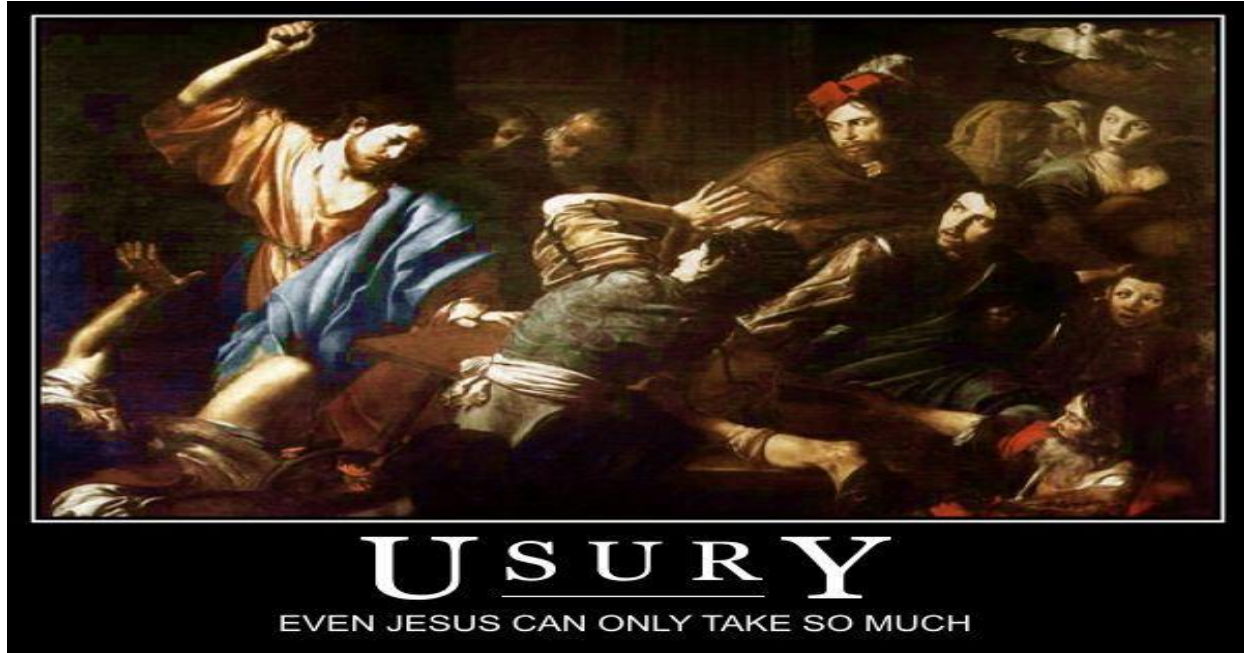


USURY PROHIBITIONS TO PROTECT THE POOR

By David Lee Burris



Usury by Currency Exchange @Hasmonean Bronze Coin for Tyrian Silver Shekel



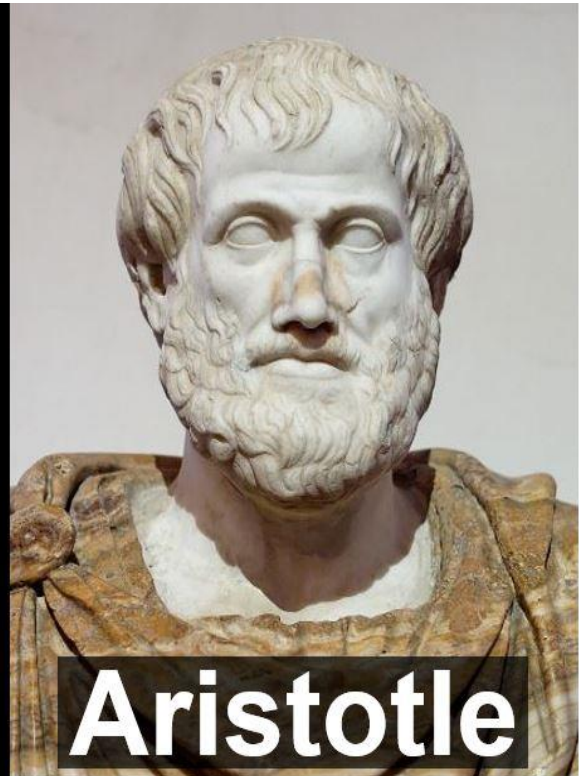
CLASSICAL CONCEPT OF UNEARNED INCOME

“The most hated sort [of money maker], 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, which means the birth of money from money, is applied to the breeding of money because the offspring resembles the parent.

Wherefore of an modes of getting wealth this is the most unnatural.”



THE IMPORTANCE OF CONTEXT:

THE BIBLE BOTH CATEGORIZES GAMBLING GENERALLY & USURY SPECIFICALLY UNDER UNJUST GAIN YET CASTING OF LOTS WAS AN ACCEPTABLE METHOD OF DECISIONMAKING & ACCRUDED INTEREST FROM INVESTMENT OF 1 TALENT WOULD HAVE MERITED PRAISE.
CONTEXTUALLY, USURY'S ALWAYS NEGATIVE IN EXAMPLE & BY DEFINITION - PREDATORY!
IN CONTEXT, USURY'S PREY - ALWAYS POOR!

"He that oppresseth the poor reproacheth his Maker: But he that honoreth Him hath mercy upon the poor" (Proverbs 14:31).

"He that hath pity upon the poor lendeth unto the Lord; and that which he hath given will he pay him again" (19:17).

"The rich and the poor meeteth together: and the Lord is the maker of them all. He that hath a bountiful eye shall be blessed; for he giveth of his bread to the poor" (22:2,9).

"Better is the poor that walketh in his uprightness, than he that is perverse in his ways, though he be rich. Whoso keepeth the law is a wise son: but he that is a companion of riotous men shameth his father. He that by usury & unjust gain increaseth his substance, he shall gather it for him that will pity the poor" (28:6-8). - **SDSDMDN**

Despite his extraordinary influence on just about every moral issue under the sun, Jesus Christ was nearly mum on the subject of usury. The two times he does weigh in, he does so indirectly and enigmatically, no more so than in the controversial parable of the talents and the pounds, which both Luke and Matthew recount at length.

As Luke tells the story, a certain nobleman gives each of his ten servants one pound and tells them to busy themselves trading while he ventures into a far country to take over a kingdom. The nobleman, however, proves no more popular in his new kingdom than Cromwell in Ireland. The citizens hate him and let him know it in no uncertain terms. He soon heads home and upon returning convenes his servants and asks how they have done with the money.

The first servant boasts, "Lord, thy pound hath gained ten pounds" (Luke 19:16). Pleased with the profit, the nobleman gives him authority over ten cities. The second servant has gained five pounds through trading and gets five cities. But the third servant hid the money while his boss was gone and returns just the one pound he was given. More provocatively, he tells the boss that he feared him for his hard-hearted profiteering.

The boss challenges his answer. If the servant were really afraid of him, why did he not put "my money into the bank, that at my coming I might have required mine own with usury?" (v. 23). In Matthew, the nobleman phrases his complaint almost identically: "Thou oughtest therefore to have put my money to the exchangers, and then at my coming I should have received mine own with usury" (25:27). In both accounts, the nobleman then takes the remaining pound away from his underperforming servant and gives it to the fellow with ten pounds.

Matthew and Luke both use the Greek word *tokos*, meaning "offspring," for *usury*. *Tokos* comes with the lively understanding that money breeds money, that savvy investments should multiply, if not like rabbits, at least like derivatives. Of historical note, *tokos* is the word that evangelists used when they were translating the usury references in the Psalms and Ezekiel into Greek.¹

It should be noted, too, that Matthew uses the Greek word *trapezetes* to describe exchangers, or as it often translated, *moneylenders*. Matthew, Mark, and John use a different word, *kollybistes*, to describe the money changers whom Jesus famously threw out of the temple. These were not practitioners of usury but of simony, the selling of sacred things. What upset Jesus was that they had commoditized their sacrificial offerings and turned the temple into a spiritual swap-and-shop.

Although not as notorious as the temple's money changers, the nobleman in question makes an unlikely protagonist. Jesus, however, tells this tale not to endorse his behavior but rather to chide the unprofitable servant for failing to benefit from the opportunity and dissembling about the reason why. Jesus, it seems, uses the parable to make the case that mortals should take advantage of God's gifts while they can. Those who put those gifts to good use will be rewarded. Those who don't, and then make lame excuses for their poor performance, will find themselves among the goats at the last judgment, not the sheep.

Defenders of the usury prohibition have obvious trouble with this parable. Martin Luther, for instance, would cite any number of quotations from Luke and Matthew to attack usury, but he chooses not to talk about this parable at all. Calvin Elliott cites it only to dismiss it. To use the parable as a defense of usury, he says, is a "flagrant perversion of the truth." In fact, however, most Christian defenders of usury, John Calvin among them, were as reluctant to refer to this parable as were usury's foes. To make the case that Jesus actually favored *tokos* would imply that the admonitions against *tokos* by David and Ezekiel no longer held sway, an argument that, if waged in the wrong circles, could get the usury defender into hot water or even boiling oil.

Although not exactly endorsing usury, Jesus does not seem terribly upset by the practice. Lending at interest was apparently common enough in his time, despite Mosaic legal prohibitions, that his listeners understood its workings.

Just about every Christian foe of usury has put great stake in one other citation from Luke—chapter 6, verses 30 to 35. It begins, “Give to every man that asketh of thee; and of him that taketh away thy goods ask them not again.” Says Luther of this passage, “Here no exception is made of enemies or opponents; nay, they are included, as the Lord Himself makes clear in the same passage.”³ Luther quotes the following lines from Jesus to that effect:

And if ye lend to them of whom ye hope to receive, what thank have ye? for sinners also lend to sinners, to receive as much again. But love ye your enemies, and do good, and lend, hoping for nothing again; and your reward shall be great, and ye shall be the children of the Highest: for he is kind unto the unthankful and to the evil. (Luke 6:34–35)

In practical terms, it is hard to summon a single biblical passage upon which so much has hinged. As interpreted by Luther and virtually every church father through the sixteenth century, this passage, specifically the line “hoping for nothing again,” not only laid down the Christian law on usury but also explicitly put Jews outside that law. From this perspective, there were no strangers. Everyone was worthy of a loan without expectation of return.

To buttress their argument, usury foes have cited any number of other New Testament passages that show Jesus as a prudent and practical man, one who rejected material excess and unjust profit of the sort that usurers gathered.

As many of these passages also show, Jesus had no gripe with the making of profit per se. He grew up, after all, in a small business that he inherited from his earthly father and ran himself. He does have a problem, however, with an undue fixation on the making of money and the hoarding of wealth. What is remarkable about Jesus’ teaching on matters economic is that he could run for office on his record in any country in the Western world and not be embarrassed by it. Indeed, it would put him in good stead almost everywhere.

Christian socialists labor to make Jesus one of themselves. In fact, protosocialists like Robert Owen, Charles Fourier, and the Duc de Saint-Simon grounded their theories in the Gospels. Many contemporary socialists, Christian and otherwise, still do. In addition to citing Christ’s frequent pleas for charity and compassion, some theorists make a macro case for socialism based on one particular passage from Matthew (25:31–46): “And before him shall be gathered all nations: and he shall separate them one from another, as a shepherd divideth his sheep from the goats” (v. 32).

The key word quoted above is *nations*. The argument goes that Jesus will reward those nation states that have assumed as a matter of policy a redistributive role toward “the least of these my brethren” (v. 40).

There is one other major problem with the Jesus-as-socialist argument: in both the New Testament and the Old, one gave alms not so much to redistribute the wealth as to manage one’s own eternal wealth. The English word *creditor* derives from the Latin *credere*—“to believe.” In a very real sense, to extend credit to the poor was to testify to one’s belief in God. As Jesus famously said to the rich young man in Matthew 19:21, “If thou wilt be perfect, go and sell that thou hast, and give to the poor, and thou shalt have treasure in heaven: and come and follow me.” The payoff was to be expected not on earth but in heaven. Usury debased the currency of exchange.

Writing in the fourth century after Christ, Augustine of Hippo, the most justly celebrated of early church philosophers, clarifies the Scriptures' meaning. No fan of usury, he nevertheless uses the usurer as model:

Study the money lender's methods. He wants to give modestly and get back with profit; you do the same. Give a little and receive on a grand scale. Look how your interest is mounting up! Give temporal wealth and claim eternal interest, give the earth and gain heaven.

Augustine asks rhetorically to whom should the money be given. The answer is the same person who "forbade you to be a usurer," the Lord himself. He now "comes forward [in the form of the poor person] to ask you for a loan." Augustine insists that Scriptures are clear on this point: "Anyone who **gives alms to the poor is lending to the Lord.**"⁵ This is at the very heart of the Judeo-Christian objection to usury. It also explains why Jews and Christians were asked to lend and not worry about being repaid. **The ROI (return on investment) would come in heaven.**

In the first few hundred years after Christ's birth, usury did not preoccupy many minds. The Romans, whose laws held sway over the Mediterranean world, had had a mixed history on the subject. According to the historian Tacitus, Rome had no usury laws at all for the first three centuries of its existence.⁷

Codification came only in 450 BC with the Law of Twelve Tables. This may have been the first attempt by any culture to set a legal interest rate, in this case in the 8 to 10 percent range, depending on how the law is read. Lawmakers have obviously not lost this urge. As I write, the president of the United States is jawboning America's credit card companies into capping their interest rates and threatening legislation if they don't.

More so than the Greeks and other contemporaries, the Romans had a lingering cultural distaste for the practice of usury, legal or otherwise. Tacitus, who was born fifty years after Christ, called it "the old curse of the city." In the half millennium between the Twelve Tables and Tacitus's birth, Roman law swung back and forth on its legality at least a half dozen times. And even when the law permitted usury, which was most of the time, the philosophical class held its collective nose.

The Roman statesman Cato, writing in the second century before Christ, imagined usurers in a class with murderers. Argued Cato, as Cicero remembered, "Would you take interest?" "Would you kill a man?"⁹ Fifteen hundred years later, **his countryman Dante Alighieri would also equate usury with homicide and consign the practitioners of both to the Inferno's seventh circle**, the usurers deeper in. Dante's guide to the *Inferno*, the Roman poet Virgil, spoke of usurers in real life as "drones, a slothful race." Cicero was no friend of the usurer either. In *De Officiis*, he cautions his son to avoid both money lending and tax collecting, "In the first place, those callings are held in disesteem that come into collision with the ill will of men."¹¹

In the first few hundred years after Christ's birth, no Roman citizen inveighed more heartily against usury than Plutarch, the Greek-born biographer and moralist. In his essay "Against Borrowing Money," he denounces moneylenders as "barbarous and wicked," a scourge to be avoided at all costs. **His description of the borrower's fate still resonates, especially among those trying to pay their lenders off on sports bets gone bad: "At the very delivery of their money they immediately ask it back, taking it up at the same moment they lay it down, and letting out to interest that which they have received for the use of what they had lent." [Classically gambling & usury connect.]**

Christians, in these first few centuries after Christ, had enough to worry about—the lions in the Coliseum for instance—without worrying about usury. The first church manual of instruction, called the **Didache**, does not mention usury at all, at least not directly. It does, however, consider the conditions of a loan's repayment and makes a salient distinction between the poor who cannot pay and the rich who can: "Woe to him that receiveth; for if a man receiveth having need, he is guiltless; but he that hath no need shall give satisfaction . . . until he hath given back the last farthing." This instruction suggests that some impulse other than charity motivated the loan to the wealthy man, but it stops well short of condoning loans as investments.

It was not until AD 313 that the emperor Constantine called off the lions, at least officially. Twelve years later, more than 250 bishops convened in the town of Nicea in what is now Turkey for the first churchwide convocation. There were some weighty issues on the table, most notably the relationship between Jesus and God the Father. Participants hammered out consensus on lesser issues as well, ranging from self-castration (prohibited) to standing in church (approved) to usury (discouraged). These rulings have come to be known collectively as the Nicene Creed.¹⁵

The canon on usury restricted itself to the role of certain clergy, "motivated by greed and a desire for gain," in the lending of money. The specificity of the ruling—it documents a routine monthly rate of return of 1 percent— suggests that more than a few clerics had turned loan shark. The council determined that in the future any cleric who tried to earn a little discretionary income as a usurer was "to be deposed and removed from his order." Of note, **the [Nicene] council based its prohibition not on anything Jesus had said or done, but on David's description of the good man in Psalm 15: "He that putteth not out his money to usury, nor taketh reward against the innocent" (v. 5).**

Twenty years later, the Council of Carthage extended the usury sanction, calling the practice reprehensible. That same council reinforced the outright prohibition on the clergy doing the same. A century after Carthage, the Council of Arles II upped the ante on usurious clergy to excommunication.

One of the first of the church fathers to pay serious attention to usury was St. Ambrose, a fourth-century bishop of Milan and one of four significant early church doctors. His election to the bishopric shows just how inchoate the Catholic Church was in these first few centuries. A student of the law and a consular prefect, Ambrose attended a meeting after the death of the reigning bishop at which the quasi-heretical Arians were contending with the Catholic hierarchy over the succession. So persuasive was his call to order at this turbulent meeting that the participants elected the reluctant Ambrose bishop by acclaim. In that he had never been baptized, let alone ordained a priest, the election took him rather by surprise.

Once elected, however, Ambrose made the best of his new position. He gave away his land and money to the poor. A serious intellectual, he addressed himself to the hot theological issues of the day, including usury, which he defined as "whatever exceeds the amount loaned."¹

¹ Cashill, J. (2010). [*Popes and bankers: a cultural history of credit and debt, from aristotle to aig.*](#) Nashville: Thomas Nelson.

USURY = The practice of lending money and charging the borrower exorbitant interest. Bible called USURY INTEREST an “abominable thing,” in line with rape, murder, robbery & idolatry.

Jewish Talmud forbids Jews ripping each other off with USURY, but says it is a great thing to do to a NON-JEW.

A timeline of Consumer Credit – Americans now have over \$12.4 Trillion borrowed through mortgages, credit cards, student loans, auto loans, and other types of credit.

What do Hammurabi, Plato, Charlemagne, Dante and Queens Mary and Elizabeth have in common? They all condemned, outlawed or regulated the charging of interest on loans.

3,500 BCE: USURY INTEREST – Sumer was the first urban civilization – with about 89% of its population living in cities. It is thought that here consumer loans, used for agricultural purposes, were first used.

1,800 BCE: USURY INTEREST — Babylon – The Code of Hammurabi was written, formalizing the first known laws around credit. Hammurabi established the maximum interest rates that could be used legally: 33.3% per year on loans of grain, and 20% per year on loans of silver. To be valid, loans had to be witnessed by a public official and recorded as a contract. The Code of Hammurabi regulates the interest that can be charged on a loan and most loans were made below the legal limit.

800 BCE-600 BCE: USURY INTEREST — Both Plato and Aristotle believed usury was immoral and unjust. The Greeks at first regulate interest, and then deregulate it. After deregulation, there was so much unregulated debt that Athenians were sold into slavery and threatened revolt.

443 BCE: USURY INTEREST — The Romans adopt the “Twelve Tables” and cap interest at 8 1/3%.

88 BCE: USURY INTEREST — The Roman usury rate is raised to 12%.

50 BCE: USURY INTEREST — The Roman Republic Around this time, Cicero noted that his neighbor bought 625 acres of land for 11.5 million sesterces. Did this person literally carry 11.5 tons of coins through the streets of Rome? No, it was done through credit and paper. Cicero writes “nomina facit, negotium conficit” – or, “he uses credit to complete the purchase”.

533 AD: USURY INTEREST – The Roman “Code of Justinian” sets a graduated maximum interest rate at 8.33% for loans to ordinary citizens. This law lasted 1010 years until 1543 AD

600s AD: USURY INTEREST – The Quran states: “...those you take usury will arise on the Day of Resurrection like someone tormented by Satan’s touch. That is because they say ‘Trade and usury are the same,’ But God has allowed trade and forbidden usury. Whoever, on receiving God’s warning, stops taking usury make keep his past gains — God will be his judge — but whoever goes back to usury will be an inhabitant of the Fire, therein to remain.”

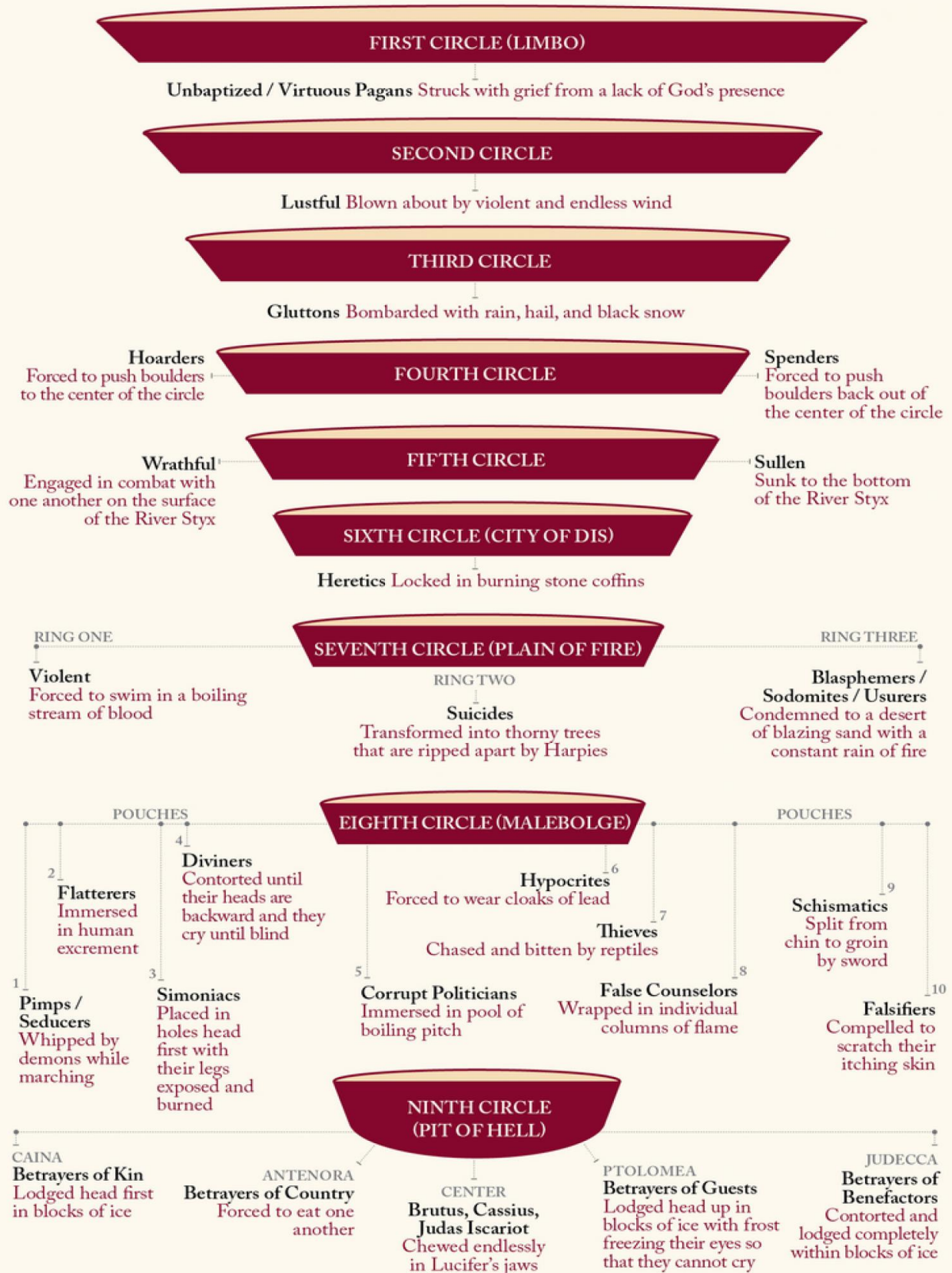
800 AD: USURY INTEREST – Charlemagne outlaws interest throughout his empire. The Dark Ages in Europe. After the collapse of the Western Roman Empire, economic activity ground to a halt. The Church even banned usury, the practice of charging interest on loans, for all laymen under Charlemagne’s rule (768-814 AD). Medieval Canon Law Usury is punishable by excommunication. Medieval Roman Law Usurer’s are fined 4X the amount taken, while robbery is penalized at twice the amount taken.

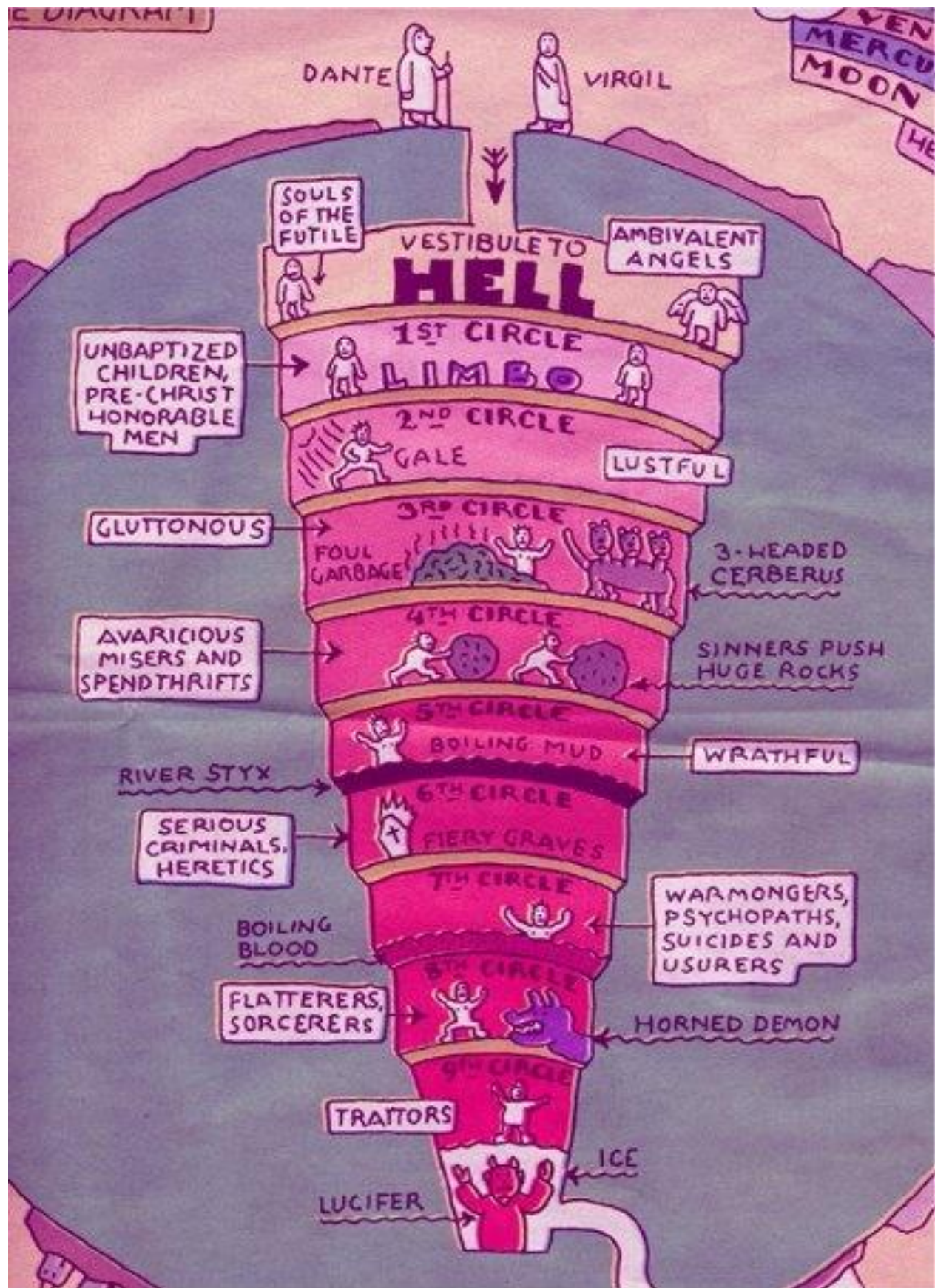
1000 AD: USURY INTEREST – In England, the charging of any interest is punishable by taking the usurer’s land and chattels.

1306 AD-1321 AD: USURY INTEREST – Dante pens “The Inferno,” in which he places usurers at the lowest ledge in the seventh circle of hell – lower than murderers.

Abandon All Hope, You Who Enter Here

Punishments meted out to sinners in Dante Alighieri's Inferno





Dante, in particular, was a connoisseur of sin. He could divine its subtle gradations as finely as an Eskimo could snow. Indeed, the first part of his *Divina Commedia*, “Inferno,” reads like a veritable taxonomy of sin.

Written in the first person, in vernacular Italian, almost exactly seven centuries ago, the *Divine Comedy* recounts Dante’s guided tour through the three zones of the dead—*Inferno* or hell, *Purgatorio*, and *Paradiso*. He begins his journey on Holy Thursday of Easter Week in the year 1300 and ends the following Wednesday.

His tour guide through hell and purgatory is not a saint or even a fellow Christian, but the Roman poet Virgil. From Dante’s perspective, sin transcended the priestly imagination. It was a universal, as was salvation, which “shows the road to everyone, whatever our journey.”⁵

The opening of “Inferno” finds Dante in the full throes of a midlife crisis and on the verge of moral breakdown, perhaps even suicide. It is at this low moment that Virgil rescues the troubled Florentine, and the two begin their journey through hell. The condemned sinners occupy nine descending circles: the self-indulgent the first five, the violent the next two, and the treacherous the bottom eighth and ninth.

The first circle is reserved for those otherwise good souls who did not know or accept Christ, including Virgil himself. In this halfway agreeable Limbo-like state, Virgil and others live out an eternity deprived of a joy they cannot even fathom.

Eternity starts getting rough in the second circle. Here, just as they were torn by their own passions in life, the lustful are torn about forever in eternal storms. In the third circle gluttons are made to wallow in a nasty slush of freezing rain and black snow.

The fourth circle holds the miserly and the prodigal, now condemned to ram huge massive weights into each other for eternity. In the fifth circle the wrathful slug it out on the surface of the swamplike River Styx, while the grim and sullen get waterboarded, or something much like it, below. Things literally heat up in the sixth circle, where various and sundry heretics find themselves trapped in a flaming tomb from which they cannot escape.

Until this point in Dante’s narrative, the modern reader would find little to disturb his or her finely tuned sensitivities. Dante gives the heathens a break in the first circle. He comes down relatively lightly on adulterers in the second, and since the greedy, the gluttonous, and the grim are always other people or their children, the reader would not particularly sweat their fates either.

It is with the seventh circle, and only in its innermost ring, that Dante begins to challenge modern presumptions. The outermost ring is the unhappy home of the murderous and tyrannical. They stew in a river of boiling blood while centaurs shoot arrows at those who would dare escape. Few today would object to this consignment. Some would like to see Congress so consigned.

In the middle ring dwell the suicides, now reduced to “stumps of wood,” painfully sensitive to any touch, eternally plucked at by Harpies. The punishment might seem harsh to the modernist, but he would not be surprised that people once thought thusly or that many still do.

Condemned to the inner and most frightening ring of the seventh circle are those whose offenses run counter to “nature and her gifts”⁷: the blasphemers who defy God; the sodomites who defy their own nature; and, yes, the usurers who defy the right order of things. All are condemned to a half-life in a desert of flaming sand with fire raining upon them from the sky—Bakersfield as imagined by a San Franciscan. The sodomy he gets, but Dante has a hard time understanding why usury is sinful. “Please,” he asks Virgil, “could we retrace our path back to that place where you said usury offends celestial Goodness, and solve that knot.”

Usury here means no more than the lending of money at interest, even at a moderate rate. Anyone today who has ever deposited money in a bank, which in turn lends that money at interest, has committed this sin as Dante understood it.

To make his case, not an obvious one even then, Virgil cites several esteemed sources, both secular and Christian, to the effect that “man should thrive and gain his bread”⁹ either by nature or art, that is, either through working the land or working with one’s hands. The usurer, however, “takes a different way,” and in so doing defies God’s plan for man. That much said, and it is frankly not much to go on, Virgil ploughs ahead with his student in tow.

Only two circles remain in the pair’s descent, and they host the consciously fraudulent and treacherous. The eighth circle is subdivided into ten truly vile pits. Here suffer the pimps, the flatterers, the false prophets, the corrupt politicians, the hypocrites, the thieves, the alchemists, the counterfeiters, the perjurers, and the “fraudulent advisors”¹¹ —but more on Bernie Madoff later.

The icy hell of the ninth circle belongs to traitors, the most notorious of whom—Brutus, Cassius, and Judas Iscariot—hang from the bloody mouth of the greatest traitor of them all, Satan. As is fairly evident, the conscious act of betrayal—of one’s friends, one’s country, one’s nature, one’s God—troubles Dante more than the everyday vices that bedevil all of mankind.

Wiser for having seen the horrific fate of traitors and the other evildoers, Dante follows Virgil down and out through an opening where he sees, on this glorious predawn Easter day, a sky brightly studded with stars, “some of the beautiful things that heaven bears.”

Dante did not write the *Divine Comedy* just to sell books. He wrote it to instruct his fellow man in the remarkably structured Christian cosmos and man’s place within it. To be sure, all cultures have their gods, their cosmogonies, their system of rewards and punishments, but none have anything like medieval Christianity’s intellectual order.

Even in 1300, that sense of order, a reflection of God’s divine plan, shaped Dante’s perception of the economy. After showing Dante the squalid materialists condemned to hell’s fourth circle, Virgil instructs his pupil in the ways of Fortuna, the angelic regulator who oversees the economic sphere. God has assigned her the “invisible” role of distributing “goods of worldly splendor”¹³ —not at all unlike the famed “invisible hand” that ruled Adam Smith’s eighteenth-century economy. Try as he might, man proves incapable of fully grasping how the invisible hand works, how Fortuna “foresees, judges, and rules her appointed realm.” Adds Virgil, “She is cursed too often by those who ought to sing her praises.” Dante has come to understand that those doing the cursing have likely violated God’s good order.²

² Cashill, J. (2010). [*Popes and bankers: a cultural history of credit and debt, from aristotle to aig.*](#) Nashville: Thomas Nelson.

The First Vatican Bankers: The Knights Templar

Usury Violations & the Knights Templar

by [Tony McMahon](#)



The Knights Templar founded in 1119 AD are often characterized as the first bankers in the world. To some it seems odd that Christian soldiers could have been involved in usury – lending and charging interest – when the church condemned this. We know for certain they operated as a kind of bank using cheques and taking deposits.

Usury was a sin – so were the Templars sinners?

There is an awful lot of confusion about the Knights Templar and the way they operated as bankers and money lenders. How could they have been involved in banking when usury was a divine sin? What was their relationship with Jewish lenders?

The first thing to say is that in ancient and feudal societies, there was often a rather sniffy attitude towards earning a living through trade and certainly through usury. Charging interest on loans was seen as a form of theft or deception. In the Koran, it's described as the work of the devil. Assuming various mistranslations of the Christian bible, it seems to be roundly condemned in both the Old and New Testament.

The Torah makes a distinction between interest deducted before the loan is handed over and interest deducted afterwards. What is clear – as with so much of the Old Testament – is that many prohibitions applied within the Jewish community did not apply outside.

In other words, there was a loophole allowing interest to be charged to gentiles because...well....they're gentiles. But Jews couldn't charge other Jews interest. However, the main reason that usury became associated with Jewish communities was that members of this religion were often barred from the professions and membership of the trade guilds – so they had to make a living somehow.

The medieval economy was crying out for more usury!

For Christians – brought up with the stark image of Jesus driving the money lenders out of the Temple – there could be no usury, or so it seemed. The thing was that medieval monarchs, barons, traders and pilgrims needed loans. As the economy of the Middle Ages became more sophisticated, this ban on usury became an obstacle to growth and the easier movement of goods. The whole economy could not rely solely on Jewish lenders for credit and so we see banking groups emerge in northern Italy and credit arrangements at trade fairs across Europe.

So, did the Templars practice usury?

And then there were the Templars. A lot of their members came from aristocratic backgrounds and when they joined, they turned over their wealth to the order. Or sympathetic lords made vast donations – including one ruler of Aragon who turned almost his entire kingdom over to the Order though that was whittled down a bit after his death.

But essentially, the Temple was sitting on vast piles of land and bullion by the 13th century. Their hundreds of thick walled preceptories were not just places of worship but banks as well.

Templar banking meant people could be more mobile

This sprawling network of preceptories across Europe and the Middle East allowed the Order to offer a way for people to become more mobile without fear of losing their wealth. So, if you were a pilgrim going to Jerusalem or a crusader off to fight Saladin, you could deposit physical wealth and land deeds with the Order. You could then withdrawals whenever you needed – subject to what could be described as bank charges.

The added bonus of dealing with the preceptories was that you knew you were leaving your money in a heavily guarded place. Nobody was going to come and rob the place because it also housed the most fearsome knights in Christendom. Rather like having a barracks inside your local branch of Citibank.

As I mentioned, there were banking groups emerging in Italy in the early Middle Ages and one of the families that would become major bankers would be the Medici. This family would also provide great rulers like Lorenzo de Medici and.....popes. So being involved in banking/usury would not be a barrier to advancement in the church.

Did the church turn a blind eye?

All of which leaves the question – why did not the church condemn the usurious activities of the Templars & other Christian money lenders? One writer suggested that the church “forgot” about the rule against charging interest. This is nonsense. What the church did – in its most cynical and calculating way – was to suggest upper levels of interest that could be charged beyond which, the lender would be acting unethically.


Put another way – a great big ecclesiastical blind eye was turned towards the usury of the Temple. So long as it facilitated the crusades called for by successive popes and greased the wheels of war and pilgrimage, nobody was going to complain. The Order only came a cropper when a cash strapped French king in 1312 AD decided he could no longer keep his greasy mitts off the Paris Temple that was renowned for sitting on more bullion than any other.

MICROCREDIT PAWNBROKERS*

The pawnbrokers' trade in Florence testifies to the city's flexible standards for both crime and sin. Then as now, society held pawnbrokers in much less esteem than they did bankers. In that they openly charged interest, pawnbrokers bore the added fifteenth-century stigma of being "manifest usurers." As such, they could not belong to the Exchangers Guild. They could, however, be fined. And conveniently for everyone, they were fined en masse—two thousand florins— for the "detestable sin" of usury each year. By paying their individual share of that fine, pawnbrokers could be assured of another year without punishment or outside competition. Today, we call this a license. It was not until 1437 that **the church banned Christians from the trade altogether. Although this ban proved to be an economic boon for Jewish pawnbrokers whom the Torah allowed taking loan interest from Gentiles, they would pay a high dividend in anti-Semitic resentment.**³

***Predatory Lenders Routinely Denied A Christian Burial.**

³ Cashill, J. (2010). [*Popes and bankers: a cultural history of credit and debt, from aristotle to aig.*](#) Nashville: Thomas Nelson.



According to Roman law, simple interest was permitted, but compound interest was anathema. Compounding had been used in many ancient civilizations, but the Romans eventually made it illegal. By doing so, they also established a tradition that would create much confusion in the centuries to follow. They did not make all interest illegal, only compound or “accumulating interest.” Prohibitions against excessive interest, or more properly usury, have been found in almost all societies since antiquity. Charging interest on loans is the oldest financial practice. It has also been decried almost from the beginning as predatory, with the lender seeking to take advantage of the borrower. Whether loans were made in cash or in kind, unscrupulous lenders were said to be practicing a beggar-thy-neighbor policy by ensuring that the borrowers were disadvantaged to the point of losing their collateral, or in extreme cases even losing their freedom or families. Charging simple interest was barely condoned, but charging compound interest was unscrupulous, immoral and rapacious. It was also practiced with near impunity. In the early Middle Ages especially, all interest was considered usury by the church.

Compound interest became “*Jewish interest*,” suggesting that it had dark, magical, non-Christian qualities that could be used for expropriation by the lender, considered a societal outsider.

Charles R. Geisst

The Merchant of Venice



Shylock's speech (In a street in Venice. Salarino and Salanio meet Shylock and they talk of Antonio's debt to Shylock, and the bond of a pound of flesh for non-payment of the debt)

SALARINO

Why, I am sure, if he forfeit, thou wilt not take his flesh: what's that good for?

SHYLOCK

To bait fish withal: if it will feed nothing else, it will feed my revenge. He hath disgraced me, and hindered me half a million; laughed at my losses, mocked at my gains, scorned my nation, thwarted my bargains, cooled my friends, heated mine enemies; and what's his reason? I am a Jew. Hath not a Jew eyes? hath not a Jew hands, organs, dimensions, senses, affections, passions? fed with the same food, hurt with the same weapons, subject to the same diseases, healed by the same means, warmed and cooled by the same winter and summer, as a Christian is? If you prick us, do we not bleed? if you tickle us, do we not laugh? if you poison us, do we not die? and if you wrong us, shall we not revenge? If we are like you in the rest, we will resemble you in that. If a Jew wrong a Christian, what is his humility? Revenge. If a Christian wrong a Jew, what should his sufferance be by Christian example? Why, revenge. The villainy you teach me, I will execute, and it shall go hard but I will better the instruction.






Antonio




Portia



Shylock

Jessica



Antonio

Shylock


Shakespeare presents Shylock in a very interesting way: at times he is presented as an evil character, but in other ways the audience feels a lot of sympathy for him.

Shylock has a daughter called Jessica. However, Jessica leaves him, takes some of his money and converts to become a Christian.

When Salanio describes Shylock's reaction to Jessica leaving, he says "My daughter! O my ducats! O my daughter" (his ducats are his money). Some readers argue that this shows that Shylock loves money as much – or even more – than his daughter.

Shylock is a moneylender and at the beginning of the play he lends money to Bassanio on the condition that if he does not pay him back, he will take "a pound of flesh" from Antonio.


As a Jew, Shylock experiences a lot of anti-Semitism. Characters call him 'dog' and spit on him. When reading the play, pay attention to how Shakespeare chooses to portray him as a Jew.



"I hate him for he is a Christian"


Salanio (about Shylock)
"As the dog Jew did utter in the streets, 'My daughter! O my ducats! O my daughter.'"

"I am a Jew. Hath not a Jew eyes?... If you prick us do we not bleed? If you tickle us do we not laugh? If you poison us do we not die? And if you wrong us shall we not revenge?"






"Thou know'st that all my fortunes are at sea"

Shylock (to Antonio)
"You call me misbeliever, cut-throat dog, And spit upon my Jewish gaberdine."




Antonio

"I know not why I am so sad"

(To Bassanio)
"My purse, my person, my extremest means Lie all unlocked to your occasions."



Bassanio

The Fight Against USURY

Lending money at interest has been condemned by men such as Plato, Aristotle, Plutarch, Seneca and Cicero, early fathers of the Christian church; the majority of popes and councils up to 1830; likewise modern authors such as Goethe and Wagner.

By JURI LINA

The fight against usury goes back to the earliest known beginnings of civilization. From the days of Sumer to the present, decent people have struggled against this tool of the forces of darkness. Charging interest was condemned by the ancient Greek philosophers. Money was to them something dead; something dead cannot be allowed to grow. Aristotle wrote in his work *Politics* (Book One, part X): "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. . . . Wherefore of all modes of getting wealth this is the most unnatural."

Up until the end of the Middle Ages it was forbidden for Christians to charge interest. To charge interest on a loan was



Martin Luther (left), the founding father of the Lutheran Protestant Church, and others of his era condemned usury. Fiery preacher Jakob Strauss conducted a violent campaign against usury and tithes. Thomas Muentzer, an unruly genius, combined his own ingenious liturgical reforms with a program of holy war.

led to ruthless exploitation of the soil.

In the city of Uruk in Sumer there lived two brothers who lent money with interest. When a borrower no longer could repay his loan, he lost his house and had to start working for free for the brothers. The slave could be lent also to other employers. This is a classical example of economic slavery.

Almost 3,700 years ago the ruler of Babylon, Hammurabi (1848-1805 B.C.), who was descended from the Amorite dynasty, forbade through his legal acts (containing 93 paragraphs) the taking of interest on interest, which meant that the borrower had to give in addition to the assets he had borrowed the same amount in goods or money. Anyone who broke the rule was severely punished, though very few abided by it. The 282 statutes of Hammurabi, written in Akkadian, were found in 1901-02 at excavations at Susa in ancient Elam (now Iran).

The tribune Tiberius Gracchus of the Roman Empire tried in 133 B.C. to reduce the power of the moneychangers through

History of Usury Prohibition

A Short Review of the Historical Critique of Usury

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First published in *Accounting, Business & Financial History*, 8:2, Routledge, London, July 1998, pp. 175-189.

Abstract

Usury - lending at interest or excessive interest - has, according to known records, been practiced in various parts of the world for at least four thousand years. During this time, there is substantial evidence of intense criticism by various traditions, institutions and social reformers on moral, ethical, religious and legal grounds. The rationale employed by these wide-ranging critics have included arguments about work ethic, social justice, economic instability, and inter-generational equity.

INTRODUCTION

The concept of “usury” has a long historical life, throughout most of which it has been understood to refer to *the practice of charging financial interest in excess of the principle amount of a loan*, although in some instances and more especially in more recent times, it has been interpreted as *interest above the legal or socially acceptable rate*[\[1\]](#). Accepting this broad definition for the moment, the practice of usury can be traced back approximately four thousand years (Jain, 1929), and during its subsequent history its been repeatedly condemned, prohibited, scorned and restricted, mainly on moral, ethical, religious and legal grounds. It is the objective of this paper to outline briefly the history of this critique of usury, to examine reasons for its repeated denouncement and, finally, to intuitively assess the relevance of these arguments to today’s predominantly interest-based economy.

HISTORY OF THE CRITIQUE OF USURY

Usury in Ancient Western Political Philosophy

Among the Ancient Western philosophers who condemned usury can be named Plato, Aristotle, the two Catos, Cicero, Seneca and Plutarch (Birnie, 1958). Evidence that these sentiments found their concurrent manifestation in the civil law of that period can be seen, for example, from the *Lex Genucia* reforms in Republican Rome (340 BC) which outlawed interest altogether. Nevertheless, in practice, ways of evading such legislation were found and by the last period of the Republic, usury was once again rife. It was the Democratic party in Rome who rededicated themselves to the cause of those suffering the burden of debt, and under the banner of Julius Caesar, a ceiling on interest rates of 12% was set, and later under Justinian, lowered even further to between 4% and 8% (Birnie, 1958). Clearly, this left fertile ground for the assault on usury which the Church would mount following its Christianization of the Roman Empire.

Usury in Judaism

Criticism of usury in Judaism has its roots in several Biblical passages in which the taking of interest is either forbidden, discouraged or scorned[[iii](#)]. The Hebrew word for interest is *neshekh*, literally meaning "a bite" and is believed to refer to the exaction of interest from the point of view of the debtor. In the associated Exodus and Leviticus texts, **the word almost certainly applies only to lending to the poor and destitute**, while in Deuteronomy, the prohibition is extended to include all moneylending, excluding only business dealings with foreigners. In the levitical text, the words *tarbit* or *marbit* are also used to refer to the recovery of interest by the creditor.

In addition to these biblical roots are various talmudic extensions of the prohibitions of interest, known as *avak ribbit*, literally "the dust of interest" which apply, for example, to certain types of sales, rent and work contracts. This is distinguished from *rubbit kezuzah*, interest proper in an amount or at a rate agreed upon between lender and borrower. The difference in law is that the latter, if it has been paid by the borrower to the lender, is recoverable from the lender, while the former, once paid, is not recoverable, although a contract tainted by the dust of interest will not be enforced. (The Jewish Encyclopedia, 1912).

Despite the prohibition on taking interest, there is considerable evidence to suggest that this rule was not widely observed in biblical times. In addition to several references in the Old Testament to creditors being exacting and implacable in their extraction of interest[[iv](#)], from the Elephantine papyri it appears that among the Jews in Egypt in the fifth century B.C. it was a matter of course that interest would be charged on loans (Encyclopedia Judaica, 1971). This charitable nature of the prohibition on interest suggests that its violation was not regarded as a criminal offense with penal sanctions attached, but rather as a moral transgression.

The phenomenon of evasion can also be partly explained by changing economic conditions, beginning in the amoraic period in Babylonia when interest prohibition was held to no longer be compatible with the economic needs of the community. In time, a standard form of legalization of interest was established, known as *hetter iskah*, meaning the permission to form partnership,

which has become so accepted that nowadays all interest transactions are freely carried out in accordance with Jewish law, by simply adding to the note or contract concerned the words *al-pi hetter iskah*. (Encyclopedia Judaica, 1971).

Usury in Christianity

Despite its Judaic roots, the critique of usury was most fervently taken up as a cause by the institutions of the Christian Church where the debate prevailed with great intensity for well over a thousand years[v]. The Old Testament decrees were resurrected and a New Testament reference to usury added to fuel the case[vi]. Building on the authority of these texts, the Roman Catholic Church had by the fourth century AD prohibited the taking of interest by the clergy; a rule which they extended in the fifth century AD to the laity. In the eighth century AD under Charlemagne, they pressed further and declared usury to be a general criminal offence. This anti-usury movement continued to gain momentum during the early Middle Ages and perhaps reached its zenith in 1311 when Pope Clement V made the ban on usury absolute and declared all secular legislation in its favor, null and void (Birnie, 1952).

Increasingly thereafter, and despite numerous subsequent prohibitions by Popes and civil legislators, loopholes in the law and contradictions in the Church's arguments were found and along with the growing tide of commercialization, the pro-usury counter-movement began to grow. The rise of Protestantism and its pro-capitalism influence is also associated with this change (McGrath, 1990), but it should be noted that both Luther and Calvin expressed some reservations about the practice of usury despite their belief that it could not be universally condemned. John Calvin, for instance, enumerated seven crucial instances in which interest remained "sinful", but these have been generally ignored and his stance taken as a wholesale sanctioning of interest (Birnie, 1952). As a result of all these influences, sometime around 1620, according to theologian Ruston, "usury passed from being an offence against public morality which a Christian government was expected to suppress to being a matter of private conscience [and] a new generation of **Christian moralists redefined usury as an excessive interest**" (1993: 173-4).

This position has remained pervasive through to present-day thinking in the Church, as the indicative views of the Church of Scotland (1988) suggest when it declares in its study report on the ethics of investment and banking: "We accept that the practice of charging interest for business and personal loans is not, in itself, incompatible with Christian ethics. What is more difficult to determine is whether the interest rate charged is fair or excessive." Similarly, it is illustrative that, in contrast to the clear moral injunction against usury still expressed by the Church in Pope Leo XIII's 1891 *Rerum Novarum* as "voracious usury ... an evil condemned frequently by the Church but nevertheless still practiced in deceptive ways by avaricious men", Pope John Paul II's 1989 *Sollicitudo Rei Socialis* lacks any explicit mention of usury except the vaguest implication by way of acknowledging the Third World Debt crisis.

RATIONALE FOR THE CRITIQUE OF USURY

Throughout the history of the criticism of usury, various reasons and rationale have been forwarded in support of this position. While some are unique to particular traditions or individuals, many tread on common ground which this section will briefly attempt to synthesize.

Usury as Unearned Income

The Church's simplest and perhaps earliest objection to usury was on the basis that it constituted unearned income, an idea which stemmed from its general doctrine of Just Price. The Lateran Council of 1515 clearly expressed such a view of the Church: “This is the proper interpretation of usury when gain is sought to be acquired from the use of a thing, not in itself fruitful (such as a flock or a field) without labor, expense or risk on the part of the lender.” Birnie reinforces this point by noting that “to live without labor was denounced as unnatural, and so Dante put usurers in the same circle of hell as the inhabitants of Sodom and other practitioners of unnatural vice” (1952: 4).

Usury is what marks the distinction between money being simply a socially contracted abstract mechanism to lubricate between supply and demand, and money as an end in itself. As an end in itself, as a social commodity legitimized through usury to tax other economic activity, the honest process of living by the sweat of one's brow is short-circuited. The true dignity and full reward of ordinary labor is compromised. Money becomes self-perpetuating power in itself rather than just a mediating agent of power. And it is the relentlessness of compound interest in the face of adversity that sets the potential cruelty of usury apart from equity-based return on investment. Resonant with Skidelsky's comment about Keynes, one can see how it is the love of money as an end in itself, not the use of money itself, that is said to be the root of all evil (1 Timothy 6). And more radical still, the Old Testament Bible proposes a complete economic readjustment through the “Jubilee” process every fifty years (Leviticus 25), though there is no evidence that such wholesale redistribution of wealth in all forms was ever actually carried out. Perhaps it is a prophetic vision whose time has yet to come.

Usury as Double Billing

A slightly more obscure rationale was employed by the Church later in the Middle Ages in order to strengthen its anti-usury doctrine. Drawing on some of the concepts of Civil Law, it argued that money was a consumable good (*fungible*), for which the ownership passed from lender to borrower in the course of the loan transaction (*mutuum*), with the fair price of ‘sale’ therefore being the exact amount of the money advanced. Hence to ask for more in the form of interest was illegal and immoral, “like selling a loaf of bread and then charging in addition for the use of it” (Birnie, 1952: 6). Or, as Aquinas intimated in his *Summa Theologiae*, it would be to sell the same thing twice (Ruston, 1993).

Usury as Exploitation of the Needy

The condemnation of usury in the form of charging for loans to the poor and destitute is a recurring theme in several traditions. This is clearly the contextual meaning of the Judaic biblical passages in Exodus and Leviticus (Encyclopedia Judaica, 1971) and Ruston suggests that “the original target of the medieval usury laws was the medieval equivalent of the ‘loan shark’ but the medieval theory was unsatisfactory because it could not distinguish the helpful loan from oppressive” (1993: 173).

Ruston (1993) claims usury as exploitation of the needy still exists in modern times. He cites as an example the findings of a 1992 Policy Studies Institute report which concludes that **the poor pay more in absolute terms for their money, while seeking credit only for absolute necessities rather than to finance acquisition of luxury goods which they can not afford.** This is borne out by a recent study by the National Consumer Council (1995) on financial services and low income consumers; as one respondent put it: “It's like being caught, gotcha, and then they [the banks/lenders] start winding you in”. Hence, **the poor have to sweat doubly so that the rich might live on interest.**

Usury as a Mechanism of Inequitable Redistribution of Wealth



The observation that usury acts as a mechanism by which 'the rich get richer and the poor get poorer' is common to several traditions. The psychological effect of this on the relatively poor can be seen to be magnified when merely quantitative evaluation of transfers from poor to rich is superceded by consideration of the qualitative cost of such a wealth transfer. For the relatively rich, the utility gain provided by usury is marginal to the already substantial utility of the principal sum. The principle of diminishing marginal utility of wealth therefore applies to each incremental unit of wealth procured by interest earnings. The poor, however, experience the converse of this. For them, the loss in marginal utility

incurred by having to pay interest is qualitatively much greater than the gain to the rich. Each unit of interest paid incurs increasing marginal utility loss. Permitting usury to operate in an economy therefore reduces overall utility in the economy. This must count as one of the strongest arguments against usury. Any justification of it as an efficient economic instrument would have to first demonstrate that it functions to increase total utility. In the absence of such demonstration, **it can justifiably be condemned as a tool of tyranny.**

Exodus 22:25 Is Charging Interest Permitted?

Discussion about money divides friends, and when it comes to talking about interest on money from a biblical point of view, it divides interpreters! To be sure, the one “who lends his [or her] money without usury [interest],” according to Psalm 15:5, is a godly man who also “does not accept a bribe against the innocent.” But what is not immediately noticed is that the borrower is usually described as one who is in need and who is unable to support himself or herself. That point is made in two of the three main teaching passages on this topic, namely Exodus 22:25 and Leviticus 25:35–37. (The third passage is Deut 23:19–20.)

The reason for such a stern prohibition against charging interest was that all too many in Israel used this method to avoid helping the poor and their own fellow citizens. Deuteronomy 23:20 did say, “You may charge a foreigner interest.” Apparently, this was the same as charging interest for a business loan or an investment. The foreigner fell under the category of the “resident alien” who had taken up permanent residence among the Israelites. But where the law protected a “resident alien” with the same privileges granted a native Israelite, we may expect the same prohibitions against loaning at interest to the poor (see Lev 25:35).

Of course, all morality condemned excessive rates of interest. Proverbs 28:8 warned, “He who increases his wealth by exorbitant interest amasses it for another, who will be kind to the poor.” The prophet Ezekiel also described the “righteous person” as one who “does not lend at usury or take excessive interest” (Ezek 18:8, see also 18:13, 17; 22:12).

What has changed the sentiment in modern times on legitimate forms of interest-taking is an altered perception of the nature and use of money. In the first place, loans today are mostly needed for quite different purposes. In that day it was only a matter of extreme and dire need that would force a person into the position of needing to borrow. In these cases what was owed to one another was compassion. People were to help one another, not use their neighbor’s calamity as the opportunity to realize quick and illegitimate profits.

In modern times loans are required principally as a means of increasing the capital with which one works. Unless one has the increased capital, one may not be capable of bringing in the increased revenue. But in ancient times such concerns were not as large as they have become. Loans then were almost exclusively for the purpose of relieving destitution and extreme poverty.

While Hebrew uses two different terms for interest, it is doubtful one can distinguish between them, such as between a long-term and short-term loan, or an exorbitant rate of interest versus a fair rate of return for the use of one's money. Neither can it be said that one relates to the substance loaned and the other to the method by which the loan was computed.

It is a reasonable conclusion that interest was and is still approved for those ventures not attempting to circumvent one's obligation to the poor. This thesis is reinforced by Jesus' allusion to and apparent approval of taking interest for commercial ventures in Matthew 25:27 and Luke 19:23.

The appropriateness of loaning money to a church or a Christian nonprofit agency at interest is also greatly debated. Some counsel that ministries that invite "investments" with the offer to pay back the principal with interest may well end up paying the interest out of the contributions, thus robbing God.

If the reason for the prohibition on all church loans is that believers are not to be charged interest, then I must demur, since that is not the biblical reason. Scripture is concerned about our dodging our responsibilities to the poor in our midst. The absolute prohibition of lending at interest to believers will not stand scriptural scrutiny. This is not to say that there are no other traps in this whole discussion. There are. The abuse of the tithe would be a most serious matter. However, because ministries seem to grow in proportion to their facilities, a group may choose to build ahead in order to expand both their ministry and their base of supporters. Such an expansion is not only warranted but may be a legitimate and responsible exercise of good Christian stewardship.

The Bible is anxious mainly about a profiteer's loan which should have been a charity loan at no interest. Once that demand has been met, other principles in Christian morality must be met as well, but the pressure will no longer be to decry all forms of interest-taking as such.⁴

⁴ Kaiser, W. C., Jr., Davids, P. H., Bruce, F. F., & Brauch, M. T. (1996). *Hard sayings of the Bible* (pp. 151–152). Downers Grove, IL: InterVarsity.

Loan Collection: Questionable Occupational Choice

Interesting Stats About Interest Rates & Usury in the United States

USURY [yoo-zuh-ree]

noun, plural u-su-ries

The lending or practice of lending money at an exorbitant interest.

An exorbitant amount or rate of interest, especially in excess of the legal rate.



USURY IS NOT NEW

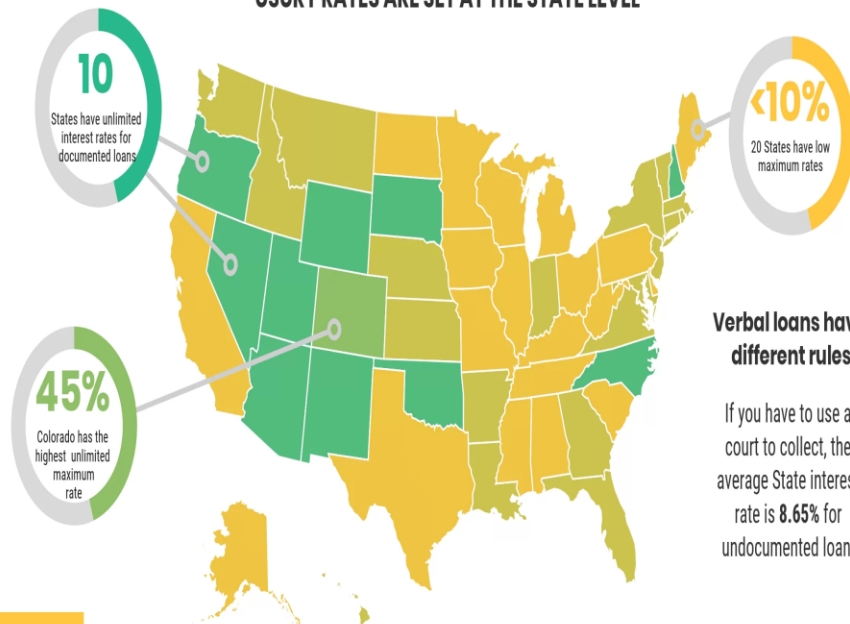
Christianity, Judaism & Islam
All have tenets prohibiting usury



THE 1980'S CHANGED THINGS

When CD Rates and Mortgage Rates reached the double digits, some states adopted revised usury laws to take inflation into account

USURY RATES ARE SET AT THE STATE LEVEL



Verbal loans have different rules

If you have to use a court to collect, the average State interest rate is 8.65% for undocumented loans



PayDay Loans

Credit Cards



Pawn Shops

EXEMPTIONS

from usury laws in many states

