point that the sum of what is repaid is worth less than the sum of what was loaned. But usurers should not be characterized as helpless in this situation. They have adjusted to these conditions in a number of ways. The "rate of interest" is adjusted in times of high inflation in order to compensate for declining "dollar" value. The term of loans is shortened so that "dollars" do not have as long a period of time over which to decline in value. And usury on mortgages no longer is "fixed", but is made flexible, so as to respond to conditions that differ over time. Actually, usurers fare well in inflation. What they lose in unit value they make up in increased volume. Not only are the disadvantages of inflation effectively addressed by usurers, but there are a couple of advantages of inflation for usurers. The convenience of paper makes loaning easier, and the inflation of paper makes borrowing more necessary.

Also, the changes in the character of usury in this century would seem to favor the borrower. No longer do insolvent borrowers enter into slavery to their creditors. Bankruptcy laws have arisen to assure that usury takes on a more civilized appearance. Nor is the one in default liable to loose all of his property to the usurer, for the laws stipulate that certain types of property, such as tools of trade, cannot be confiscated. Yet usury must not be thought near extinction. These changes merely represent the changing tastes of usurers. Ancient usurers had a thirst for sheer power over other men. The process of foreclosure added wealth to their coffers in the form of confiscated property and lives. Today's usurers are more refined, and more future oriented in their perspective. They value the continued output of the little men, for the more the little men sweat, the more they line the usurer's pockets. Today's lust is for things. Whatever measures seem to benefit the borrowers will benefit the usurers even more, for it is from the sweat of the borrower's brow that the things of the usurer eventually derive. A healthy, happy class of borrowers, who have the perception of security and the experience of confidence, will assure a steady flow of wealth into the hands of the usurers. If any should fall bankrupt, some property immediately reverts

to the usurer, and any losses to the usurer are compensated by getting the borrower back onto his feet and paying loans and usury once again.

Another factor in the modern face of usury is that it may be found in every segment of society. The ancient stratification of society into the few usurers vs. the many borrowers proved to be dysfunctional because it was destabilizing. War and revolution upset the lives of everyone. One way of helping this hazard of usury is the modern phenomenon of involving as many as possible in the lust for unjust gain. If more people have a vested interest in the continuation of the Tinkerbell system, that fact itself will keep it going longer. But an irrevocable principle of usury is that usury tends to concentrate wealth into the hands of the few. Even though there are numerous avenues today on which nearly everyone may dabble in usury - and millions do - nevertheless a small fraction of "investors" have a corner on all those credit markets. One may think principally of the NOW accounts, Certificates of Deposit, Treasury Bills, Notes, and Bonds, Mutual Funds, and the like. Millions of petty usurers diminish their indebtedness by only a fraction by the meager gains they reap in their little "investments". In reality, overall indebtedness continues to grow. The breakdown of confidence and the attending anti-social chaos will come eventually. Twentieth century professional usurers, who have greatly slowed the cycle of violence, hope that the future calamity may be deferred to the next generation.

A recent Washington Post story pictures one aspect of the current problem in a graphic way:

Meet Ralph, the average American taxpayer who each year sends the government some of his paycheck to finance defense, national parks, Amtrack, education, welfare, subways, sewers, environmental protection and more.

Ralph probably doesn't know it, but this year [1986] the government will take \$699.23 of his \$3,537 in federal income taxes to fund something that delivers no services at all. That is the payment of interest on the government's unpaid debts.

These payments comprise the third largest item in the budget unveiled by President Reagan, after Social Security and defense.³⁴

34. appearing in "The Columbus Dispatch", Feb.16, 1986

Usury now approaches 20% of the Federal budget, on a debt in excess of two trillion "dollars" - that is 2,000,000,000,000. Part of the convenience of having a Federal Reserve System, which creates "money" out of nothing, is that if a debtor cannot repay his loan on time, it can be "refinanced" with the creation of additional "money". In this way, usury payments continue to flow, though they continue also to mount. Debts, and usury, eventually mount up to a level that is even more impossible to pay. That precisely is the main problem in the "farm crisis" of the 1980s. Farmers by the thousands each year are losing their farms to banks because they cannot meet their debts. Their debts got to be as high as they were because they could not meet prior debts, which simply were refinanced. The source of all the trouble is that their loans are loans upon usury. In addition to the Federal debt and the Farm debt, there is the Home Mortgage debt and Consumer debt of individuals, which amounts to another two trillion "dollars", debts of business and industry amounting to 2.4 trillion, and the debts of state and local governments totalling 559 billion. This adds up to a grand total U.S. debt of over seven trillion "dollars".³⁵

One way of looking at this is the way in which the Washington Post article put it: "If Ralph earns \$36,600, the median U.S. income for 1985, he has to work for 1 1/2 weeks this year just to pay the interest on the government's debt." With private debt at the same level as Government debt, the average individual has to work another week and a half to pay the usury on the private debt. And then there is the debt of state and local governments. As it stands now, the average worker labors nearly a month out of every year to accomplish nothing but the payment of usury. Does America perceive herself as slowly but surely entering into indentured servitude? When will there be a general public outcry, as there was in ancient times? Will we need to be totally enslaved, working twelve months a year to pay usury?

E. L. Anderson has graphed the performance of the National Debt, Usury on the National Debt, the Consumer Price Index, and Federal

35. Board of Governors of the Federal Reserve System, "Flow of Funds Accounts, First Quarter 1986", (Z.1 June 1986, Flow of Funds, 1986:Q1), p.viii

Budget Deficits over the last several decades.³⁶ These curves are reproduced on the following page. What is immediately apparent upon only a glance at these curves is that "something has got to give". Though Anderson's data is a bit old now, the situation has only worsened since 1979. His thesis is that the situation which these curves represent cannot continue, mainly because the line is converging on the vertical. Upon reaching vertical, time stops, which is an impossibility. What, however, is not an impossibility is that soon - no one can say how long it will take - usury payments will reach a critical threshold proportion of the Federal Budget, absorbing a critical threshold percentage of the Gross National Product, and the debt simply will be repudiated. As Mises said,

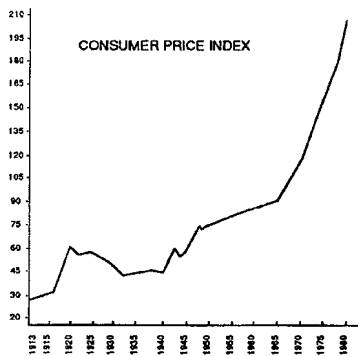
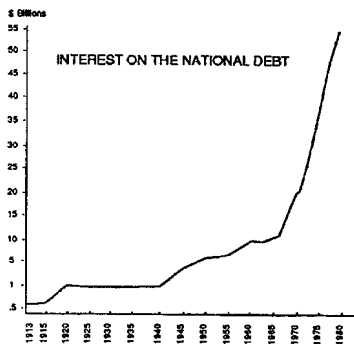
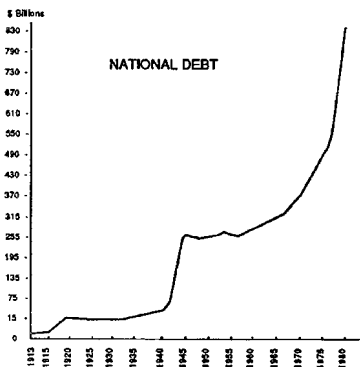
The Financial history of the last century shows a steady increase in the amount of public indebtedness. Nobody believes that the states will eternally drag the burden of these interest payments. It is obvious that sooner or later all these debts will be liquidated in some way or other, but certainly not by payment of interest and principal according to the terms of the contract.³⁷

One newsletter states that at the present rate of growth of government debt, usury on the debt will *totally* absorb our Gross National Product by 2013. It is much to be doubted that civilization will remain intact long enough for that to happen. That, of which Mises spoke in the '50s, is upon us today. Foreign debt to American banks in many cases has become unpayable. Third World nations are threatening to repudiate this debt. This threat created what is already being called a "banking crisis". A full range of tyrannical Executive Orders already are signed and waiting in the wings in the event of a "national emergency". Remember what Roosevelt did in order to deal with "a national emergency in banking".³⁸ Meanwhile, foreign debtors are enabled to maintain their usury payments by means of low-cost International Monetary Fund

36. E.L. Anderson, "The Upright Spike of '79: Doomsday for America", (Washington: Government Education Foundation, 1978)

37. Mises, *Human Action*, p.227

38. for more on the concealed tyranny of Presidential "Executive Orders", see: Gary North, *Government By Emergency* (Ft. Worth: ABER), and F. Tupper Saucy, *The Miracle On Main Street* (Sewanee, TN: Spencer Judd)



loans. These loans are guaranteed by the U.S. Government. That means that if the foreign debtors do not pay, then the American taxpayers will pay. Either way the bankers will have their usury. When popular belief in Tinkerbell fails, professional usurers no longer will have any recourse for collecting debts. They are banking - literally - on the hope that widespread petty usury among the general population will provide enough popular incentive to keep the myth of Tinkerbell alive. This actually amounts to a religious faith in the modern world that is not unlike the idolatry of ancient Babylonia. Now that so many are caught up in the web of usury, it will cost the average debtor a great deal to repudiate the mythology. There is a great vested interest to keep the "faith", even though to an objective glance the ridiculousness of Tinkerbell is obvious.

The basic character of usury has not changed over the centuries. The idea of usury has evolved into highly complicated "interest theory", but the function of usury, no matter what it is called, remains the same. Regardless of whether the loan is for business, or for meeting an urgent need; whether it is a loan of money, a loan of goods, or a loan of raw "purchasing power" in the form of paper or electronics, it remains unchanged that usury on the loan is gain to the usurer for which he did not labor, and is that for which the borrower did labor, but does not enjoy the benefit. The modern face of usury is 1) the abstract nature of the loan principal; being in most cases that which a banker created by the stroke of his pen, and 2) the vast web of surety and petty usury into which the borrowing public has plunged. These developments highly complicate the matter, which complication hardly is to regarded as accidental. Now, it is only with difficulty that one can detect the hurt that usury is causing him. And our culture is so secularized, and so self-centered, that virtually no one perceives nor cares that usury is causing great hurt to our nation as a whole.

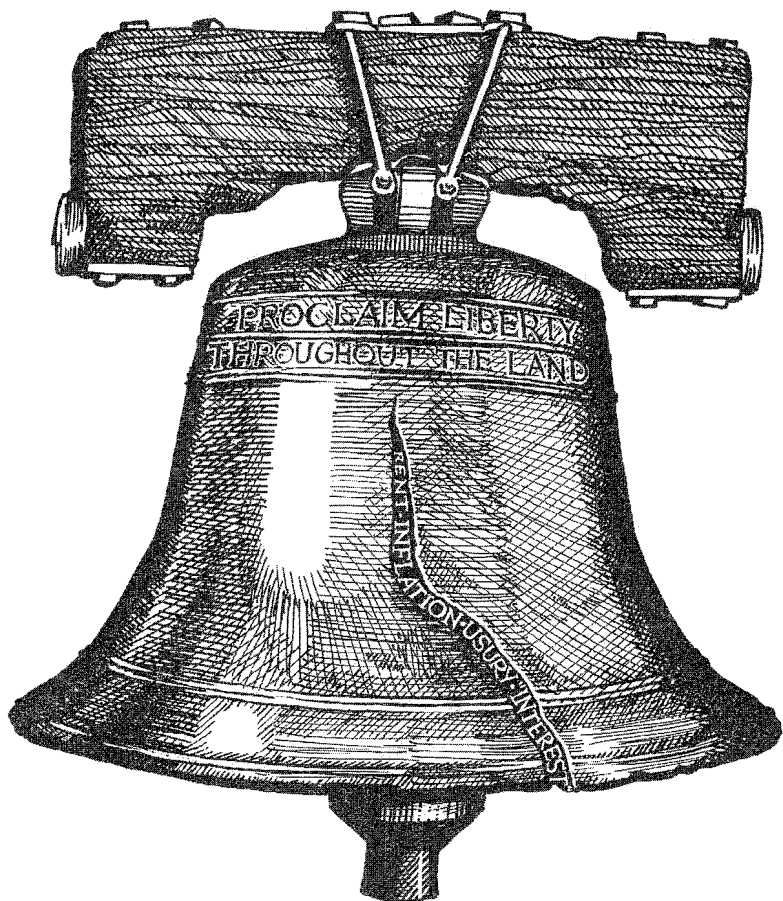
Those who ought to occupy the City of God are for the most part welcoming the day of calamity, because they expect that its coming only signals the imminence of "the rapture". However, in ever larger numbers, Christians are waking up to the fact that Christ is not the Lord of a defeated church. We must not desire escape, as though at last resort we would wish for the mountains to fall down and cover us. We have permitted the inhabitants of Babylon, the "earthly city", to infest our land

even from its very foundation. For all that is right and true and glorious in our land, we never have had a truly righteous economy. The failure of our present unrighteous economy does not signal the imminent escape of the church, but the fall of Babylon. In order to establish righteousness in our midst, our first step is not to attempt to identify certain individuals or groups whom we feel are responsible for our troubles. It is *we* who are responsible. The initial step of reform is *repentance*. We must show ourselves to be in truth God's people, citizens of His City, by keeping His law, in His power and by His grace. There is no substitute for this.

The lessons of history are obscured, and we appear bound to re-learn them. Usury *eventually* and *always* destroys a nations economy. This appeared to happen more readily and more violently in the ancient world only because the ancient economies were not buffered with "money" that privileged men could create out of nothing. Once the commodities that were used in exchange were in sufficient measure absorbed by usurers, no recourse was left to the debtors but to choose slavery or revolution. Of the many iniquities that have plagued economies through the centuries, usury is the most destructive. Will we learn from history, or will we be forced to re-learn what ought to be crystal clear? One way or the other, the reality of the plague of usury shall become apparent. It is probable that the current economy has festered to the point that it cannot be reformed; it must be replaced. In that event we who are of the household of God ought not to pine for Babylon. For "the earthly city", it is too late; but for the City of God, a new era of righteousness will have just begun.

Post Script to The History of Usury.

The preceding discussion is by necessity very sketchy. The main point of this present writing is not to provide exhaustive historical detail, but to demonstrate the consistently disastrous results of usury throughout time. It is probable that as well as doing that, the preceding discussion also raised some questions in the reader's mind that were not adequately addressed. It is recommended that the reader pursue such questions on his own. For general history, the series by Will Durant, *The Story of Civilization*, is recommended (New York: Simon & Shuster). Though Durant's non-Christian bias plainly is evident, still he is most helpful in supplying historical sequence and detail. For economic history specifically, the reader should consult W. Cunningham's, *The Growth of English Industry and Commerce* (New York: A.M. Kelly). Though it centers on England, it provides many helpful insights concerning the development or evolution of economic relationships, which are typical of mankind. For the topic of usury itself, the recommended text is Rev. Patrick Cleary's, *The Church and Usury* (Hawthorne: The Christian Book Club of America). His approach is general, much like the present treatise, though there is less axe-grinding. However, there are many helpful insights. One area that especially requires further study is the conspiratorial aspect of the development of modern banking. A recommended starting point is W. Cleon Skousen's, *The Naked Capitalist* (privately published, 2197 Berkeley St., Salt Lake City, UT 84109). Also of interest will be A. Ralph Epperson, *The Unseen Hand, an Introduction to the Conspiratorial View of History*, (Publius Press: Tuscon, AZ). To obtain these, and other helpful books, the reader is urged to locate an American Opinion Bookstore. For a good expose of The Federal Reserve System, see Eustáce Mullins, *The Secrets of the Federal Reserve* (Staunton: Bankers Research Institute). The FED does a fair job of exposing themselves. For a frank account of how they create "money" with the stroke of a pen, and the operations of "Fractional Reserve Banking", write to "Public Information Center, Federal Reserve Bank of Chicago, P.O. Box 834, Chicago, IL 60690", and ask them to send, free of charge, their revealing booklet, "Modern Money Mechanics".



Repair the bell - let freedom ring!

SURVEY OF BIBLICAL TEXTS ON USURY

The preceding historical sketch was meant to demonstrate two facts: 1) That money strictly speaking is gold and silver coin; therefore what passes as "money" today in our land (and indeed throughout most of the world) not only is not money, but does not even represent money, and 2) that because of 1 above usury is given an economic context in which to fester seemingly indefinitely, without the instability of slavery or revolution. The significance of these facts may be weighed in accordance with one's convictions on the moral character of usury. In the case that usury is accepted, the present context, which promises to support usury without social upheaval, is welcomed as progress. The contention of the present writing, however, is that usury is wrong, and that this sort of promise actually amounts to simply a self-serving, short-term grasp for momentary riches, while deferring the social upheaval, which must come, to the next generation. Indeed, the horror of abortion is not the only exhibition of our generation's contempt for posterity.

These historical realities provide an understanding of usury which allows one to appreciate God's word on the subject. But this is not to say that history is autonomous, or that it is a standard by which Scripture may be interpreted. The testimony of Scripture provides the basis for a true interpretation of history. However, a pro-usury idea is inconsistent with an otherwise biblical view of history. Historically, the character of usurers, and the consequences of usury are entirely contrary to the biblical vision of godliness and charity. It is fitting, therefore, that the discussion turn now to a survey of the biblical teaching on the subject of usury.

Exodus 22:25

"If you lend money to My people, to the poor among you, you are not to act as a creditor to him; you shall not charge him interest."

Moses had led the people Israel out of bondage in Egypt and the Lord had brought them to Mt. Sinai. While the people waited at the base of the mountain, Moses went up and communed with God. The Lord spoke at length with Moses and delivered unto him the law. The most well known aspect of this body of law is what is known as the Ten Commandments. Rushdoony makes the point that in fact these Ten Commandments form the foundation of law, all other statutes being derived from them as case law.¹ Among these other statutes is the above quoted rule concerning usury. As case law, this may be considered derived from the eighth commandment, "You shall not steal" (Exodus 20:15). Calvin, Rushdoony, and other expositors of God's law treat of usury under the head of the eighth commandment.

The first thing that must be noted in this statement, is that the word "money" in this verse is given in translation of a word that actually means "silver". The economic context of this occasion was that which has been termed a "money economy". Silver and gold, in lumps - not coins, had come into service as media for exchange. Anticipated in this rule was a loan given in media, which still was quite different from current loans. Loans in that case would entail the transfer of some physical substance. This rule, then, was to prohibit charging a fee for the use of the property loaned, which often is manifested by the repayment of an amount of substance that was greater than what was loaned. Before considering in detail the nature of this prohibition, and to whom it applies, let us first look briefly at the term which is translated "interest".

Our word "interest" comes from the Latin "interest", which means "compensatory payment", and originally had this meaning also. Older English translations, e.g. the King James Version, 1611, gives "usury" instead of "interest". Modern translations almost always use "interest".

1. R.J. Rushdoony, *The Institutes of Biblical Law* (Nutley: Presbyterian & Reformed, 1973), p.10-12

Rushdoony points out that since the word has come to mean the same thing as usury, and that usury now is thought to mean "excessive interest", then confusion may be avoided by using "interest" where actually is meant "usury".² The Hebrew word in this verse is *Neshak* and comes from a related word *Nashak*, which literally means "bite". It is used mostly of serpents (Numbers 21:6,9; Proverbs 23:32; Ecclesiastes 10:8,11; Jeremiah 8:17; Amos 5:19;9:3). However, in one instance the NASB translates *Nashak* differently. Habakkuk 2:7, "Will not your creditors (*Nashak*) rise up suddenly, and those who collect from you awaken? Indeed, you will become plunder for them." The related term *Neshak* is used only in reference to the practice of usury. It is translated "usury" every time in the KJV and "interest" every time in the NASB.

It is not very difficult to discern the requirement of this law. Clearly, usury, or the charging of "interest" on a loan, is prohibited. Some have said that this applies only in the case of "charitable" loans to the "poor", because the text specifies "to the poor among you". While the poor are mentioned specifically as the recipients of a loan, nevertheless the exclusive applicability of this law to loans to the poor is not shown by any specific contrast of "poor" with "rich". The real emphasis in this law is not "the poor", but "My people". It says, "If you lend money to My people. . .", and from there goes on to say ". . .to the poor among you". "The poor" are mentioned as a further definition of exactly who among His people might be in receipt of a loan. Who, indeed, besides a poor man would be borrowing? If a man has what he needs, why (and what) would he borrow? In our modern times, almost everyone is a borrower in some way. In ancient times, men borrowed only because they had an urgent need. The question now becomes: does our modern practice mitigate the requirement of God's law? God has stated specifically that his people are not to be borrowers (Deuteronomy 15:6; 28:44) and that rather they are to prosper to such an extent that they shall be lenders to others. Any who fall "poor" among His people are to receive assistance from his brethren, and that without usury. A more comprehensive treatment of this question will appear later.

2. IBID, p.473

Leviticus 25:35-37

"Now in case a countryman of yours becomes poor and his means with regard to you falter, then you are to sustain him, like a stranger or a sojourner, that he may live with you. Do not take usurious interest from him, but revere your God, that your countryman may live with you. You shall not give him your silver at interest, nor your food for gain."

Both occurrences of "interest" in this passage are rendered from *Neshek*, the meaning of which the reader will recall from the discussion above. A difference in this passage is the occurrence of the phrase "usurious interest". "Usurious" is from a word (*Tarbish*) that literally means "increase", which indeed is how it is rendered in the KJV, "take thou no usury (*Neshek*) of him, or increase (*Tarbish*)." The NASB renders this word "increase" in Ezekiel 18, a passage which shall be examined in turn. Calvin charged ancient Israel with attempting to escape condemnation by calling their usury by a less incriminating name, and contended that in the passage now under consideration God joined *Tarbish* and *Neshek* together for a like condemnation. He said, "The name *neshech*, which is derived from *biting*, sounded badly; since then no one chose to be likened to a hungry dog, who fed himself by biting others, some escape from the reproach was sought; and they called whatever gain they received beyond the capital, *therbish*, as being an increase. But God, in order to prevent such deception, unites the two words (Lev. xxxv.36,) and condemns the increase as well as the biting."³

Of particular interest in this passage is the contrast that appears in v.36: "Do not take usurious interest . . . but revere God" This contrast builds on the moral concern of sustaining one's brother. The prohibition of usury does not stand alone morally. As the Westminster Catechism indicates, God's law carries both a requirement and a prohibition. In this case, along with prohibiting usury on loans to one's brother, there is the requirement to make the loan to one's brother. Keeping oneself pure from usury is fairly easy if one does not make loans. However, the

3. John Calvin, *Commentaries on the Four Last Books of Moses* (Grand Rapids: Eerdmans, 1950), Vol.III, p.130

fulfillment of the law is not simply to abstain from the negative, but also to embrace the positive. The "people consciousness" that ought to pervade the church would disallow, with an inner moral constraint, any plunder of one brother by another, which results from usury, and in its place this "people consciousness" would have us sustain the unfortunate among us. One must revere our God, and sustain - not plunder - his brother. This further exemplifies the point made above, that the emphasis in the command is "My people", not "the poor". The broader context of this text is the law concerning the Sabbatical year and the Jubilee. Some have sought to infer from this that the usury statute has particular reference to the oppression of the poor. The wording of the statute in this case does seem to suggest a particular application to "the poor". Indeed, if this were the only occurrence of the statute, a limited scope of applicability would be difficult to deny. However, the command occurs with a broader scope in two other places (one just previously examined, and the other to be examined below), and provides that the present text must be taken as a special reemphasis of the law for the sake of the poor. Whereas, borrowing in ancient times generally was limited to cases of personal need (i.e. "consumer credit" and "commercial loans" were entirely unknown), an emphasis on the poor in the law was actually in reference to *most* cases of borrowing. But this does not exclude from the proper jurisdiction of the law such cases as one who is not poor borrowing a cup of sugar from his neighbor. The affinity that God's people are commanded to have with one another is not limited to a particular class. The "poor" brother enjoys a special mention only because he is the one who is most liable to the plunder of usury.

Deuteronomy 23:19,20

"You shall not charge interest to your countrymen: interest on money, food, or anything that may be loaned at interest. You may charge interest to a foreigner, but to your countryman you shall not charge interest, so that the Lord your God may bless you in all that you undertake in the land which you are about to enter to possess."

In this passage, "interest" is rendered from *Neshek*. To repeat briefly, the reader will recall that *Neshek* literally is "a bite", as of a serpent, and in the KJV always is rendered as "usury".

"Deuteronomy" means "second law". As the people Israel prepared to cross the river Jordan, to enter the promised land, Moses, who was not going with them, spoke to them at length to remind them of their history, and the law which their God had spoken. The power and blessing of God was reiterated to them, lest they forget how marvelously they were led through the wilderness. In the course of this review, Moses also reminded them at length of God's law, which once was delivered to them. The rule prohibiting usury was encountered twice before. As a summary and review of the law, this passage may be taken as expressing the sense in which Exodus and Leviticus must be taken. This is the passage which states very clearly what has been said earlier about the affinity of the brethren. The prohibition against usury is not, as many even among conservatives would say, a prohibition specifically against "charitable" loans, or loans to the "poor", but a prohibition against loans given to our brethren. Usury enslaves. The brethren are not to be enslaved.

Also of interest is the broader statement of the sort of loan which the statute has in view. It prohibits "interest on money [silver], food, or anything that may be loaned at interest." This inclusive phrase parallels the command that the lender ought to give to the borrower "whatever he lacks" (Deut.15:8). Thus the borrower, who has received in loan any sort of thing, is secure in knowing that brotherly charity, as defined in the law, excludes usury in every case.

Building upon the brother/stranger distinction, this passage contains a unique feature. Though it may be implied in the emphasis that usury is forbidden in the case of the brethren, this is the only passage that

explicitly states that it is permitted in the case of the "foreigner". This introduces one of the most touchy aspects of the usury problem in modern times. If usury is to be considered inherently wrong, then would it not be considered wrong in every case? If this is so, then what of the permission that is granted in v.20 to exact usury from the foreigner? If this permission is taken to mean that usury is not inherently wrong, but is prohibited in the case of brethren on pragmatic grounds, then would it not be expected that there may be some circumstances (e.g. "commercial loans") in which usury might be permitted even in the case of the brethren? These questions pertain not only to usury, but to morality as a whole, and constitute a problem that would be outside of the present parameters to treat fully. There are other questions regarding the problem of the provision for usury in this passage, and they shall be treated in greater detail in a discussion to follow later. The following remarks shall suffice for the present discussion.

The brother/stranger distinction has nothing to do with the "type" of loan given, i.e. it is not the same thing as the charitable/commercial distinction. Usury was prohibited in loans to a brother *because* he was a brother, and likewise usury was permitted to the stranger *because* he was a stranger. Israel was commissioned to conquer the inhabitants of Canaan. Usury already was proven as a very effective technique for conquest, thus it was permitted in this case. That is, this permission to exact usury does not constitute a "qualification" of the law, but a measure of wrath that is to be brought upon lawless ones. It may be likened to carrying out the death penalty upon a murderer. Murder is against the law, and execution is not a "qualification" of this law, but is wrath that is carried out against the lawless murderer.

Of positive benefit in this text is the reiteration of the godly motivation that is given for faithfulness to this law. Having once again laid upon Israel the prohibition of usury, God adds, "so that the Lord your God may bless you in all that you undertake in the land which you are about to enter to possess." It is interesting to contemplate the practical consequences of rampant usury from a theoretical, economical perspective, and likewise to consider the practical benefits of a society that is free from usury. However, it always must be held in view that nothing in economics is left to contingency. All of the calamities or blessings that

come upon us are controlled directly by our God, and are levied upon us according to His own mysterious purposes. Our hope is that His purpose is to bless His people, and He has given us to believe (see Deuteronomy 28) that in case we are faithful to His law, we are secure in the hope of blessing.

Nehemiah 5:7,10

"And I consulted with myself, and contended with the nobles and the rulers and said to them, 'You are exacting usury, each from his brother!' Therefore, I held a great assembly against them. And I said to them, ' . . . likewise I, my brothers and my servants, are lending them money and grain. Please, let us leave off this usury.' "

This text embodies two of the three occurrences of the word "usury" in the NASB. This version usually gives "usury" for *Tarbith*. In the present text, "usury" is given for a different word - *Mashsha*. It has the meaning of "exaction". Here it speaks of the coldness and indifference with which one brother related to another. Those under usury saw themselves slipping into slavery, while those to whom they were indebted apparently did not care. How did such a distressing situation emerge in Israel? The events which led up to Nehemiah's exhortation are characteristic of man's propensity to sin, and the blessings of repentance.

As the history of the people Israel advanced, they proved themselves to be a stubborn and "stiff-necked" people. They ignored God's laws, intermarried with an idolatrous people, sacrificed to their idols, and corrupted themselves. God raised up the kingdoms of Babylon and Assyria for the purpose of disciplining His people. Those who dwelt in and around Jerusalem were defeated in battle, and carried off into exile in Babylon. The book of Nehemiah chronicles the close of this period of captivity, and the return of many of the people Israel, under the leadership of Nehemiah, to Jerusalem to rebuild the city. They were not free from the threats and aggression of the pagan people that God had used to discipline them, and there was an inner corruption (the reason for

their captivity in the first place) that they needed to overcome. Although there are many aspects to this, however, the concern here is to note the extent to which they required re-instruction in the law.

Famine conditions arose (possibly because of the sudden influx of people returning from captivity). Instead of sustaining the brethren as required by the law, as was seen above, those in need were subjected to usury. "We are mortgaging our fields, our vineyards, and our homes that we might get grain because of the famine . . . We have borrowed money for the king's tax on our fields and our vineyards. And now our flesh is like the flesh of our brothers, our children like their children. Yet behold, we are forcing our sons and our daughters to be slaves, and some of our daughters are forced into bondage already, and we are helpless because our fields and vineyards belong to others." (5:3-5) Instead of becoming kings and owners in the land, they were swiftly entering into slavery under usury at the hands of their own brothers. This greatly angered Nehemiah (v.6), and he called not only for the cessation of this usury (see text quoted at the head of this paragraph), but also called for restitution, "Please, give back to them this very day their fields, their vineyards, their olive groves, and their houses, also the hundredth part of the money and of the grain, the new wine, and the oil that you are exacting from them" (v.11). The usurers were moved by this plea, and readily agreed to repent and return the property. It is interesting to note that this restitution included "also the hundredth part of the money..." This dramatically illustrates the fact that the usury prohibition has nothing to do with degree. An "interest rate" of 1% is as unacceptable as 40%. This text is a great problem for the notion that usury merely is "excessive interest", for 1% hardly could be considered excessive.

The people had exhibited a great lack of understanding of the law. Their readiness to repent of usury indicated the redemption of their hearts, but their tendency to sin by way of usury indicated an ignorance of the law. All during their captivity they had learned the pagan ways of Babylon. Now it was necessary for them to learn once again the law of God. Ezra, a priest, held a great assembly, and read to the people from the law of God "from early morning until midday" (8:3). This was rich and fulfilling time for Israel. Repentance was complete and sincere. Their whole outlook on the world was altered radically by their new

understanding of what God required of them. They took immediate and concrete steps to bring their lives into conformity to the requirement. It appears that a similarity exists between our own generation and Israel in the time of Nehemiah. We likewise have rampant usury among the brethren. We likewise have learned the ways of Babylon, and display either an ignorance of, or indifference to, the law of God. Will there be an Ezra in our day? Is the reader, by reading the present work, in a position that is even remotely similar to those who heard the law read under Ezra? Will he likewise repent?

Psalm 15:5

"He does not put out his money at interest, nor does he take a bribe against the innocent. He who does these things will never be shaken."

This is a psalm of David, who ruled Israel during their ascension to greatness, prior to the days of defeat and captivity. It is a very brief psalm, the bulk of which is devoted to addressing a question that is posed in the opening verse, "O LORD, who may abide in Thy tent? Who may dwell on Thy holy hill?" The answer to this, while one that is highly complex and lengthy may be imagined, actually is quite succinct, so much so that it may be quoted in its entirety:

He who walks with integrity, and works righteousness
And speaks truth in his heart.
He does not slander with his tongue,
Nor does evil to his neighbor,
Nor takes up a reproach against his friend;
In whose eyes a reprobate is despised,
But who honors those who fear the LORD;
He swears to his own hurt, and does not change;
He does not put out his money at interest,
Nor does he take a bribe against the innocent.
He who does these things will never be shaken.

Here again, the word given here as "interest" is *Neshek*, "to bite". At first one might wonder why such a brief description of the godly man would include such a thing as this. One rightly would expect this comprehensive description to include only necessary elements, with no extraneous comments. But, having noted the extremely debilitating effects of usury, both in our historical account and in the biblical account, one may understand the importance of this issue and its inclusion in this list. Indeed, v.5 is an elaboration of v.4. The righteous man "honors those who fear the LORD", not "humanity in general". One very important instance in which this honor is seen is in the case of usury - or the abstinence there from - in relation to the brethren. "He who does these things will never be shaken." It indeed is comforting to have this assurance, but such assurance is not ours automatically. A prelude to the assurance is "He who does these things", the list which comprises "these things" having just been given. Modern Evangelicalism does not like being asked to perform. The present age is supposed to be an age of "Grace". However, Grace too typically is seen to be an end, rather than a means. It seldom is realized that God's Grace is not only for Redemption, but as well is to empower the redeemed unto good works. Grace is not static; it leads somewhere. It leads the redeemed the same place as it leads the reader of Ephesians chapter 2:

For by grace you have been saved through faith, and that not of yourselves, *it is* the gift of God; not as a result of works, that no one should boast. For we are His workmanship, created in Christ Jesus for good works, which God prepared beforehand, that we should walk in them. (v.8-10)

If the modern church will not do His good works, and rather would continue in usury in opposition to the requirement of His law, then let her not suppose that she will escape the shaking of His discipline.

Proverbs 28:8

"He who increases his wealth by interest and usury, gathers it for him who is gracious to the poor."

Here is another juxtaposition of *Neshek* and *Tarbiith*. Where the NASB translates "interest and usury", the KJV translates "usury and unjust gain". Recall that *Tarbiith* literally means "increase".

Regardless, the principle of this proverb comes through clearly. The usurer is not gracious to the poor, for the gains he reaps through his usury may be considered as stolen outright from them. In reality he gathers not for himself and his own pleasures, but for him who *is* gracious to the poor. The Lord of history is sovereign. Even though the usurer may give all appearance of excelling in riches and power, still none of what he has gathered has been taken out of the hand of God. He will avenge His own purposes and will. There is no future in usury. War, revolution, and overthrow await those involved in unjust gain. The Sovereign Lord will see to it that His own economy and laws rule in the affairs of men. The law of God is both *prescriptive* and *descriptive*. In his sin, man experiences the prescriptive character of God's law. It exposes his sin. However, the function of God's law does not cease upon the redemption of man. The redeemed continue to experience the function of God's law, though in its more positive aspect as descriptive of righteousness. It has this quality because it is descriptive of the world *as God designed it*. No one can choose to ignore God's law, for the one who would do so sooner or later will be forced to acknowledge it simply because he cannot escape this world. In the matter of usury, scoffing at God's law may seem lucrative for the moment, but the sure testimony of His Word is that wealth eventually will accrue to those who function lawfully.

Isaiah 24:1,2

"Behold, the LORD lays the earth waste, devastates it, distorts its surface, and scatters its inhabitants. And the people will be like the priest, the servant like his master, the maid like her mistress, the buyer like the seller, the lender like the borrower, the creditor like the debtor."

Isaiah the prophet warned Judah (the Southern people of Israel who occupied Jerusalem and the surrounding region) of the impending captivity in Babylon. This was the same captivity out of which Nehemiah and company later emerged, as was discussed above. In graphic terms Isaiah warns the people of the utter destruction which God was about to bring upon them for their unfaithfulness. Verse 1 relates this in imagery involving a geologic catastrophe; v.2 then pictures some of the sociological consequences of this upheaval. Generally, there is portrayed a leveling, or equalization of all persons under the destruction. Defeat and captivity is no respecter of persons. Nor is hunger or disease. While there is no word in v.2 that may be rendered as "usury", the KJV gives "as with the taker of usury, so with the giver of usury to him". It shall be left to scholars to debate whether there actually is any usury involved here, however, the flow of images in v.2 tends to reinforce what already has been learned from Proverbs 22:7, "the borrower becomes the lender's slave." As enslavement mounted in this fashion among God's people, this, as well as a host of other sins brought the judgement of God upon them. As is depicted so dramatically, the effects of this judgement, among other things, was to obliterate this shameful distinction between lender and borrower in Israel. If this distinction is not kept out by keeping God's law, it will be forced out as borrower and lender alike enter into captivity.

Jeremiah 15:10

"Woe to me, my mother, that you have born me as a man of strife and a man of contention to all the land! I have neither lent, nor have men lent money to me, yet every one curses me."

Jeremiah was Isaiah's colleague. Whereas Isaiah prophesied to the so-called "Southern Kingdom" of Judah, Jeremiah warned the ten "Northern" tribes of Israel concerning coming judgement at the hands of Assyria.

The points concerning translation are much the same as in the case of Isaiah above. The KJV puts, "I have neither lent on usury, nor men have lent to me on usury." Usury is not explicit in the original, however, it may be part of Jeremiah's commentary that "loan" had come to imply "loan at usury". In either case, it is telling that Jeremiah would suppose that being either a lender or a borrower would give sufficient cause to incur the curses of others. He expresses some dismay that though he is neither of these, yet "every one curses me."

Ezekiel 18:8,13,17

". . . if he does not lend money on interest or take increase, if he keeps his hand from iniquity, and executes true justice between man and man . . . he is righteous and will surely live. . . [if] he lends money on interest and takes increase; will he live? He will not live! He has committed all these abominations, he will surely be put to death; his blood will be on his own head. . . . [if] he keeps his hand from the poor, does not take interest or increase, but executes My ordinances, and walk in My statutes; he will not die for his father's iniquity, he will surely live."

Ezekiel was a prophet who ministered to those who were in captivity to Babylon. His message was largely of judgement and righteousness, with a fair portion devoted to an image of restoration. Chapter 18 deals with a false proverb that was common among the exiles in that day. "The fathers eat the sour grapes, but the children's teeth are set on edge." (v.2) It may be supposed that this proverb was built upon the biblical saying, uttered by God in the context of the Third Commandment, "I, the LORD your God am a jealous God, visiting the iniquity of the fathers on the children, on the third and fourth generations of those who hate Me." (Exodus 20:5) Indeed, the present generation is devouring the sour grapes of usury, but it is the next generation who will feel the worse affects of it, i.e. economic collapse, social upheaval, and global poverty. This same principle may be seen throughout history. But this must always be seen as a "visitation" of a sovereign God. God's opposition to the proverb of Ezekiel 18:2 probably was because the people had come to regard it as a mechanistic principle. God declares to them that it is not a mechanism, but it is He who is at work, "Behold, all souls are Mine; the soul of the father as well as the soul of the son is Mine. The soul who sins will die."

The remainder of the chapter is a very explicit explanation of just what He means. What about a righteous father who has a wicked son? The father lives, and the son dies. Now, suppose this wicked son has a son, and this one observes the wickedness of his father, but does not do likewise, rather he is righteous. This latter one will live, even though his father is wicked. There are a number of questions which might be raised concerning this, which however do not directly concern the present study of usury. Noted specifically is what is said about usury in connection with this discourse on righteousness and wickedness.

In describing the life of a righteous man, the text goes to considerable length. Among his traits are justice, abstention from idolatry, marital fidelity, respect of property, charity, and abstention from usury. Verse 9 acts as a summary of this life when it says, "If he walks in My statutes and My ordinances. . ." If this is the righteous life, then what would characterize the wicked life? What is sin but "any lack of conformity to, or transgression of, the law of God" (Westminster Shorter Catechism). Verses 10-13 virtually reverses every point mentioned in the righteous

life, in order to provide a description of the wicked life. Therefore, whereas the righteous man will not exact usury, the wicked man will do so. This is very plain in the text, and very forcefully stated. The inclusion of usury in this discussion of righteousness and wickedness reminds one of, and reinforces the effect of, the similar discourse in Psalm 15:5. The wicked man, the usurer, will not live. He shall not dwell on God's holy hill, for he has taken the life of Babylon, the "earthly city". It is the one who does righteousness, who looks with compassion on the poor, who freely loans to his brother, that will live, and live with God.

Ezekiel 22:12

"In you they have taken bribes to shed blood; you have taken interest and profits, and you have injured your neighbors for gain by oppression, and you have forgotten Me," declares the Lord GOD.

Carrying on from chapter 18, the prophet Ezekiel proclaims the Word of God unto an adulterous generation. He declares the sins of Israel's leaders, and in chapter 22 he declares the sins of Jerusalem as a whole. The chapter begins: "Then the word of the LORD came to me saying, "And you, son of man, will you judge, will you judge the bloody city? Then cause her to know all her abominations" (v.1 & 2). What follows is a list of amazingly disgusting sins, by means of which Israel had made herself indistinguishable from the surrounding pagan peoples. As in chapter 18, here also, we encounter usury as a feature of a profile of wickedness. The NASB translates, "You have taken interest and profits." "Interest" is given for *Neshek*, which is consistent with all other NASB renderings for this word. However, the word for which "profits" is given is *Tarbish*. The reader will recall that this juxtaposition of *Neshek* and

Tarbitth occurs also in Proverbs 28:8. There the NASB rendering is "interest and usury". Laymen, such as the present writer, can only wonder what scholarly justification there may be for this inconsistency. Whatever explanation may be given, it is to be doubted that "profit" is the best word in this case. The context clearly is an enumeration of Israel's sins. If "profits" is correct for *Tarbitth*, then what God is telling us is that profit is a sin. However, what must be held in view is that God's word is telling us that *Neshek* and *Tarbitth* are sins. From all that is known about the character of these sins, they may be described in modern economical categories as charging a fee for the use of property, or *usury*.

It is instructive to the modern reader to note that usury takes a place in an array of other disgusting sins, which appear in Israel only when she became worthy of captivity to Babylon, that "earthly city". When God's people make themselves indistinguishable from the world, it invariably is the world that rules God's people. When God's people obey God's laws, they become a "peculiar" people, who are ruled only by their God. Usury is a means of bondage and oppression that is the invention of the "earthly city". The "City of God" is governed by God's laws, which prohibit usury. Christians who dabble in usury forsake the rule of God and subject themselves to the rule of godless men.

Matthew 25:27

"Then you ought to have put my money in the bank, and on my arrival I would have received my money back with interest."

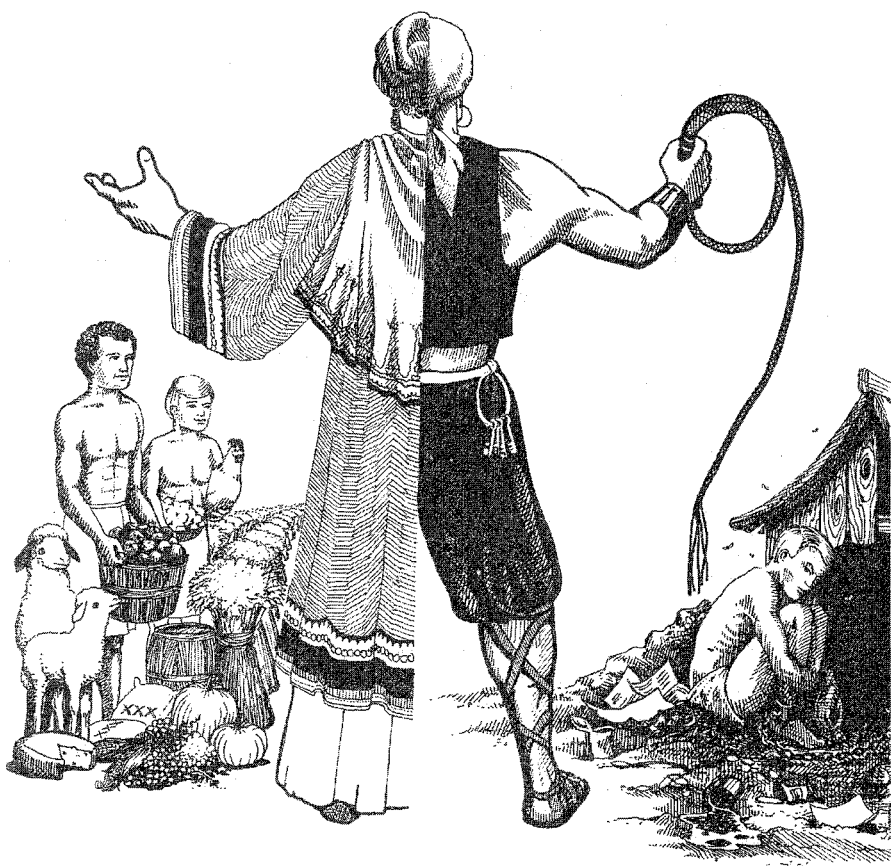
Those in modern times who would like some biblical justification for their own involvement in usury find much comfort in this parable, and a similar one in Luke 19, for they certainly have nothing to comfort them in the Old Testament. (Due to the similarity between Matthew 25 and Luke 19, in-so-far-as this parable, both of them are treated together). But a sensible reading of this text readily will dissolve such comfort, for the character of usury, and the ordinances of God concerning it, have not changed from the beginning.

A certain master was planning a long journey. While preparing to leave, he called to him his servants, and entrusted to them varying amounts of money (talents, minas, i.e. a certain weight of silver). Several of his servants went out and "traded" with the money, and earned a profit, but one servant hid away the money for safe-keeping. Upon the master's return, he called to himself his servants once again, to learn what each had done with the money that was entrusted to them. Having learned of the success of their trade, he praised the thrifty servants and increased their status. However, he became very displeased with the one servant who merely had hidden away the money that was entrusted to him.

In an interpretation of this parable, one usually does not have difficulty identifying the master as Christ, our Lord. Likewise, one readily sees himself as the servant, and the spiritual teaching of this parable is taken as both a warning and an encouragement for one to do his best to utilize the gifts that God has given him for His Kingdom, and His greater glory. So far, so good. But there seems to be an incredible inconsistency that arises when there is a shift of focus onto the popular economic teaching of this parable. All would agree, apparently, that some sort of teaching on usury may be gleaned from this account. But, in their attempt to characterize Jesus as approving usury, many commentators also accept without question the evaluation of the master that is given by the wicked slave. That is, in order for an approval of usury to result from

this text, the master must be made out to be a harsh and thieving man. Let us examine in what manner this is so.

Here is what the servant who had hidden the money said to the master in the parable, "Master, I knew you to be a hard man, reaping where you did not sow, and gathering where you scattered no seed. And I was afraid, and went away and hid your talent in the ground . . ." (Matthew 25:24,25) In Luke (19:21) this servant calls the master an "exacting" man. The word in Matthew 25:24 translated "hard" (*skleros*) means hard in the sense of "rough", and is elsewhere translated "harsh". The word translated "exacting" in Luke 19:21, 22 (*austeros*) is used only in these two instances. It is derived from a word meaning to dry or burn, and has the meaning of harsh or severe. This is the testimony of the servant concerning the master. Now what does the master say concerning the servant? "You wicked, lazy slave" (Matthew 25:27), and "You worthless slave" (Luke 19:22). It is evident that these are incompatible evaluations. Is it really a great problem to decide whose words are truth? If it already has been said that the master represents Christ, would it not be inconsistent to doubt the evaluation he gives of that servant? If His evaluation is accepted, and we come also to view this one as a worthless, wicked, and lazy slave, then how much stock would we put in his image of the Master? Not a great deal at all. Does Jesus reap where He has not sown, or take up where he has not laid down (steal)? We know that this is untrue. Then why do some read the remainder of the master's comments as though he were admitting that the slave was right? He says, ". . . you knew that I reap where I did not sow, and gather where I scattered no seed? Then you ought to have put my money in the bank, and on my arrival I would have received my money back with interest." (Matthew 25:26,27). What the master is saying here is something like, "If that really is what you thought of me, then this is what you would have done..." Indeed, the Luke version comes very close to saying it just that way when the master says, "By your own words I will judge you, you worthless slave. . ." (19:22). It is only by the word of the slave that the master is those evil things, never by any admission of the master. The word of the slave does not determine that the master is evil, rather the slave, by his own words, has proven himself to be evil, for the master is good definitively.



the reality of the
good and faithful servants

the fantasy of the
wicked and lazy slave

So what is the master really saying when he says "you ought to have put my money in the bank"? Many "investment" counselors today take this as a straightforward recommendation by the master. For instance, Gary North says of this parable, "Jesus was affirming the legitimacy of both profit through trade and the normal rate of return which is secured by lending money. The two forms of activity are not the same, as the parable indicates, but both are legitimate."⁴ Also, it is an exceedingly difficult thing to find a commentary on this passage that does not represent Christ as sanctioning usury. Oddly, it is Calvin, who may be regarded as the father of the current evangelical view, who stands virtually alone in his commentary: "For Christ did not intend to . . . applaud usury."⁵ Also, Calvin Elliot, in his book on usury, gave an interpretation much the same as is offered here.⁶ But the popular idea ignores the master's evaluation of this slave. The statement about what the slave ought to have done is couched in terms of what the slave claimed to believe concerning the master. The fact that the slave did not put the money in the bank showed that he really did not believe that the master was a thief, and was only trying to make excuses when he said those things. If he really thought that the master was a thief, then he should have gone to the banks to get usury (in violation of the eighth commandment, and all of the ordinances that are noted above).

No, there is not much comfort here for the modern dabbler in usury, unless one perceives his Lord to be the harsh and thieving master that the wicked slave tried to make him out to be. Then, like the wicked slave, he shall be judged by his own words, and found wanting.

4. Gary North, *Honest Money* (Ft. Worth: Dominion Press & Nashville: Thomas Nelson, Inc., 1986), p.71

5. Calvin, *A Harmony of the Evangelists* (Grand Rapids: Eerdmans, 1949), p.444

6. Calvin Elliot, *Usury, A Scriptural, Ethical, and Economic View* (Millersburg, OH: The Anti-Usury League, 1902)

The summation of this brief survey is a remarkably consistent and integrated principle. Then again, it should not seem too remarkable to us that the law of God is integrated. It is one's own schizophrenia that renders law and grace - Old and New - as an exceedingly complex problem.

God has condemned theft in His law. In particular, he has condemned usury - the practice of charging a fee for the use of property, which commonly is manifested as demanding in return for a loan an amount that is greater than what was loaned. His ordinances are clear on this. The modern distinction of "charitable" vs. "commercial" loans may not be read back into these ordinances simply because 1) this is an artificial distinction in the first place, since no economic transaction may be divorced from personal life (is a home mortgage "charitable" or "commercial"?) and, 2) whatever success there may be in establishing some reality to this distinction is of no account since there was nothing like the modern "commercial" enterprise at the time the command was given, i.e. the command does not explicitly cover such a distinction. Rather, the concern in the Pentateuch has been shown to be one of sustaining the brethren. The history of Israel, as given in the prophets bears out the dangers of this sin. As Nehemiah demonstrates, keeping God's law not only is right (though that is enough) but also there is great utility in doing so. The impotence that is experienced in this generation, and the slavery into which it steadily is sinking, is attributable largely to this very sin. As in antiquity, the current generation faces the watershed of either repentance or judgement.

POPULAR EXCUSES FOR USURY

A familiarity with the history of usury and the biblical doctrine of usury does not seem automatically to produce in some a conviction that usury is wrong. Incredible as this may appear, it is due to a common tendency in man. It is easy for one to perceive the sinfulness of something *except* when he is completely immersed in it. If one has not disciplined himself to judge all of life by the standard of God's word, then common worldly customs in which he indulges, even though they are sinful, will hold in his mind an authority that is equal to or greater than the authority of God's word. In this case, one's own preference to continue in usury will make it seem necessary for him to explain away the testimony of history and Scripture concerning the evil of usury. Henry Smith eloquently expounded on this curious psychology of sin in his "Examination of Usury", in 1591:

Sin is never complete until it be excused: this is the vantage which the devil getteth by every sin, whensoever he can fasten any temptation upon us, we give him a sin for it, and an excuse to boot, as Adam our father did. First he sinned, and then he excused: so first we sin, and then we excuse: first an Usurer, and then an excuser. Therefore every Usurer will defend Usury with his tongue, though he condemn it with his conscience. If the Image makers of Ephesus had not lived by Images, they would have spoken for Images no more than the rest: for none stood for Images but the Image makers (Acts 19:25): so if the Usurers did not live by Usury, they would speak for Usury no more than the rest: for none stand for Usury but Usurers.¹

1. Henry Smith, *An Examination of Usury in Two Sermons* (1591; Norwood: Walter Johnson, Inc., 1976)

The captivation of the sin of usury is shown to be very powerful, as is evidenced in the variety of excuses that have been amassed for it. Nine of the currently most popular excuses for usury are treated in discussions which follow. They are: 1) If there were no usury, then no one would bother to loan, 2) Biblical usury laws have reference only in case of loans to the poor, 3) Biblical usury laws have reference only in case of charitable loans, 4) Deuteronomy 23:20 says that usury is allowed in certain cases (loans to "foreigners"), and therefore usury cannot be inherently evil, 5) John Calvin did not regard all usury as unlawful, 6) Usury must be allowed in order for the lender to be compensated for risk, 7) Usury is nothing more than rent on money, and therefore must be as legitimate as other rents, 8) Usury is necessary because of inflation - dollars repaid are worth less than dollars loaned, and 9) usury is an inescapable aspect of economics because of "the discount of future goods as against present goods."

The spuriousness of these excuses shall be demonstrated in the discussions which follow, and whatever substance the reader may have granted to any one of them shall evaporate in the light of sound judgement.

I. Who Would Loan?

Since the present economic context is so bound up with usury, it is difficult for some to imagine an economy without usury. One of the first excuses to be voiced goes like this: "If there were no usury, then who would make a loan?" This typically is heard in conversation. The question is based on the somewhat more sophisticated notion that usury is required in order for the economy to function as it does, which goes back to the early modern era when the present economy was in its infancy. At that time, businessmen saw that the pace of their trade could be rapidly accelerated if they could obtain loans for greater operating capital, but no one would make loans because usury was against the law. Apologists for usury began a campaign to repeal usury laws on the pretext that usury was required in order for business to carry on. They did not live in an age of "situation ethics", so in order to reverse the centuries of negative attitudes about usury, these apologists had to show that usury was *theoretically* as well as practically necessary. Theories of the necessity of interest have taken many forms over the last 300 years. The latest expression of this alleged necessity may be found in Mises, "We cannot even think of a world in which ordinary interest would not exist as an inexorable element in every kind of action."¹ Or, as Gary North translates, "Thus *interest* is a basic category of human action. It is inescapable."² In this day of "situational ethics" it is much easier to sell the idea that the practical requirements of a sinful economy somehow excuses sin.

Worry over how the present economy may continue without usury is predicated on the presumption that the present economy ought to continue. It readily is admitted that usury is required for the maintenance of the present economy, which is Babylonian in essence, and it further is stated that both the present economy (the debt/credit economy) and usury ought to cease. Christians, along with unbelievers, fear the demise of the present economy because so much of their "wealth" is dependent on the continued flow of electricity to banks' computers. An interruption of this

1. L.v.Mises, *Human Action* (Chicago: Contemporary Books, Inc., 1963), p.572

2. Gary North, *Honest Money* (Ft.Worth: Dominion Press & Nashville: Thomas Nelson, Inc., 1986), p.71

flow will have devastating consequences. However, any lessening of living conditions under the elimination of usury would only be the result of the collapse of those conditions that are artificially supported by usury (mortgages, consumer loans, rents, and an array of "investments"). If a certain thing or condition can be had only if there is usury, then one ought to say "good riddance" to those things. Actually, there is no reason inherent in economics why men cannot achieve a high standard of living through hard work rather than credit expansion. One's pleasures may be addressed more quickly by means of credit expansion than productive effort, e.g. he may take possession of a desired good today, and pay the bill with usury over a long period of time, instead of saving over a long period of time and "paying cash", but in the long run such immediate gratification costs more once the bill is paid with usury.

While usury may be regarded as a necessary element of a Babylonian economy, it hardly may be said that usury is necessary for the function of a godly economy. If it is granted that usury seems necessary, it is not automatically known how to esteem this fact until it is known how usury came to be regarded as necessary. Presented at length is a discussion of this by early 17th century English theologian Roger Fenton:

Presupposing the custome and corruption of these times wherein men will not lend freely as they ought; is there not a necessitie of usurie? Admit that be granted; who did impose this necessitie? If God; then is this reason good, *Usurie is necessarie therefore lawful.* But if men or estates have drawne a necessitie of sinning upon themselves by the custome of sin; doth this extenuate or aggravate the fault? *Woe be unto them* (saith the Prophet Esay [Isaiah]) *who draw sinne, as with cart-ropes.*³

It is an invalid course to assume the lawfulness of usury at the outset, in order to give it some legitimate place in an economy, and then once the economy has deteriorated to the point that it cannot operate without usury, to argue on that basis that usury is necessary! Usury is not necessary to a biblical economy, but is condemned by a biblical economy.

3. Roger Fenton, *A Treatise of Usurie* (1611; Norwood: Walter Johnson, Inc., 1975), p.122

Usury may seem necessary to a Babylonian economy, but only because men have "drawn the necessity of sinning upon themselves." It is a preoccupation with temporal pleasures and a profound contempt for posterity which accounts for the almost perverse commitment to usury that is found in the current generation. Christians find themselves in the position of defending usury because they uncritically have accepted whatever economy the world has decreed. Rather than defend usury, we ought to condemn it along with the economy on which it thrives. As it is, Christians are found side by side with the unbelieving economists setting aside the law of God on no more provocation than worry over the inconvenience of keeping His law.

Our task in answering the question, "Without usury, who would loan?", is not a straightforward one. This is because men of differing outlooks on the world would respond differently under an elimination of usury. Citizens of the "earthly city" cannot be expected to respond as joyfully to the requirements of God's law as the inhabitants of the "City of God". As an aside, the question of how it could ever come about that usury is eliminated might be considered. It might be expected that this, as well, would go differently depending on which city is in question. However, it is not essential to the present question to decide on a scenario.

Ancient pagan societies alternated between statutorially decreed usury and usury statutorially prohibited. Usury came and went according to the dictates of pragmatism, rather than the dictates of any truly Divine Law. Augustine says of the godless oligarchy that it is "ruled by its lust of rule".⁴ The behavior of men who are subject to such rule also is characterized by pragmatism. They will do what they must to avoid the consequences threatened by the man with the sword. If the man with the sword prohibits usury, then the pragmatic man probably will not engage in usury. It readily is admitted that in such a pagan economy all loans that are given on the expectation of receiving usury would cease to be given should usury cease. The one who dwells in Babylon worries with good reason whether anyone would bother to loan if there were no usury.

Nevertheless, it is not entirely true that *all* loans would cease in the absence of usury, even in the "earthly city", for the simple reason that

4. Augustine, *The City of God*, Bk I

pragmatism would not require it. That is, only such loans as are motivated by the prospect of usury would cease, but not all loans are so motivated. Even in this modern time, in which moral aversion to usury is almost entirely lacking, it is not uncommon to find that numerous loans are made with no expectation of receiving usury. Although there is much counsel and many proverbs against making loans to friends and family, yet it is not unusual to find such loans made, and made with no usury. Rather than profit, the motivation in such cases is to do a favor. It is typical for one to think of loans in terms of money, but when loans to friends and relatives are considered, direct loans of goods must not be overlooked. It happens all the time that one would loan his lawnmower to his neighbor, and not expect anything back beyond what was loaned (not even "rent"). The man with a greatly diversified portfolio of IRAs, CDs, T-Bills, Mutual Funds, etc. will loan his lawnmower to his neighbor with no usury. If he had the funds to spare, the investment banker will loan his brother some Federal Reserve notes for a few days ("just until pay day") so he can buy food, and not exact usury. It is this sort of lending that exhibits the true nature of the loan. All such loans would continue uninterrupted even if usury were outlawed.

Even in the "earthly city" there is a latent consciousness of the brotherhood that ought to obtain among men. Secular society is characterized by an assumed enmity among men, a "universal otherhood", as Nelson termed it,⁵ therefore there is little, if any, aversion to the violence represented by usury. Yet, when it comes to blood relations and close friends which one has acquired, the violence of usury would not even be considered. Thus the citizens of the "earthly city" answer their own question by their own actions. Who would loan with no usury? The answer is: a brother. But this is what the law of God has required all along. Why should one ignore the charity among brethren that already is a reality, even among unbelievers, and then turn right around and wonder who would loan if there were no usury?

In the City of God - the community of God's people - usury is not alternately sanctioned and prohibited as pragmatism may dictate. Rather,

5. Benjamin Nelson, *The Idea of Usury, From Tribal Brotherhood to Universal Otherhood* (Princeton: Princeton University Press, 1949)

it is simply and absolutely prohibited as the law of God dictates. This is not imposed by the sword on a people of faith, but is written on their hearts. The man of faith does not evaluate, in terms of convenience or expediency, whether it is practical for him to keep God's law. He holds expediency to be *defined* by God's law, and disciplines himself to esteem convenience in terms of what the law requires. Whether or not he loans is not determined by whether or not he can get usury. He disciplines himself in faith to follow the commandment of God: "If there is a poor man with you, one of your brothers, in any of your towns in your land which the LORD your God is giving you, you shall not harden you heart nor close your hand from your poor brother; but you shall freely open your hand to him, and shall generously lend him sufficient for his need in whatever he lacks" (Deuteronomy 15:7-8). For those who are squeamish about the applicability of Old Testament law: "Give to him who asks of you, and do not turn away from him who wants to borrow from you" (Matthew 5:42). If usury is outlawed in the "earthly city", the usurer no longer is interested in the needy since he no longer can make a profit off of them. He still is a usurer in his heart, but he does what he must in order to escape the penalty of the law. In the "City of God" the repentant usurer quits profiting off of the need of his brother or neighbor because of inner conviction, and turns instead to help sustain him. Under this latter condition, there is much less consequence for standard of living. Men have a sense of belonging together as a people. There is no vested interest in the perpetual need of one's brother, but rather a concern to see him prosper. The economic incentive, under this case, for rescuing others from suffering and misery, is the maintenance of the "people consciousness". It is precisely this factor which is missing in the present debt-based economy. Furthermore, the one in need is enjoined by the same law to become productive.

This communal identity does not sacrifice individuality or private property, but provides the only proper economic context in which individuality and private property may be guaranteed. Worldly economics is bound up in a dialectic of radical individualism (libertarianism) and radical collectivism (communism). It is only under the Christian ideology that this godless tension can be resolved. One economic application of this is the biblical prohibition of usury, which

requires the sustenance of the brethren while they regain a productive footing.

The summation of this discussion is that among a people of conviction, the elimination of usury would hardly mean the end of all loans because the very people-consciousness that requires the elimination of usury (not enslaving one's brother) also requires loans at no usury to the needy (sustaining one's brother). Loans would be made by those acting in faith - trusting that God, who requires him to loan to his brother, will bless him in his obedience. Also, loans would not cease altogether in a society lacking this conviction simply because not all loans are usury-motivated. Loans that are usury-motivated would indeed cease, but this would not be bad for society any more than quitting drugs would be bad for the addict. The momentary sufferings that the addict experiences as a result of reform is a small price to pay for gaining a responsible life.

The Creator of all is sovereign over all. The one God will use the sword of both the godly and the ungodly for His own purposes; to discipline His people, and to bring wrath upon the evil-doer. Pagan prohibitions of usury both in ancient and modern times have been useful in simulating a righteous economy in which God's people may prosper. Also, rampant usury, as is found in modern times, is useful as a scourge upon an unfaithful people. Let us set our minds on the things above, not on the things that are on earth (Colossians 3:2) Let us seek first God's kingdom and righteousness. If some worry that there shall not be loans if there is no usury, it is because they have bitten, and have been bitten, to the point of numbness; some are not prepared to be brothers to their fellow Christians, nor do they expect that their fellow Christians will be brothers to them. Like Lot, they turn away from Abraham and embrace the sinners of Sodom and Gomorrah. Christians ought to return in faith, and live in reality as brothers in Christ.

II. Poor vs. Rich Borrowers

It is common for modern treatment of the biblical law on usury to center on the language of Exodus 22:25 and Leviticus 25:35. Reformed writers, including Calvin, Rushdoony and North, make much of the mention of the "poor" that occurs in both passages. Rushdoony makes a point of mentioning that, "the law has reference to the poor."¹ North mourns: "From the early church until today, from the church fathers to the populists, there have been Christians who have refused to read the plain teaching of every text prohibiting usury. They refuse to acknowledge the qualification 'thy brother who is poor' in the law prohibiting interest on loans."² The significance of this mention of the "poor" in these texts is supposed to be that it represents a "qualification", as North put it, of the law against usury. That is, usury is not altogether wrong, but is permitted in certain cases. Calvin's remarks brings this concept into full view: "But those who think differently, may object, that we must abide by God's judgement, when He generally prohibits all usury to His people. I reply, that the question is only as to the poor, and consequently, if we have to do with the rich, that usury is freely permitted..."³

If these voices, and others, are to be heeded then usury shall be considered unlawful only in case one is making a loan to a "poor" man, and that if one is making a loan to a "rich" man then usury is "freely permitted". Is this, indeed, the "plain teaching" of Scripture? If it is so plain, then does the Scripture also plainly tell how one is to know whether a certain man is "poor" or "rich"? Exactly how is a God fearing, law abiding man to keep himself pure? He wishes to avoid scrupulously ever exacting usury from a "poor" man, and at the same time he would like to bite the "rich" man when it is permitted. How does he keep himself pure? How shall he know whether or not he is transgressing the law? What is the test that will prove whether or not a given man is "poor"? The

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1. Rushdoony, *The Institutes of Biblical Law* (Nutley: Presbyterian & Reformed, 1973), p.473
 2. North, "Dominion Strategies" (Tyler: ICE, 1985), Vol. I, No. 3
 3. John Calvin, *Commentaries on the Four Last Books of Moses* (Grand Rapids: Eerdmans, 1950), Vol III, p.131

importance of these questions has for the most part been ignored by the same writers who would have us believe that the lawfulness of usury depends only on whether the debtor is poor. Nowhere is there any definition proposed.

Of course, usury apologists are not to be faulted for failing to provide a standard by which men can abide by their teaching, for the idea of "poor" is essentially subjective and relative, and defies any hard and fast definition. The fault of the usury apologists is that they go beyond what is written in the Scripture. Where the law of God makes special allowances for the poor, there also is given the means by which anyone may be identified as poor, relative to each specific case. This is an obvious and necessary aspect of law. If one's obedience to the law depends on his understanding of who is "poor", then the law had better provide the basis for that understanding, or that one has no hope of obedience. Presently, three examples of special handling of the "poor" by the law of God shall be surveyed. Upon comparing the usury law to these examples, it shall be evident that it is not of this type.

First, attention is directed to the law concerning the purification from leprosy, found in Leviticus 14. Verses 2-9 prescribe a general procedure for one cleansed from leprosy to reenter the camp. On the eighth day after reentering the camp there is a sacrificial procedure for ceremonial cleansing and atonement. The normal procedure is described in v.10-20. It requires "two male lambs without defect, and a yearling ewe lamb without defect, and three-tenths of an ephah of fine flour mixed with oil for a grain offering, and one log of oil" (v.10). A description of an elaborate series of offerings and anointings follows. What if one is too poor, and cannot provide this array of animals, grain, and oil? It would not have been unusual for one who had been quarantined with leprosy to find that he was unable to supply what was required. A special allowance was made in this case. Beginning in v.21: "But if he is poor, and his means are insufficient, then he is to take one male lamb for a guilt offering to make atonement for him, and one-tenth of an ephah of fine flour mixed with oil for a grain offering, and a log of oil, and two turtledoves or two young pigeons which are within his means . . ." The relief to the poor in this case is evident. Two male lambs and one ewe lamb is reduced to one male lamb and two small birds. Also, three-tenths of an ephah of flour is

reduced to one-tenth. It is evident that the structure of this law provides the basis on which one may determine whether or not a given man is poor. Since "poor" is a subjective and relative idea, no general definition of "poor" is given in Scripture; no general definition is possible. But it is possible to define "poor" in the particular sense that relates to the leprosy law. If one cannot afford all the animals and grain which normally are required, then he is "poor".

Secondly, Leviticus 27:1-13 prescribes the valuation of individuals who have made vows to the Lord. Incidentally, it is interesting to point out that the various valuations are given in terms of shekels, a certain weight of silver. Individuals are valued variously according to their age and sex. But, what is to be done in the event that one is so poor that he does not have the specified amount of silver? The law makes a special allowance in this case. "But if he is poorer than your valuation, then he shall be placed before the priest, and the priest shall value him; according to the means of the one who vowed, the priest shall value him" (v.8) Here again, there is an obvious relief to the poor. The normal requirement of the law is bypassed in favor of a special case. This law as well provides the basis on which one may determine who is "poor". If one cannot afford the quantity of silver that is specified in the law, then he is poor.

Lastly, in Deuteronomy 24:10-13 there is an allowance in the law for special treatment of the poor in the matter of holding a pledge. As this case has to do with loans, it directly relates to the present study, and shall be quoted at length.

When you make your neighbor a loan of any sort, you shall not enter his house to take his pledge. You shall remain outside, and the man to whom you make the loan shall bring the pledge out to you. And if he is a poor man, you shall not sleep with his pledge. When the sun goes down you shall surely return the pledge to him, that he may sleep in his cloak and bless you; and it will be righteousness for you before the LORD your God.

This general requirement is found also directly following the usury statute in Exodus 22, v.26-27: "If you ever take your neighbor's cloak as a pledge, you are to return it to him before the sun sets, for that is his only covering; it is his cloak for his body. What else shall he sleep in?" Once

again, the same structure is evident. Normally, the lender may keep a pledge for the term of the loan, but here a special case is made for the poor. A specific relief is afforded the poor, and the one who is poor in the sense of this law is identified by the requirement of the law. If a man cannot do without his pledge over night, then he is "poor" for the specific purpose of this law.

Comparing the usury statute with these laws, which specify special handling in the case of the poor, it is evident that usury statute is of a different type. The three laws given above not only prescribe special handling of cases involving the poor, but as well they provide the necessary element of giving the basis on which to tell whether someone is poor. In the matter of purification from leprosy, if a man cannot afford two male lambs, one ewe lamb, and three-tenths of an ephah of flour, then he is "poor", and his obligation is specified differently. In the matter of vows, if a man cannot afford the normal valuation prescribed in the law, then he is "poor", and his valuation is determined by the priest in accordance with his means. These two laws have to do with men's duty to God, and the special cases involving "poor" men alter the nature of the duty somewhat in order to accommodate their slight means. The difference between these examples and the usury law is plain. The laws on leprosy and valuations prescribe a normal requirement, and then give a special requirement in the case of the poor. The usury law obviously lacks this structure. It does not say anything like: "You may exact usury on loans (normal), but if the borrower is poor you shall not exact it (special)." Instead, there is only one course of action given: "you shall not exact usury", and it is left only to an inference from this that usury may be permitted in other cases. However, it is not possible to identify any other cases, because as the law is given there is no basis on which to determine whether anyone is "poor". The last example considered involves men in relation to one another, specifically in the matter of a loan, and therefore is more directly similar in general nature to the usury statute.

It is evident in the law regarding the holding of pledges, that one is to be considered "poor" if he cannot do without his pledge over night. A simplistic approach to paralleling the usury law with this might be to suggest something like: "If a man cannot afford to pay usury, then he is poor, and must not be required to pay it." This is the popular

understanding of the law, however, it is an invalid interpretation of it. The special case of the poor in the law of pledges does not impact whether or not a pledge may be taken. If the law of pledges were framed in the same manner as many suppose the law of usury is framed, then it would stipulate that one ought not to require a pledge of a "poor" man. This leaves one with the same problems as he encounters with the popular idea of the usury law: 1) How does one know who is poor? 2) Is it valid to *infer* from this that pledges may be taken from those who are not "poor"? As the text is written, we do not have these problems in the case of the law of pledges. We know that pledges may be taken for loans. We know that if one is poor, then we ought not to hold his pledge over night. And we know whether a man is "poor" in this sense if he cannot do without his pledge over night. Turning to the usury statute, it is evident that it does not have this structure. The condition is not attached to the status of the borrower (e.g. "if he is poor"), rather it is attached to the act ("If you lend money..."). Thus, it is not suggested that usury is lawful on one side of the contingency and unlawful on the other. Abstaining from usury is made contingent on whether there is a loan, not whether the borrower is poor. Accordingly, a definition of "poor" is not required for the purposes of the usury statute; one's obedience to the statute does not require his knowing whether a certain man is "poor".

To summarize the above discussion, the following may be said. 1) The idea of "poor" is essentially subjective and relative; it defies objective definition. 2) God's law makes special allowances for the poor in certain cases. 3) These cases are characterized by a normal requirement followed by the special allowance. 4) The "poor" are identified, *for the purpose of the particular law*, in terms of the difference between the normal and special requirement of the law. 5) The usury law does not have this structure. It does not give a normal requirement followed by a special requirement to be observed in the case of the poor, and thus it is not possible to treat it as though it did, since there would be no way of knowing who is "poor" *in that particular sense*.

Mention of the "poor" in the law does not automatically mean that there is a special handling of the law in their case. Sometimes, the poor are mentioned by way of stating specifically that there strictly is to be no special handling. Exodus 30:11-16 is the law concerning the "atonement

money". A census was to be taken, and everyone was to pay a "ransom" to the Lord of one half shekel of silver. The statute declares, "The rich shall not pay more, and the poor shall not pay less than the half shekel, when you give the contribution to the LORD to make atonement for yourselves." (v.15) Also, there is a general principle stated in Scripture that there is to be no special dealing with the poor when they are being prosecuted for crimes. Repeatedly, God commands His people: "You shall not be partial to a poor man in his dispute (Exodus 23:3), "You shall do no injustice in judgement; you shall not be partial to the poor nor defer to the great. . ." (Leviticus 19:15) "You shall not show partiality in judgement; you shall hear the small and the great alike. . ." (Deuteronomy 1:17), "You shall not distort justice; you shall not be partial..." (16:19)

Then there are times when the mention of the "poor" neither establishes a special handling, nor specifically prohibits one. A good example of this occurs in Deuteronomy 24:14-15 :

You shall not oppress a hired servant who is poor and needy, whether he is one of your countrymen or one of your aliens who is in your land in your towns. You shall give him his wages on his day before the sun sets, for he is poor and set his heart on it; so that he may not cry against you to the LORD and it become sin in you.

It is instructive to examine this law carefully, for its structure is precisely that of the usury statute in Exodus 22:25 and Leviticus 25:35-37. It therefore is a good model for understanding the requirement of the usury law. Specifically, the wage law requires that one pay the poor hireling his wages every day, before the sun sets. Is it valid to infer from this that it is permissible for one to withhold the wages of a "rich" hireling? Indeed it is not. It does not follow by any logical necessity, and indeed it is stated elsewhere in the law, without any reference to "rich" or "poor", that one shall not withhold the wages of a hireling. "The wages of a hired man are not to remain with you all night until morning." (Lev.19:13) The Deuteronomy passage restates this with particular emphasis on the poor. The force of the statement is not an implication that one may withhold the wages of those who are not poor. There is nothing in the statement that provides any basis on which to judge who is "poor"

and who is not. There is no need to judge, since the principle of not withholding wages applies generally. The force of the statement is an exhortation to be especially mindful of this requirement in the case of those who are poor. A general and subjective idea of "poor" is all that is required in this case. Whether a man is innocent or guilty before the law does not depend on his accurately identifying someone as "poor", since he is obliged to pay wages before sun set *in all cases* .

The usury statutes of Exodus and Leviticus may be understood in a similar way. It is invalid to infer from them that usury is allowed in the case of loans to those who are not poor. Why do not those who claim that such an inference is valid try to apply the same sort of inference in other cases? Doing so immediately exposes the folly of such irrationality, as Roger Fenton demonstrated over 350 years ago: "Immediately before this law of usurie in Exod.22.22. is there a law for widowes and fatherless children: *Thou shalt not trouble any widow, or fatherless child* . Doth it therefore follow that thou maist trouble a married woman, or a childe that hath a father?"⁴ Of course, it does not. Similarly, an inference that usury may be allowed in cases that are not mentioned does not follow logically, and it contradicts a prohibition of usury that appears elsewhere, and that has no reference to "rich" or "poor": "You shall not charge interest to your countryman: interest on money, food, or anything that may be loaned at interest." (Deut.23:19) It is a gross misconception of the nature of these statutes to suggest that they imply the legitimacy of usury in any case. The force of the law is not to rule out a few cases where usury is not allowed, so as to define a great field on which usury is "freely permitted". Its force is to emphasize that usury, which is generally unlawful, is especially unlawful and dangerous in the case of the poor. Nothing in the usury statutes of Exodus and Leviticus provides any basis on which to determine who is "poor". A general and subjective understanding of "poor" is all that is needed in order to catch the solemn message of the command. As Fenton points out, the poor are mentioned in these cases, as are widows and orphans in the other case, in order to call attention to

4. Fenton, *A Treatise of Usurie* (1611; Norwood: Walter J. Johnson, Inc., 1975), p.41

those "most subject to oppression."⁵ The mention of a certain type or class of person does not imply that the law does not hold in the case of those not mentioned.

This tendency to draw invalid inferences from the text arises from a simplistic approach to understanding the terminology of the text. The simple fact that the Exodus and Leviticus texts speak of the "poor" hardly proves that their applicability is limited to loans to the poor. Applying the same simplistic reasoning to the Exodus text demonstrates the foolishness that attends such an approach. The statute states as a condition, "If you lend money..." A literal translation would be, "If you lend silver..." Is it valid to infer from this that loans of other substances are not subject to the prohibition of usury? Would the usury apologists like to take their method as far as to say that usury is prohibited only on loans of silver to poor people? Not only is this irrational, but it also contradicts the Deuteronomy text, which specifically broadens the field of the law to prohibit generally, "interest on money [silver], food, or anything that may be loaned at interest." (v.19)

Those who teach that a "poor/rich" distinction qualifies God's law on usury commit an inconsistency, which subverts their method of qualifying the law on that basis. Deuteronomy 15:1-11 declares God's law on the remission of debts every seven years. This law is parallel in form to the law on usury. The usury statute provides that "You may charge interest to a foreigner, but to your countryman your shall not charge interest" (Deuteronomy 23:20a) Likewise, the statute on the remission of debts provides that, "From a foreigner you may exact *it*, but your hand shall release whatever of yours is with your brother." (15:3). The language involving the "poor" in the Exodus and Leviticus texts has been noted. The statute on the remission of debts similarly exhorts:

If there is a poor man with you, one of your brothers, in any of your towns in your land which the LORD your God is giving you, you shall not harden your heart, nor close your hand from your poor brother; but you shall freely open your hand to him, and shall generously lend him sufficient for his need *in* whatever he lacks. Beware, lest there is a base thought in your heart,

saying, "The seventh year, the year of remission, is near," and your eye is hostile toward your poor brother, and you give him nothing; then he may cry to the LORD against you, and it will be sin to you. (15:7-9)

Yet, amazingly, the very ones who claim that the mention of the "poor" in Exodus 22:25 and Leviticus 25:35 qualifies the usury statute, also bluntly state, without any qualification, that all debts are to be cancelled after six years. A few examples will suffice. R.J. Rushdoony espouses the "poor/rich" distinction as a qualification of the usury statute, and yet in the same volume states, "...no man is allowed to tax his own future by means of debt. The length of a debt is limited to six years (Deut. 15:1-4). No man has a right to mortgage his future, since his life belongs to God."⁶ Also, Gary North, another proponent of the "poor/rich" distinction as a qualification of the usury law, has said, "This, too, is basic to a Biblical social order: no loans to the faithful for over seven years (Deuteronomy 15:1-2)."⁷ He expresses the same thought more clearly elsewhere, "... a six-year debt limitation is the maximum that is morally legitimate (given the provisions of the sabbatical years regarding the cancellation of all debts...)"⁸ How is it that these scholars can find an inference in Exodus 22:25 and Leviticus 25:35 that usury is lawful in many cases, and yet fail to find a similar inference in Deuteronomy 15:1-11? Why do they not hold that only the debts of "poor" brethren are to be cancelled, and infer from this that it is lawful for one to continue to exact the debts of the "rich"? The present writer agrees with their views concerning the remission of debts, particularly as cited above. The wonder is that they do not similarly expound on the usury statute, which is given in a similar form.

In summary: 1) The usury statutes in Exodus and Leviticus mention the "poor", but they do not conform to the structure of those laws that make specific allowance for special handling of cases involving the "poor". 2) Therefore, those two texts do not provide any basis on which to determine whether anyone is "poor". 3) Therefore, the notion that the

6. Rushdoony, *The Institutes of Biblical Law*, p.510

7. North, *Honest Money* (Ft. Worth: Dominion, Nashville: Nelson, 1986), p.128

8. North, *An Introduction to Christian Economics* (The Craig Press, 1973), p.10

law of usury would require something different in the case of those who are not "poor" can only be derived by inference. 4) But such an inference is totally invalid logically and as well is contradictory of the Deuteronomy text, which gives the law in its general form. 5) Therefore, there is one law of usury, viz. usury is unlawfull. Mention of the "poor" in Exodus and Leviticus is not for the purpose of making a special allowance, but merely is emphasizing the case of "those most subject to oppression."

The drive to legitimize one's own sinful behavior is very powerful, especially if such behavior is very lucrative. It took a thousand years for the church's grasp of the straightforward command of God against usury to be subverted. Finally, with the expansion of commerce and the outset of the industrial revolution, the church was intimidated into believing that with her strict anti-usury position she was standing in the way of progress. Now we are at a point where that which seems simple to understand must be argued with great tedium - and still many declare that they are not convinced. What is being argued here is not a new idea, or a new interpretation of Scripture. It is the historic position. This is not a call to strike out in a new direction; it is a call to return to faithfulness to God. If we do not repent and return, we may expect more of God's discipline upon us, for He loves us and will discipline us to conform us to the image of Christ.

III. Charitable vs. Commercial Loans

The distinction of "poor" vs. "rich" borrowers provides no basis on which one may excuse himself from compliance with the usury law. The previous discussion dealt with the exegetical and contextual problems of this spurious excuse. Virtually the same excuse is proposed with a different emphasis, and is given in terms of a distinction between "charitable" and "commercial" loans. It is said that to exact usury on a "charitable" loan is not lawful, while it is lawful to exact usury on a "commercial" loan. For instance, Gary North has said, "In the Bible, 'usury' is forbidden on loans to poverty stricken fellow believers. It has nothing to do with business loans. There is no interest rate ceiling ever mentioned in the Bible. Either no interest must be charged (charity loans), or no limit is placed on voluntary contracts (profit-seeking ventures)."¹ In dealing with this it is important to emphasize that biblical law on usury at no point speaks in terms of charity or commerce. There is not even a hint of such a distinction. As previously was noted, the language of Exodus 22:25 and Leviticus 25:35 might allow one to imagine that the usury law applies differently in the case of the "poor", if he is inclined to believe that it does, even though no such special handling may be supported hermeneutically. What must be realized in the present discussion is that the "charitable/commercial" concept was derived only from the "poor/rich" concept. There is nothing in any biblical text which would suggest that such a distinction of loans has anything at all to do with the law on usury. Thus, the argument for usury on the basis of a "charitable/commercial" distinction of loans becomes a problem not of the usury law's biblical context, but its historical context.

In the Middle Ages there was a deeply entrenched aversion to usury for the very reason that no one wanted to be a brother-biter. With the development of commerce and industry, which signaled the end of the Middle Ages and the beginning of the modern era, the stigma of usury as a biting was somewhat relieved. Money loans for the purpose of capitalizing industry were sought out. Businessmen were glad to pay usury in return for an opportunity to get a head start on capitalizing their

1. Gary North, "Dominion Strategies" (Tyler: ICE, 1985), Vol. I, No.3

enterprises. (Their gladness endured in the event that their enterprises were successful enough to enable them to repay the loans with usury). If the bite of usury was gone, and the bite was the main objection to usury, then usury was allowed to become a legitimate, acceptable practice. As Cunningham described, "What benefitted trade benefitted the realm; and though the sentiment against usury survived, the ordinary conscience did not feel clear that it was altogether an evil practice, since there was difficulty in saying why it was hurtful."² Yet it was only the perception of the bite that went away. The bite itself is ever-present with usury. The fact that the one who is liable to pay the usury does not regret having to pay, and does not experience the bite, does not prove that the bite itself is relieved. One of the features of the development of commerce and industry is that now it is possible for the borrower to pass on to others - to the nameless, faceless masses - the bite of usury that his borrowing has incurred. It is this feature, perhaps more than any other development, that has allowed usurers to salve their consciences.

This development of trade and commerce has introduced a factor into the discussion that was not present in ancient times when the law was given. Modern usury apologists readily admit that the biblical texts do not speak of "commercial loans", yet they give a most curious meaning to this silence. Rev. I.E. Howard, writing in "Christian Economics", said, "...in all passages forbidding interest-taking, only consumer loans are in focus, never loans for productive purposes. . . . Borrowing money for the purpose of producing more money is never on the horizon of the Biblical writers."³ His insight is fully true and accurate, however, the importance that he attaches to this fact does not validly follow from it. He claims that therefore the usury law does not specifically prohibit usury on "commercial" loans. The reasoning is that since no one was borrowing for commercial purposes at the time the law was given, then the law could not have specific reference to loans of that sort, and therefore it must be stretching the law beyond what was intended to suppose that it applies to all cases of borrowing in general. Thus, a little later Howard continues,

2. W. Cunningham, *The Growth of English Industry and Commerce* (1910; New York: A. M. Kelly, 1968), Vol 1, p.558

3. Rev. I.E. Howard, "Interest, Moral or Immoral?", in "Christian Economics", Vol.XIV, No.9, May 1, 1962

"...comparing the 16th century with Bible times, Calvin said, 'Our relationship is not at all the same. Therefore I do not consider that usury is wholly forbidden among us, except it be repugnant to justice and charity.'⁴ The problem with Calvin's statement, as cited by Rev. Howard, and as typical of this whole line of argument, is that it is nothing but a begging of the question. The present thesis actually claims little more than Calvin already has said. The present writer concurs: only that usury is forbidden which is repugnant to justice and charity. It further is stated that usury *in its very essence and by its very nature* always is repugnant to justice and charity. For one to say that he will allow only that usury which is not repugnant to justice and charity is the same thing as his saying that he will not allow usury at all. That, of course, is the very question at issue here, and lest the present discourse likewise accomplish only a begging of that question, a substantive inquiry is in order.

That usury always is uncharitable is proven by the fact that the loan is by nature a charitable contract on the part of the lender. Let the reader recall the discussion of this point at the outset of the present volume. Since the contract of loan is bondage on the part of the borrower, it is necessary that the lender act only on a motive of compassion and charity. If this is not the lender's motive, then the bondage of the borrower is particularly vulnerable to exploitation. This is what made moneylending especially offensive in ancient times. Moneylenders typically were ruthless in their dealings, and devoid of charity toward their debtors. It was this lack of charity that allowed usury to become thinkable, and which left the creditors numb to the misery of those whom usury had ruined. The proper motivation of charity disallows usury as unthinkable. Compassion for one's needy brother is demonstrated by "generous lending", and is subverted by the desire to gain by usury, which only aggravates the debtor's bondage.

This cannot be handled differently in the event that the would-be borrower is not perceived to be "needy". Whether or not the borrower is considered "poor" may influence the potential lender's decision of whether to make the loan (there is no obligation of a potential lender to cater to irresponsible borrowing), but once a loan is made, the lender's perception of the borrower cannot be allowed to color his dealings with him. Once

4. IBID

charity is extended, it must not later be converted into exploitation. In other words, it hardly matters to justice whether the borrower seeks a loan for "productive" purposes or simply to sustain his life. A loan is a loan, in any case. The means by which many attempt to justify usury on loans for certain purposes is to cover up the fact that it is a loan at all. Many cases of the "commercial loan" are called "investing". When these cases are acknowledged to be in fact loans, they usually are termed "commercial loans", as though they were of a radically different nature than what are called "charitable loans". The loan that is "uncharitable" is the loan of an enemy; one who intends to exploit the bondage of his debtor for gain. Of course, this is not what is meant when men speak of the "commercial" loan *as opposed to* the "charitable" loan. They mean a loan that is supposed to result in a profit for the lender (and possibly the borrower as well). This has the flavor of moral neutrality, and appears to side-step the stigma of "uncharitableness". However, this motive of profit belongs rightly to the "exchange" and the "investment", not to the loan, because only by means of exchange and investment can men profit without compromising charity. The idea of "loan" requires charity, while the idea of "gain" is foreign to the very nature of loans among brothers. "Charitable loan" is a tautology; "commercial loan" is a contradiction. So, the borrower's purpose in seeking a loan really ought to make no difference to the lender, once the loan is granted. An attitude of charity still is required. This shows that what is termed the "commercial loan" does not lie outside of the ancient biblical usury law, and thus does not escape the jurisdiction of the law. The same point can be made on the basis of the history of economics.

It is common for those with a modern economic perspective to read the Exodus usury statute as though it were limiting the application of the law to only a few cases. The phrase "to the poor among you" is seen by many as marking off a small area where usury would not be allowed on loans. Indeed, that is the reality we face today. Hardly any loans are made on which usury would not be popularly justified. Why is this the case? Once usury is justified by some means, then loans are made only in those cases where usury is allowed, because men are covetous. Once men thus have created a liberal custom of usury, then the biblical usury statutes are read as though they expressed this same thing. However, in the ancient economy, the phrase "to the poor among you" did not have a limiting

character. In its original intent, the statute is not marking off a small area where usury is not allowed. The Rev. Howard's insight concerning the absence of "commercial" borrowing in the ancient world does not mean that such loans lie outside of the small area defined by the law, rather it means that the law is not really marking off a small area of application at all. To the modern consciousness, "the poor among you" stand in comparison to those who may borrow for commercial purposes, and so reference to them seems to limit consideration to their case. However, the absence of the "commercial" borrower in the ancient consciousness means that in its original intent the phrase, "to the poor among you" is not referencing special cases in which the prohibition of usury applies; it is referencing what was then the typical case of borrowing. It is not restricting the application of the law; it is only emphasizing, as Fenton said, the case of "those most subject to oppression."

This proves that the popular conception is in error. The phrase, "to the poor among you" does not have in view only a few cases of loans, but most cases. Still, it may be argued that it does not have in view *all* cases, for it leaves open for consideration the question of those loans in ancient times that were made to borrowers who were not "poor". Initially, it must be reiterated that such loans were not for "commercial" purposes, for it already has been established that "commercial loans" were not an aspect of the ancient economy. These loans to the non-poor most likely were on the order of a house-wife borrowing a cup of sugar from her neighbor. Jesus refers to a loan of this type in Luke 11:5-6, "Suppose one of you shall have a friend, and shall go to him at midnight, and say to him, 'Friend, lend me three loaves; for a friend of mine has come to me from a journey, and I have nothing to set before him'..." One man is not "poor", in the general sense, and does not need a loan in order to sustain his life, yet he experiences an urgent need that he cannot immediately fulfill on his own, and therefore seeks a loan. This same kind of lending occurs often, even in our modern times, between friends, family, and neighbors. What is interesting to note is that usury never enters the lender's mind in these cases. In Exodus and Leviticus there is an explicit admonition to abstain from usury on loans, especially in the case of the poor, and in the case of others usury would not even be considered. Neither form of the statute explicitly provides for usury in any case. It is only on the basis of a

modern economic context that some read the statute as limiting its own applicability. However, it is invalid to interpret the Scripture by reading back into it the economic ideas that only lately have emerged. The correct procedure is to judge all of the new things that men devise by the unchanging standard of God's law.

Even if viewed only from the standpoint of the modern economic situation, the "Charitable vs. Commercial" excuse for usury is unimpressive. It is a highly questionable procedure for one to argue for the legitimacy of usury on the basis of a supposed distinction between "charitable loans" and "commercial loans", and then turn around and reap mountainous gains from the great bulk of loans which have nothing to do with either "charity" or "commerce". Consider the fact that in practice "charitable" loans hardly ever are made. The very fact that usury would be frowned upon in the case of "charitable" loans is the reason that "charitable" loans are not made. Since covetousness has overrun society, those who are in a position to make charitable loans typically will not do so. The "charitable/ commercial" distinction was devised not in order to protect a certain class of borrower from usury, but to establish the legitimacy of usury in certain cases. It is only in those cases, then, that loans are being made. Lending institutions will compete with one another for the opportunity to loan to a wealthy entrepreneur, but the unemployed laborer cannot get a loan from anyone. Therefore, it is only academically interesting that all would agree on the idea of classifying a loan to an unemployed laborer as "charitable" and not liable to usury, for in practice everyone desires usury and no one would give him the loan!⁵ The obvious reason for this is the fact that the unemployed laborer cannot be expected to repay with usury. The current mentality is to loan to others not because they are needy, but because it is anticipated that they are able to repay with usury.

Modern lending institutions engage in publicity campaigns that have the purpose of creating desire in people, and thus need, where previously there was none. They attempt to talk into borrowing, those to whom it

5. There are certain encouraging exceptions to this. Two organizations, The Nehemiah Project and Habitat for Humanity, extend usury-free loans to the poor for housing

never occurred to borrow until they saw an advertisement. They want people to go on vacation to the Bahamas today, and pay them usury, instead of saving for a year and going debt-free. If the arguments that are heard were followed consistently, one should expect that if an unemployed laborer and a wealthy entrepreneur both present themselves to a money-lender, and both declare themselves to be in need, then the lender ought to meet the "poor" man's need and exact no usury, and if there is any left over he may choose to lend also to the "rich" man with usury. However, in actuality Babylonian lenders seek out the "rich" and turn away from the "poor".

The lure of usury has absorbed virtually all excess funds. Typically, though this argument of "charitable vs. commercial" loans pretends to express great conviction that "charitable loans" ought not to include usury, yet in reality very little is "invested" in charity. Previously, we noted God's command to His people, that they surely ought to look with compassion on their brothers, and freely loan to him that which he needs. Instead, men today behave like the dwellers of Babylon. They bite and devour their brothers with no twinge of conscience. That is bad enough, but what is even more amazing is that the cause of many men's poverty is overlooked in today's mentality. The popular view would insist that "commercial" loans rightly include usury. But, once usury has ruined the would-be business man, and he becomes "poor", now loans to such a one must not include usury. Here is a farmer who has lost everything he had: all apparently would agree that he is "poor", and that loans to him would be "charitable" loans, which must not be usurious. How did he become "poor"? He, and hundreds of other farmers each year, became destitute because they could not keep up the usury payments on their "commercial" loans. This is the sense of compassion that is superimposed on Babylonian economics: now that usury has ruined them, let us no longer charge them usury. As the old Puritan, Henry Smith put it, "Usurers make beggars, even as Lawyers make quarrellers."⁶

While loans at no usury for charity are very rare, loans at usury for "commercial" purposes commonly are done. However, loans for

6. Henry Smith, "The Examination of Usurie in Two Sermons" (1591; Norwood: Walter Johnson, inc., 1975)

"commercial" purposes actually are the minority of loans at usury. Let us examine some actual figures. The Board of Governors of the Federal Reserve System, who keep track of such things, reports outstanding "credit market debt" (money loans from government and financial institutions) in two broad categories - financial and non-financial sectors. Outstanding debt of "financial sectors" represents the debt of banks, savings and loans, investment brokers, etc., and represents the shuffling around of "dollars" among the fraternity of usurers. The outstanding debt of "non-financial sectors" represents the debt of federal, state, and local governments, individuals, organizations, and non-financial businesses (those which manufacture a product or offer a service), and is more to the point of the present discussion. Government debt also is known as "public debt", since the only means that governments have for paying their debts is by raising revenues through taxation. Thus, government debt is another aspect of individual debt, as taxation of individuals accounts for by far the greater portion of government revenues. Therefore, government debt plus individual debt will be taken to represent loans for consumables. The non-financial business debt will represent loans for production. As of first quarter 1986, outstanding loans for consumables stood at 4.61 trillion "dollars". That is: \$4,610,000,000,000.00. The same period loans for production stood at 2.42 trillion, or \$2,420,000,000,000.00.⁷ Loans for consumables are nearly double the "business loans". Those who attempt to justify usury on the basis of a so-called Charitable/Commercial distinction of loans yet enjoy great returns of usury from trillions of dollars of "investments" and loans which have nothing to do with business. Their consciences are not too disturbed, however, because it is not generally argued that they have anything to do with charity either. If Gary North were taken seriously by his followers, when he justifies usury only on "profit-seeking ventures", one would expect that by now there would have been massive repentance of "investing" in consumer credit, mortgages, and government debt. As it is, however, this notion of "commercial loans" has become an elephant's trunk that was allowed to poke through the door.

7. Board of Governors of the Federal Reserve System, "Flow of Funds Accounts, First Quarter 1986", p.viii

Now the entire elephant has barged in. That one pitiful justification of usury has resulted in "open season" on any and every occasion of lending.

Not only that, but all of the talk about "no usury on charitable loans" is exposed as only lip service. It may be argued that even though loans are not made to the poor, nevertheless the poor are not paying usury. But this is not true. It was remarked above that with the emergence of "commercial lending" the bite of usury is distributed over the economy as a whole. Whereas the rich are the few, any burdens upon the economy as a whole are felt most acutely by the poor. So, the protection that is offered the poor, by exempting loans to them from usury, is phony since it is the poor who end up bearing the brunt of "legitimized" usury on commercial loans.

Let us assume that usury is legitimized on the basis of this "charitable/commercial" distinction. Loans are made with usury to wealthy entrepreneurs so they can start or expand their businesses. Their profits are taken out of the gross receipts. The amount of their profits is determined by gross receipts minus operating expenses. If all expenses are met and there is nothing left, then there are no profits. These things are taken into consideration when setting the price for what is to be sold, however, the values of the consumers will dictate that prices cannot rise above a certain limit. Under normal conditions, no one would pay 100 oz. of gold for a cracker. If an entrepreneur cannot manufacture a cracker at a cost that is somewhat less than what men will pay him for it, then he will decide not to produce crackers. Therefore, the problem for entrepreneurs is to engineer a way to produce goods at a cost that will still leave him some profit once the products are sold and the expenses are paid. Among the expenses that need to be paid are the loans and usury. Although the entrepreneur personally is liable for these debts, the successful entrepreneur obtains the funds for repayment from his customers. It is evident from this that consumers actually pay the usury for "commercial" loans. This emphasizes the problem of "pen money" vs. "sweat money". "Pen money" is money that is created by a banker's stroke of his pen when he makes a loan; "sweat money" is an individual's earnings, which he receives "by the sweat of his brow". It is bad enough that loans of "pen money" must be repaid with a greater quantity of "sweat money", but what is worse is that on top of this some portion of sweat must also chip in to

repay with usury the loans incurred by governments and businesses as well. More is paid in taxes than otherwise would be necessary, even without a change in the tax laws. Nearly 20% of the Federal budget now goes to pay usury on Federal loans, that is nearly \$200,000,000,000.00 each year! Also, prices are higher than they would be without usury. How much higher are prices since businesses are paying usury? It is difficult to get a handle on this, but the effect can be illustrated.

Suppose we buy a gallon of gasoline for \$1.00. If the service station facility, where we bought the gasoline, is mortgaged, some fraction of that \$1.00 will go toward the usury on that mortgage. If the truck that delivered the gasoline to the service station is financed by a loan with usury, then another fraction of that \$1.00 will go to pay the usury on that loan. If the refinery that sold the gasoline to the service station has loans outstanding, then yet another fraction of the \$1.00 spent will go toward the usury on those loans. If any of the employees of the refinery and the service station have loans outstanding, then some portion of their wages or salaries, which is some fraction of that \$1.00 spent, goes toward the usury on their loans. It is very difficult to track down all of the usury that \$1.00 spent is called upon to pay, but it totals up to a substantial portion. Whatever portion of a "dollar" spent ends up paying usury, the point is that the customer pays all of it. While it is true that corporations typically "invest" and receive usury themselves, nevertheless even this corporate income ultimately derives from someone spending a "dollar". If a corporation "invests" in government securities, then the corporate "interest income" ultimately derives from individual tax payments. (Even corporate taxes ultimately derive from individual expenditures, for they are yet another cost of operations.) What good does it do the "poor" to exempt loans to them from usury, when they are among those who end up paying all the usury on business and government loans?

It is not implied here that it is wrong for those with consumer or commercial loans to pay them and the usury with profits or wages that ultimately are derived from "poor" consumers. On the contrary, that is the only way that a free economy can operate. Not just the loans and usury, but all of one's expenses and purchases are met with funds derived in this manner. The key to prosperity is to become more of a producer than a consumer. Those who do enjoy an abundance. Those who do not (for

whatever reason) become dependent on the charity of another. This is the product of freedom and the inequalities of men. It is not this reality that is under attack here. The point here simply is that one must not declare that usury is permitted only on "commercial" loans and then blindly suppose that the "poor" will pay no usury.

In summary: 1) "Charitable loan" is a tautology; "Commercial loan" is a contradiction. Even though the borrower has a commercial purpose, this does not absolve the lender of responsibility to remain charitable in the loan. If a lender desires gain, then the proper way of pursuing it, without compromising charity, is by means of the "exchange" and the "investment". 2) Loans with no usury in cases of charity is, in practice, a complete fiction. Therefore, the "charitable/ commercial" distinction has no pious purpose to protect "charitable loans" from usury, but to create a pretended legitimacy for usury in the case of "commercial loans"; and 3) not only are the "poor" denied loans (usury or not) to meet their own needs, but they must pay the "rich" man's usury in the form of higher taxes and higher prices. In every consideration the mythical "charitable/commercial" distinction proves useless for the defense of usury. Therefore, such an imaginary distinction offers no challenge to the conviction that usury is wrong.

IV. The Deuteronomic Double Standard

Deuteronomy 23:19-20 says, "You shall not charge interest to your countrymen: interest on money, food, or anything that may be loaned at interest. You may charge interest to a foreigner, but to your countryman you shall not charge interest, so that the LORD you God may bless you in all that you undertake in the land which are about to enter to possess."

The terminology "Deuteronomic Double Standard" is borrowed from Benjamin Nelson's study of this text.¹ The main problem is the following dilemma: If usury is wrong, then why would God permit it in any case at all? And if usury is permitted in even one case, then how can one make a broad and general statement that it is wrong? In ancient times the church fathers condemned usury more because of the ruthlessness of the usurer than the inherent evil of usury. Medieval attempts to address the inherent evil of usury did not advance beyond the thesis handed down from Aristotle, that "money is barren", and therefore does not breed more money. By the time of the Reformation, the idea of the inherent evil of usury was in doubt because of the double standard which now is under consideration. This text has been a stumbling block for centuries. It is used as an excuse by those who defend usury because it explicitly states that usury is lawful in certain cases. Of course, the text also states what are the cases in which usury is lawful, but this is not considered by those who only are seeking an excuse. It is sufficient for them if they can simply derive from the text that usury is not inherently evil, supposedly because it is not universally banned. From there they can go on to make up their own (convenient) conditions in which usury is lawful. This is the origin of the pretended justification of usury on the basis of the "poor/rich" and "charitable/commercial" distinctions. This was the method of John Calvin, and many who subsequently have followed in his steps. Calvin's contribution to the usury debate will be examined more fully in another discussion which is to follow. For now the difficulty he had with the Deuteronomy text shall be surveyed, for it is typical of the difficulty that may be found in contemporary arguments.

1. Nelson, *The Idea of Usury, From Tribal Brotherhood, to Universal Otherhood* (Princeton: Princeton Univ. Press, 1949)

In his commentary on the Law, Calvin refers to the Deuteronomy text in treating the question of the inherent evil of usury.

As touching the political law, no wonder that God should have permitted His people to receive interest from the Gentiles, since otherwise a just reciprocity would not have been preserved, without which one party must needs be injured. God commands His people not to practice usury, and still lays the Jews alone, and not foreign nations, under the obligation of this law. In order, therefore, that equality (*ratio analogica*) might be preserved, He accords the same liberty to His people which the Gentiles would assume for themselves; for this is the only intercourse that can be endured, when the condition of both parties is similar and equal.²

What is evident immediately is that Calvin acknowledges the necessary damaging effects of usury ("one party must needs be injured"), and yet calls for "equality" between the earthly city and the City of God on the low level of sin, rather than calling on all men everywhere to repent. This curious approach results from his conviction that God had not subjected anyone but Israel to His law. The worry, in that event, was that if the "Gentiles" were free to exact usury from the "Jews", and not vice versa, then surely the "Jew" would be at an economic disadvantage in their dealings with the "Gentiles".

This is a well known explanation of why God would permit usury on loans to foreigners, and not on loans to countrymen. However, it is not faithful to the essence of the passage. There are two problems with this explanation. First, was the stranger really free from usury laws? Calvin asserts that God's usury laws were "political", that is, "civil" laws. As such they were supposed to be binding only within the state of Israel. In other words, they were not binding on other peoples. It certainly is uncharacteristic for Calvin to advance this biblically untenable position. It would sidetrack the present discussion to spend a great deal of time in pursuit of this question, however, the issue is important, and warrants a few remarks.

2. John Calvin, *Commentaries on the Four Last Books of Moses* (Grand Rapids: Eerdmans, 1950), p.128

God is the Creator of all men. "He made from one, every nation of mankind to live on all the face of the earth . . ." (Acts 17:26) Men are distinguished from one another not by metaphysical characteristics; not in their duty and obligation to their Creator; but only by their faith. God's people, by faith, keep His laws. Those who are not His people evidence this fact by hating and transgressing His law; perhaps not continuously and exclusively, but at least habitually ("By this the children of God and the children of the devil are obvious: anyone who does not practice righteousness is not of God, nor the one who does not love his brother." I John 3:10) All men are responsible to God, and the wicked and unbelieving are exposed as such in that they do not fulfill this responsibility. It is not that we, His people, are any better in ourselves than the wicked. We keep His law only because He has by His Holy Spirit empowered us to do so (Romans 8:1-4). The law of God binds all men. Some men are not His people, not because they are not bound by His law, but because they are in rebellion against it. Some observations of Greg Bahnsen will suffice to conclude this point.

Since God is the living Lord over all creation and immutable in His character, and since all men are His creatures and morally accountable to Him, we are led to believe that God's law (as reflecting the righteousness of God) applies to every man irrespective of his position in life, situation in the world, nationality, or place in history. ... The conclusion must be, then, that God's law was binding upon the Gentile as well as the Jew in the age of the Older Testament. Thus the law itself specified that even the alien was to be judged by the magistrate in accordance with the standard of God's law (Deut.1:16-17). "There shall be one standard for the stranger as well as the native, for I am the Lord your God" (Lev.24:22, NASV; cf Num.15:16, "one law and one ordinance"). ... What is sinful within the borders of Canaan is not condonable outside, and this is because the Mosaic law does not represent the ethic of a few Palestinian tribes but the universal and divine standard of righteousness.³

3. Greg L. Bahnsen, *Theonomy in Christian Ethics* (Phillipsburg: Presbyterian & Reformed, 1977), p.339-341

A second problem with Calvin's explanation - that Israel must be allowed to exact usury from the foreigner because the foreigner was going to exact usury from Israel - is that it supposes that needy Israelites would sooner borrow from a usurious foreigner than from his benevolent brother. In other words, permission to exact usury from foreigners was hardly necessary as a way of putting Israel on an equal economic footing with foreigners, because usurious foreigners could not compete with loans at no usury that would have been offered by fellow Israelites. In fact, economic superiority was the goal of this provision of the law. Usury enslaves. Israel was not to be enslaved, but was to be the master (Deuteronomy 28).

A fuller expression of Calvin's argument is found in the "Report of the Committee to Study the Biblical Teaching on Loans" of the Orthodox Presbyterian Church General Assembly (1983). The entire paragraph dealing with the matter at hand is presented here.

In turning to consider the matter of taking interest (usury) on loans, it should first be noted that Scripture does not outlaw all taking of interest. Calvin and others have pointed out that Deuteronomy 23:20 . . . allows the taking of interest from non-believers. The reason for such a distinction is not expressly stated, but the Hebrew term translated "foreigner" here is *nokri*, rather than the more familiar *ger*. In his commentary on Deuteronomy 15:3, Driver points out, "the foreigner (*nokhri*) -- to be distinguished from the *Ger* (10:19) -- is the foreigner who merely visits Canaan temporarily, for trade." Cragie (likewise at 15:3) comments that the *nokri* is a "foreign merchant who might live in an Israelite town." Thus in allowing the taking of interest from the "foreigner" the law is envisioning a business loan rather than the relief-loan extended to the poor brother Israelite. Usury is allowed on the former, forbidden on the latter. Similarly, on Ezekiel 18:5-9, Calvin notes that not all interest is contrary to the law, and consequently, not all interest comes under condemnation.

It is clear in this paragraph that the "brother/foreigner" distinction that is evident in the text is made out to be a "charitable/commercial" distinction. The means by which this is done is similar to the means by which men usually attempt to get the Bible to say something other than what it says: an appeal to some commentator's exposition of the original

language. One surely may find a commentary somewhere that will support whatever view one wishes to support. A survey of the meaning and usage of these words *Nokri* and *Ger* will prove very instructive. *Nokri* is derived from *Noker*, which means "misfortune" or "calamity". It is translated mostly as "foreigner", but also is rendered "adulteress" and "adulterous woman" (Proverbs 2:16; 6:24; 23:27; 27:13). *Ger* is derived from *Gur*, which means "to sojourn". It is translated mostly as "alien", but also is rendered "sojourner" and "immigrants" (Exodus 18:3; 20:10; Ezekiel 14:7; 22:29). What is immediately apparent is that *Nokri* carries a distinct negative connotation. The sojourner is one who is abiding in some other than his homeland. God said of His people, "you were strangers (*Ger*) in the land of Egypt" (Ex. 22:21), but the term *Nokri* never is applied to Israel. The "foreigner" is *Nokri* whether he is in another land or in his own homeland. *Nokri* who were in some other than their homeland probably were transients just because of their negative qualities. They were not wanted in the City of God. Aliens, i.e. not Israelites, who did not indulge in Babylonian culture and economics, and forsook their pagan gods, were allowed to remain in the land as sojourners, and were protected by God's usury law (Leviticus 25:35). Ruth is a good case in point. She was a Moabitess, and therefore *Nokri* in lineage. When Naomi returned to Israel from Moab, she urged Ruth and her sister to return to their people and to their gods (Ruth 1:15), which Orpah, Ruth's sister did do. However, Ruth was steadfast in her intent to convert to the faith of Naomi. She said, "Your people shall be my people, and your God, my God." (v.16). Even so, Ruth did not presume that Boaz would immediately or automatically relate to her as *Ger*. In humility, because of her Moabite lineage, she spoke of herself as *Nokri* (2:10). Boaz looked upon her with favor and kindness. He discerned the sincerity of her repentance of the pagan gods of her fathers. Thus Ruth acquired a better, spiritual lineage, and became the great-grandmother of David (4:18-22). The *Ger* were favored aliens, who were to enter into the life of Israel. The *Nokri* were the wicked people whom God had promised to drive out of the land. This usage hardly justifies the idea that *Nokri* were necessarily traveling merchants, much less the idea that loans to *Nokri* were "business loans".

It is important to distinguish between *Nokri* and *Ger*, which is not always easy to do in English translations. There is an argument which takes the "Deuteronomic double standard" to mean that usury is not inherently evil, the substance of which rests entirely upon a confusion of the two terms. Ebenezer Erskine and James Fisher, in 1753, published a commentary on the Westminster Shorter Catechism, in which they teach the following:

Q. How do you prove from Scripture, that moderate usury, or common interest, is not oppression in itself?

A. From the express command laid upon the Israelites not to oppress a stranger, Ex. 23:9; and yet their being allowed to take usury from him, Deut. 23:20; which they would not have been permitted to do, if there had been an intrinsic evil in the thing itself.⁴

This argument sounds conclusive, except that it ignores the distinction that is evident in the Hebrew between the *Ger* in Exodus 23:9 and the *Nokri* in Deuteronomy 23:20, as was explained above. Exodus 23:9 says, "And you shall not oppress a stranger, since you yourselves know the feelings of a stranger, for you *also* were strangers in the land of Egypt." The term "stranger" in every occurrence in this verse is *Ger* in the Hebrew. The provision of Deuteronomy 23:20 was for the exaction of usury from the *Nokri*. The righteousness of making such a distinction is based on the fact that God so carefully made this distinction in His law. The *Ger* were not to be oppressed (Exodus 22:21; 23:9, Leviticus 19:33,34), but were to be held accountable to, and thus protected by God's law (Exodus 12:49, Leviticus 24:22, Deuteronomy 1:16), as was noted above. The *Nokri*, on the other hand, were identified by their lawlessness and wickedness.

Who were these "foreigners", and why was Israel permitted to exact usury from them if usury was unlawful? It was understood from ancient times that this permission related specifically to the conquest of the promised land. Usury was part of the violence that Israel inflicted upon

4. Erskine & Fisher, *The Westminster Assembly's Shorter Catechism Explained by way of Question and Answer* (the Presbyterian Church in Scotland, 1753), Q.36

the wicked people whom God was driving out before them. God had told Israel that the conquest would encompass a length of time. Exodus 23:29-30, "I will not drive them out before you in a single year, that the land may not become desolate, and the beasts of the field become too numerous for you. I will drive them out before you little by little, until you become fruitful and take possession of the land." The oppression of usury was an effective means of keeping the Canaanites under check until they had been totally conquered. In this case, usury was an instrument of God's judgement upon a wicked people. As Luther expounded:

But the people of the Jews had a fuller and higher law, not only with regard to the repayment of loans but . . . with regard to the lending to the Gentiles on interest and taking usury, namely, by divine authority, which establishes and permits this very thing. For He is God and Lord of all; He takes away not only money and goods but also kingdoms and empires from whomever He wills and however He wills, and gives them to whomever He wills. If, therefore, for the sake of vengeance on the Gentiles, God wants to punish them through usury and lending, and commands the Jews to do this, the Jews do well obediently to yield themselves to God as instruments and to fulfill His wrath on the Gentiles through interest and usury. This is no different from when He commanded them to cast out the Amorites and the Canaanites. . . . This answers the question how the Jews were permitted to lend on interest. The answer is: It was not and is not permitted them because of their merit or by common law but through the wrath of God over the Gentiles, which He wants to fulfill through the Jews as instruments of His wrath.⁵

It was this purpose of conquest that Ambrose had in mind when he uttered, "Who is the stranger but Amelech - but an enemy? Take usury from him whose life you may take without sin. The waging of war implies the right of taking usury."⁶ Usury was allowed in the case of loans to "foreigners" because they were regarded as the enemy. Israel was to shun "foreign" peoples (Deuteronomy 17:15, Nehemiah 9:2; 13:3),

5. Luther's Works, [W, XIV, 655,656]

6. cited in: Cleary, *The Church and Usury* (1914; Hawthorn: The Christian Book Club of America, 1972), p.6

and abstain from "foreign" gods (Genesis 35:2, Exodus 23:24, Joshua 24:23, I Samuel 7:3, etc.). Usury exacted from the foreigner does not imply that usury is not inherently evil, just as the carrying out of the death penalty does not imply that killing is not inherently evil. The command to execute a murderer is not to be taken as an "exception" to, or "qualification" of the commandment "you shall not kill". In the same way, usury is an inherent evil that is not "qualified" by permission to practice on foreigners.

Fenton has argued that since the conquest of Canaan was completed, there was no longer any Divinely sanctioned utility in the exaction of usury. "Now when the Canaanites were once suppressed, we find all usurie ever after simply forbidden without any such limitation. So the Hebrews understood the 15. Psalme, as if it were unlawfull for a Jew in David's time to take usurie of any Gentile."⁷ In Fenton's time, Jews were infamous for money lending and usury taking. It was thought that they justified their usury on the basis of the provision of Deuteronomy 23:20. Yet one of their apologists, Rabbi Leon of Modena, agrees with Fenton. Writing in 1616, he said of the Jews, ". . . they have allowed themselves the liberty to take usury, notwithstanding it is said in Deuteronomy 23:20: 'unto a stranger thou may'st lend upon usury, but unto thy brother thou shall not lend upon usury.' In which place, the Jews cannot understand by the word "stranger" any other besides these seven nations, the Hittites, Amorites, Jebusites, etc., which God had commanded to be destroyed with the sword. But because they are not suffered to use the same means of getting a living as others which are brethren by nature, they pretend they may do it [usury] lawfully."⁸

Modern day Evangelical usurers also "pretend that they may do it lawfully", however, appealing not to the law as it is stated, but to a number of alleged "qualifications" of the law. That is, they plunder their brethren not because they think they are "foreigners", in which case their usury might have some hope of justification, but because they think their brethren are "rich", or that their loans are "commercial", and that this

7. Roger Fenton, *A Treatise of Usurie* (1611; Norwood: Walter Johnson, Inc., 1975), p.46

8. cited in Jacob R. Marcus, *The Jew in the Medieval World* (Atheneum: New York, NY 1969), p.439

some how makes their usury more lawful than in any other case. The stipulation of the law, to do violence on the wicked, is offensive to modern-day Evangelicalism. They are frightened by any "us vs. them" stance vis-a-vis the world. Therefore, for instance, the above cited Committee Report turned the "countryman/foreigner" distinction of the text into the mythological "charitable/commercial" distinction. As much as modern excusers would like to "break down the dividing wall", and do away with the "countryman/foreigner" distinction, they do so for the completely opposite reason that this wall was removed by ancient and medieval theologians. The 16th century Englishman Fenton maintained that now God's law prevails on both sides of where once there was a wall, whereas 20th century usury apologists seem to want the pagan Code of Hammurabi to prevail. If there no longer is any "Deuteronomic Double Standard", then there is but a single standard now in force. Is it proper to universalize the standard of the "brother" side of what once was a wall? In this case, one ought to relate to all men as brothers, and view lending in charitable terms in all cases. There would be no "exceptions" in which case usury is allowed. This is what the Puritans taught. Or is it proper to universalize the standard of the "foreigner" side? In this case all men relate to one another not as brothers, but as "foreigners" - not simply men from another country, but *Nokri*, i.e. detestable. This would provide the appropriate social context for the rampant usury that now in fact swarms over our land today, but it hardly fulfills the biblical vision of Christians as God's *people*, who love one another, and compassionately sustain their poor (in whatever they lack) with loans. Yet this is what the average "Christian" economist teaches.

Until recently, the passing of the "countryman/ foreigner" distinction meant the passing of any mitigation of the law, and therefore meant that usury simply is universally unlawful. Today there is the suggestion that the "countryman/ foreigner" distinction represents a "qualification" of the law, which leaves usury lawful regardless of whether the borrower is a "countryman" or a "foreigner". In order for this modern suggestion to be upheld, the militaristic nature of the Deuteronomic provision must be denied. Men may attempt to deny it by means of some brand of scholarship, however, what cannot be denied is the essentially violent and oppressive nature of usury. The suggestion that Christians bear an

adversarial relation to other men is shocking to most Evangelicals, yet it is this very concept which explains the Deuteronomic Double Standard. Usury is permitted in the case of loans to "foreigners" not because usury is permitted on "business" loans, but because usury is an act of war (usury is *Neshek*, a biting) and "foreigners" are the enemy. It is not suggested here that some men ought to be identified as "foreigners", against whom Christians ought to wage war, and loans to whom lawfully may include usury. Many other questions must be addressed, and many other assumptions must be brought out into the open, before one can pursue this idea of warfare. It is something that Evangelicals would rather avoid discussing. That is why the essence of the Deuteronomic Double Standard is ignored in favor of the spurious and erroneous poor/rich and charitable/commercial distinctions. The point in stressing the violent nature of usury is not to force the issue of warfare between the City of God and the earthly city. The present study does not afford an appropriate context in which to state any thesis or position on this subject. Rather, the objective is to stimulate the brethren, who would not even consider warfare against unbelievers, also to put off the warfare of usury among themselves.

One need not decide whether there ought to be warfare between "them and us", nor stipulate of what it would consist, in order to reach the conviction that warfare, in the particular form of usury, ought not to exist among the brethren. As was seen in previous discussions, usury always is a calamity. If one who is paying usury does not experience its calamity, it is only because he has managed to pass on to others its calamitous effects. The array of financial "instruments" which provide a vehicle for usury these days affords a great population of small-time usurers the luxury of knowing neither the names nor the faces of those whom they bite. One must not attempt to justify usury only because he cannot see the pain and oppression that it brings upon an individual brother. A sincere concern for the individual alone hardly will uncover the sin of usury. Needed is the development of a "people-consciousness". A true consciousness of brotherhood within modern Evangelicalism would almost instantaneously bring with it the conviction that it is warfare which is waged in the pursuit of gain through usury, and that it surely must not be waged among the brethren.

V. John Calvin

It may seem surprising to some that this exercise of addressing popular excuses for usury should include a discussion of John Calvin. Calvin, of course, was a prominent "reformer" during the Reformation of the church in the 16th century in Europe. Most Christians today at least have heard of the theological (and philosophical) system that bears his name: Calvinism. There is a great deal of misunderstanding and misinformation regarding Calvinism today, but it is not within the scope of our present purpose to address this problem. Our purpose here is to discuss Calvin's contribution to the centuries-old controversy on usury.

Whatever the reader's conception of Calvinism, he probably has the well-founded tendency to associate Calvinism with political and economic conservatism. Modern Calvinists, such as Gary North, fulfill this expectation in their writings. In this light, it may surprise some to learn that Calvin was instrumental in liberalizing the Church's stand on usury. This explains why it is that even the most strict and conservative Christian scholars in modern times still hold to what would by medieval standards be a liberal position on usury. The modern ideas concerning "the poor", "business loans", and "the Deuteronomic double standard" find their origin in the writings of John Calvin. Whatever feelings this fact may evoke in the reader depends on his previously held convictions concerning both Calvin and usury. Such feelings are of little use. The present discussion of John Calvin ought in no way to influence the manner in which the Arminian or Evangelical reader tends to esteem Reformed theology or world view. The issue of usury notwithstanding, the modern Evangelical has a lot to learn from Calvin. On the other hand, it would be the height of foolishness for the Reformed reader to embrace the sin of usury only on the strength of the fact that Calvin liberalized it. The present procedure will be to survey and evaluate Calvin's teaching on usury.

As was noted in the previous discussion, the so-called Deuteronomic Double Standard was a stumbling block for Calvin. Having misinterpreted the permission, given in Deuteronomy 23:20, to exact usury from the "foreigner", Calvin could not bring himself to declare that usury was inherently evil. There was much more involved than simply the

interpretation of a verse of scripture. His circumstances may help explain, though not excuse, Calvin's liberal view.

Calvin's life traversed the interface of the medieval and modern eras. He saw the height of the Renaissance with the consequent blossoming of the arts and sciences. As well, commerce and industry were gearing up to an extent that the ancient world never knew. This tended to change the problem of usury. Loans at usury to capitalize a commercial or industrial enterprise did not seem to entail the "bite" for which money-lending had become infamous. Surely, it was thought, commerce and industry would grow to unimaginable heights if only usury were not restricted. Great pressure was brought to bear for a loosening of the standard, to allow the financing that business men sought. Many European states had outlawed usury, having been convinced by the church. But the loyalty of the state to the church typically has been pragmatic in nature. As soon as business interests had succeeded in convincing the state differently - that usury is desirable so that commerce and industry could be capitalized - the various states were not slack in converting their loyalties, and legalizing usury. A host of secular theorists had begun loudly and openly to come to the defense of usury, and were joined, though less enthusiastically, by a number of Reformers.¹ Among them, of course, was Calvin. Perhaps Calvin had come automatically to question whatever position Rome had taken. In any case, the pro-usury course that he had adopted was not as defensible as were other points of reform, nor were his pro-usury arguments as confident and eloquent as his other discourses.

In his struggle to achieve his usual consistency, the maintenance of the pro-usury position presented a two-fold problem. First, Calvin wished to remain loyal to the Bible, and to the heritage of the ancient fathers, who were unequivocally opposed to usury. But, secondly, he needed to refute the arguments of Aristotle, which had for hundreds of years dominated the church's theoretical case against usury.

In many passages, Calvin displays his instinct to carry the banner that is unfurled in the Bible and handed down through the Fathers and Scholastics. In his commentary on Ezekiel 18 he says, "In a well regulated

1. see Böhm-Bawerk's historical discussion in *Capital and Interest* (1890; New York: Kelly & Millman, Inc., 1957), Vol.I, p.25ff

state, no usurer is tolerated : even the profane see this : whoever therefore professedly adopts this occupation, he ought to be expelled from intercourse with his fellow men. . . . that of the usurer is an illiberal trade, and unworthy of a pious and honourable man. . . . And surely the usurer will always be a robber; that is, he will make a profit by his trade, and will defraud, and his iniquity will increase just as if there were no laws, no equity, and no mutual regard among mankind."² In his commentary on the Eighth Commandment he comments on the nature of usury that, "it can hardly be but that usurers suck men's blood like leeches."³ Also, in his commentary on the Eighth Commandment, Calvin chides those who play with terminology in order to escape the requirement of God's law. He accused Israel of calling usury *Tarbith* (increase) instead of *Neshek* (biting), in order to escape the condemnation of the Eighth Commandment. He says, "For, where He complains of their unjust modes of spoiling and thieving in Ezekiel, and uses both words as He does here by Moses, there is no doubt but that He designedly cuts off their empty excuses (Ezek. xviii. 13.) Lest any, therefore, should reply, that although he derived advantage from his money, he was not on that account guilty of usury, God at once removes this pretense, and condemns in general any addition to the principal. Assuredly both passages clearly shew that those who invent new words in excuse of evil, do nothing but vainly trifle. I have, then, admonished men that the fact itself is simply to be considered, that all unjust gains are ever displeasing to God, whatever colour we endeavor to give to it."⁴ In all of this Calvin echoes the sentiments of the church from earliest times. It certainly was not his purpose to break radically with this tradition.

However, he failed to hold radically to the tradition. Calvin's view of usury is not as monolithically traditional as the above quotations, taken by themselves, might suggest. Due to the pressures described above, his thinking apparently was confused, or at least inconsistent. For example, directly following the fairly strong statement that was just quoted, Calvin adds, "But if we would form an equitable judgment, reason does not

2. Calvin, *Commentaries on Ezekiel* (Grand Rapids: Eerdmans, 1948), Vol.II, p.227

3. Calvin, *Commentaries on the Four Last Books of Moses* (Grand Rapids: Eerdmans, 1950), Vol.III, p.129

4. *IBID*, p.130-1

suffer us to admit that all usury is to be condemned without exception."⁵ One wonders how these two views could both reside in the same treatise. First, Calvin appeals to God and His law in order to condemn usury - regardless of what it is called - and then he appeals to "reason" and "equitable judgment" - as though an equitable judgment were not already present in the law - in order to justify usury.

Such vacillation is evident also in his commentary on Ezekiel 18. In nearly one breath Calvin declares, "But we must hold that the tendency of usury is to oppress one's brother, and hence it is to be wished that the very names of usury and interest were buried and blotted out from the memory of men. But since men cannot otherwise transact their business, we must always observe what is lawful, and how far it must go."⁶ Notice three things in this labored statement. First, there is evidenced an instinct to deal properly with the law on usury (one must not exact usury because one must not "oppress one's brother"). Secondly, the pragmatic and worldly pressures to accommodate trade, commerce, and industry are evident ("since men cannot otherwise transact their business"). Thirdly, the law is made liable to qualification (to usury, Calvin no longer says "yes" or "no", but "how far"). This sort of transition, which Calvin executed in the space of a few lines of text, mirrors the historical degeneration of teaching on usury from the high, biblical standard opposing usury that endured throughout the early Middle Ages, to the pragmatic doubts and questions that cropped up in the later Middle Ages, to finally the compromise and qualification of God's law that is rampant in the modern era. In anticipating this latter phase of the transition, Calvin was ahead of his time.

Having mishandled the so-called Deuteronomic Double Standard, as was demonstrated in a previous discussion, Calvin set himself on a course to discover the "qualifications" to God's law, which would define in what cases usury is to be permitted. But, though he saw himself as having set aside any univocal condemnation of usury in the law, he yet was left standing face-to-face with Aristotle. The church fathers knew that usury was wrong because the law of God so stated. But, when it came to stating

5. IBID

6. Calvin, *Commentaries on Ezekiel*, Vol.II, p.228

some theory to explain why it was inherently evil, they were largely at a loss. Mostly, their practical problem with usury referenced the ruthlessness of usurers and the miserable lot of debtors. For any argument that was discreetly theoretical, they were forced to turn to the pagan philosophers. Since the basic thesis of Aristotle formed the essence of the theoretical case against usury in the Middle Ages, Calvin rightly saw the need to refute his arguments. Like Calvin, the present writer as well holds Aristotle's argument to be flawed, however, unlike Calvin the present interest in refuting it is not in order to establish the lawfulness of usury, but to replace a weak and inadequate argument against usury with a better one.

Aristotle's argument was not highly developed. The basic principle was that "money is barren"; that is, money does not beget money. On the strength of this observation, Aristotle declared that gain through usury is wholly unnatural. This idea held sway for centuries, and formed the basis for the theoretical arguments of the Scholastics, such as Thomas Aquinas.⁷ The view is flawed, as were many views of Aristotle, and Calvin was brave enough to challenge it. To challenge Aristotle required bravery simply because of the colossal stature he commanded throughout the Middle Ages. Calvin need only have contemplated the lot of Galileo in order to gauge the seriousness of his course. But then, being a reformer, it is certain that he was accustomed to being at odds with Rome. He said, "Nor will that subtle argument of Aristotle avail, that usury is unnatural, because money is barren and does not beget money; for. . . a cheat ... might make much profit by trading with another man's money, and the purchaser of the farm might in the meantime reap and gather his vintage."⁸ Calvin imagines numerous cases where one man somehow makes a large profit "by trading with another man's money". He concedes it as obvious that money stored away in a box will never beget more money, and quickly adds that such is not the purpose or function of money. This was not a point that had escaped Aristotle, though he did not admit the same conclusion. In the course of his brief remarks, Aristotle

7. J.T. Noonan, Jr., *The Scholastic Analysis of Usury* (Cambridge: Harvard Univ. Press, 1957) Noonan points out that scholastic theory of usury got its start independent of Aristotle, but the later-incorporated Aristotle gained authority.

8. Calvin, *Commentaries on the Four Last Books of Moses*, Vol.III, p.131

says, "For money was intended to be used in exchange, but not to increase at interest."⁹ He centers on the Greek (for him the vernacular) terminology, viz. *Tokos*, here translated "interest", as in many versions of the New Testament. He explains, "And this term interest, which means the birth of money from money, is applied to the breeding of money because the offspring resembles the parent. Wherefore of all modes of getting wealth this is the most unnatural."¹⁰ However, it seems obvious to Calvin that money put to its right purpose certainly yields gain. Calvin concentrates on the effects of trading with money. Calvin certainly is correct in this regard, yet he seems oblivious to the differing legal status of "lender" and "partner". A partner certainly is entitled, according to the terms of the partnership, to some share of the venture profits (or losses), but a lender is entitled only to repayment of the loan.

It is interesting that Calvin should multiply examples and illustrations utilizing the farm and vineyards, for it is in these cases that Aristotle's principle falls apart. Money indeed is barren; but a cow is not barren, nor a seed. If the barrenness of the thing lent is the only reason why usury on the loan is to be prohibited, then not even Aristotle could argue against usury on a loan of seed or livestock. Aristotle's problem was that he approached the problem through science instead of law. The law says that usury is prohibited not only on money, but also on "food, or anything that may be loaned at interest" (Deuteronomy 23:19b). The reason that usury is prohibited is not because it is unnatural, but "so that the Lord your God may bless you in all that you undertake in the land which you are about to enter to possess." (23:20b). Calvin sought to refute Aristotle in order to remove all theoretical barriers to usury. The present writer refutes Aristotle because his arguments against usury are spurious and inadequate.

It is apparent that in his pursuit of the conditions under which usury may be exacted lawfully, Calvin executed a transition in his thinking. In one passage he flatly stated the unlawfulness of usury in case of loans to one's brother, and the lawfulness of it only in case of loans to the stranger. However, the more he wrote about usury, and the more he tried to refute

9. Aristotle, *Politics*, Bk.I, Ch.10

10. IBID

Aristotle, the more the conditions for lawful usury changed in his mind from the biblical brother/stranger distinction, to the mythological "poor/rich" or "charitable/ commercial" distinctions. Directly following his comments on Aristotle, cited above, he continues, "But those who think differently, may object, that we must abide by God's judgement, when He generally prohibits all usury to His people. I reply, that the question is only as to the poor, and consequently, if we have to do with the rich, that usury is freely permitted."¹¹ It is this sort of case that Calvin has in mind when in his Ezekiel commentary he offers the following scenario.

But if a man is rich, and has money of his own, as the saying is, and has a very good estate and a large patrimony, and should borrow money of his neighbor, will that neighbor commit sin by receiving a profit from the loan of his money? Another borrower is the richer of the two, and might do without it and suffer no loss : but he wishes to buy a farm and enjoy its fruits : why should the creditor be deprived of his rights when his money brings a profit to a neighbor richer than himself?¹²

Calvin, of course, was asking these questions rhetorically, but the correct answer is not the one that Calvin implies. What he asks rhetorically begs for an answer. Right away, the words of St. Jerome come to mind, "Did you give to a prosperous person or not? If he were prosperous, then you should not have given it; if he were not, then you should not ask it back as if he were."¹³ There seems to be a common idea that because a man is rich, it somehow becomes lawful to exact usury from him. Calvin carefully constructs his hypothetical cases so that the reader hardly will object to usury being taken from the borrower. Yet the exceeding wealth of this hypothetical borrower suggests a question which Calvin had overlooked, "if he is prosperous, then why did you give it?"

11. Calvin, *Commentaries on the Four Last Books of Moses* , Vol.III, p.131

12. Calvin, *Commentaries on Ezekiel* , Vol.II, p.228

13. cited in Cleary, *The Church and Usury* (1914; Hawthorne:The Christian Book Club of America , 1972, 1984), p.55

Calvin seems almost 20th century when he speaks of "rights" ("why should the creditor be deprived of his rights when his money brings a profit to a neighbor that is richer than himself"). Also in 20th century fashion, he overlooked the obvious point that once the money was lent, it no longer was the creditor's money. It was not the creditor's money that made a profit for the borrower. Once the loan was made, the creditor owned the debt, not the money. If the creditor was interested in profits from the borrower's use of the money, then why did he not use the money himself in the way the borrower did, or enter into a partnership with the borrower? Then he legitimately may have clamored for his "rights".

Indeed, so 20th century were Calvin's insights that in this era, those who argue for usury, and who otherwise despise his teaching, openly acknowledge their debt to him. So says Benjamin Nelson in *The Idea of Usury* :

Calvin on Deuteronomy became a Gospel of the modern era. Everyone from the sixteenth to the nineteenth century who advocated a more liberal usury law turned to Calvin for support. Even those who would not or could not mention his name were compelled to speak his words. If today we do not appeal to his teachings, it is because we have learned his lessons too well. Religious or even ethical vocabulary is no longer needed to justify the moral and economic postulates which he helped to establish.¹⁴

If Calvin could read that statement, there is no doubt that he would be horrified. That which today is attributed to him is not in any way what he meant to accomplish. He was not one who labored to find an excuse to live lawlessly, as may characterize those who today appeal to him in order to justify their covetousness and theft. He desired nothing other than for human lives to carry on in submission and obedience to God. There is little doubt that he would be horrified at the thought of his teaching being stripped of its essentially religious character. The modern church owes a great debt to Calvin for his contribution to the bedrock of sound biblical interpretation. His works evidence genius and piety, and have provided a standard of biblical scholarship in the tradition of Augustine, owing

14. Princeton: Princeton Univ. Press, 1949, p.74

ultimately to the Apostles and to the very Word of God. However, in matters of economics Calvin has failed to distinguish himself. It is likely that his economic lessons, such as his commentary on Ezekiel 18, were provoked by a need he felt to say something rather than nothing. However, his speech in this regard was not borne up with great learning and experience as were his theological insights. This may be surmised on the basis of his own confession, in a letter to the Queen of Navarre.

Calvin had made a loan of money to the King of Navarre, a small kingdom that was friendly to the cause of the Reformation. As it happened, the King died before repayment was made. Now Calvin found himself in the awkward position of having to speak to his widow about the matter. In his letter to the Queen, he recounted the negotiations for the loan. Apparently, the matter prevailed unnecessarily until after the King's death, due to Calvin's own ineptness. He rather timidly apologised to the Queen, "But when the time came round for the payment, I did not know in what direction to turn myself, for I have never been a man of finances".¹⁵ All Christians ought to take this confession seriously. The works of Calvin have proven to be invaluable to the church, but they are not Scripture. One must not read the works of men uncritically, and one ought to be especially watchful when dealing with those passages which display the author's self-confessed weakness. This was the method in examining Calvin's treatment of usury, and sadly, it has been found wanting.

Surely, the apologists for usury have made much more out of the teaching of Calvin than they ought to have made, for they have been willing to grasp whatever support they could find to justify the practice without showing any compulsion to try to integrate this with the totality of Calvin's world-view. Christians, on the other hand, have not made as much out of Calvin's world-view as they ought to have made, and therefore are hard-pressed to realize the schizophrenia represented by the inclusion of usury. It is the excusing sinfulness of man that prompts one to take conveniently liberal quotes from Calvin and represent these as typical of his overall view, while ignoring the preponderance of his more traditional views.

15. Dr. Jules Bonnet, *Letters of John Calvin* (New York: Burt Franklin), p.319

One must allow himself to see the fallenness of Calvin. He was not perfect. As an earnest contender for the faith, Calvin's exhortation to Christendom was to take "every thought captive to the obedience of Christ" (II Corinthians 10:5). That precisely is the motive of this present course of inquiry. The outcome of the present discussion is not that therefore one must discard Calvin. On the contrary, the present thesis holds that if Calvin himself were more consistent to the radical biblical foundation to which we know he subscribed, and if he were more self-consciously biblical in his economics, then he surely would have held more consistently to the prohibition of usury. The Reformational heritage is not compromised by a correction of Calvin on the point of usury, rather it is strengthened. This correction is but a call to faithfulness to the one foundation. Calvin himself would not have it any other way.

VI. Risk

Another popular excuse for usury is the reality of risk. It is said that one granting a loan is entitled to usury as a compensation for the risk he undertakes in giving the loan. A modern expression of this idea is found in the writings of Gary North. Commenting on the biblical prohibition of usury he says, "There is no biblical evidence, nor have Christian casuists generally argued, that the prohibition restricted interest received on business loans, so long as the lender shared the risks of failure along with the borrower."¹ This comment reveals a certain link that exists between this idea of "risk" and the concept of "business loans". The excuse for usury that is built around "risk" actually is a variation of the excuse involving the spurious "charitable/commercial" distinction of loans, which previously was treated. The particular variation involving an idea of "risk" deserves separate treatment.

At the outset of this discussion it is necessary to define precisely what is meant (and what is not meant) by the term "risk". Risk universally is understood as exposure to hazard. Typically, hazard is confronted due to an uncertainty of the future. If one invests in a company that is being organized to manufacture a certain product, he is risking the investment because he cannot have absolute certainty that the venture will succeed. Whether the venture succeeds or not is not a matter that is left to randomness or chance. The success of the venture is determined to some extent by the talent of the entrepreneurs to hire expert workers at a reasonable wage, to minimize costs, and to market the product effectively. But these cannot be absolute determinants because man is not sovereign in the world. None of his efforts can guarantee success. Yet men continue to venture into numerous enterprises. Why? If men insisted on a guarantee of success before they venture into business, no business ever would be done. The bottom line of business is the development and production of factors of human survival: food, clothing, and shelter. These things must be done. Men must venture out to do them even though they cannot be

1. Gary North, *An Introduction to Christian Economics* (The Craig Press, 1973), p.362

absolutely certain of success. One's estimation of this situation depends on how one explains the fact of uncertainty.

Some have sought to explain man's uncertainty of the future by ascribing randomness and chance to the universe. This position is based on the conviction that no mind can have higher or more complete knowledge than the human mind. That is, the future is unknown because it is unknowable. This obviously is a position of unbelief. It denies the fact that there is a Creator of the universe Who is omniscient. An example of this view is the well-known free market economist, Ludwig von Mises. He has said, "The uncertainty of the future is already implied in the very notion of action. That man acts and that the future is uncertain are by no means two independent matters. They are only two different modes of establishing one thing."² What is the "one thing" that these two insights establish? Mises does not say specifically. He does go on to say that whether the ultimate reality is determinism or chance is irrelevant to the theory of human action. To him, ignorance of the future is the important factor. He says, "if a man knew the future, he would not have to choose and would not act. He would be like an automaton, reacting to stimuli without any will of his own."³ The "one thing" that Mises means to establish is the ultimacy of human action. It does not matter to him whether obscure physical laws absolutely control everything in a complicated web of cause and effect, or whether all events are entirely random, as long as men are ignorant of the reality and as long as there is no Creator who is sovereign over His own creation. In this case men are left (in their own perceptions) with the ultimacy of their own choices and actions against a fundamentally unknowable future.

In contrast to this unbelieving view, is the view of faith. This biblical view explains the uncertainty of the future based on the finitude of man. The future is unknown to man, but it is not unknowable. But even saying that, it would not be true to say that the future is entirely unknown to man. The unbelieving school would say that since the future is unknowable, therefore it is entirely unknown. The biblical view maintains that since the future is entirely known to God, therefore it is partially known to man

2. L.v.Mises, *Human Action* (Chicago: Contemporary Books, 1963), p.105

3. IBID

- to the extent that God has revealed it to him. A simple example of this is the farming enterprise. Whether there will be planting and harvesting seasons next year is not regarded as up to chance. The presumption that farming can be done next year, to one degree of success or another, ultimately is derived from the revelation of God that "While the earth remains, seedtime and harvest, and cold and heat, and summer and winter and day and night shall not cease." (Genesis 9:5) God has given to men of faith some certainty regarding the future, and they experience the greatest reality and fulfillment in their lives when they interpret their lives and history in terms of this revelation. Rushdoony has pointed out that the future logically is prior to the present. What this means is that one's interpretation of past and present realities is to be held in terms of what he knows of the future. The future is not to be a fundamental unknown that may perhaps be predicted on the basis of past trends. To do this is to make an idol out of history.⁴ Rather, God's ultimate goal in history, while lying still future to us, is a fundamental premise on the basis of which we truly understand the past and the present. For example, we know that in the future God will judge all men. We daily live in light of this fact. The uncertainties of the future are not wide open, for what to us is contingency necessarily must conform to what we know God has decreed. We must approach future uncertainty by faith in the Creator and the hope that we serve His eternal purposes in our lives.

The reality of risk is perpetual in human experience. This is true whether one explains this reality on the basis of man's finitude or some principle of randomness. One's attitude in dealing with risk is determined by the explanation of risk to which he subscribes, but the reality of risk itself may not be escaped. All men face risks, regardless of whether they are borrowers or lenders. That the borrower experiences risks as well as the lender, is a point that has been overlooked by those who feel that risk excuses usury. In fact, up until the modern era, the borrower's risk was unquestionably greater than the lender's, for if the borrower incurred losses that disabled him to repay the loan, he and his family faced slavery. It was actually suggested, in the Middle Ages, that since the borrower

4. R.J. Rushdoony, *The One and the Many* (Fairfax: Thoburn Press, 1978), p.145

undertook such risks, interest was due from the lender!⁵ Let us take a moment to examine how men have dealt with the reality of risk historically - particularly economic risk.

The idea that men deserve a reward for bearing economic risk was totally missing from ancient thought. The Bible, which aside from being the Word of God also is a major source document for the study of ancient civilization, is absolutely without any mention of economic risk. Some translations include the term "risk" in other contexts, but these translations are from various combinations in the original tongues that have entirely different meanings than what normally is ascribed to the concept of risk. For example, Jeremiah 30:21 has God declaring, "Who would dare to risk his life to approach Me?" Here risk is translated from a word meaning "to take on pledge".⁶ The idea of one being entitled to compensation for facing future uncertainties is alien to biblical economics. There is a measure of truth in the statement of Gary North, that biblical prohibitions against usury were not directed against those who shared risks in commercial endeavors. But the reason is not the one that North implies. It was not because usury was allowed in those cases, but because those cases did not exist.

Other ancient sources similarly are silent on the matter of economic risk. Aristotle did not treat the matter of risk. He certainly did not regard it as pertinent to the controversy of usury. As the reader will recall from an earlier chapter, Aristotle's entire complaint against usury was the so-called "barrenness of money".

This silence in ancient sources may be due to the fact that economic risk, i.e. risking capital in a commercial enterprise, also was virtually unknown in ancient times. Although individuals bear risks perpetually, of all manner and description, risks borne in partnership with others were uncommon until the development of partnership ventures in the early centuries AD. The development of the commercial partnership stimulated the need to define the partner's legal right to dividends of the venture profits. Justinian law decreed in 533 AD that, "If no express

5. Herrick, *History of Commerce and Industry* (New York: The Macmillan Co., 1920), p.144

6. NASB Exhaustive Concordance, Hebrew-Aramaic Dictionary (Nashville: Holman Bible Publishers, 1981)

agreement be made by the partners concerning their share of profit and loss; the loss and the profit must be equally divided. But if an express agreement be made, it must be observed..."⁷ More numerous and more complicated regulations sprang up to address the conditions under which partners in a venture may share the profits and losses unequally.

Important to the issue of usury was the question of whether a man who contributes money to a commercial venture was to be regarded as a lender or a partner. This was important because throughout the middle ages ecclesiastical law (and much civil law) prohibited usury on any loans. A lender would not be entitled to any profits from the venture; he would be entitled only to repayment of the loan. A partner, however, would be entitled to a share of the profits. The basis of this distinction was the legal precedence that a lender actually transferred ownership of what was loaned to the borrower, while he who committed money or goods to a partnership venture retained ownership of them. On the strength of this idea Thomas Aquinas wrote, "He who commits his money to a merchant or manufacturer in partnership does not transfer ownership of the money, so that the merchant or manufacturer works with it at the other's risk, hence that other may lawfully seek a share in the profit as it arises from his own property."⁸ Cleary points out that in this passage Thomas brings two elements together; ownership and risk. He observes, "Here ownership of the property is the ostensible reason assigned for a right to a share in the profit, yet one cannot help thinking that St. Thomas attached some special importance to the fact that the risk is retained by the capitalist."⁹ That there was an importance attached to the bearing of risk seems undeniable, however, it also seems that the importance of risk was other than the importance of ownership, viz. risk was taken as evidence of partnership, and ownership was the basis of claim on profits. Cleary observes this fact: "Liability to risk had been made the test of true partnership by the early cannonists. This was the result of their teaching

7. cited in Cave & Coulson, eds., *A Source Book for Medieval Economic History* (New York: Biblo and Tannen, 1965), p.184

8. cited in Cleary, *The Church and Usury* (1914; Hawthorn: The Christian Book Club of America, 1972), p.87

9. IBID

on the inseparability of risk and ownership. . ."¹⁰ It is clear that risk and ownership are inseparable in commercial enterprise, since the loss of property is a hazard that is borne by the owner. A medieval application of this principle was a London ordinance of 1391, which declared, "if any person shall lend or put into the hands of any person, gold or silver, to receive gain thereby, or a promise for certain without risk, such person shall have the punishment for usurers. . ."¹¹ Risk was a valid test for partnership simply because the lender originally bore no risk. The debt of principal and usury to him was dependent on no contingency. It mattered not whether the borrower prospered or failed.

As was noted in a previous chapter, during the Middle Ages usury was outlawed throughout much of Europe. This did not stop usury, but incited an evil sort of creativity in men to arrange their business deals to accomplish the same thing as usury, while escaping the condemnation of the statute. Some of these special arrangements, called "extrinsic titles" dealt with seemingly legitimate claims for the repayment of more than was loaned, and were readily accepted by the church. One that was not so easily accepted, however, was the title that was named "*Periculum Sortis*", which basically was a claim to compensation because of risk; virtually the same claim that presently is under examination. The church leadership stood against such a claim. An example is a decree by Pope Gregory IX: "He is to be accounted a usurer, who lends a certain sum to one who is about to make a voyage, or attend a market, on the condition of receiving more than he lent merely because he undertakes the risks."¹² Risk was recognized as a handy test of ownership, to weed out those business deals that were so constituted as to get around usury laws, but a considerable effort was required by usurers to get "*Periculum Sortis*" recognized as itself a legitimate claim to compensation over and above the principal.

Finally, at the outset of the Reformation, *Periculum Sortis* was recognized. This title was formulated in the same form in which it still exists today. There is no difference between *Periculum Sortis* and the idea that a lender ought to be compensated for taking a risk. The problem

10. IBID, p.126

11. IBID, p.105

12. IBID, p.115

with this idea is the mistaken significance that is attached to the reality of risk. The fact that partners in a commercial venture share risk does not prove that everyone who experiences risk therefore is a partner in a venture. In a day when lender's bore little or no risk in extending a loan, risk was a handy test of partnership. Unless one was at risk in a commercial venture, he could not claim to be a partner in the venture. But the fact of risk does not create partnership. As was pointed out, originally lenders bore little or no risk in extending a loan. Even if the borrower defaulted, the lender confiscated all of his property and made the borrower his slave. Medieval and modern bankruptcy laws have increased the lender's risks, but it was invalid for theorists to infer from the fact of risk that now lenders enjoy the same claim to profits as do partners. Risk is perpetual due to men's uncertainty of the future. Walking down the street is a risk. Climbing in and out of the bath tub is a risk. It has only been since the advent of *Periculum Sortis* that men have felt that they deserve a monetary reward simply because they have taken a risk.

The true basis of one's claim to profits is the one that has been recognized from antiquity through the middle ages, and has its foundation in biblical law, viz. ownership. Risk or no risk, a lender may claim only the return of what was loaned. Those who bear risks as owners and partners actually are not lenders. Risk may be an evidence of partnership, but to make risk itself a criteria of lawful gain is a 500 year old mistake that actually has been used to sanctify what in reality is usury. Ownership is the key. Owners in partnership lawfully gain dividends (in the event their venture succeeds). A lender is no longer an owner of what was borrowed, and is not a partner with the borrower. Any increase paid to him is usury.

To appeal to risk as a claim to monetary gains is to appeal to one's own abilities in confronting a chance and random universe. A professional risk-taker requires his debtors to congratulate him with usury because he was so brave in risking his money. An owner works with capital to produce goods. He requires nothing but what is rightfully his, being produced by his capital. He bears risks in his work, as all men bear risks in the conduct of their lives. But the righteous man does not view his own risks as special. He does not suppose that he is the only one

who bears risks, or that other men owe him anything on account of his risks. This is the difference between the risker and the owner; between the usurer and the producer: The risker sees himself as afloat on a random sea of contingency; the owner sees his life as created, directed, and sustained by God. The risker sees himself as on a crusade to tame a random universe; the owner is in a position to bow in humility before God and His law. James 4:13-17 illustrates this distinction.

Come now, you who say, "Today or tomorrow, we shall go to such and such a city, and spend a year there and engage in business and make a profit." Yet you do not know what your life will be like tomorrow. You are just a vapor that appears for a little while and then vanishes away. Instead, you ought to say, "If the Lord wills, we shall live and also do this or that." But as it is, you boast in your arrogance; all such boasting is evil. Therefore, to the one who knows the right thing to do, and does not do it, to him it is evil.

The reality of risk is evident in the vapor-like character of our lives. How do we deal with this uncertainty? Do we appeal to our Creator for our lives and the direction and success of our work, or do we make uncertainty a fundamental principle and then set out to conquer it? In humility and faith we must appeal to our God. Risk itself entitles us to nothing. The legal importance of risk historically has been as a test of partnership, and for this purpose it certainly is useful. Beyond that, an idea of risk is only philosophically interesting. As an excuse for usury, and a subterfuge from the law of God, it is terribly inadequate.

VII. What About Rent?

Another popular excuse for usury is that it is no different than rent. It is said that "interest" merely is rent on "money", and that if rent is assumed to be legitimate, then usury would have to be considered legitimate as well. Böhm-Bawerk reports the view of John Locke, "to receive profit from the loan of money is as equitable and lawful as receiving rent for land".¹ He further comments on Locke:

That there is undoubtedly an analogy between interest and the profit from land rent, was very likely to lead logically to a conclusion involving land rent in the same condemnation as interest. To this Locke's theory would have presented sufficient support, since he expressly declares rent also to be the fruit of another man's industry. But with Locke the legitimacy of rent appears to have been beyond question.²

The economic similarity between usury and the rent of property readily is admitted. However, this close connection does not serve to legitimize usury, as Locke et al suppose; but to condemn rents. The presupposition of the legitimacy of rents is faulty since usury theoretically and historically is the prior concept, and forms the basis of rents, not vice-versa. Before looking into the history of rents, and examining their usury-like character, it first is necessary to dismiss a common misconception that rent is sanctioned in the Bible.

John J. Mitchell, then editor of the Presbyterian Guardian, says in the April 1977 issue:

The ancient Israelite was free to lend his work animals for pay (Exodus 22:15). He was free to "lend" himself as a laborer for hire (Deuteronomy 24:15). He was even free to rent out his land (though not to sell it) for a return based on the number of harvests during the lease (Leviticus 25:15-16). The

1. cited in E. v. Böhm-Bawerk, *Capital & Interest* (New York: Kelly & Millman, Inc., 1957), Vol. I, p.45

2. IBID, p.46

principle is clear: It was right and proper to expect payment for the usage of such assets as land, animals, or even one's own person.

But if he could receive payment for the use of his land, by what principle of equity should he have been forbidden to collect "rent" on the use of his money?

The answer, of course, is that in fact it is not lawful for one to sell the use of his property (rent). But that is the point in question, so let us examine the three scripture references that are given in the remarks cited above. The most easily dismissed is the idea that wages may be viewed as "rent" of one's labor. Labor is the most basic manner in which one may provide a service to others. Goods and services are the property that men offer in trade with one another. The "hire" of a laborer is what he receives in exchange for providing the service of his labor. It cannot be confused with "rent", as Mr. Mitchell himself appears to acknowledge when he uses "lend" in quotes when applying this term to labor. Also, the Hebrew word for "hire", *sakar*, is most often translated "wages" in the NASB, and in no way can be given the sense of "rent".

Secondly, Mr. Mitchell suggests that the Bible sanctions the renting of work animals. In support of this he cites Exodus 22:15. The passage in which this verse is found deals with laws concerning the loss of property under various circumstances. Starting with v.14, it says, "And if a man borrows anything from his neighbor, and it is injured or dies while its owner is not with it, he shall make full restitution. If its owner is with it, he shall not make restitution; if it is hired, it came for its hire." In the first case, an animal is borrowed. Under typical terms of a loan, the borrower owes the lender that which is loaned. The death or injury of the animal loaned does not alter the fact of this debt. The borrower owes the lender an animal, even if he cannot give him the very animal which was loaned. In the next case "its owner is with it", i.e. it is not a loan agreement. Mr. Mitchell contends that this is a case of rent. However, the text says that this is another case of "hire" - *sakar*. If the payer has rented the animal, then why was the owner with it? If he has not rented it, but hired the animal, then how did he make a wage agreement with an animal? The only way in which to understand the text is that this is a case of one hiring a man with an animal to bring his animal and perform some service with

it. That is why no restitution is required in this case, should the animal die or suffer injury. The agreement of the payer is to pay the hire for the services provided by the owner of the animal. It is no economical concern of his should the owner's animal die or be injured in the performance of this service.

A modern example will illustrate this point. The animal in this case may be thought of as a tool. Though animate, it is a device which a man uses to enhance the effectiveness of his labor. When one hires a plumber to come to his house and repair a leak, the plumber brings his own tools to perform the appropriate task. The fee for the plumber's services may be estimated even before he begins his work, and may vary according to the cost of the materials he uses and/or the time required for the work. However, if the plumber should break one of his tools while performing the work, it would not be lawful for him to hold his customer to be responsible for this loss. Suppose instead that one should borrow some tools and attempt to do the work himself. If he breaks a tool, then he is responsible for it. He must replace it for the one from whom he borrowed it. If he borrowed a tool, and it "dies", he shall make full restitution. If the plumber is with it, he shall not make restitution, for "it came for hire."

This text cannot be made to speak of payment "for the use of another's property", and there is no linguistic element in the text which supports the concept of "rent". The rendering of the key phrase in the New International Version is confusing - "If the animal was hired, the money paid for the hire covers the loss". This really is a paraphrase, that is, it is not supported by the original text, but is interpretative. That would not automatically be a problem, except for the fact that the interpretation is faulty. The "hire" does not "cover the loss". The "hire" covers the services rendered. The animal came to provide services, or "it came for its hire", as the correct rendering says. Loss incurred by the owner of the animal is the owner's problem. There is no responsibility laid upon the "customer". There is no sense in which this can be considered "rent".

Thirdly, Mr. Mitchell cites the Jubilee observance, and the attendant reversion of lands, as an example of rent. Lev.25:13-16,

On this year of jubilee each of you shall return to his own property. If you make a sale, moreover, to your friend, or buy from your friend's hand, you shall not wrong one another. Corresponding to the number of years after the jubilee, you shall buy from your friend; he is to sell to you according to the number of years of crops. In proportion to the extent of the years you shall increase its price, and in proportion to the fewness of the years, you shall diminish its price; for it is a number of crops he is selling to you.

God had given the various Israelite families an inheritance in the land. That these land allotments were not ultimately negotiable is evident in the first requirement of the Jubilee - that everyone return to lands as God had given them (the Jubilee was a period of fifty years). Individuals were not permitted to buy and sell lands in the same manner in which they freely could buy and sell other property. Mr. Mitchell suggests, therefore, that the buying and selling that is spoken of in v. 14 and 15 actually is rent. He points out that the amount of rent is even proportioned to the length of time that the other has to spend on the land until the next Jubilee (v.16) However, this is to ignore the true reason, given in the text, for the proportioning of the "price" : "for it is a number of crops he is selling to you" (v.16b). There is no way that buy (Heb. *qanah*) and sell (Heb. *makar*) in this passage can be construed to mean "rent". The text is explicit. The buyer was not buying the use of the land; he was buying a number of crops. There may not appear to be much difference in the outward appearance, but there is a world of difference in equity. A seller of property no longer has any equitable claim or interest in said property. A seller of "uses" deals in abstractions - that which exists only in the mind. No title to any property changes hands. He in effect loans property and requires repayment of the property with a fee. This is indistinguishable from usury. It also is entirely foreign to the passage in question.

Additionally, it will be helpful to deal with biblical passages that, in various translations, include the term "rent", or a derivative thereof. The NASB translates Amos 5:11 as, "Therefore, because you impose heavy rent on the poor and exact a tribute of grain from them..." It is apparent that this rendering is interpretative. The phrase "impose heavy rent" is given for a single Hebrew word, *Bashas*, which is used only in this

instance. The meaning of this term is "Trample".³ Indeed, the KJV of 1611 puts, "Forasmuch therefore as your treading is upon the poor, and ye take from him burdens of wheat..." The context of this charge is the prophesy of Amos against Judah and Israel. The nucleus of God's case against them was that they ". . .rejected the law of the Lord and have not kept His statutes" (2:4). Throughout the book there are a number of references to oppression of the poor. The particular charge now under consideration is that some had robbed the poor of freedom, having created a serfdom. If the NASB version were taken as correct, the substance of the problem was that the poor were subject to *heavy* rent. This of course implies that there is a level of rent that is appropriate, and that the solution to the problem would have been for the poor to pay this appropriate rent instead of having to pay the heavy rent. However, no where does the law of God stipulate what is an appropriate rent, above which rent is to be considered "heavy". The real problem in this passage is that the poor were being trampled. Are we to understand that God was displeased because the poor were being trampled "too heavily", and that His anger would be appeased if the poor were trampled only lightly? Rather, the law of God requires that brothers do not trample one another at all (Lev.25:39-46) As will be shown below, the basic nature of rent is the exaction of a tribute by a conquerer of his conquered. The second phrase quoted from the NASB ("and exact a tribute of grain from them") more accurately portrays the nature of the problem than does the first ("you impose heavy rent on the poor").

Secondly, it will be helpful to examine a parable of Jesus that occurs in three parallel passages, Matthew 21:33-41, Mark 12:1-9, and Luke 20:9-16. The present treatment of this parable will utilize the Matthew text. A landowner set up a vineyard and, as the NASB puts it, "rented it out" to vine-growers. At harvest time he sends servants to the vineyard to collect his share of the produce, but the vine-growers mistreat them, even killing some. The owner then sends to them his son, but they kill him as well, hoping to acquire his inheritance. Jesus indicated that it would be righteous for the landowner to dispose of the vine-growers, and "rent

3. R.L. Thomas, ed. *New American Standard Exhaustive Concordance of the Bible*, (Nashville: Holman Bible Publishers, 1981)

out" (NASB) the vineyard to others. Does this not imply the legitimacy of the rental arrangement? Actually it does not. The phrase "rent out" calls to mind the modern reader's own concept of rentals. It is the stated purpose of modern translations to put the biblical ideas in terms that are familiar to the modern reader, not only to the reader of a different native tongue. However, if in so doing, the translation suggests a meaning that is not present in the original, then the advantages of familiarity are nullified. There is no use in having the wrong idea put in the most familiar terms. Evidently, the KJV rendering of the text in question would not communicate adequately to modern readers. The KJV says that the landowner "let out" the vineyard to vine-growers. Surely "rent out" means more to the modern mind than does "let out", however, the KJV is closer to the original Greek, which is a composite term meaning literally "give out".⁴ It is evident in the text that this was not a rental contract, as the modern reader would conceive it. Comments in the text provide insight into the nature of the arrangement. It is said (Matt.21:34) that "when the harvest time approached, he [the landowner] sent his slaves to the vine-growers to receive his produce." Why does the landowner have any claim to the produce of the vineyard? If he has "rented" out the vineyard to others, in a manner that is familiar to the modern reader, then he would have no claim to the produce. His gain would in that case be a money payment of rent. However, it might be suggested that instead of a money payment, the rent consists of a share of the produce. This apparently is the arrangement that is indicated in the text. However, one must not think of this in terms of modern rent. Instead, this is a case of share-cropping. It is a partnership venture between a landowner and vine-growers.

There is a significant difference between a rental agreement and a share-cropping agreement. In terms of a rental contract, the tenant owes the landlord a fixed rent, regardless of the success or failure of the tenant's venture with the property. The rents consists entirely of a fee that the tenant must pay before the owner will agree to loan the property, and has no basis in or bearing on the produce that may be realized from the use of the property. If the owner excuses his exacting this fee by

4. IBID

suggesting that the profits of the tenant's use of the property will enable him to pay the fee, this exposes a gross presumption of the owner on the providence and blessing of God on the productive enterprise. Likewise, the tenant enters into such presumption if he expects that his success on the rented property will enable him to meet the rental obligation. The share-cropping partnership, on the other hand, specifies the proportion of whatever produce the Lord may see fit to bestow that shall accrue to the various partners. The reader will recall from a previous discussion on risk that ownership is the key factor that identifies a contract as a partnership. In the present case, the landowner obviously shares in ownership because he owns the vineyard itself. The vine-growers also enjoy a share of ownership in the produce because of the services they have provided in caring for the vineyard. A lender does not share in ownership; he is entitled only to the return of that which he lent.

It will be helpful to compare this partnership arrangement to another method of getting produce out a vineyard - that of hiring laborers for wages. One chapter earlier in Matthew, there is another parable of Jesus concerning a landowner and a vineyard. It begins, "For the kingdom of heaven is like a landowner who went out early in the morning to hire laborers for his vineyard. And when he had agreed with the laborers for a denarius [a certain weight of silver, in coin] for the day, he sent them into his vineyard." (20:1,2) In this case, the owner does not enter into a partnership with the workers. Perhaps these workers are less skilled than would be suitable for a partnership, or perhaps the owner requires assistance only temporarily, i.e. not consistently enough to warrant entering into a partnership with others. Whatever the case, the present case is one of exchange; silver for labor. Once both parties have fulfilled their obligations, neither one has any further claim on the other. The owner gets the service of labor, and the laborers get an agreed upon quantity of silver. Should the vineyard produce exceeding abundantly, the laborers have no claim on any of its produce. Likewise, should it eventually fail to produce at all, the owner has no claim on the silver he paid the laborers. The text of original concern shows the vine-growers being compensated according to the performance of the vineyard, rather than by payment of wages, for they were engaged as partners in the vineyard. This text hardly legitimizes rent, as we know it, while at the

same time it actually illustrates what many modern commercial rental and lease agreements could and ought to become, viz. partnerships.

One last text of interest is Acts 28:30. The concluding discussion of the book of Acts is a report of Paul's condition in Rome. It says in v.30 (NASB) that "he stayed two full years in his own rented quarters..." Once again, the KJV has a rendering that is closer to the literal meaning of the original tongue. It puts "hired house" instead of "rented quarters". The curious thing is to discern just what arrangement Paul had in that city. One possibility is that it was not much unlike the modern apartment rental. After all, the host nation in this case - Rome - was not known for its strict adherence to the laws of God. This may perhaps constitute a case of actual rent that is found in the Scriptures. However, who is going to suggest that the reporting in Scripture of Paul going to pagan Rome and being subject to rent constitutes a Scriptural endorsement of rent? It nevertheless is unlikely that this possibility is the correct one. Most writers on ancient economies point out that what appears as rent in ancient times is quite different than the modern notion.⁵ Another possibility is that Paul's arrangement was on the order of the operation of inns in the ancient world. Ancient inns also were quite different in function than modern motels. Travelers did not pay a fee for the use of some space. They bought a service. In exchange for a money payment they got meals, the attendance of servants, and care of their animals. The space under roof provided a context in which these services could occur. Such operation is illustrated in Luke 10:35. It is probable that Paul hired, not a house itself, but someone with a house and servants, to feed him and take care of him. In any case, this text cannot be construed to provide a justification of the modern concept of rent.

Nothing in the Bible legitimizes the practice of usury in any form. The fact that usury in the form of rent is so uncritically and unquestioningly accepted today accounts for the tendency in many to go to the Bible in search for some justification of it. A better procedure would be to go to the Bible for the purpose of receiving instruction in godliness and right

5. e.g. Cunningham states that the income that feudal tenants provided their lords was "a very different thing from modern rent." (*The Growth of English Industry and Commerce*, Vol.I, p.5)

living. God does not speak to us in His Word of rent as we know it. What He has declared to be unlawful - usury - cannot be legitimized by our comparing it to a modern invention - rent. It is a curious procedure to attempt to justify usury by means of positing an identity between usury and rent. The law of God clearly prohibits the one, and on the strength of the identity that already is admitted to obtain between them, one ought easily to arrive at the unlawfulness of the other. Indeed, medieval and early modern theorists maintained a strict opposition to usury while seeking to legitimize the rental of tangible property by attempting to show that the two are very different things. In modern discussions, it seems that the *dissimilarity* of rent and usury is stressed whenever it is desired to legitimize rent, and their essential *similarity* is stressed whenever it is desired to legitimize usury. In order to pare away the uncritical acceptance of rents that stands in the way of many receiving godly instruction in area of economics, it will be helpful to look a rent in the context of its historical development.

The origin of rent charges goes back to ancient taxation. Property rights in Babylonian and Medo-Persian civilization were based on might. The man with the biggest, or most effectively wielded sword, could claim the most property. The rest of humanity was left in the position of doing basically whatever the man with the sword said to do. The powerful organized a virtual serfdom around themselves, and extracted a variety of taxes and duties. Greek civilization was more sophisticated, but the idea of absolute ownership of property still was foreign. In later stages, Greece had a class of free landowners, though most men either were urban laborers or rural sharecroppers. Taxation typically was a tribute that was exacted from conquered peoples. Of Greek dominance over Egypt, Durant says, "Everywhere the government took rentals, taxes, customs, and tolls, sometimes labor and life itself. The peasant paid a fee to the state for the right to keep cattle, for the fodder that he fed them, and for the privilege of grazing them on the common pasture land."⁶ This account shows the similarity in nature of rents and tributes.

6. Durant, *The Story of Civilization* (New York: Simon & Schuster, 1954), Vol.II, p.591

Rome had established a rigorous idea of property ownership based on land. Property eventually reverted into the hands of the mighty anyway, through outright conquest or through the distressed sale of war-ravaged land. Also, farmers-turned-warriors often failed to return to their land either because of death or because their military travels had introduced them to the lure of urban life. Thus, a wealthy aristocracy accumulated much of the real property, and rented it out to the peasantry. As Durant explains,

The owners rode in now and then to look at their property; they no longer put their hands to the work, but lived as absentee landlords in their suburban villas or in Rome. This process, already under way in the fourth century B.C., had by the end of the third produced a debt-ridden tenant class in the countryside, and in the capital a propertyless, rootless proletariat whose sullen discontent would destroy the Republic that peasant toil had made.⁷

While the Roman Empire expanded, they also exacted tribute from conquered peoples. The earliest occurrence of this sort of tribute that ties linguistically with the modern idea of rent is the Roman census. The meaning of the Latin term was very much the same as our word; an enumeration of the population, particularly for the purpose of a head tax. This term eventually gave rise to the medieval German *Zinzen*, which meant "rent, tax, duty, and interest". This is the word that Martin Luther gave in translation of the Hebrew *Neshek* (biting) and the Greek *Tokos* (birthing). The word is still in use to this day, however, its meaning is limited to "usury".

Our English term "rent" finds its initial use in medieval feudalism. The feudal system was essentially the same arrangement as ancient slavery: the powerful assume control of the land and exact tribute from the peasantry. In this case the "lord" (landlord) allots parcels of land to his "serfs" (tenants), which they work, and pay to the lord some service or quantity of produce (rent). One major difference between medieval feudalism and ancient slavery was the enhanced dignity and status of the

7. Durant, Vol.III, p.77

serf. He entered into this arrangement voluntarily (although typically it was virtually necessary to do so in order to survive), he was free to conduct business with whatever surplus he had once his obligation to the lord was satisfied, and most of the time he could pass on his allotted land to heirs.

The term "rent" derives from the Latin "rendere", which has the meaning of "payment", and was used not only in the sense of an economic exchange, but also in the sense of surrendering a city or an army to captors.⁸ This is the derivation of both the modern economic meaning of "rent" and the violent meaning of "rend", i.e. to destroy (*sur rend er*). Rent, in its ancient and medieval forms, was in the same class as usury. Both were a means of one man dominating and enslaving another. Both came under the condemnation of the church. In the early centuries of the church, the bishops exhorted Christian lords not to enslave their brethren as serfs. In short, for the first several millenia of recorded civilization, rent and usury were treated as simply two types of economic oppression. The similarity of one to the other served, as Böhm-Bawerk put it, to lead to a conclusion involving land rent in the same condemnation as interest. From the later Middle Ages to the present, rental of property was held to be of a different class than usury on a loan of money. It was the newly emerging science of economics that provided the theoretical categories in terms of which such a distinction could be made. Beginning with Thomas Aquinas, and continuing through the English Puritans, all the condemnation of usury in the Bible and the ancient church was directed to the increase (usury) received on a loan of money, and diverted from the increase (rent) received on a loan of other property.

The main idea that provided for the theoretical separation of rent and usury was the distinction that was drawn between "durable" and "perishable" goods. It was this sort of distinction that allowed Roman law to specify two different types of loans, the *commodatum* and the *mutuum*, an introduction to which the reader will recall from an earlier discussion. The *commodatum* was a contract which provided that the borrower was granted the use of a particular "durable" good for a specified period of time, during which time it continued to be considered the property of the

8. Oxford English Dictionary

lender, and upon the expiration of which time the very good was to be restored to the possession of the lender. The contract of *mutuum* provided that the borrower was to be granted *title and use* of certain "perishable" goods, and the lender held an obligation from the borrower that the borrower restore to him, by a specified time, goods which are like the ones loaned in kind, quality, and number. One of the key differences between *commodatum* and *mutuum* is that in the latter contract property in the good transfers to the borrower, while in the former the property always remains with the lender. Roger Fenton, an ardent foe of usury in early 17th century England, defined "usury" only in terms of *mutuum*., and consequently in condemning usury, he meant only the increase received by the lender of "perishable" goods. His comments in this regard are typical of the views commonly held in his day:

If I lend thee my money, of *mine* I make it *thine* for a time. *Thine* to do withall what thou wilt: *Thine* in use and propertie both: So *thine*, as during that time, I will not owne it, nor call thee to account what thou dost with it, because it is *thine*. But if I lend thee a horse, or a house, I will so passe it over, as it shall be mine still and not *thine*. I will be the owner stil, even for the time that I have lent it. And if thou use it not well, I will have an action against thee; for this is not, *mutuum*, but *commodatum*, lent to use, but not to spend or bestow.⁹

"Perishable" and "durable" goods became economical categories which provided a theoretical basis for distinguishing between rent and usury, however, the difference between perishable and durable goods itself did not arise from any theoretical necessity. Rather it emerged of practical necessity. The lender of goods needed some legal title to the goods loaned, in order to have recourse in case the goods are not repaid. But, the borrower also needed some legal title to the goods loaned in order to escape the perception of theft or the irresponsible use of someone else's property. In case of a loan of food, it seemed ridiculous for the lender to claim property in the food which the borrower was eating, and

9. Roger Fenton, *A Treatise of Usurie* (1611; Norwood: Walter Johnson, Inc., 1975), p.16

which never would have been seen again. But in case of a loan of a horse, it seemed ridiculous for the borrower to claim property in the horse which he was required to return to another as soon as he had finished with it.

This difference in how one would look at a loan contract is stimulated not by theoretical constraints, but by the realistic expectation of the lender concerning what will be repaid. A lender of food has no expectation of receiving in repayment the very same food as was loaned. However, a lender of a horse does expect to receive again the same horse as was loaned. This expectation, however, is only a subjective element of the lender's thinking. That is, it does not place the borrower under any legal constraint. If the horse that was loaned should die, this would not make it impossible for the borrower to fulfill his obligation to the lender. The borrower's obligation was from the beginning to restore to the lender goods of the same kind, quality, and number as was loaned. If this cannot be done with the very goods that were loaned, then other goods of the same kind, quality, and number will do. The borrower of a horse, which died while in his possession, may fulfill his loan obligation by obtaining another horse, of similar quality and characteristics, and presenting it to the lender. If the lender considers a particular good to be one of a kind, i.e. irreplaceable, then either he will decline to risk a loan of such a good, or will make some agreement with the borrower to receive something else to satisfy the obligation of repayment in the event that the loaned good perishes.

Thomas Aquinas pioneered the concept of making a theoretical and legal distinction between rent and usury. However, he failed to consider the subjective nature of the lender's expectations in his treatment of these things. He, in the tradition of Roman law, assumed that goods could be divided into the two watertight categories of "durable" and "perishable" goods. Of the latter type he said:

He who takes usury for a loan of money acts unjustly for he sells what does not exist, and such an action evidently constitutes an inequality and consequently an injustice. To understand this we should note that there are certain things whose use consists in their consumption, as in using wine we consume it, or as we consume wheat in using it for food. In such cases then,

the use of a thing is inseparable from the thing itself, hence he, to whom the use is granted, has the thing itself granted to him. Hence in loans of articles of this description, ownership itself is handed over. If therefore a man wanted to make two distinct sales, one of wine, the other of the use of the wine, he would be either selling the same thing twice, or selling what does not exist - wherefore manifestly he would commit a sin against justice. Similarly, he commits injustice who lends wine or wheat, seeking a double recompense; the one, the return of a quantity equal to the loan; the other, which we call usury, a payment for its use.¹⁰

This is a plain description of the injustice of usury. Indeed, one may see plainly from this description the injustice of any concept of "rent" on such things as wine, bread, and money. As was noted in the discussion of medieval history, Aquinas focused his argument against usury on cases involving "perishable" goods, as cited above. However, his argument did not seem to hold in the case of "durable" goods. Thomas continues:

But there are some things, which to use is not to consume (that is, which are not consumed in use) : thus one uses a house by dwelling in it, not by destroying it, and in such a case, a man may transfer the ownership of the house to another, keeping for himself the right to dwell in it for some time, or conversely, one may grant the use of the house to another whilst reserving its ownership. Such a man might lawfully receive a price for the use of the house, whilst in addition he may demand back the house which he has lent - the course of action adopted in letting and hiring of houses.¹¹

It is here that Thomas' great rigor of thought breaks down. It would seem that his presupposition was that rent of durable goods was a legitimate economic relationship, and that therefore his task was to show how such a relationship may be upheld in the face of the condemnation of usury. However, in fact the use of goods and the possession of goods cannot practically be distinguished in any class of goods. Also, the

10. Thomas Aquinas, *Summa Theologica*, cited in Cleary, *The Church and Usury*, p.79

11. IBID

distinction of "durable goods" and "perishable goods" is only utilitarian, that is, it is useful on some occasions to make such distinctions. However, in reality no good is absolutely durable; all goods are "consumable" or perishable. The case of goods which are consumed in their first use merely serves to illustrate this fact more dramatically than the other. To speak of "durable goods" as opposed to "consumable goods" is only a way of emphasizing the large difference in degree or rate of perishability of different goods. To "use" bread is to consume it. This is obvious. But what is not so obvious is that the same principle holds in the case of a house or a field. One cannot live in a house without consuming the house. Anyone who has lived in the same house for any appreciable length of time is well aware of this fact. It may take much longer to consume a house than to consume a loaf of bread, nevertheless living in a house and never doing any maintenance on it will eventually consume it. Its consumption is not as rapid as the consumption of bread, nor is the entirety of it directly caused by human activity. Therefore, the tendency is to view the consumption of a house as fundamentally different than the consumption of bread. However, in principle it is the same thing. It must be emphasized that it is only a difference of degree. The distinction of perishable and imperishable goods is unwarranted since all goods perish through use. The two imagined categories cannot explain all cases. Repeated use of a shirt will cause it to perish, yet if one were to loan a shirt he would expect to receive back the same shirt. So, is the shirt a "perishable" good, or a "durable" good? If a fee is charged for the use of the shirt, is this usury? Indeed it is usury.

Perhaps if the economies of the Byzantine era had produced a wider array of goods, then the gap between consumables and durables might not have been so firmly fixed in the medieval mind. Presently, we have a lot of goods which are neither "perishable", in the extreme of something like food, nor "durable" in the sense of indestructibility. All sorts of machinery, for instance, occupies this class. In this case, one can monitor the various stages of consumption of the good. The partially consumed good may be thought of as "damaged". In this case the damage that is done to such goods is called "wear and tear". Usually, such wear is not sufficient to prohibit the return of the identical good that was loaned. In many cases (such as the wear on internal combustion engines) the wear is

imperceptible following an average use. If the wear is quantifiable, a money charge covering such wear is appropriate since the article now is less than it was when it was loaned; returning it in its now worn condition does not fulfill the obligation of repayment. This payment of money, however, is not rent. It is a recompense for damages. Consequently, any "rent" charged on the use of property that goes beyond recompense for damages done to the property by the user, is the selling of use, or usury.

Linguistically, and in its functional characteristics, rent virtually is indistinguishable from usury. Both are a violent means of enslavement. It is a struggle for liberation to become free from both usury and rents. Both of these are quite effective as a tax and tribute that the dependent must pay to the "lord". The problem in modern times is that rent automatically is assumed to be a legitimate economic relationship. Therefore the undeniable similarity it bears to usury is used to give usury an air of legitimacy. What must be emphasized is that later medieval theorists argued for the legitimacy of rent by means of trying to show its *dissimilarity* to usury. Until recently, any *similarity* that was seen between rent and usury served only to result in the condemnation of rent. It is a peculiar tactic of modern excusers to attempt to justify usury by insisting on its similarity to rent. Historically, and theoretically, any degree of success in trying to legitimize rent has rested upon arguing its dissimilarity to usury. The modern mind is oblivious to the origin of the pretended legitimacy of rent, and now glibly supposes that usury is justified because usury and rent are the same!

This problem would not have arisen if medieval theorists had succeeded in arriving at truly fundamental economical categories. "Perishable" and "durable" are not economical categories. They merely are ways of expressing a high degree of difference in the rate of perishability of all created things. Strictly, all loans must be treated as contracts of *mutuum*. Property and use may not be separated in the case of any good. Only the thief uses goods that belong to someone else. Property in a loaned good transfers to the borrower. However, the borrower may not enrich himself by means of borrowing a lot of goods, for "the borrower becomes the lender's slave" (Proverbs 22:7b). The borrower is not free. He is bound by the contract of loan to a specific performance, viz., to restore to the lender goods of like kind, quality, and

number as he borrowed. This is true regardless of whether the goods loaned are money, food, machinery, or houses. It is evident that the ancient impulse to classify rent and usury together was correct, and that the medieval idea of separating them was in error. Rent and usury do not stand apart; they fall together.

The immediate objection to this analysis is that given its truth, much commerce and industry as we know it is condemned. Acre upon acre of farm land is not "owned" by the farmer, but rented. All kinds of capital equipment is not "owned" by the entrepreneur, but by a "leasing company" and rented to its use. Warehouse and apartment rentals abound. Is this monolith in fact too great and awesome to condemn? The ubiquity of usury on "money" has salved men's consciences so now the rental of almost everything has reached an extent that not even Aquinas would have tolerated. Horrible scenarios abound: "Without rent, no one would build apartment buildings." That is the nature of the paralyzing fear. However, is it unthinkable that apartment buildings ought not to be built? If one of great means decided to build one and loan its units to poor people who need a place to live, there is no principle of equity to prohibit that. In fact, equitably, he may charge them a money fee as compensation for damages, assuming such damages can suitably be quantified. But there is no principle of equity that would permit the exaction of rent from such tenants. This merely is usury and serfdom in disguise.

The abolition of rent along with usury would have no necessary inhibiting effect on commerce and industry. Most of the commercial rental agreements can be replaced directly with partnership. The principle here is precisely the same as in the case of money loans. The rent on industrial equipment is a gain that is guaranteed to the lender regardless of the performance of the enterprise. As such it represents a share of the enterprise's receipts that is claimed by him who has no share in ownership, and no intention to share in its losses. The principle here is the same as that stated in a previous segment on the matter of "risk". The reader is referred there for a more complete treatment. A passage by Calvin Elliot well sums up the present point,

A farmer retires from his farm because no longer able or willing to continue its cultivation. He has an undisputed right to a full reward for all his

own labor, and for all he has purchased from others that he leaves in the farm. There must be a compensation for the transformation of the wilderness into a farm at the first, for the fertility that may have been added to the soil, for the orchards, vineyards, houses, barns and every improvement he may have made and left on the farm. He has an undisputed right to all the labor remaining in the farm. If he sells he expects compensation for all this.

But if he sells, he must begin at once to consume its price, unless he becomes a usurer and is supported by the interest. If he does not sell, but retains his farm, he must also begin at once to consume the farm.

For him to demand of his tenant that the farm shall remain as valuable as when he left it, the soil not permitted to become less fertile, the buildings to be kept from decay and restored when destroyed, the orchards to be kept vigorous and young by the planting of new trees and vines; in short, the farm to be preserved in full value and yet pay a rental, is usury in land.¹²

In summary: The ancient world knew nothing like what we know of as rent. Modern rent evolved from ancient tribute-taking, and medieval serfdom. Medieval theorists pretended to establish the legitimacy of rent by arguing that it is *different* than usury. Oblivious to the origin of the pretended legitimacy of rent, modern excusers try to justify usury by arguing that usury and rent are the *same*. Modern excusers are correct on the point of the sameness of rent and usury, however, if the medieval theorists had acknowledged this sameness they would have condemned rent along with usury. That is, their sameness does not justify usury; it condemns rent. When modern excusers say "Usury is rent" it is evident that they really do not mean to construct an identity between them. If they did, then the present thesis, "Rent is usury", would not be nearly so alarming to them. As it is, the alarm that is expressed concerning "Rent is usury" only exposes "Usury is rent" to be merely an excuse.

Historically, rent has the same character as usury and taxation. Rent basically is a tribute that a lesser man pays to a greater. Such tribute-taking is the order of the day in the "earthly city". In a society of idolaters, there always is an elite of men who wish to impose themselves as the idols

12. Calvin Elliot, *Usury a Scriptural, Ethical and Economic View* (Millersburg: The Anti-Usury League, 1902), p.246-7

of the masses. Jesus said, "You know that the rulers of the Gentiles lord it over them, and their great men exercise authority over them. It is not so among you, but whoever wishes to become great among you shall be your servant." (Matthew 20:25,26) Service is the basis of a righteous economy. Let not he who sells the use of his property think that he is providing any kind of a service. Service is a gift, or it is one side of an exchange. As a component of an exchange, it consists of the performance of some labor, whether of body or of mind, or the offering of some good. If one does not produce something that may be given as a gift, or given in exchange, then he cannot claim to be doing a service. What the seller of uses actually is doing is playing the lord, and exacting tribute. In the City of God all tribute is owed directly to our one and only Lord. Far be it from us to enter into competition for even a portion of what rightly is ascribed only to God. We must repent, and return to true brotherhood, and serve one another truly, from the heart, to the glory of God.

VIII. INFLATION

Yet another popular excuse for usury is the factor of inflation. The reader will recall from the previous historical discussion that governments from antiquity have inflated or "debased" their money. In modern times, the proliferation of paper "money" is parallel to the ancient practice of diluting the precious metal content of coins. The end result is the same: that which is serving the purpose of money becomes less valuable. The "value" of money is, like other values, subjective. The only way to think of it and express it is in terms of something else. In the case of money, changes in value are evident in the rising and falling of prices. In our day, inflation is tracked and reported based on the rate of change of the Consumer Price Index. However, the rising of prices is only symptomatic of the fact that "money" is becoming less valuable. Suppose that in 1974 \$20,000 is loaned for a home mortgage. The entire amount will not be repaid for thirty years. Before the loan is even one quarter paid, inflation has ruined the dollar's "purchasing power" by a considerable margin, as reflected by the Consumer Price Index. Does this not justify the repayment of a greater face amount than what was loaned, since more of current dollars are needed in order to equal the value of the dollars loaned? There are two ways of approaching this issue, both of which reveal it to be merely an excuse for usury.

First, we must examine this excuse in light of the moral aspect of inflation. As reported to us in the media, inflation is spoken of as though it were a mysterious, autonomous, seemingly supernatural phenomenon. The government's panel of experts is represented as searching diligently for a solution to this elusive problem. Everything including the greed of big business, the greed of organized labor, and the general public's lust for material possessions is blamed for causing inflation. Everything including cutting government spending, wage and price controls (let the reader recall Diocletian), and general public "austerity" is proposed as a solution. All that this sort of knit-brow pomposity accomplishes is to distract the general public consciousness from the reality of the matter. The real cause of inflation is the ever widening ratio of "money" to products and services. Since nowadays "money" comes into being by a simple stroke of a banker's pen, its increase is able by far to out pace the

increase of available goods that it is supposed to buy. The real solution to inflation is to take away bankers' money-creation powers, and to repeal legal tender laws.

In the mean time, the general population is left with the idea that inflation is like a law of nature. It is, to them, simply another one of those unpleasant facts of life; like death and taxes. Therefore, all of the energy and resources that are directed to the problem of inflation have no motive behind them to combat evil, but only to get around a morally neutral investment problem. Of course, such a distorted concept of inflation hardly will challenge anyone's involvement in usury. That is why the present discussion is necessary.

The fact of the matter is that inflation is a conscious course that is taken by men who know exactly what they are doing. What they are doing is lawlessness (Lev.19:35,36; Deu.25:13-15; Pr.11:1), and therefore evil. The self-consciousness of this evil in those who would appeal to inflation in order to excuse their usury is evident in their behavior during times of deflation. If inflation really justified the practice of requiring in repayment more than was loaned, then by the same principle deflation would justify the practice of requiring in repayment less than was loaned. In hypocrisy some would excuse their usury because of inflation, and yet during deflation there is no rush to offer rebates to debtors. Gary North theorizes, "A society could conceivably produce a negative money rate of interest if the value of the purchasing power of money were rising at a faster rate than the market's registered rate of time-preference plus the risk premium."¹ However, in light of the rising value of money, North does not envision borrowers repaying less, but an equivalent amount. "If you could buy *more* with the money received in the future, you might need to ask only for an *equal* amount of paper money or coins as a return."² While North acknowledges the immoral nature of inflation, it does not seem that this fact has much significance for his counsel to inflation-ravaged "investors".

On the immorality of inflation Rushdoony has said:

1. Gary North, *An Introduction to Christian Economics* (The Craig Press, 1973), p.366

2. IBID

But there is a subtle evil in trying to profit by inflation. It gives a person a vested interest in the inflationary or larcenous state. Today, there are numerous wealthy and not-so-wealthy conservatives who eagerly attend one conference after another on money and inflation. These conferences are very carefully advertised. Basic to their advertised appeal is the summons to "protect yourself" against inflation. The purpose of attending is to profit by inflation, a very different thing. One economist, who tried to teach basic principles of economics to such conferees found them rude and hostile. He had sought to call attention to the total immorality of inflation, when the conferees, immoral conservatives, wanted to know how to profit from it. Their excuse was self-righteous to the extreme: "I'm trying to protect myself." But protection from inflation is not a complicated matter: it involves converting one's monetary assets into gold, silver, land, a home, the tools of one's trade, and the like. These people were interested in more: like the Federal Government, they wanted to exploit inflation for their own power and profit goals.³

Surely, it is a fair course for one to avoid the effects of other men's evil deeds. However, neutrality in respect to evil is not permissible (Ephesians 5:11) nor possible (Matthew 12:30). Christians must be wise in this world. We must be light to the world. Let us not be mesmerized by the media, nor carried along by every wind of doctrine. Our energies and resources in this area must be devoted to the exposure of the evil of inflation. Those who have sufficient position and influence must work to stop the practice of "money creation". In the mean time, our efforts to protect ourselves from the effects of inflation must be limited to divesting ourselves of Federal Reserve notes and bank balances, and acquiring tangible assets. A very effective and popular way of doing this is the purchase of gold and silver coins. In any case, we must not hedge ourselves against inflation by plundering our brethren through usury. Inflation surely is a form of theft, but it simply will not do for Christians to protect themselves from this evil by means of committing the equally

3. R.J. Rushdoony, *The Roots of Inflation* (Vallecito: Ross House Books, 1982), p.5

evil practice of usury upon their brethren. As it is said, "Two wrongs do not make a right."

The above discussion involves the psychology of inflation, and its moral nature. Secondly, we might consider usury vis-a-vis inflation on a more theoretical plane. Initially it will be instructive to notice the role of inflation according to economists. Some economists (e.g. Keynes) advocate the use of inflation by governments as a controlling device. Other economists (notably von Mises) condemn inflation as an infringement on personal liberty. But no economist argues that inflation is a necessary condition for the idea of usury. The attempt to justify usury because of inflation gives inflation entirely too much significance. One cannot justify usury by an appeal to that which does not even serve as a necessary condition for the idea of usury. When a man attempts to justify his actions, he appeals to that which makes his actions necessary. It has not been demonstrated theoretically that inflation makes usury necessary. In fact, some today even have advanced the theory that usury *causes* inflation.⁴ Usury certainly aggravates inflation. As prices rise, "interest rates" rise. This added cost of usury only aggravates the already rising prices. The actions of modern financial institutions prove that inflation is not a necessary condition for usury. "Interest rates" will fluctuate with inflation as reported in the Consumer Price Index, but regardless of what inflation does, interest never quite seems to make it to zero. According to the most respected theorists, the necessary condition for usury is not inflation, but the psychological phenomenon known as "the discount of future goods as against present goods".⁵

If the invalidity of excusing usury by an appeal to inflation is as obvious as the present thesis contends, then one would think that it should not be too difficult to demonstrate the inadequacy of such an appeal. However, a disadvantage faced by this writer is that error in this discussion is more complicated than truth. The complication in this discussion arises from the confusing nature of the current monetary system. Under the current system, a loan of "money" is thought of, and said to be, not a loan of some thing or substance, but a loan of an abstract

4. e.g. Thoren & Warner, *The Truth in Money Book* (Chagrin Falls: Truth in Money, inc., 1984)

5. Please see the following discussion

idea known as "purchasing power". Actually, this "purchasing power" is more than an idea, for it manifestly is a "power". By means of this mystical power, men may acquire tangible goods and services. In order to strip away some of the mysteriousness and abstractness which attends this discussion, it will be helpful to consider the dynamics of fluctuating values in terms of the ancient barter economy.

In the ancient form of loan, one might loan a bushel of wheat to a brother with a hungry family. By the end of the next growing season, when the borrower is able to repay, the exchange ratio of wheat to some other goods may be much lower than when the loan was made (e.g. wheat is more plentiful due to an unusually good season; certain other articles that the lender wishes to acquire now are more scarce, etc.). The "price" of rope in wheat may be much higher than when the loan was granted, however, it may be that the "price" of pottery in wheat is much lower. If the lender was counting on using the repayment of the loan of wheat to trade for rope, he probably will feel disappointed. If his inclinations are like modern excusers, he might even feel that the borrower ought to pay him more wheat than was loaned, since now it is worth less in terms of rope. But suppose the lender instead wishes to acquire pottery. He will experience joy, and not disappointment, but will the modern excuser counsel him to issue a rebate to the borrower since the "price" of pottery in wheat has declined? In terms of the contract of loan, the borrower owes the lender exactly what was loaned. The changing subjective valuations of men during the term of the loan do not alter the borrower's obligation, nor excuse the lender's covetousness. In the same way, the fluctuation of prices due to inflation does not alter a borrower's obligation to repay the exact quantity of dollars as he borrowed.

In summary, the first thing that must be noted concerning inflation is its evil character. It is not a mysterious phenomenon, the effects of which the hapless investor must plan carefully to escape. It is a sin of unjust weights and balances, which evil men consciously enter into in an attempt to control the economy to their own benefit. The response of the Christian to this course of sin must be to expose it and combat it - not to hide from it by plundering his brother. Secondly, in reply to the theoretical concern it is noted that inflation cannot justify usury simply because it has never been shown that inflation requires usury. The idea of

usury did not arise in the minds of men because of inflation, but because of their covetousness. It is invalid to appeal to extraneous factors, like inflation, to justify what was conceived in sin apart from any thought of such factors. Inflation cannot require usury just because the changing valuations of men subsequent to the loan contract cannot lawfully alter the obligation of the borrower according to the contract.

IX. FUTURE VS. PRESENT GOODS

One of the most sophisticated excuses for usury is what may be termed "The discount of future goods as against present goods"¹, or "time preference". The argument for time preference gets a little abstract. If the reader perceives that this concept of interest has little, if anything, to do with the medieval and biblical discussions that heretofore have been entertained, it is because that is precisely the case. The reader who is not acquainted with the notion of time-preference may elect to skip this discussion. It may be interesting to learn about this theory, but it is futile to do so only so one now is in a position to discard it.

With the birth of economics as a distinct theoretical discipline (usually considered as coincident with the publication of Adam Smith's *The Wealth of Nations* in 1776) there came also the secularization of economic theory. The medieval theorists opposed usury fundamentally because of the biblical prohibition. Their arguments basically were appeals to law and authority. The modern economists discounted such prohibitions, and insisted on a rigorously secular idea of interest. Throughout the 18th and 19th centuries, one theory after another was advanced to explain the "necessity" of usury. These theories differed from the "Extrinsic Titles" of the 13th and 14th centuries in that the Extrinsic Titles did not mean to justify usury, but to justify some payment over and above the principal that was not strictly to be considered usury (extrinsic to the contract of loan). In fact, the term "interest" came into vogue because it did not carry with it the negative connotation of "usury". The "interest theories" of the modern economists mince no words in declaring the necessity of usury (interest) in economic relations. At the turn of the 20th century, modern interest theory crystallized around the idea of "time preference".²

According to the idea of time-preference, one would value goods that are available today more highly than the promise of the same goods

1. Mises, *Human Action* (Chicago: Contemporary Books, 1963), p.524

2. A.A. Chafuen argues that the seeds of "time preference" were present in the Extrinsic Title of *Dammum Emergens* [Chafuen, *Christians for Freedom: Late-Scholastic Economics* (San Francisco: Ignatius, 1986)]

becoming available some time in the future. Thus, it is said, there is a discount of "future goods" as against "present goods". The reality of this discount seems undeniable. Given the choice of receiving an apple today or an apple next year, hardly any conditions would seem to make next year the better choice. Even if one is not hungry at the present moment, he knows that he shall become hungry long before next year, and so would choose to receive the apple now. The implications of this sort of discounting of future goods for loans are as follows. That which is loaned is considered "present goods". The promise of repayment harkens to a future time when some future goods are offered to satisfy the debt. Eugen von Böhm-Bawerk rightly indicates that the medieval theorists supposed that goods given in repayment of a loan were equal to the goods loaned if they were like the goods loaned in number and in kind. He replies, "Now this assumption is so false that the wonder is how it has not long ago been exposed as a superstition."³ He continues, "Every economist knows that the value of goods does not depend simply on their physical qualities, but, to a very great extent, on the circumstances under which they become available for the satisfaction of human needs." There cannot be an equivalence of goods of the same number and kind when they are separated by time, he maintains. This discounting of future goods, according to this view, is what makes interest necessary. Since the future goods are worth less, the ratio of this discount (interest) must be added to the principal in order for a true equivalence to be achieved.

For example, A makes a loan to B for \$10.00, to be repaid in one year. At the time the loan is made the \$10.00 is considered "present goods". However, the \$10.00 that B will pay back to A next year are "future goods". That being the case, they are seen as less valuable than the \$10.00 present. So, rather than an equivalence between the principal loaned and the principal repaid, there is in fact a non-equivalence. When the time comes to pay the loan, B may have to pay A \$11.00 in order to achieve equivalence. In other words, "interest" is necessary just in order for the repayment of the loan to be equal in value to what was loaned. Or,

3. E. v. Böhm-Bawerk, *Capital and Interest* (1890; New York: Kelley & Millman, Inc., 1957), Vol I, p.257-8

as Böhm-Bawerk put it, "The replacement of the capital + the interest constitutes the full equivalent."⁴

It must be noted that this time-preference has nothing to do with inflation. Currently, inflation causes 1986 "dollars" to have much less purchasing power than had 1967 "dollars". So it may also be argued in inflationary times that, since "dollars" repaid are worth less than "dollars" previously loaned, then more of them are required in order to constitute the repayment of a value equal to what was loaned. Although similar in appearance, this actually is a different matter. The question of inflation was treated at length in a previous discussion. The "time-preference" idea is not concerned with and does not pretend to prophesy regarding inflation. "Dollars" may have greater purchasing power in the future than when they are loaned, but still, future goods are valued at a discount just because they are future.

What is interesting in this development of the theory is that it is represented as required that there be interest paid in order for the loan to be considered as repaid in full. But, no one today who appeals to this "time-preference" theory is happy merely to be repaid in full. They actually want a profit. That is why they lend. They also are the ones who cry, "Without interest, no one would lend!" To argue that usury is necessary in order for the repayment to be the equivalent of the loan, and then on that basis to ply usury as a means of gain, is nothing short of hypocrisy. Once usury becomes justified as necessary in order to make a full equivalence in repayment, then that very principle may safely be set aside, and men may carry on profiting through usury on loans without the social stigma that previously, and rightly, they suffered.

Modern Christian financial counselors, notably Gary North, have been parroting this interest theory as a justification of usury. Dr. North argues for "time-preference" as follows:

Every rational person *discounts* the value of future economic goods. Men are mortal; they are subject to the burden of time. Each man places a premium on the use of his wealth over time; he will not voluntarily forfeit that use without compensation. His personal time-preference sets his discount rate for

4. IBID, p.259

the enjoyment of future goods and services that his money might buy immediately. That rate of discount sets the rate of interest that he will demand from someone who wants to borrow his money. Because money is more highly valued now than the same amount of future money is valued now (assuming a stable purchasing power for money), some men are willing to pay to get access to money now.⁵

The fact that some men are willing to pay for the use of property (usury) is incidental to the question of whether usury is lawful. The above explanation of Dr. North does not justify usury, it merely describes how men excuse their sin. If one man would rather use his money now than later, then why does he not just go ahead and use it? The would-be borrower in this case must be told that no money is available for loan, because it is in use. If, however, he is not using it, then why would he feel that he must demand compensation if someone wants to borrow it? In the modern "fractional reserve" banking system, there is no such thing as money that is not in use. All money is by definition in use at all times. No bank has extra money that they would be willing to loan. When a bank today extends a loan, the money that is loaned is *created* for that specific purpose. In terms of the "time preference" idea, the borrower basically is said to be *hiring* the bank to create some money for him. To call it *hiring* is much too sterile; in reality usury is a bribe. Now, consider the dynamics of lending in case the lender does not have this mystical power to create money. Suppose one seeks a loan of "money" from a friend. In this case the thing which is sought in loan already exists, and it either is in use by the lender or it is not. Whether or not it is in use, the lender could point out to the would-be borrower the interesting fact that the "money" itself is worth more to him than the other's promise to pay the same amount some time in the future. The reality of this preference is true, and it is interesting to note, however it hardly follows from this that the lender is justified in requiring more in repayment than what was loaned. Ought the principle of law to revolve around subjective human preferences? If one suggests that it is lawful for a lender to require a bribe from the

5. Gary North, *An Introduction to Christian Economics* (The Craig Press, 1973), p.364-5

borrower in order to overcome his "time preference", he might as well suggest that the common alley thug is justified in requiring a money payment from his victim in order to overcome his preference to knife him. The usurer is allowed to believe that he actually is doing a service to the borrower, yet we somehow fail to regard the thug as doing a service to the victim in allowing him to live. Usury is the "compensation" that inhabitants of "the earthly city" demand before they will agree to loan. The "compensation" that those of the "City of God" receive upon compassionately and obediently loaning to his brother is the blessing of God.

The temptation of usury in modern times is that one might easily reap higher "profits" by "forfeiting" the use of his money, so someone else can use it, and then charging usury on the loan. The more who succumb to this temptation, the less direct use is made of existant money, and the more use is made of "money" that someone had to bribe a banker to create. In time the Gross National Product will not consist of enough to pay the usury on the loans that supposedly made this GNP possible! These hard realities are ignored or said to be the consequences of some other malady, while the Babylonian usury system is excused by an appeal to all sorts of complicated theories. Perhaps the most subtle of these is the argument of "time-preference".

The "time-preference" theorists did not put any more work into developing this theory than was required to achieve the desired effect, i.e. to secure a theoretical justification for usury. In so doing, they raised more questions than they answered. Time is a very subtle and perplexing philosophical topic. By basing an "interest theory" on time, Böhm-Bawerk and Mises have brought more complication into the discussion than they have brought insight. They apparently regarded certain assumptions about time as given, for they did not provide a rigorous philosophy of time on which to develop the idea of time preference. A cursory pursuit of questions regarding the nature of the present and the future would have spared the 20th century a lot of distraction in the matter of usury. It is beyond the scope of the present writing to explore a comprehensive philosophy of time, but certain questions shall be entertained to an extent that is necessary to show the error of the aforestated "time-preference" theory of interest.

Chiefly lacking in Böhm-Bawerk and Mises is an attempt to define "present goods" and "future goods". This is an uncharacteristic lack of definition in the works of these otherwise thorough writers. The effect of this lack was that they ended up treating "present goods" as those goods which are available for consumption or production in the "present" moment of time. That is, the concept was chiefly temporal. This is almost correct, however, pursuit of these notions will reveal the "time-preference" theory actually to be misstated. They spoke of availability and non-availability of goods in general; determined chronologically, rather than determined by the status of a particular good vis-a-vis a particular person. One would think that Mises would have considered this latter approach, since his major thesis is based on the (pretended) ultimacy of the individual "human actor".⁶ Böhm-Bawerk and Mises appeared to deal with time as an abstract category. As such, "future" is future to all men. No man is living next year; all men live in the present. Because of the emphasis on capital and production that attended the development of this idea, Böhm-Bawerk et al usually thought of future goods as the future expected output of a production process. Manufactured goods, which in fact are not yet manufactured, are "future goods" to all men. But, whether or not a good is to be considered "future" is not determined strictly by whether or not it has being. Something that A might sell to B is a present good for A, but B cannot consider it so. The time-preference theorists failed to show adequately what it is that makes goods either "present" or "future". In speaking of present goods as "available" and future goods as "unavailable", they came close to the truth.

In reality, the separation of goods by time is incidental to the question of why goods are not presently available. In considering what it is that makes goods available or unavailable to any one who desires them, the following may be observed: 1) Goods may be considered as presently unavailable because they do not exist, i.e. they do not have being. One may anticipate that at a future time they will come into being through some natural (offspring of livestock) or production (some manufactured good) process, and thus become available. Even in this case, though, their present non-availability is not due strictly to a problem of time, but of

6. Mises, *Human Action*, p.17-19

metaphysics. 2) Goods which presently have being may be presently unavailable because they are spatially removed. Apples that will be available next week may presently (i.e. in time) exist, but still are discounted in value as against presently available (i.e. at hand) apples. They will not be available until next week because that is the length of time that is required in order either to travel to the orchard, or to ship the apples to the subject. This basically is a problem of space, which a period of time is required in order to solve. 3) Goods may be metaphysically and spatially present, i.e. they both have being and are spatially at hand, but still be unavailable to a particular subject because they are not his property. One apple in A's possession is valued higher than two apples which are at hand to A, but which are the property of B. In the event that A has no apples, and that the only apples at hand to A are the apples which are the property of B, still A has no basis on which to consider such apples as "present goods". Even though they are "present" spatially and temporally (it may just as well be said that it is A who is "present"), the apples must be regarded as "future goods" to A since he contemplates a future time at which they may become available to him, e.g. by means of a trade or loan agreement with B. (There also are interesting combinations of 1, 2, and 3 above, however, to simplify the discussion as much as possible only the three given shall be considered).

What is evident in all of these conditions of non-availability is that time is required in order to overcome them. Time is required in order to bring non-existent goods into being; time is required in order to bring spatially removed goods into the possession of the subject; and time is required in order to negotiate and execute an exchange or loan, which would bring into the possession of the subject goods that presently are not his property. This, however, does not give us a "time-preference" theory, for simply desiring a good now more than later does not address the reason for its non-availability. Time alone will not overcome any problem of non-availability. The consideration of time also does not address the psychology of the preference. Having considered the reasons for non-availability, it now is clear that the preference is based not so much on ideas of "present" and "future", but on the fact of uncertainty. There is greater certainty (and thus availability) of "present goods", and greater uncertainty (and thus unavailability) of "future goods". It must be

borne in mind that goods are considered "present" or "future" not merely due to a consideration of time. Goods are separated from a particular subject not temporally, but metaphysically, spatially, and proprietarily.

Rather than a "time-preference" theory, the discount of future goods suggests a "certainty-preference" theory. The value of present goods is discounted not because of time, but because there is an uncertainty that they ever shall be obtained. The discount of such future goods is due to their non-availability. But this non-availability is not directly a result of any function of time. Rather, time comes into play because unavailable goods cannot be made available instantaneously. Furthermore, there can be no guarantee that they will become available at all. "Future goods" are discounted not so much because they are future, but because there is no certainty that they may be acquired. Efforts to produce metaphysically removed goods may not succeed; estimates of what is required in order to possess spatially removed goods may prove to be in error, and possession may not come about; negotiations for acquiring some one else's goods, by trade or by loan, may break down; and, not the least consideration, one may not live long enough to begin to attempt any of these things. Being neither omniscient nor omnipotent, we cannot dictate what the future may hold. Being the creature and not the Creator, we may not even presume that it is our place to dictate the future. "You do not know what your life will be like tomorrow", says God to anyone who is in pursuit of "future goods". Rather we are directed to hold all of our anticipations in terms of "If the Lord wills" (James 4). There is no hint in this text that such is the case because of our sin. Such would be the case whether or not we are sinners. Uncertainty of the future, and dependence on the will of God are metaphysically guaranteed since we are finite creatures.

Already considered are the implications of "time-preference" for the contract of loan. Now that the error of emphasizing time has been demonstrated, it will be helpful to consider the implications of the correct "certainty-preference" for the contract of loan. The present goods of A are the future goods of B, who desires them in a loan from A. When the loan is made, the said goods now are the present goods of B and the future goods of A, as B owes them to A for repayment of the loan. For A to demand that B repay the loan with a greater quantity of goods than A loaned to B, on the basis that "future goods" are less valuable than

"present goods", is unwarranted. It is as unwarranted as it would have been for B to require that A present him with, for instance, \$11.00 to serve as a loan of \$10.00. B's future dollars (A's present dollars) are less valuable to B than B's present dollars. Therefore, more than 10 of A's dollars are required in order to constitute an equivalent of 10 present dollars for B. The absurdity of this latter requirement guarantees also the absurdity of the former. If one is a "con", so is the other.

It may be objected that the borrower imminently is to receive the goods loaned, whereas the lender will not receive repayment for quite some time - perhaps years - and that therefore the lender has a legitimate claim to interest while the borrower does not. However, the length of time separating "future goods" and "present goods" does not figure into the "time-preference" theory. It has been shown actually to be a "certainty-preference" theory, and that the passing of time is only incidental to its workings. There is no reason why the borrower's "certainty-preference" would not function in exactly the same way as the lender's. To make the discount of future goods adjustable according to the length of time separating the future from the present is to make it a mechanical function, rather than a psychological function. That interest is calculated based on the term of the loan reveals that the "time-preference" theory is given simply as an excuse to justify usury. Even Mises admits, "The custom of computing interest pro anno is merely commercial usage and a convenient rule of reckoning."⁷ However, the discount of future goods in truth results from uncertainty of the future. It is the changing of circumstances which turns uncertainty into certainty, not the passing of time. The imminence of the loan does not disqualify the borrower from receiving usury any more than the remoteness of repayment qualifies the lender to receive usury. It is the law of God which disqualifies the borrower and lender alike from receiving usury.

It may further be objected that the lender is deferring use of his property until a future time, so that he can loan it out, whereas the borrower only anticipates the use of property that he does not possess. In the first place, this is not true in the case of loans of "money" from banks today. When they grant a loan, they are not deferring the use of anything,

7. *IBID* , p.536

for the "money" is created on the spot for the loan. In other cases, the asset that is loaned already exists, but this does not put the lender on a better footing than the borrower to claim a right to usury. To argue for usury on the basis of the deferred use of property actually distracts consideration from the issue of time. Such reasoning actually helps to refute the "time preference" excuse, for consideration is diverted from the relation of "present" and "future" goods, and directed to the lender's self-imposed privation of property.

Whatever reason is given to deny the borrower's right to exact usury of the lender will serve as well to deny the lender's right to exact usury of the borrower. Even if both parties' right to exact usury is affirmed, the average borrower's usury will tend to cancel the average lender's usury. They are usurers only in their minds. Since usurers usually do not practice usury simply for the psychological pleasure of doing so, but do so for profit, it is to be doubted that usury would continue under the cancelling effect of the borrower's usury. Of course, it is more likely that the respective discounting of the future by lender and borrower will be unequal. In this case one party or the other may stand to gain by the loan. But one man cannot control the subjective values of another man, and therefore neither party can be *assured* of gain.

This discourse on the natures of present and future goods does not conclude with the justification of borrower's usury. To this point it merely has been demonstrated that IF "the discount of future goods as against present goods" justifies usury on repayment of loans, then there is no theoretical reason why it does not also justify usury on the making of a loan. In reality, this discount justifies nothing. This brief treatment of the matter shall conclude with the positive implications of the phenomenon of certainty-preference.

A consistently held idea of future goods necessarily would involve the notion that future goods do not exist. Goods are considered "future" only in the contemplation of a particular economical subject. This obviously is true in the case of goods which are metaphysically removed, i.e. those which have no being. They merely are ideas in the minds of those who contemplate producing them. But, even goods which have being, but are spatially removed, do not exist for the one who contemplates them as "future goods". The one who only imagines what

his life would be like if certain goods were his present goods, holds such goods only as ideas in his imagination. Goods which temporally and spatially are present to one who does not own them may nevertheless be entertained as his property, but again, *only in his imagination*. It is because they are not his property that he must view them as "future goods". He does not possess them; he contemplates acquiring them. As such they do not exist. If he considers such goods as existing in the sense that they have being, it can only be as the present goods of their owner. If one looks at some one else's shovel and thinks, "I would like to have a shovel", he imagines a shovel. As he approaches the owner of the shovel to propose a loan, the existent shovel always is thought and said to be the property of its owner. Contemplated as a future good, it is only an idea. Considered as a really existing good, it can be nothing but the present good of its owner. *Future goods do not exist*. There are only present goods in external reality.

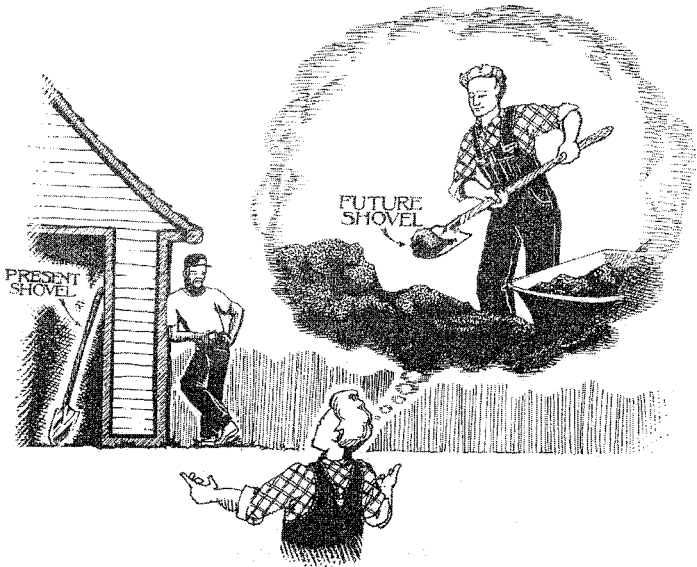
Since the contemplation of "future goods" is characterized by idealism, one may not actually compare "present goods" and "future goods" for purposes of economic calculation. The preference that is dictated by the discount of the "future goods" cannot be avoided because one cannot possibly call upon an idea in his mind to serve a purpose that only a concrete object can serve. If A decides that he needs a shovel, his own shovel at hand will suit that need, and his contemplation of a spatially removed shovel, or a shovel that is B's property, will not. Lacking a shovel, A still will wait until conditions have sufficed to make some "future shovel" now a "present shovel", rather than to attempt to address his need for a shovel with a "future shovel". The point is that "future goods" vs. "present goods" presents no *real* choice. The two cannot be compared in value as though they were different qualities of the same class of goods. In truth, the choice of goods for meeting one's needs is a choice of presently available goods. One present good compares only to other present goods.

When men trade property, they trade "present goods". When one man grants a loan to another, he gives him "present goods". When the other repays the one for the loan, he repays "present goods". A borrower

How Many Shovels Do You See ?

Babylonian Arithmetic:

1 "present" shovel + 1 "future" shovel + covetousness = 1.33 shovels



Godly Arithmetic:

1 "present" shovel + 1 "future" shovel + love = 1 shovel

is not justified in requiring \$11.00 from the lender to serve as a loan of \$10.00 because as soon as the loan is made the \$11.00 given in loan is equivalent (as now the borrower's present goods) to any other \$11.00 that are the borrower's present goods. The discount of the future goods disappears because the uncertainty of obtaining them disappears, as does also the future goods themselves. Requiring a payment of \$11.00 in order to constitute the repayment of a loan for \$10.00 likewise is unjustified by any idea of "time-preference". The creditor will discount "future dollars" that are owed to him; preferring instead "present dollars". When the \$10.00 are repaid, they become present goods to the creditor, and are the equivalent to any other \$10.00 he might have. The uncertainty is relieved, and the discount disappears.

The error of time-preference is partly explained by the fact that the time-preference theorists had an erroneous idea of the contract of loan. Böhm-Bawerk, for instance, spoke of the loan as if it were the same thing as an exchange. He says, in his own italics, "*The loan is a real exchange of present goods against future goods.*" He continues, ". . . present goods invariably possess a greater value than future goods of the same number and kind, and therefore a definite sum of present goods can, as a rule, only be purchased by a larger sum of future goods."⁸ To treat a loan as the same thing as a "purchase" and an "exchange" is a gross misconception. The contract requires the borrower to give back to the lender that which was loaned. It is only once this contract is corrupted to allow for the giving back of something other than what was loaned, viz. usury, that the loan could be characterized as an exchange. But in the case of the idea of "time-preference", this corruption was required, and the loan had to be presumed to be an exchange in the first place, in order for this would-be justification of usury to emerge.

To summarize: The psychology of subjective human preferences cannot legitimately mitigate the requirement of God's law. "The discount of future goods as against present goods" does not justify usury because 1) as this theory has been developed, "future goods" and "present goods" erroneously are temporally understood. While time certainly is involved in making unavailable goods available, they are unavailable not for

8. Böhm-Bawerk, *Capital and Interest*, p.259

temporal reasons, but for metaphysical, spatial, and proprietary reasons. 2) The economical meaning of "present" and "future" must not be understood in terms of general temporal categories, i.e. present goods are not present for all men in general, but only for particular subjects. Likewise with future goods. 3) So, the discount of future goods suggests not a "time preference" so much as a "certainty preference". That is, "future goods" are discounted in value not because of chronology per se, but because there is no certainty that they ever will become "present goods". The psychology of "certainty preference" functions the same way in all economical relations. Therefore, if the said discount really justified lender's usury, then it also justifies borrower's usury. 4) But in fact it justifies neither, since goods contemplated as "future goods" can only be ideal, and cannot be compared to real, i.e. "present", goods. Only "present goods" are bought, sold, loaned, and repaid.

"Time preference" theories have not succeeded in justifying usury, rather they have for many only re-stated the issue so that now usury is seen as requiring no justification. This has been done simply by means of declaring usury to be an inescapable element of economics. The irony and tragedy of modern times is that the more inescapable usury is perceived to be, the more inescapable will be our demise because of it.

INDIVIDUAL RIGHTS & ANTINOMIANISM

Amazingly, many remain unconvinced of the unlawfulness of usury, even after their pet excuses have been refuted. Once these excuses have melted in the mind of the excuser, one would think that the excuser would therefore face a crisis of repentance. However, an attitude that is more fundamental than any of these excuses emerges in the unrepentant and carries him through the crisis period. It is an attitude of lawlessness, which takes different forms in the Christian and the non-Christian.

The non-Christian is characterized as a whole by unrepentance. Once all of his excuses are pared away, the attitude of lawlessness that is revealed in his thinking is the Libertarian principle of "the right of contract". The contention of this principle is that men have a right to enter into voluntary contract with one another, and that no one else has any right or authority to interfere with them. That is, if one voluntarily contracts to pay usury, then that is his right, and no one can say that the usurer with whom he contracts is wrong or evil. This sounds correct at first, because "individual rights" is one of the great victories of the American Revolution. But, on close inspection, there is evident a fundamental difference between the American principle of individual rights and the Libertarian principle of the right of contract.

The American principle is that men are granted rights by their Creator.¹ As such, these rights are specific and limited. The standard of holiness in God's law limits man morally. In contrast to this, the Libertarian principle is that men's rights are unlimited and unspecified. This view teaches that a man has a right to do whatever enters his mind to do, "so long as he does not infringe upon another's rights". These "rights" are not derived from any source outside of the individual. In this case the individual is regarded as ultimate. According to Libertarian Murry N. Rothbard, "The right to self-ownership asserts the absolute right of each man, by virtue of his (or her) being a human being, to 'own' his or her own body; that is control that body free of coercive interference".² It is on this basis that the "right of contract" is postulated. It is a dangerous

1. Declaration of Independence, pp.2

2. Rothbard, *For a New Liberty* (New York: Collier Books, 1973), p.28

thing for Christians to flirt with this Libertarian concept. We need not appeal to godlessness for our principles of rights and freedom. The freedom and rights that are bestowed on man by his Creator are not absolute, but are bound by the requirement of God's law. No one has the "right" to do wrong. An appeal to "the right of contract" in order to excuse one's involvement in usury is only a commitment to lawlessness. It is a repudiation of the standard of God's law, and a pretense to become a law unto oneself.

The one who is a Christian, and who nevertheless is unrepentant of usury, also harbors a fundamental principle of lawlessness that emerges into view once all of his excuses have been refuted. Unlike the non-Christian, the Christian sanctifies his sin with religious jargon. This technique greatly alleviates the experience of conviction, but it does not diminish the need to repent. This "Christian" principle of lawlessness is what is called "antinomianism". The excuses which involve supposed distinctions between "poor" and "rich" debtors, or between "charitable" and "commercial" loans, mean to identify some "qualification" of God's law; that is, some special respect in which men are not bound in obligation to the law. Antinomianism is only a more consistent application of the tendency to qualify one's duty to God. It is the ultimate qualification of God's law. It is the notion that now that we have been cleansed from our sins in Christ, we no longer are under any obligation to the law of God. Many suppose that the Old Testament statutes against usury no longer bind the modern believer. This attitude causes many problems for Evangelicalism, not only in the case of usury. The importance of this question as it pertains to usury is enhanced by the fact that there is not a great deal of teaching on the subject in the New Testament. Once the so-called "parable of the talents" is misconstrued as sanctioning usury, and the relevance of the Old Testament usury statutes is dismissed, then one is left believing that nothing in the Bible challenges his involvement in the worldly practice of usury.

It is impossible for the present study to include a complete argument for the abiding validity of the entirety of God's law. However, this does not present a great difficulty since the task already has been done in a separate work. The reader who dismisses the present study because of his conviction that Old Testament law has no application to him is directed to

Greg Bahnsen's *Theonomy in Christian Ethics*.³ For the present purpose, a brief summary of Bahnsen's thesis is included here.

1) God's law is identified with Him. It is His word, and as such displays His character and attributes. Accordingly, in the Bible the law of God is given many of God's attributes. The law is *Spiritual* (Rom.7:14), *Holy* (Rom.7:12), *Righteous* (Ps.119:172), *Justice* (Ps.25:8-10), *Truth* (Ps.119:142), *Faithfulness* (Ps.93:5), *Purity* (Ps.119:140)

2) Since the law displays the attributes of God, who spoke it, it also represents the standard of righteousness for men whom He made in His own image. It is in relation to this standard that men are shown to be sinners (Rom.7:7).

3) God redeems men from sin "apart from the Law" (Rom.3:21). The law is the standard for righteousness in life, but is not able to "impart life" (Gal.3:21). God alone imparts life via His creative activity. He breathed life into men's nostrils (Gen.2:7), and He imparts life in the one who is dead in sin (Eph.2:5). The standard of God's law condemns us in sin. The grace of God in Christ redeems us from sin.

4) The holiness and relevance of God's law is not abrogated because of our sin. Sin is a failure of man, not of the law. Our obligation to the law continues, not as a means of redemption from sin; rather redemption from sin becomes a foundation for our keeping his law (Rom.8:1-4). "This inescapable requirement of holiness or sanctification is *not* contradictory to salvation by grace through faith (Eph.2:8-9); we are not saved by obedience, but unto obedience. 'We are His workmanship created in Christ Jesus unto good works' (v.10). God's gracious salvation delivers one from the bondage of sin and enables him to walk in the liberty of God's holy law (Gal.5:13-14)."⁴

5) Therefore, Jesus' statement in Matthew 5:17-19 must be taken in all seriousness: "Do not think that I came to abolish the Law or the Prophets; I did not come to abolish, but to fulfill. For truly I say to you, until heaven and earth pass away, not the smallest letter or stroke shall pass away from the Law, until all is accomplished. Whoever then annuls

3. Bahnsen, *Theonomy in Christian Ethics* (Phillipsburg: Presbyterian & Reformed, 1984)

4. IBID, p.162

one of the least of these commandments, and so teaches others, shall be called least in the kingdom of heaven; but whoever keeps and teaches them, he shall be called great in the kingdom of heaven."

The saying seems clear enough, but Greg Bahnsen has shown that in the original tongue it is even more forceful. He demonstrates that "fulfill" in v.17 actually is not the best translation. Although the original word may have this meaning, the structure of the sentence requires a stark contrast. An appropriate contrast to "abolish" is not "fulfill". Another sense of the word is needed in this context. Bahnsen suggests "confirm". Jesus makes a point of making it plain to His hearers that He *has not* come to "abolish" the law. What He *is* going to do instead is to confirm, or reestablish it. What follows in v.18 and 19 is consistent with this understanding.

Again, for a complete discussion of this and other fine points of the question about the status of God's law in modern times, please read Greg Bahnsen's *Theonomy in Christian Ethics* . For now, though, it is hoped that the preceding discussion will suffice to discourage any dismissal of the present thesis on usury simply on grounds of this question. Men continue to require of one another conformity to some moral code. The only question is: "which moral code?" Let us not adopt a principle of lawlessness, which despises the law of God and advocates scrupulous adherence to the arrogant statutes of men. It would be a great pity if one should adopt such a damnable course simply because God's law prohibits usury and man's so-called "laws" allow it.⁵

5. The appeal to Mr. Bahnsen's work on the question of God's law does not imply that Mr. Bahnsen endorses the present thesis on usury.

"CHOOSE THIS DAY WHOM YE WILL SERVE"

What is sin? Sin is any want of conformity unto, or transgression of, the law of God.

So says the Westminster Shorter Catechism (Question 14).

"Everyone who practices sin also practices lawlessness; and sin is lawlessness"

So says the Word of God (I John 3:4)

If it is charged that to commit usury is to sin, then it is charged as well that to commit usury is to transgress the law of God. That usury is a transgression of the law of God may be shown by three statutes in the law; Exodus 22:25, Leviticus 25:35-37, and Deuteronomy 23:19-20. The reading of these Scriptures ought to be an adequate demonstration of the unlawfulness of usury, but in our generation we see a blind turning away from the principle of law. Some have hardened their hearts in blatant unbelief. At best they regard law as having some foundation in Nature, but regard the statutes and ordinances of God as superstition. The very idea of one binding his thoughts and behavior according to the requirement of God's law is anathema to them. To such unbelief arguments and reasonings about usury are not addressed; but a simple proclamation of repentance. As Jesus urged Thomas, the doubting Apostle, "be not unbelieving, but believing" (John 20:27). Blessed is he in whose heart the word of the Sovereign Lord creates belief. However, there are many who would count themselves as believers, who would

claim to take seriously the exhortation of Paul, "therefore do not let sin reign in your mortal body that you should obey its lusts" (Romans 6:12), and at the same time esteem broad sections of God's law as no longer applicable. These are ones who, by design or by sheepish ignorance, would excuse usury as no sin *under certain circumstances or conditions*, because they regard God's command against usury as qualified on various points. This hesitancy to conform to God's law may be addressed in a number of ways. There may be an endeavor to show that God's law in fact is not qualified in any manner which they propose, and that it in fact is binding upon men still to this day. This approach was taken elsewhere. Another approach to this problem, which shall be the present course, is to bypass altogether all the petty discussions about qualifications and applicability of usury statutes, and show that usury is a transgression of the Decalogue.

The validity of this method is evident in the fact that the Decalogue forms the bedrock of law, not only in the civil and ecclesiastical spheres, but also in the Scriptures. The hundreds of statutes and ordinances of God rightly may be considered "case law", any violation of which is predicated on a more fundamental violation of one or more points of the Ten Commandments.¹ Though there is much controversy over the status of the many statutes and ordinances, and our duty vis-a-vis them, hardly anyone argues that the Ten Commandments no longer are binding. Evangelicalism has become increasingly vocal in recent years concerning violations of the law which are rampant in America, e.g. abortion, homosexuality, statism, etc., and the confidence with which they speak is derived from the binding nature of the Ten Commandments. Some of the burden of sorting out the controversy over the usury statutes is relieved upon showing that to commit usury is to violate the Ten Commandments. The following discussion therefore shall proceed to demonstrate that to commit usury is a violation of the First, Second, Fourth, Eighth, and Tenth Commandments.

1. see Rushdoony, *The Institutes of Biblical Law*, Vol I, p.10

THE FIRST COMMANDMENT

Exodus 20:3, "You shall have no other gods before Me."

To commit usury is to transgress the First Commandment inasmuch as all sin arises from turning away from God and turning toward creation. Like Eve, the usurer listens to that tantalizing voice, "Indeed, has God said?" (Genesis 3:1) He esteems himself as a competent judge of good and evil, rather than submitting always and only to the Creator for such judgements. In this way the usurer's sense of good and evil is perverted in its very foundation, and is vulnerable to all manner of corruption. If sinning affords a sensual pleasure to his flesh, and if it seems convenient to do so - that is, to do so is to run in the deep tracks that already have been cut by the centuries-long march of Babylon - then he is more ready to justify his sin by some subtle means that otherwise never would have occurred to him.

If one has another god, whether oneself or some guru of economic advice or theory, then the words of the true God, the Creator, are discounted. It is the words of the other god which now are heeded. Our Creator put us into the garden to cultivate it and keep it (Genesis 2:15). In our sin, He increased the intensity of the work and toil which was our lot by creation, for He said to Adam, "By the sweat of your face you shall eat bread" (Genesis 3:19a). But in violation of the First Commandment, the usurer has chosen another god. This false god has said that the intensity of our labor has not increased, but decreased. In fact, he has said that our goal ought to be to cease our labors altogether. Today, many hold that labor is to be avoided. Many flirt with usury, and become petty usurers, because they despise work. They listen to the voice of the other god, and not the words of their Creator. Spewing falsehoods, the usurer declares unto them that they ought to cease the drudgery of work, and rather put their "money" to work instead. However, the conception that "money" labors and begets other money is but a device by which the usurer tries to block out of his mind the convicting reality that his goods derive not from the labor of "money", but from the sweat of another's brow. The usurer does not work, but says that his "money" works. However, a moment's

serious reflection reveals that this merely is a euphemism. There is no true sense in which "money" can work. The best that one could say is that the "work" of money is to promote the trade of goods and services among men. But money does not assist in the production of goods. The goods of this life may come into being only through some productive process. This is where true work is done. The usurer may acquire goods by means of a money payment, but by what means has he acquired the money? Did he give goods or services and receive a money payment for them? No, he merely has granted a loan and received usury. He has his goods by the sweat of another man's brow, in defiance of the directive of his Creator that he shall have them lawfully only by the sweat of his own brow. We lawfully may benefit from another's labor if he labors under our employment, for which we pay hire, or if he labors for us as a gift. But the debtor is in neither of these positions, and in fact is in a position that is the opposite of both of them. The usurer pays him no hire for his labor, rather the borrower both labors and pays the hire as well in the form of usury. The produce of his labor is not a gift that he bestows upon the usurer, but is extortion that the usurer exacts of him.

The practice of the usurer is in defiance of the requirement of his Creator, yet he continues in sin - even the so-called believer - because in the hardness of his heart he has chosen for himself another god. This is not to say that everyone who receives usury consciously has taken another god. Only the most hard of heart continues in evil knowingly. But when the so-called believer listens to that tantalizing voice, and seeks to become unproductive, to live unlawfully off of the productive efforts of others, then knowingly or not he has repudiated the words of his Creator, and chosen rather the way of Babylon.

THE SECOND COMMANDMENT

Exodus 20:4-5, "You shall not make for yourself an idol, or any likeness of what is in heaven above or on the earth beneath, or in the water under the earth. You shall not serve them; for I, the Lord your God, am a jealous God, visiting the iniquity of the fathers on the children, on the third and fourth generations of those who hate Me."

Usury is idolatry. Idolatry in ancient times was fairly simple because men tended to translate their ideas into visual images. Modern men are more apt to entertain their ideas in the abstract, but they should not be so foolish as to suppose that the lack of visual images frees them from any guilt of idolatry. Idolatry essentially is a sin of the mind, as v.5 indicates ("You shall not serve them"). It is ascribing to some aspect of creation that which rightly is ascribed only to the Creator.

Usury violates the Second Commandment by exacting from the borrower a service to idols. The payment of usury is a tribute which the serf pays to his lord. The greater the magnitude of his debt, the more god-like the usurer becomes to him. It may seem therefore that it is not the usurer, but the borrower who is guilty of idolatry. But, the essential nature of usury requires that the usurer is a god in his own eyes. His lust for gain spurs him to exact tribute from the needy who must borrow. It is the rare debtor who religiously and actively worships his creditor. More typically, he resents usury and the exacting creditor. This hardly is in keeping with a heart-felt idolatry. The real idolatry in usury emanates from the heart of the usurer, for he is the one who is roving about seeking whom he may devour. He is the one who, more than anyone else tends to regard himself as a god.

We are not to be gods to one another. None of us is to enter into slavery, and none of us is to be exalted as a god. We ought to be brothers one to another, who join in worship of the only true God. In the early medieval era the bishops of the church chastised land barons for enslaving their brethren as serfs. The situation did not change over night, but the eventual result of constant pressure was the emergence of freedom for the common man. This is one of the astounding aspects of the influence of

Christianity on Western civilization, which was exhibited most gloriously at the founding of our nation. But usury is turning our land back into the feudalism of lords and serfs. Jesus said, "You know that the rulers of the Gentiles lord it over them, and their great men exercise authority over them. It is not so among you, but whoever wishes to become great among you shall be your servant" (Matthew 20:25-26). Though the Scriptures say that Moses was as God to Aaron (Exodus 4:16), yet this was only in the sense that he declared the word of God to him, as a prophet. So it says that Moses, through Aaron, was as God to Pharaoh (Exodus 7:1), for he declared the word of God even unto the pagans. But the usurer would make himself as God unto all men, not in order to declare the word of God to us, but in order that he might declare unto us his own word. He does not ask, "How may I serve you?" Nor does he exhort us, "Join me, brethren, in worship of the Almighty." Rather, he seeks to reap a gain out of our sweat, and exact the tribute tax of rent and usury to the glorification of himself. He asks, "Where is the needy one who might serve me?"

The professional usurers, who sit atop the great pyramid of usury that has spread over our land, commend themselves as almighty in a way that petty usurers cannot. They claim unique creative powers. They lend not their capital upon usury, but they claim to create "money" out of nothing, which they lend out upon usury. The Scriptures testify that it is our Creator God who "calls into being that which does not exist" (Romans 4:17b), but now the grand usurers claim to possess these same creative powers. Petty usurers venerate them as gods, in violation of the First and Second Commandments, and seek after their produce (which they devotedly call "money") because they consider it to be wealth. By claiming to have created wealth themselves, the chief priests of usurers have as much as denied that wealth consists in what *God* has created. Their faithful serfdom labors diligently in hope of tasting even a small part of this illusory "wealth", not heeding the warning of their Lord, "Do not work for the food which perishes" (John 6:27).

God has warned His people that if they enter into idolatry they will provoke His wrath, for He is a jealous God. He has promised that the outbreak of His wrath against idolatry will be felt onto the third and fourth generations. This is exhibited in the modern world most

dramatically in the case of usury. The idolatry of usury spawns only a legacy of judgement. The offspring of usurers inherit hardness of heart and blindness of eyes. Usury is an obstacle that bars the way to true fatherhood and true sonship. Henry Smith well characterizes the misery of a family whose generations are plagued with usury:

The Usurer shall crie unto his children [from hell], Cursed be you my children, because you were the cause of these torments, for least you should be poore, I was an Usurer, and robbed other, to leave riches unto you. To whome, the children shall replie againe, nay, Cursed be you father, for you were the cause of our torments; for if you had not left us other mens goodes, we had not kept other mens goodes. Thus when they are cursed of God, they shall curse one another, curse the Lord for condemning them, curse their sinnes for accusing them, curse their parents for begetting them, and curse themselves, because they cannot helpe themselves.²

THE FOURTH COMMANDMENT

Exodus 20:8-10, "Remember the Sabbath day, to keep it holy. Six days you shall labor and do all your work, but the seventh day is a Sabbath of the Lord your God; *in it* you shall not do any work, you or your son or your daughter, your male or your female servant or your cattle or your sojourner who stays with you."

Usury breaks the Sabbath. Since the modern mind is dull, it must be pointed out that if there was any true sense in which "money" could work, then to the above there would have been added, "or your money". It already has been shown that "money" in fact does not work. But inasmuch as the usurer perceives it as working, and does not give it a Sabbath rest,

2. Smith, *An Examination of Usury in Two Sermons* (1591; Norwood: Walter Johnson, inc., 1976)

therefore in his heart he is a Sabbath breaker. Actually, there are two respects in which this is true. There is a positive requirement of the Fourth Commandment, "Six days you shall labor and do all your work" (v.9). The usurer despises work, and manifestly holds this positive requirement in contempt. He loves income, but hates work. The more consistently Babylonian one becomes in his outlook on life, the more there will crystallize in his thinking the goal of abundant income and the cessation of work. However, is there not a true sense in which this ought to be our goal? We have been told, "There remains therefore a Sabbath rest for the people of God. For the one who has entered His rest has himself also rested from his works, as God did from His." (Hebrews 4:9,10) Will not all of our needs be addressed directly by our God, Who will supply us with such abundant income that "the water of life" shall be provided to us "without cost" (Revelation 21:6b), and will us give such light that there will not be need of a sun to shine upon us (v.23)? Indeed, this is a glorious vision. It is as glorious as the vision of men dwelling together in unity. The goals of the City of God, and the goals of the earthly city may be made to appear quite similar on the surface. But, below the surface they are as different as righteousness and lawlessness. The ancient Babylonians, in their hatred of God, and in their effort to live independently from Him, sought to achieve a powerful unity by means of the Tower of Babel (Genesis 11). Modern Babylonians relentlessly pursue their war against God, and are busy constructing a modern tower by means of which to achieve their evil ends. It is the monolith of usury. Their hope is to achieve the perpetual income and the perpetual rest from works, that in reality shall come only from the hand of God, and shall be bestowed only upon His people. Men cannot generate this income or this rest from their own devices. As long as we continue in this world, our duty under God is to work six days, and rest on the seventh day as a testimony of our dependence on Him, and of the glorious rest that one day shall be ours.

Then there is the negative requirement of the Fourth Commandment. On the seventh day there must be a cessation of work. But the usurer, even if only in his perception, drives his "money" relentlessly. He calculates his usury day and night, week in and week out, year after year. Some may say, "Does not the crop in the field also continue to grow and

increase, even on the Sabbath?" This is the work of God, who causes the increase (I Corinthians 3:6). Still it was His command that the land shall have a Sabbath one year in seven (Leviticus 25:2-7). The "money" of the usurer, in his own conception, has no Sabbath at all. Yet the continued labors of this "money" do not bring forth fruits which sustain men, but the fruits of destruction and misery. It is, in the most charitable light, the burdening fruit of *necessity*, for it is usury which makes the Sabbath-breaking labors of the debtors seem necessary to them. "You will know them by their fruits. Grapes are not gathered from thorn bushes, nor figs from thistles, are they? Even so, every good tree bears good fruit; but the bad tree bears bad fruit. A good tree cannot produce bad fruit, nor can a bad tree produce good fruit. Every tree that does not bear good fruit is cut down and thrown into the fire. So then, you will know them by their fruits." (Matthew 7:16-20)

As we glance over the economy of modern America, Sabbath-breaking appears rampant. But it is not the usurer who appears to be the chief offender (though we have noted their offense in despising the positive requirement of this command). We have a 24 hour/ day, 7 day/ week, 52 weeks/ year, year upon year economy, and it is staffed by masses of debtors. This was not always so. How did it become so? The answer may be seen on a popular bumper-sticker - a parody on a tune from the musical version of Snow White and the Seven Dwarfs - whose message is both humorous and tragic: "I OWE, I OWE, SO OFF TO WORK I GO". It is the mass of debtors who break the prohibition of the Fourth Commandment, which they do of felt necessity. The usurer's lust for unjust gain requires the perpetual churning of America's, and indeed the world's, economic machine. It is *because* "money" in fact does not work that millions of debtors *must* work. Would anyone look with compassion upon a brother that suffers hardship because he will not work on the Sabbath day? One would expect rather to find little support for a Sabbatarian conviction. The faithfulness of our Sabbath-keeping brother will convict us of our Sabbath-breaking. Rather than come under that conviction, some ridicule the Sabbath-keeper in an attempt to excuse their own Sabbath-breaking. This vested interest in Sabbath-breaking on the part of a great mass of debtors is due to the uncharitable and non-brotherly demands of usurers.

Through the counsel of an array of "Christian" financial advisors, Christians by the millions have become petty usurers. They are told that they must be "good stewards" of what God has given them. So, they have "interest bearing" checking accounts, Certificates of Deposits, Treasury Securities, Annuities, and a number of other "investments". What have they invested, but the paper and electrons that have been "created" in the image of the priests of Babylon? In what have they invested, but the pagan economics of usury? Will they not be among those who stand by in dismay while Babylon meets her demise (Revelation 18)? Have they really been good stewards of what God has given them, or do they even realize what God has given them? We ought not to participate in the unfruitful deeds of darkness, but instead even expose them (Ephesians 5:11). Petty usurers do not expose the Sabbath-breaking scheme of the professional usurers, but they excuse their evil deeds, and participate in them. In so doing they flee from the law of God, and contribute to the pretended necessity of their own Sabbath-breaking labor.

The usurer rests when he ought to work, and works when he ought to rest. God has directed man to work, to care for the world and achieve dominion over it. But the usurer avoids this appointed task, and seeks rather to achieve dominion over his fellow man. He hates true work, and so schemes to live by the true work of others. Yet in his own mind he is a ruthless taskmaster, who drives his slaves (in this case "money") without end, day in and day out, day after day. That this also requires the ceaseless labors of his debtors is of little concern to him. Such is the Sabbath of usurers.

THE EIGHTH COMMANDMENT

Exodus 20:15, "You shall not steal"

Usury is stealing. As case law, the statutes prohibiting usury in Exodus, Leviticus, and Deuteronomy, refer primarily to the Eighth Commandment. Though it has many offenses, usury basically is stealing. The truth of this is difficult for many to perceive because their senses are so trained to excuse usury. It also is difficult to perceive because it is difficult to define just what constitutes stealing.

It obviously is stealing if one man takes another's property by force. But this cannot define stealing strictly, because sometimes no force is involved. What do we say of the one who casually takes what he finds lying unattended? To cover this case, we might want to define stealing as one man taking another's property without the other's permission. However, in that case, those who, by trickery and deceit, cajole another into granting permission for them to take their property, are not guilty of stealing. Of course, we all treat the "confidence scheme" as theft. How, then may we define stealing in a way that will cover all cases? The most general definition of stealing is that it is the unlawful transfer of property from one man to another. If one man gives a gift to another, this is not unlawful. If one man makes a loan to another, this is not unlawful. Nor is it unlawful for one to repay a loan. Indeed, the law requires that one grant loans to his needy brother, and that the other should repay (Deuteronomy 15:7-8). However, the lender can make the thing loaned a gift to the borrower, and in that case he is not obliged to repay.

All manner of stealing is condemned in the Scriptures as unlawful. The statutes in Leviticus 6:1-5 covers a wide variety of ways in which one man may be guilty of stealing another's property.

Then the Lord spoke to Moses, saying, "When a person sins and acts unfaithfully against the Lord, and deceives his companion in regard to a deposit or a security entrusted to him, or through robbery, or if he has extorted from his companion, or has found what was lost and lied about it and sworn falsely, so that he sins in regard to any one of the things a man may do; then it shall be,

when he sins and becomes guilty, that he shall restore what he took by robbery, or what he got by extortion, or the deposit which was entrusted to him, or the lost thing which he found, or anything about which he swore falsely; he shall make restitution for it in full, and add to it one-fifth more. He shall give it to the one to whom it belongs on the day *he presents* his guilt offering."

All manner of thievery is condemned. The usury statutes condemn yet one more scheme of thievery. When a man is given a loan, he receives property from another man, yet this is not stealing, for we have seen that God requires the giving of loans. When a man repays a loan, here again we have one man receiving property from another, but still, this is lawful. The one good serves as the property which is given and received by both parties, both of which it cannot do instantaneously. Nor would there be any point to it, even if it could do so, for the borrower receives the property in order to use it for a time. In his heart there is the intent to repay at a later time. The lender holds the borrower's obligation to repay. Assuming good faith on both parts, neither the making nor the repaying of a loan can be considered stealing. However, if the borrower does not repay, and if the lender becomes convinced that it no longer is the borrower's intention to do so (or never was his intention), then he may prosecute the borrower as a thief. In keeping with the problems of defining human interaction, whether the receipt of property loaned is to be considered stealing depends largely on the intent of the borrower's heart.

Now, what of a loan upon usury? All of the above applies to the lending and repaying of the principal. Now, how do we consider the usury - that which the borrower pays to the lender in excess of what was loaned? Here we encounter the subtle evil of usury, for it cannot be delivered from the charge of theft, yet it hardly is perceived as stealing. The usurer receives his usury from the victim, and the victim receives nothing in return - not even an obligation for a later time, nor was he giving a gift to the usurer. The usurer is a thief. Now, all manner of abstractions are raised in an attempt to excuse the usurer. It hardly can be maintained that usury is a gift. In the Middle Ages, the usurer and his victim plotted together to call usury a gift that was given the usurer in gratitude for giving the loan, but this was done deviously, solely as a

means of evading usury laws, and did not emanate from the borrower's heart. But there are many attempts to show that in fact the borrower does receive something in return for usury paid, and that therefore the usurer is innocent of theft.

It may be said that the borrower received whatever gain he got out of the use of the borrowed property in return for the usury he paid. It certainly is true that the borrower may gain from the use of borrowed property, for if he did not, there would be no point in borrowing. A pertinent question to consider is: from whom did he receive that which he gained? Did he receive it from the usurer? Suppose it was a shovel that was loaned. Suppose further that the borrower's use of the shovel was to tend a garden. The produce of the garden is what the borrower gained through the use of what was loaned, but he gained it by means of his own toil and the grace of God in attending the growth of his crops. He did not receive it from the usurer, and yet a portion of his crops must be returned along with the shovel as rent or usury. Did the borrower pay a portion of his crops in order to gain the remainder? Rather he gained his crops by the sweat of his brow, yet he does not feed his family what his labors produced, for he feeds the usurer a portion of it, in return for nothing.

Alternately, it might be said that in return for usury, the borrower receives the service of the usurer making the loan. It was not for nothing, some may think, that the borrower gives the usurer a portion of his crops, but for the use of a shovel. If the usurer had not loaned the shovel, then the other could not have grown his crops. But he did not buy the shovel, he gave it back when he was done with it. Suppose a shovel may be bought for three bushels of wheat. Suppose the usurer requires, for the "service" of providing a shovel, one bushel of wheat. If the borrower remains needy - which is more likely in the case that the usurer is siphoning off his produce - and he borrows the shovel three years, then he has paid the usurer three bushels of wheat, and has bought the shovel. But he has not bought it for himself, but for the usurer. If he borrows the shovel another three years, then he buys another shovel for the usurer. Now the usurer can loan out two shovels. In time he will have three, and then four shovels that he may loan. He will become a lord, with a large serfdom under his power.

This is not in keeping with the nature of service. One cannot claim that he is doing anyone a service if he is not doing for them what he might as well do for himself. The laborer justly trades his services for hire because the labor he provides his employer accomplishes a task that he might require for his own purposes. If a man who owns a shovel tends the garden of a man who has not a shovel, he is providing a service of labor, and he may receive a portion of the crop as hire. "The hard working farmer ought to be the first to receive his share of the crops" (II Timothy 2:6) He might as well tend his own garden, so his tending another's garden rightly is to be considered a service. But has he served any one by taking up his shovel in hand? That is a service to no one. One who simply takes a shovel from its place into his hand in no wise benefits himself. It is not until he applies labor, using the shovel, that benefit - and thus service - accrues. Just as it is no service to himself, so it is doing no service to another if he simply puts his shovel into the other's hand. If the other applies the labor, and tends his own garden, then he is the one who is providing the service. The giving of a shovel is only a loan, and only a shovel is required in repayment. Anything more that is given in repayment is usury. It cannot be excused as payment for services rendered, for in fact no service was rendered.

Usury is theft. This fact cannot be ignored, nor can it be excused. The professional usurer, the prophets and priests of Babylon, are well aware of the thieving and enslaving nature of usury. It is the petty usurer, and particularly the one who would hope to be counted as a citizen of the City of God, who has difficulty in perceiving and admitting this fact. The gains of usury are so tantalizing that he does not easily come to admit that they are gotten unlawfully. He has been trained to perceive himself as being a "good steward" when he enters into all manner of usurious "investments". This is what they have been taught that Jesus required of the wicked slave who buried the money in the ground (Matthew 25:14-30). However, a simple reading of the text reveals that it was not Jesus who required it, but the wicked slave's distorted conception of a hard, thieving master who reaps where he did not sow, and gathers where he scattered no seed (v.24). It was a thief who required thievery of his slave, so it is the thieving world-class usurer who tantalizes and seduces Christians into this wickedness. There must be repentance.

THE TENTH COMMANDMENT

Exodus 20:17, "You shall not covet your neighbor's house; you shall not covet your neighbor's wife or his male servant or his female servant or his ox or his donkey or anything that belongs to your neighbor."

Covetousness breeds usury. Covetousness is more than simple desire. For the righteous, the desire for goods which he does not own is what motivates him to produce those goods, or to produce other goods which he may trade for the goods he desires. There is nothing wrong with such desires. Covetousness, however, is a desire for something that belongs to another, which one would acquire unilaterally - apart from any production or trade. It is the germ of theft. It is a lusting after that which one cannot lawfully obtain. Covetousness is conceived of evil motives. In the case of usury, it emanates from a natural desire for wealth that is tormented by an antecedent despising of work. Wealth comes from work. Ultimately all wealth comes from the hand of God. As it is His decree that we work in order to live, in our experience the wealth which we acquire in this life is gotten through someone's work. The usurer avoids work, for he is under the delusion that his "money" is working. Yet only the stubbornly ignorant can fail to understand that all of the tangible goods which service our needs and wants come only from some productive process, which in turn is driven by human work. The usurer may forget this truth, because he simply "buys" what he wants using the "profits" of his usury. Though avoiding work, the usurer nonetheless desires the produce of work. The righteous response to such desires is to labor to produce either the good desired, or some good which may be traded for it. In either case, the righteous man eats his bread by the sweat of his face. However, the desire for wealth turns into lawlessness when one's creative faculty is devoted to seeking a means of acquiring wealth while at the same time avoiding work.

As we have seen, one difficulty in judging the affairs of men is that often it is only the intent of the heart that makes the difference between righteousness and lawlessness. That is why it was necessary that among the acts of lawlessness which God condemned in His law there should also be the censure of this lawless motive. James listed the evil motive as the

only reason why God should not fulfill "ask and you shall receive" (James 4:3). This sinful attitude must be prohibited by law because man must have the conviction of sin in his heart before his sin spills out into actions that damage his brother, or his people as a whole. The covetous one may repent before God, and no one else may know that he sinned. But the hardness of men's hearts is displayed in the fact that gross covetousness constantly turns into adultery, theft, and murder. In the case of these external sins, repentance before God must be accompanied by restitution to the brother who suffered damages. But the sin of usury is so veiled to this modern age that we hardly find any repentance or restitution. The usurer typically thinks that no one sees the covetousness that is in his heart, so he has no pragmatic reason to repent. The damages which he inflicts upon his brethren and upon his people are nearly imperceptible - not in themselves, but *as damages caused by usury* - because this neo-Babylonian society has been trained to excuse usury. Without the convicting ministry of the Holy Spirit, revealing the Word of God to the hearts of men, usury shall feed upon the goods of the land like an omnivorous sponge, whose capacity grows with every particle that is absorbed, until the whole of the people is reduced to an outright serfdom under the would-be gods. The Proverb runs, "He also who is slack in his work is brother to him who destroys" (Proverbs 18:9). If the slack worker is brother to the destroyer, who is the destroyer but him who does not work at all?

This may sound much too alarming and sensational to be true, or to be a realistic outcome of a normal distemper like covetousness. However, consider the effects of unbridled covetousness, that is, of the work avoidance and accompanying illicit desire of the usurer imputed to men universally. If no one worked, no goods would be produced. In that case, the only available goods would be naturally occurring goods. As every one would desire such goods, but no one would want to acquire them lawfully, we might well imagine the consequences: 1) men would be at perpetual enmity one with another, as each one would be but an equally unscrupulous competitor for whatever goods were available, 2) no one would engage in any productive effort, and therefore the supply of naturally occurring goods would diminish (as nomadic peoples have demonstrated throughout history), and 3) 1 and 2 above would feed upon

one another, and each would escalate until either humanity became extinct (not likely) or an elite emerged from the chaos to corner the supply of resources, and prescribe meager production efforts to the mass of underlings (most likely). The latter result is the virtual image of communism, and has been the lot of Babylonian usury-accommodating cultures throughout history. The only difference between our present situation and what is described above is that as of now we still have quite a number of men who still are engaged in productive enterprises. However, the number who contribute nothing to production, and instead affect an inordinate drain on available goods, is growing. More and more men are being seduced by the temptation to cease their labors and let their "money" work for them. Those who are left to produce goods now must produce not only what may be sold, but also what must be given in usury. Apart from repentance, the persistent covetousness of usury assures that the latter proportion can only grow indefinitely.

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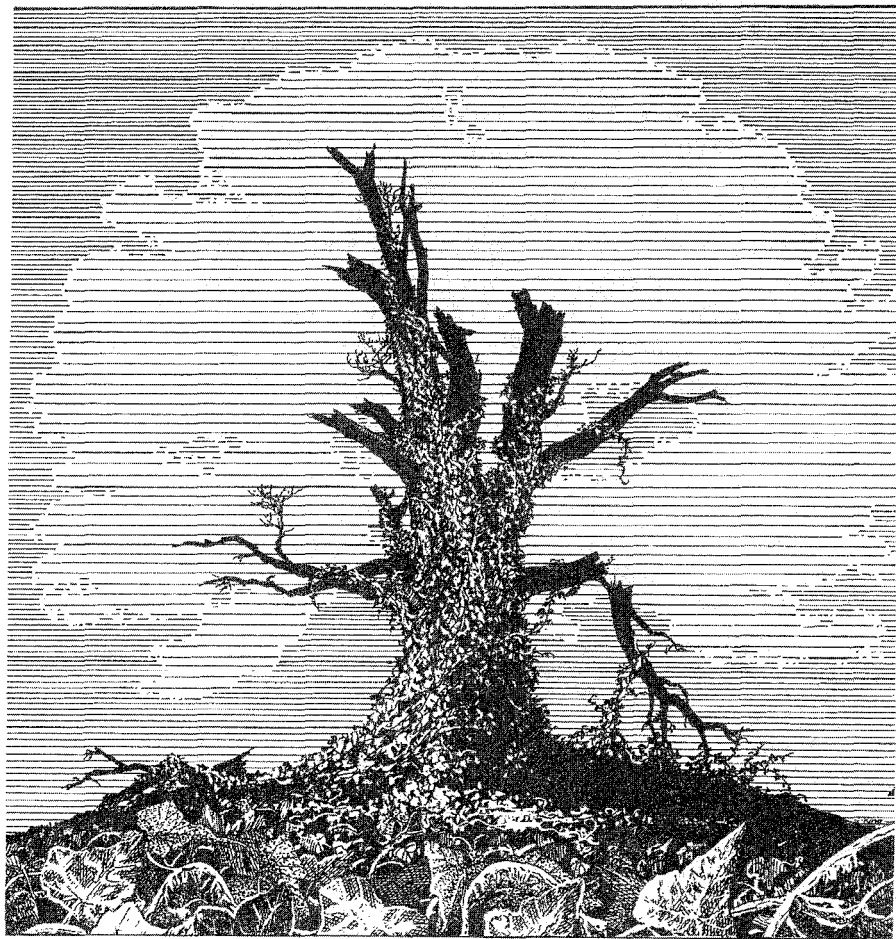
Jesus said that nothing of the law would pass away until all was accomplished (Matthew 5:17-19). He did not diminish man's duty to God, or to his brother, rather He enlarged upon it. He said, "A new commandment I give to you, that you love one another." (John 13:34) But this is not a new duty, rather it enlarges our understanding of the requirement of the Decalogue. On the principle of love, Jesus said that we must not only abstain from killing, but also abstain from hate; we must not only abstain from adultery, but also from lust (Matthew 5:21-28). Paul said, "love does no wrong to a neighbor; love therefore is the fulfillment of the law" (Romans 13:10) Jesus coupled this principle of love for men with the requirement of loving God, and said of this pair, "On these two commandments depend the whole Law and the Prophets". (Matthew 22:40). We have exposed the evil of usury on several fronts, in examination of several points of the law. That which is evil is supremely condemned by that on which the law depends, for usury manifestly is lacking in love. The usurer is in want of true love for God, for in

defiance of His law, the usurer excuses his sin in preference of temporal pleasures. He also is in want of true love for his brother, for he would feed off of him rather than labor to feed himself. As Henry Smith put it:

The Usurer loveth the borrower, as the Ivey loveth the Oke: The Ivey loveth the Oke to grow up by it, so the Usurer loveth the borrower to grow rich by him. The Ivey claspeth the Oke like a lover, but it claspeth out all the juice and sap, that the Oke can not thrive after: So the Usurer lendeth like a friend but hee covenanteth like an enemy, for he claspeth the borrower with such bands, that ever after he diminisheth, as fast as the other encreaseth.³

A truly Christian economy is built upon service. The development of a variety of goods is brought about by one's attention to his brother's need. Goods change hands through trade as men supply goods to one another's benefit. But in a righteous economy, no need is regarded as permanent. Should men no longer need some trinket that one had been producing, a basic attitude of service will stimulate such a one to discern what it is that men now need instead. Should one who supplies wood find that his brothers have succeeded in improving their conditions so that they no longer need his wood for heating their homes, and that now they need gas to burn in their furnaces, he should not resent that his occupation has become less lucrative, rather he should rejoice that his brothers have done well. His serving spirit will direct him to consider what he may now provide in order to address their needs. The usurer, however, does not serve, and thus does not manifest love for his brothers. He seeks to serve his own needs by loaning out property at usury. If no one needs what he has to loan, he does not rejoice that his brothers have done well, and do not need to borrow, rather he considers how he may tantalize them into covetousness along with himself, that they may adopt needs in their minds for which they must borrow. The sin of covetousness may so captivate a man that he not only will borrow in order to satisfy his lust, but pay usury as well. This is the state the usurer seeks for his brother. Should all the tenants of an apartment building prosper and buy homes for their own, would the "landlord" rejoice over the prosperity of his serfs? The usurer

3. IBID



"The Usurer Loveth the Borrower as the Ivy Loveth the Oak"

would mourn the loss of his rents. The usurer does not have his brother's welfare at heart, but has a vested interest in the continued need of his brother. The usurer, in fact, does not even perceive that he has a brother.

It is for shame that Christendom has entered into this enmity. Paul exhorted the Galatians, "For the whole Law is fulfilled in one word, in the *statement*, 'You shall love your neighbor as yourself'. But if you bite and devour one another, take care lest you be consumed by one another." (Galatians 5:14-15) The bite of usury threatens to consume America. Shall the ethics of Babylon conquer our land? It will happen only as we who are of God's household refuse to live by His laws. But by our refusal, we cannot overturn His laws, for nothing of His law shall pass away until all is accomplished. In Deuteronomy 28, God has told us what we may expect in the event that we despise His laws. We are told before hand, "The Lord will smite you with madness and with blindness and with bewilderment of heart; and you shall grope at noon, as the blind man gropes in darkness, and you shall not prosper in your ways; but you shall only be oppressed and robbed continually, with none to save you" (v.28-29) Today this is fulfilled in our midst. By usury we are oppressed and robbed continually. The blindness, madness, and bewilderment that has overcome us does not even permit us to discern the true nature of what has come upon us. Ephesians 5:5-14,

For this you know with certainty, that no immoral or impure person or covetous man, who is an idolater, has an inheritance in the kingdom of Christ and God. Let no one deceive you with empty words, for because of these things the wrath of God comes upon the sons of disobedience. Therefore do not be partakers with them; for you were formerly darkness, but now you are light in the Lord; walk as children of light (for the fruit of the light consists in all goodness and righteousness and truth), trying to learn what is pleasing to the Lord. And do not participate in the unfruitful deeds of darkness, but instead even expose them; for it is disgraceful even to speak of the things which are done by them in secret. But all things become visible when they are exposed by the light, for everything that becomes visible is light. For this reason it says,

"Awake, sleeper,
And arise from the dead,
And Christ will shine on you."

Let us not suppose that the plague of usury oppresses us only by the designs of "international bankers", or some other group. Men are not sovereign in the world. We are not in reality *compelled* to live like Babylonians. It is in unfaithfulness to our God and His Word that we have so become entangled. But, the sins which so easily entangle us become a scourge in the hand of God. Let us not regard lightly the discipline of the Lord. He disciplines every son whom He receives. We cannot defy His laws and expect that we shall escape the consequences. God is not mocked. The calamities of our sin are to stimulate us to repentance. "He disciplines us for our good, that we may share His holiness. All discipline for the moment seems not to be joyful, but sorrowful; yet to those who have been trained by it, afterwards it yields the peaceful fruit of righteousness." (Hebrews 12:10-11). Some in American Christendom are experiencing the sorrows of the Lord's discipline. They have had enough of debt. They are ready to repent. Others still are intoxicated by the gains of usury. They will not repent of usury, nor do they wish for their brothers to stay out of debt, for there must be someone to pay their usury. If there will not be repentance, we can be sure there will be more discipline. This is certain. The question is, what how much discipline must we endure before we turn?

If we do not repent in time, we will be caught up in the destruction that perpetually attends Babylonian life. A temptation we face, in addition to the false riches of usury, is to excuse our sin, and ease the convicting sensation in our hearts, by blurring the distinction between law and lawlessness. But this can only be a blurring of our own vision, for in reality no aspect of the City of God can be confused with any aspect of "the earthly city". Dr. Kuyper said, "Do not forget that the fundamental contrast has always been, is still, and will be until the end: *Christianity* and *Paganism*, the idols or the living God."⁴ Speaking of the political troubles at the turn of this century, Dr. Kuyper responded in a manner that speaks as well to the problem of usury, "Of course, this danger would be far less menacing in case Christendom, in both the Old and the New World, stood united around the Cross, shouting songs of praise to their

4. Abraham Kuyper, *Lectures on Calvinism* (1898; Grand Rapids: Eerdmans, 1983), p.198

King, and ready as in the days of the crusades to advance to the final conflict. But how when *pagan* thought, *pagan* aspiration, *pagan* ideals are gaining ground even among us and penetrating to the very heart of the rising generation?"⁵ The average reader is the offspring of the generation of which he spoke. The pagan stronghold in our land has only strengthened since Kuyper spoke. It is all but lost to the present generation that we face a crisis of lordship. Israel knew exactly what Joshua was saying when he challenged them, "Choose for yourselves today whom you will serve" (Joshua 24:15a) Were Joshua to put this challenge to the modern church, we would be hard-pressed to know even what choice we were given. We say "Lord, Lord", but we do not the things He commands us. If we persist in usury, we have made our choice to follow the paths of Babylon, and we surely shall endure the hardships of her fall.

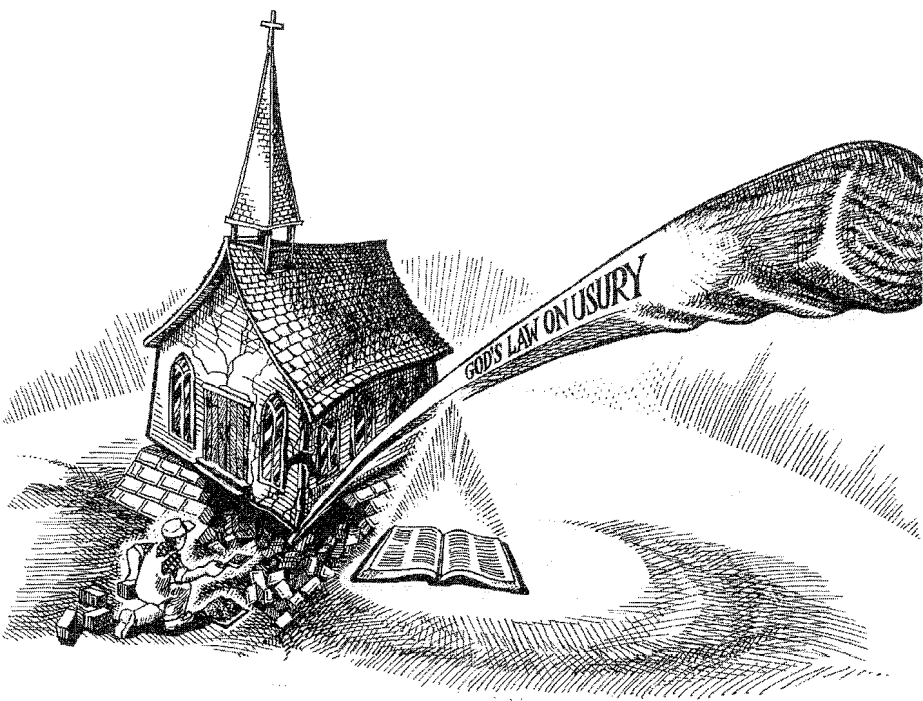
Let us separate ourselves from the "earthly city", for great will be her fall. Let no one of God's household any longer suffer the pollution of Babylon. We must return and be revived, for Christ will clothe His bride with spotless robes. Shall He find us to be in unfaithfulness with Babylon, bowing before her priests, and worshiping at her shrines, or will we be found laboring in love and service of one another? Will we be among those who are dismayed at the fall of Babylon or, will we find her fall to be cause for rejoicing?

Revelation 18:1-20: After these things I saw another angel coming down from heaven, having great authority, and the earth was illumined with his glory. And he cried out with a mighty voice, saying, "Fallen, fallen is Babylon the great! And she has become a dwelling place of demons and a prison of every unclean spirit, and a prison of every unclean and hateful bird. For all the nations have drunk of the wine of the passion of her immorality, and the kings of the earth have committed acts of immorality with her, and the merchants of the earth have become rich by the wealth of her sensuality."

And I heard another voice from heaven, saying, "Come out of her, my people, that you may not participate in her sins and that you may not

receive of her plagues; for her sins have piled up as high as heaven, and God has remembered her iniquities. Pay her back even as she has paid, and give back to her double according to her deeds; in the cup which she has mixed, mix twice as much for her. To the degree that she glorified herself and lived sensuously, to the same degree give her torment and mourning; for she says in her heart, 'I sit as a queen and I am not a widow, and will never see mourning.' For this reason in one day her plagues will come, pestilence and mourning and famine, and she will be burned up with fire; for the Lord God who judges her is strong. And the kings of the earth, who committed acts of immorality and lived sensuously with her, will weep and lament over her when they see the smoke of her burning, standing at a distance because of the fear of her torment, saying, 'Woe, woe, the great city, Babylon, the strong city! For in one hour your judgement has come.' And the merchants of the earth weep and mourn over her, because no one buys their cargoes any more; cargoes of gold and silver and precious stones and pearls and fine linen and purple and silk and scarlet, and every article made from very costly wood and bronze and iron and marble, and cinnamon and spice and incense and perfume and frankincense and wine and olive oil and fine flour and wheat and cattle and sheep and cargoes of horses and chariots and slaves and human lives. And the fruit you long for has gone from you, and all things that were luxurious and splendid have passed away from you and *men* will no longer find them. The merchants of these things, who became rich from her, will stand at a distance because of the fear of her torment, weeping and mourning, saying, 'Woe, woe, the great city, she who was clothed in fine linen and purple and scarlet, and adorned with gold and precious stones and pearls; for in one hour such great wealth has been laid waste!' And every shipmaster and every passenger and sailor, and as many as make their living by the sea, stood at a distance, and were crying out as they saw the smoke of her burning, saying, 'What city is like the great city?' And they threw dust on their heads and were crying out, weeping and mourning, saying, 'Woe, Woe, the great city, in which all who had ships at sea became rich by her wealth, for in one hour she has been laid waste.' Rejoice over her, O heaven, and you saints and apostles and prophets, because God has pronounced judgement for you against her."

An ancient philosopher once remarked that given a sufficiently long lever and a sufficiently firm fulcrum, he could move the world. The average reader of this present work has a much more difficult task facing him: that of moving the church. The ancient pagan had in view only hypothetical tools, however, the Christian is equipped with what is in reality the most firm foundation in the Word of God. The lever that operates on this fulcrum is his understanding in truth, and his action according to conviction. The force that is generated by this operation is irresistible, but the idea in moving the church is not merely to create a sense of awe that such a thing could be done. The goal must be maturity in Christ. We move the church in order to repair it, or to set it in a better place. Let the reader grasp the lever, and so purge his own life of usury - and then operate the lever in order to do his part in purging this sin from the church. The economic reformation of the church will provide a guiding light for the reformation of the American economy, for the glory of God and the prosperity of His people.



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Augustine surveys an ancient historian's account of the deterioration of the Roman Empire during the Punic wars. "Then began the patricians to oppress the people as slaves, to condemn them to death or scourging, as the kings had done, to drive them from their holdings, and to tyrannize over those who had no property to lose." No nation can survive such cruelty and oppression, but Augustine's source goes on to tell of what was a worse oppression, "The people [were] overwhelmed by these oppressive measures, and *most of all by usury...*" (italics added, Augustine, The City of God, Bk III, ch 17)

This scenario was repeated again and again in the ancient world, and is still going on today, though subtle changes in national and international economics make it harder to recognize. But consider this:

- **What is it, more than anything else, that makes American farm debt unpayable?**
- **What is it, more than anything else, that makes "Third World" debt to American banks unpayable?**
- **What will happen to American banks when all of this debt is repudiated?**
- **What will happen to civilization as we know it when the above occurs?**
- **What is God's law concerning usury, and why have Christians been supporting a rebellion against it?**
- **When will we repent?**

You provide the answer to the last question; the answer to the others may be found in this book. Can you afford to ignore this issue?