Published in Faith in Business Quarterly, Cambridge, U.K., vol.6, no.1, Spring 2002, pages 25-29

Teachings on Usury in Judaism, Christianity and Islam

A review article based on the book by Susan L. Buckley

(Hardback, 386 pages, Edwin Mellen Press, 2000, ISBN: 0-7734-7656-3, $109.95)

Why review for Faith in Business Quarterly a book on a subject that is so apparently irrelevant to modern business? Because the subject becomes startlingly relevant when one realises that, originally, usury was defined as taking **any** interest or benefit from loaning or renting all resources not just money. Every aspect of business today, whether involved in buying a mortgage or handling one's salary - let alone one's investments - is tied up with usury in that original sense. Indeed the whole of the international economic system is entirely based upon it. So it is fascinating to see what the three major world religions have to say about the subject. The value of Susan Buckley's book is that it is the first to draw together so much material on usury from these three great religions.

She starts with the Hebrew Scriptures and Hebrew tradition. Surprisingly, she does not observe how extraordinary it is that they should ban usury, which was the basis of the entire commercial world known to the Hebrews in ancient times, just as it is of ours. Whatever got into Moses' head was not normal thinking processes, because no rationality and logical thinking can lead to the strange idea that usury ought to be banned. To all of us, and to the Hebrews and the world from which they emerged, usury was "natural"; a ban on it must have seemed to them, as it seems to us, "unnatural". Buckley does not comment on the fact that though they felt free to question many other aspects of their law and tradition, none of the Hebrews ever questioned the ban on usury – though they disobeyed it probably as regularly they disobeyed other aspects of their law.

Buckley accepts as the basis and framework of her study of Judaism a tendentious (Wellhausen/ Gunkel) historical framework for interpreting Hebrew history and scripture. However, after substantial discussion of this "form-critical" approach and of its limitations, she takes to Blenkinsopp's unreasoned position that even though there is no real evidence in favour of it, the form critical approach should not be abandoned.

This approach tends to introduce too much irrelevant pseudo-historical and pseudo-scholarly detail into Buckley's discussion. It predicates her discussion of the Old Testament on particular ideas of how the history of the Hebrews developed and the extent to which they were indebted to the religions and cultures of the surrounding peoples. The problem with the form-critical or documentary approach, with its atheistic assumptions, is that it cannot take seriously the possibility that God's point of view (on usury as on other things) might actually be represented in the Bible. For example, according to the form-critical approach a law code borrowed and amended from its neighbours was turned by the Jews into a covenant-code. In fact, according to Biblical chronology, it was a covenantal response long before it became a law code. Abraham tithed some centuries before the notion of tithing became part of the Hebrew law code given by God to Moses.

To our age, the ban on usury to fellow-Jews and the permission (almost the encouragement) to lend money at interest to non-Jews appears odd: Buckley writes:

“The Deuteronomic teaching on the concept of usury promoted the “brother” at the expense of the “other”…(this) double standard for the ‘brother’ and the ‘other’ (appears) paradoxical, mysterious and vicious”. This overstates the case vastly: all traditional societies (and most modern societies) discriminate against “the other”; the question is the degree to which they do so. For instance, economic, legal and political discrimination against non-Muslims exists in Muslim-majority societies. Equally, in the West, there is discrimination against foreigners and "guest workers" who lose pension and old age benefits on return to their own countries, and this is nothing less than systematic exploitation. Moreover, in the specific case in view, the possibility of economic exploitation of the local peoples would not have arisen if the Hebrews had in fact exterminated them, as God had ordered. The thought of such "ethnic cleansing" is difficult for us tolerant modern people to stomach. However, we must remember that God had called Abraham from Babylon and told him that he and his descendants could have the land because of the moral degeneration of the local peoples - however, He told Abraham that he could not possess the land yet "because the iniquity of the Amorites is not yet full". We know that, according to the Biblical account, it took another 460 years before the degeneracy of the Amorites reached a level that God could no longer tolerate. However, God had prepared his judgement long before - as He did with the Hebrews themselves, whenever they themselves degenerated (and usually long before they degenerated to the level of the Amorites - the Biblical principle is that God is more tolerant of people who do not have his revelation, and less tolerant of people who do have his revelation).

In other words, the key question is how the abolition of usury fits into the whole of God’s plan for Israel and for the world. In looking at usury alone, Buckley understands properly neither the context for usury, nor the role of usury. In the

Hebrew context, usury was allowed, both in relation to the people of the land and in relation to the nations around the Hebrews who all practised usury. This permission had the effect of ensuring economic equality in the relations between individual Hebrews and individual non-Hebrews. So in effect there were two economies operating so far as the Hebrews were concerned: the economy exterior to the Hebrew community, which did operate on usury in order for them to be at the same level as others, and the economy interior to the Hebrew community, which did not allow usury and therefore created a wholly different situation in the internal economy as compared to the external one.

The consequence for the internal economy of Hebrew society was most substantial. Since most economies are determined more by their internal characteristics than by their external relationships, any interest-based economy is perforce going to grow, within any reasonable historical time-frame, far faster than any non-interest-based economy. In ancient times, this would condemn the low-growth non-interest-based society to being taken over by any of the faster-growing usurious societies around them. Two implications follow. The first is that the understanding of prosperity given to the Hebrews was totally different from the understanding of prosperity in the high-growth societies around them. The second is that Hebrew political independence could be maintained only supernaturally to the degree that the Hebrews in fact relied on God.

It is not entirely surprising that Buckley blames the Deuteronomic teaching on usury as the reason for the social and political difficulties that the Hebrew people have run into for centuries. But this is misconceived. The origin of difficulties that the Hebrews had (and have) with the Arabs goes back to the difficulties between Abraham’s two wives and their respective descendants, while the current difficulties between the Israelis and the surrounding nations (and other peoples, throughout history) go back more fundamentally to the general competition for land and resources in all traditional cultures, compounded by the key geographical position occupied then and now by the Hebrews or Israelis.

On the Christian understanding of usury, Buckley leans heavily on well-established authorities, such as B Nelson, P Cleary, I H Marshall, J T Noonan, and E Troeltsch. She provides an able summary but no new insight, and it is a pity that she weakens her section on the contemporary Christian understanding of usury by placing that within her material on the Jewish understanding of usury (thus giving the Jewish section 84 pages, the Christian section 102 pages, and the Islamic section 112 pages). In her view, the model of ‘christian economic man’ changed, from a New Testament one that would have looked very similar to an Islamic model in terms of forbidding usurious lending, to the "fostering of an unbridled capitalist spirit due to the abandonment of the principle" (of non-usurious lending). In fact, however, there were not these two stages (usury and unbridled capitalism), but three stages. "Christian economic man" turned from a non-usurious communitarian life to something like a usurious communitarian life (seen later in history, for example, among the Hutterites and Hussites and Moravians and in Geneva and among the American Pioneers). The unbridling of capitalism took place roughly in tandem with the spread of Enlightenment views and particularly with the impact of Darwinism. Today, she says, "little contemporary Christian economic thought even bothers to raise the issue” but then goes on to quote extensively from Paul Mills and Michael Schluter and the others mentioned.

Buckley gives most space to the Islamic understanding of usury. Here she relies on the established commentators such as M. Umar Chapra, Patricia Crone, Waqar Masood Khan, Timur Kuran, Maxine Rodinson, Malise Ruthven, and M Montgomery Watt. She tends to assume that there is an agreed Muslim position on usury, which is not accurate, and disagrees for no obvious reason with Timur Koran's pessimistic view of the potential for Islamic banking (see, in this connection, Islamic Finance: Theory and Practice by Paul S Mills and John R Presley, Macmillan Press, UK, 1999; my review article based on the book appeared in the Journal of the Association of Christian Economists (U.K.), no. 27, 2000, pages 32-43):

There is an associated issue: “The problem that Islam faces is that there are no concepts of ‘mosque’ and ‘state’ as specifically religious and specifically political institutions. Religion and state are believed to be fused together, the state is conceived of as the embodiment of religion, and religion as the essence of the state. In an Islamic state, therefore, ‘Islamic economic man’ operates as a function of both religious and state institution within the community, and … every aspect of an individual’s private and public life (is governed by Islamic law)”. This is of course no different from God’s ideal for the Hebrews as laid down in the Pentateuch, though exile in foreign cultures over centuries forced a distinction to be made between the community and the state as long as they were in exile. Now that there is a state again, the Jewish people are back facing the same challenge. Exactly the same sort of challenge faced Roman Catholic and Orthodox Christian societies in the past, as well as for example the Japanese, Chinese, Indian, African Tribal and Native American societies. The early followers of Jesus were the first group of people in history to distinguish between their spiritual allegiance and their political position, and Protestantism recovered and made that distinction a political reality, making for religious tolerance at least in those parts of the world where the Radical Reformation had most effect, and eventually spreading from there to other parts of the world.

In the final section of the book, moved by our contemporary “genocide by debt”, Buckley advocates “an interest-free economy or, at the very least, …low-interest financial incentives for the disadvantaged”. She explores the possibility of creating a more economically just re-ordering of society by considering the Mondragon system as well as five other possibilities: usury-free banking, co-operatives, credit unions, local exchange trading schemes and the abolition of third world debt. She describes each of these, pointing out, for example, that, as far back as 1981, the Brandt Report highlighted the need for international negotiation to deal with rising unemployment, persistent monetary instability, exorbitant interest rates, insupportable payments deficits and unprecedented debts within the Third World, calling for “additional finance flows to ensure the stability of national economies strained by precarious balance of payments and mounting debts”: What is needed is an analysis of why this came to be the situation then, and why it is still the situation today (with the additional issue that the United States, the world's supposed great engine of growth, has itself succumbed to these problems). To what extent are such developments the result of an abuse of political power which reallocates resources to the already-rich, and to what extent is it a systemic problem given a usury-based global economic system? In fact, neither problem can be resolved without spiritual, social, cultural, political and economic transformation of individuals and societies. Buckley's view is that the problems rest “on the entirely artificial individualism that has been created in the West”. In my view, there is a distinction between a healthy individualism that takes seriously one’s own responsibility to God and society, and the kind of individualism which thumbs the nose at both.

Buckley suggests that usury-free banking is "a paradigm for establishing a more just, profit-sharing economic system, where in principle as sense of community and responsibility is engendered”. In fact of course, the horse needs to be put before the cart: the world had such a system in Hebrew societies, and then the Radical Reformation created something like this system certainly up to the seventeenth century Europe. The full force of that system in the West has broken down only since the Second World War.

There are several other points where my perspective would differ from Buckley's. First, tithing - or the principle of giving away a tenth of your income to charity. Buckley seems to think that all that is necessary is to "translate" this and the "admirable and universalistic (Jewish) qualities of *chesed* (righteousness) and *tzedeka* (charitable giving/tithing)…into a secular humanistic framework” ignoring Nietsche's observation that, if there is no Hell, then everything is permitted. Of course there will always be some peculiarly idealistic and sensitive souls such as Buckley who will wish to make the world better, but why should a "normal" successful person worry about anything more than feathering her or his own nest? “Tithing demands above all else involvement, creativity and wisdom because the dynamics of *tzedekah* are linked to gratitude. 'Gratitude, says Rabbi Bonder, ‘is the measure you should use to tax your gains’." But if people believe that individuals are the captains of their own souls and masters of their own fate, to whom should they have gratitude? It is not so much that “tithing now, too, (is) an unexplored means of giving in a consumerist society”; rather it is that tithing has been rejected, along with the only basis for it, and it is that rejection which has led to the creation of a consumerist society.

Second, Buckley cites with sympathy the view of some writers who have come to the "speculative conclusion that interest prohibition was positively beneficial for medieval commerce, since it had the effect of diverting loans away from consumption into productive enterprise". This is indeed speculative. Whether one spends on consumption or on productive enterprise is a matter of culture, not of whether the economy is based on the taking of interest. Protestant cultures initially and consistently, followed by Catholic, secular, Russian, Japanese, Korean and other cultures occasionally, have preferred productive enterprise rather than consumption, entirely within the ambit of an interest-taking society. Conversely, conspicuous consumption has marked nearly all other societies, including our own.

Third, I differ from Buckley in that I see the roots of usury as arising from selfishness, greed and fear, not from ignorance of usury itself or of what usury does. Muslims, even though they have done the most extended recent work on the subject of usury and in working out the possibilities of a usury-free economy, are still in thrall to the assumption that the only viable foundation for an economy is a new sort of *perpetuum mobile* that grows faster and faster. In a secular and selfish world, there is no room for the limitations imposed by the prohibition of interest, which are that the person with money to spare has to take all the risks and has sometimes even to forego the capital, whereas the person in need of money (sometimes without money for good reasons, but sometimes of course for reasons of self-indulgence, laziness or carelessness) has all the advantage – which is surely "unjust". Yet it is precisely this "injustice" that is prescribed by God on the basis that He will bless us in return for our accepting this "injustice". Without a belief in God, there is no reason for accepting such an injustice, and people who are hardworking and careful and intelligent in how they invest ***ought*** to have full use of all the benefits that they can derive from their wealth.

Fourth, Buckley not only takes pluralist modern culture as normative, she sees postmodern life as consisting of “tolerance and synthesis”. But there is no synthesis in postmodernity except on the margins, and postmodernism is the cultural result of the outworking of godless rationalism in an economy dominated by Mammon. Hans Küng’s attempt to concoct a global ethic is in fact a demonstration of the influence of the gospel on religions which have no basis for, but which now accept, the ethics of Jesus the Lord into their own traditions.

Finally, the consensus regarding usury was undermined not by the Reformation (as Roman Catholics and Buckley would have us believe) but by the release of individualist greed consequent on the rise of godless humanism. It is this greedy godless humanism that has built a global consumer economy based on usury. It is possible for the greed and godlessness to be replaced with something better, and only to the degree to which that takes place will we have the human values for which Buckley longs.

Buckley's own point of view becomes intrusive in the book because she does not so much seek to understand the views of the three religions for themselves as to wish to extract from them solutions to the challenges of the modern world. The fact is, however, that our contemporary world problems issue from rejection of the overall solutions proposed by these religions (that is, living one's life on the basis of trust in God). Through the book, Buckley seems at times to take a Muslim point of view, and at others a secular humanist one. But she finally adopts the position of a secular humanist who realises that secular humanism is not enough and, like so many other people, is searching for what is wrong with the world as it is, and what should be done about it. Instinctively, she realises that usury has something to do with it, but she does not work out the connection between usury and world problems explicitly in this book. Further, she assumes that her view of world problems will be shared by the reader, and that the solutions which she invents for these world problems will be accepted by the reader simply on the basis of her view that her proposed solutions are valid.

In any case, ***<u>are</u>*** there any solutions for the problems which Buckley wishes to address by considering the question of usury? Yes there are, but the problems, as well as the solutions are multi-layered, so that there are many levels of action that need to be taken: spiritual, social, cultural, intellectual, economic and political. Some of these levels are well delineated in the work, for example, of Tom Sine, Ron Sider, Larry Reed and Bob Goudzwaard. The level on which least work has been done is the political one, but that is not insuperable (and a good place to begin is John Howard Yoder's <u>The Politics of Jesus</u>, Eerdmans, USA,1972; the Christian People's Alliance is a British political party, one of the few attempting to work out such issues in practice, in our contemporary world). The challenge is that at the levels where we know precisely what to do, we are not doing and do not do what we need to do or know we should do. In other words, the problem is not one of ignorance (as the Buddhists and Buckley seem to believe) but one of choice and will. As St. Paul put it "the good that I think I want to do, I do not do, and the evil that I think I don't want to do, that I do".

Despite my criticisms and other reservations, Buckley and I both think that interest is an issue of major importance which warrants our serious attention. And, as I said near the outset, it is valuable to have a book that draws together so much material on usury in the three great religions.

Prabhu Guptara

Professor Prabhu Guptara writes here in a personal capacity. His latest publication is a CD-ROM consisting of the slides and audio-recording of a lecture delivered at the Professorenforum, University of Zurich, Switzerland, on the topic "Building a Better World - Why it Does Not Happen … and What To Do About It" (rbadertscher@coba.ch, Coba Communications, Switzerland).