

**THE BAN ON INTEREST - A STUDY IN THE USE OF THE OLD  
TESTAMENT IN CHRISTIAN ECONOMICS**

**BY PAUL MILLS**

"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 clasbeth the Oak like a lover, but it clasbeth out all the juice and sap, that the Oak cannot thrive after. So the Usurer lendeth like a friend, but he covenanteth like an enemy, for he clasbeth the borrower with such bands, that ever after he diminisheth, as fast as the other increaseth."

The above example of anti-usury polemic was delivered in a sermon by the Puritan, Henry Smith, less than four centuries ago [1]. It illustrates how radically the attitudes of Christians have changed as regards the taking of interest. Until about 1500, Christian opinion had been unanimous in believing usury to be a moral evil, forbidden by God's Word [2]. It was to be shunned by all who counted themselves as Christian. Now, certainly in Western Christendom, hardly anyone thinks in the same way. Talking to Christians, I have found that the most popular ways of explaining away the relevant Biblical texts are:

- 1)"The Bible prohibits only usury, that is, excessive interest."
- 2)"The Bible only prohibits interest taken from the poor."
- 3)"Jesus gave permission to take interest in the Parable of the Talents."

As I hope to demonstrate, these evasions bear little or no relation to the meaning of the texts involved and have been easily dispatched by anti-usury thinkers in the past. The crucial issue is not the texts themselves but their location within the Bible - they are almost all to be found within the Old Testament (OT). What is said in the New Testament (NT) is somewhat indecisive and unclear. Here, then, we have a simple OT economic teaching that, if felt to be relevant, would have enormous implications for how Christians organised their finances and the economics they advocated. It is how Christians interpret the OT that is crucial to the process. The question of interest is, therefore, a perfect illustration of how various schools of Christian economic thought have used the OT for the purposes of social ethics. To illustrate the point I will identify six different approaches to OT interpretation and how they sought, and seek, to integrate the prohibition of interest into that framework. First, however, it will be necessary to set out what the Bible actually says about lending and interest.

## **1. OLD TESTAMENT TEACHING**

### **a. Loans**

The main emphasis of OT teaching on lending is that loans should be made readily available to the poor (Deut.15:7-9). The Psalms attest to the righteousness of someone who fulfills this injunction (37:26; 112:5). The command to lend freely is closely associated with that of cancelling all debts every seven years - a command that did not apply to loans to foreigners (Deut.15:1-3). The combination of an ample supply of loans for poverty relief, the periodic cancellation of all debts and the non-existence of interest upon them should have ensured that poverty through individual misfortune was a temporary phenomenon. The text promises that there will be no more poor in the land if the Israelites obey the whole law code. Significantly, this promise is made in the context of the free lending and debt cancellation injunctions (v.4,5).

These commands are balanced by provisions protecting the rights of lenders. Some security on the debt could be taken if this was felt necessary (eg. Deut. 24:10-13). In extreme circumstances, a poor debtor could secure a debt upon their own person so that they would have to work for the creditor as a bond-servant in the event of non-repayment (eg. Lev. 25:39,47). This underlined the strong obligation on the debtor to repay whilst allowing the lender to protect himself from default. Failure to repay was regarded as tantamount to theft since "the wicked borrow and do not repay."

This emphasis on the obligation to repay is consistent with the tenor of the OT's Wisdom Literature - that is, borrowing involves the undertaking of such a serious commitment and loss of financial freedom that it should only be embarked upon when absolutely necessary. The borrower is automatically at the weaker end of a power relationship since:

"The rich rule over the poor, and the borrower is the servant to the lender."

The maintenance of financial independence is frequently commended. The wise man is advised to avoid giving security to, and guaranteeing the debts of, others (eg. Prov. 6:15; 17:18). A sign of God's blessing upon Israel would be that they would lend to other nations; a sign of his curse would be that they would have to borrow from foreigners (Deut. 28:12,44). The implication seems to be that only a poor person in need would seek a loan. A wise man would not be so foolish as to borrow when it was not necessary for survival.

### **b. Interest**

The prohibition of interest occurs three times in OT law, the repetition usually being taken as an indication of additional emphasis. On two of these occasions, the prohibition is specifically placed in the context of lending to the poor (Ex. 22:25; Lev. 25:36,37). The reference in Deuteronomy, however, stresses the universal nature of the prohibition on loans to fellow Israelites:

"Do not charge your brother interest, whether on money or food or anything else that may earn interest" (23:19).

The deliberately all-embracing terminology of the injunction seems to rule out the possibility that the proscription applied only to dealings with the poor. The only exception to the interest ban was that of charges on loans to foreigners (23:20). The term "foreigner" here does not refer to all non-Jews but rather to people who usually resided outside the borders of Israel and were only in the country on a temporary basis. The non-Jews who were permanently resident in Israel were not included in this category. The foreigner exemption exactly parallels that for the cancellation of debts every seven years. Both injunctions are accompanied by God's promise of blessing if obeyed.

The subsequent references to interest in the OT emphasise the seriousness with which God regards the sin of taking interest by placing it alongside other blatantly sinful acts. David says that the righteous person will shun the taking of interest as well as slander and bribery (Ps. 15:3,5). Ezekiel lists lending at interest in conjunction with theft and idolatry as marks of the person destined for destruction (Ez. 18:13) and includes the taking of interest as one of the sins of Jerusalem along with extortion and interest (22:11,12). After all,

"A righteous man....does not lend at usury or take interest" (18:8).

Further reinforcement to the anti-usury stance is found in the remaining OT references. Proverbs juxtaposes the man who adds to his wealth through interest with the man who is kind to the poor (28:8). Nehemiah applied the interest prohibition when acting as governor of Judah. He accused the nobility of exploiting the poor through usury, demanded that they make restitution and pointed to his family's practice of interest-free lending as an example (Neh.5). Despite living centuries after the original law code had been given, Nehemiah saw no reason to question the applicability of the interest prohibition - an attitude which he also applied to the cancellation of debts (Neh.10:31).

The OT's stance upon loans and interest is consistent and unambiguous. Loans are to be for poverty relief and are to be periodically cancelled. Such loans should not be made for gain but for charitable purposes. Indebtedness was to be avoided if at all possible, but, if unavoidable, there was a strong obligation to repay. Interest exploits the debtor, is shunned by the righteous and prohibited on all loans to borrowers regarded as "brothers".

## **2. NEW TESTAMENT TEACHING**

In the Gospels, Jesus reasserts the OT insistence upon lending to anyone who needs to borrow but broadens the scope of previous teaching. First, the qualification for a borrower is widened from anyone who needs to borrow to anyone who wants to borrow (Matt. 5:42). Second, the emphasis is shifted from lending to "brothers" to lending to anyone, including enemies, without any expectation of return (Lk. 6:34,35). The most difficult problem of

interpretation comes in deciding what this teaching means in practice. A possible translation could be:

"If you lend to those from whom you hope to receive, what credit is that to you? Even sinners lend to sinners in order that they may receive [or recover] the equal amount. But love your enemies, and do good and lend, despairing of nobody" [3].

Such a rendering contrasts the actions of "sinners", who lend to one another expecting full repayment, with Jesus' disciples who are to lend to anyone in the full realisation that repayment may not be forthcoming. An alternative rendering of the final phrase could be "lend, without hoping to receive any return" - a translation which employs an idiom known to be current from at least the fourth century AD and which is used in the main Latin text. In the context, this could mean that a loan was to be made without any thought of a "return" either in the form of interest or the recovery of the loan principal or by way of reciprocal loans in the future [4].

Whatever the precise meaning of the statement, the general thrust of the teaching is clear. First, Jesus ruled out any reason for withholding a loan that his disciples might entertain. The language may be deliberately hyperbolic but there is no doubt that the brother/foreigner distinction of Deuteronomy is transcended in a way comparable to Jesus' call to love enemies and not just neighbours (Lk. 6:27). Second, Jesus makes no explicit reference to interest at all. He emphasises that his followers should not be too concerned about the repayment of the principal, let alone any interest. The reward for such lending is to be spiritual and not monetary (Lk. 6:35).

The only occasions when Jesus specifically refers to interest are in two similar parables (Matt. 25:14-30; Lk. 19:11-26). In each case, a master's servants are given sums of money to be "put to work" until he returns from a journey. One servant fears the master's reaction if he loses the money, and hides it. This servant is chastised for not even bothering to put the money on deposit to collect interest. A cursory reading of these parables might suggest that that Jesus is legitimising the receipt of interest on money on deposit, but a contrary interpretation can be made on closer examination. The servant is to be judged by his own words (Lk. 19:22). If he thought that his master was a "hard man who reaped where he did not sow", then why did he not do what such a hard man would have expected him to do - place the money on deposit at interest? Hence, Jesus implicitly equates putting money on deposit at interest with "reaping where one has not sown". It is something "hard" men are expected to do. The servant is not chastised for his failure to procure interest, but for not being a trustworthy steward of his master's property.

The remainder of the NT has little to add concerning debt or interest. Paul urges the Roman Christians to fulfil all their debt obligations, particularly in the prompt payment of taxes (Rom. 13:7,8). Despite reference being made to Christians avoiding dependence upon those outside the Church, which could involve debts to non-Christians, the NT writers see no need to discuss the issue of debt and interest further. The prohibition on interest is not singled out as a

ceremonial law Christians can regard as being superseded by the Gospel, but neither did the Council of Jerusalem mention usury as a Gentile practice that Christians should abstain from (Acts 15). There are thus "arguments from silence" on both sides.

How have Christians used this material in the light of their overall interpretations of the OT? I shall outline six general approaches to the OT, three from the past and three that are currently espoused, and draw out the implications that each has for the Christian attitude towards interest.

### **3. PREVIOUS APPROACHES TO THE OLD TESTAMENT**

#### **a. The Primacy of the New Testament - the Early Church Fathers (250-500 AD)**

The Early Church tended to view the OT, not surprisingly, from a strongly Christocentric and anti-Jewish perspective. The primary function of the OT was to act as a prophetic witness to the life, death and resurrection of Jesus. Consequently, historical narratives were allegorized to provide relevant spiritual insights. The Mosaic law had been given by God to keep the incorrigibly rebellious Jews in order. The law, therefore, was not God's permanent will for all mankind but a temporary and provisional measure given by God to a hard-hearted people to prevent lapses into worse things. It was in no way binding on the Christian and there was no question of it being used for the formulation of a social ethic for the rest of society.

Nevertheless, the Patristic writers came to the conclusion that interest-taking was inherently sinful and should be avoided by Christians. How was such a conclusion arrived at? The answer seems to lie in the early Christian antagonism to accumulated wealth in general, and to greed and uncharitableness in particular. Many Patristic writers believed that a man could not become rich without exploiting others. For instance, Jerome declared that:

"One man does not accumulate money except through the loss and injury suffered by another."

During the first centuries of the Church's existence, virtually all interest was being paid by the poor to the rich in return for consumption loans. In this context, it is not difficult to see that interest could be condemned for adding to the wealth of the rich, for deepening the impoverishment of the poor and for enabling moneylenders to live off the labour of others. Interest-taking was also seen as an abrogation of the law of love that should pervade the attitude of Christians toward every neighbour. As a result, Luke 6:35 was seized upon as a command against taking interest applicable to all Christians and as a precept of perfection as regards the forgiveness of the loan principal.

Their strong emphasis on the NT did not preclude the Patristic writers from referring to OT material. This was never on a systematic basis, however. For instance, Psalm 15:5 was a favourite proof-text, cited to demonstrate that a righteous person, whether Jew or Christian, does not charge interest. Ambrose interpreted the permission to charge interest to foreigners in a

sriking way. He equated these foreigners to the original inhabitants of Canaan whom God had ordered the Israelites to destroy as punishment for their idolatry. Taking interest could thus be likened to an act of war:

"From him....demand usury, whom you rightly desire to harm, against whom weapons are lawfully carried ...From him exact usury whom it would not be a crime to kill. He fights without a weapon who demands usury: he who revenges himself upon an enemy, who is an interest collector from his foe, fights without a sword. Therefore, where there is right of war, there also is right of usury" [5].

Conversely, Jerome believed that the Deuteronomic prohibition had been universalised since Jesus had commanded Christians to love their enemies and not just their brothers. Since everyone was to be regarded as a brother, no-one could be legitimately charged interest.

Hence, the early Church Fathers tended to use the OT to confirm their existing presuppositions drawn from the NT. The Mosaic law was never used in a systematic way for the derivation of social ethics.

#### **b.The Primacy of Natural Law - the Medieval Church**

The Early Church naturally concentrated on the teaching of Christian morality rather than social ethics because they had little interest in advocating a system of law for the whole of society. However, once Christianity came to be associated with the state, and there arose the belief in universal Church membership through infant baptism, the Church made vigorous attempts to Christianize society by reforming state legislation. For instance, the first occasion on which interest was prohibited for all citizens by a state legislature was in 789 AD at Aix-la-Chapelle under Charlemagne. Subsequent Church councils frequently passed decrees condemning usury and urging secular powers to seize the ill-gotten gains of money-lenders. They offered Biblical quotations, Patristic writings and conciliar precedents as justification for their judgements.

A transformation came about in the eleventh and twelfth centuries as the Church made collections of canon laws which were to be applied in ecclesiastical courts and in the confessional. Again, these were primarily based on previous church rulings drawn from the NT and framed in the categories of Roman Law. However, since the NT did not mention some issues which needed to be legislated upon, the general rule was that canon law could be based on the Mosaic code, but only if it could be justified upon the basis of natural law. Hence, the Torah was regarded as non-binding upon the Christian and society unless the Church ruled that a specific law could be shown to restrain an obvious wrong-doing.

In terms of the interest question, this meant that legislators had to show that usury was contrary to natural law since there was no explicit condemnation in the NT. The commentators on the canon law (the "scholastics") had to demonstrate that interest was inherently unjust or

unnatural rather than that it was just motivated by greed. To do this they used three main arguments [6].

First, the scholastics, and Aquinas in particular, argued that money was a "consumptible" - that is, a commodity that is consumed in the very act of use. Like food, money cannot be used (spent) without becoming irrecoverable to the user. Hence, if a borrower was to use the money he had borrowed, he could not repay the loan in the same pieces of currency he had been given. This feature distinguished a money loan contract from a rental arrangement. When an object is rented, a charge is made for the use and depreciation of the object for a period of time. At the end of the period, the same rented object is returned. Legal ownership of the object remains with the lessor despite its use by the lessee. During a money loan, however, the objects originally loaned (coins) cannot be returned since they have been spent. Repayment can only be made with coins of equivalent value. Legal ownership of the money, and therefore risk of its loss or unsuccessful use, must devolve onto the borrower since the identical coins cannot be returned. Given this perspective, the early scholastics denied that rent (a "use-charge" or "usury") could be licitly charged for a loan of money. Usury was believed to be tantamount to charging for the non-existent use of money. It constituted a payment for which no service had been rendered, and was therefore contrary to natural justice.

Second, the scholastics saw the charging of interest on a loan as the sale of money now for the price of more money in the future. They believed that this eroded the principle that a monetary unit should have a nominally fixed value, just as the measures of length, weight and volume should be fixed over time. Money should not be made an object of sale with different values at different times because monetary value is a fixed measure by nature. To allow such variation would be as unjust as to allow tradesmen to have differing weights for buying and selling.

Finally, a popular argument deployed against usury was that it constituted the sale of time itself rather than any use the borrower might put the money to. Such a practice violates natural law because time is God's free gift to all creatures and should not be appropriated for money. To give and take time is the prerogative of God alone. It was even suggested that usury made money work seven days a week, thereby ignoring the Sabbath (sic).

These natural law arguments gave the Medieval Church what it believed to be strong grounds for the eradication of interest from Christendom, which excluded the Jews. Consequently, the Church used the sanctions at its disposal, (the confessional, excommunication and jurisdiction over the estates of the deceased), to enforce the interest prohibition with a fair degree of success. But the concentration on natural law proved to be the usury ban's effective downfall. Church jurists believed that natural law required, not only that the lender should be prevented from receiving any gain, but also that he should be protected from any loss arising from late repayment by the borrower. Initially, penalties could be charged if the lender suffered material loss through late repayment. This was eventually widened to the allowing of

compensation if the lender was personally deprived of making a profit through making the loan. Finally, the lender was permitted to charge such "compensation" from the outset of the loan, if he believed he would be deprived of making a return with the money from any other source. This justified virtually all interest-bearing contracts on the basis of opportunity cost. Hence, the reliance on natural law that had proved effective in justifying the usury ban in the thirteenth century, proved to be its effective downfall in the sixteenth.

### **c. The Primacy of Conscience - John Calvin**

The attitude of the reformers and Puritans towards interest was initially ambivalent. Luther began by adopting the rigourist approach of the early Medieval Church. He believed that usury was condemned by divine and natural law and that Christ had commanded Christians to lend without hope of return on the principal. His attitude changed when radical German preachers began demanding that the Mosaic code be applied literally by the German princes, including the cancellation of debts and the absolute prohibition of interest. Such preaching was an ingredient in the Peasants' Rebellion of 1525, which Luther opposed. As a result, Luther became adamant that the Torah, excluding the Ten Commandments, should never be binding on the Christian, let alone any secular legislature. Particular laws in the Mosaic code could provide useful guidance for the framing of laws but should never be applied in every situation. For instance, in a sermon on the interpretation of the OT law, Luther said:

"If I were emperor, I would take from Moses a model for my statutes; not that Moses should be binding on me but that I should be free to follow him" [7].

Luther came to the conclusion that although preachers could attack usury, they should not encroach on the jurisdiction of the civil authorities by declaring a particular contract illegal. He even admitted that, in some circumstances, interest could be justified, particularly if rates were low and the recipients needy.

It was Calvin, however, who was to prove to be the most influential Reformer when it came to the treatment of interest. He began from the standpoint that Luther arrived at in the middle of his ministry. The Torah was not binding on the Christian, let alone those outside the Church, unless it conformed to the general rules of equity and brotherly love. The OT could be mined to produce examples of wise government, but there could be no presumption that the OT law always held. He expressed this view, in the context of the interest question, thus:

"There is a difference in our political union, for the situation in which God placed the Jews, and many other circumstances, permitted them to trade conveniently among themselves without usuries. Our union is entirely different. Therefore I do not feel that usuries were forbidden to us simply, except in so far as they are opposed to equity or charity" [8].

Calvin certainly accepted that interest could prove to be a social evil in his commentaries on the Psalms and Ezekiel. He even expressed the wish that we could live in a world without it. But since he believed that to be impossible, he was content to hope that the individual conscience would apply the Golden Rule of love and abstain from taking interest in those circumstances where it would prove detrimental to the borrower. He wrote:

"...usury is not now unlawful, except insofar as it contravenes equity and brotherly union. Let each one, then, place himself before God's judgement seat, and not do to his neighbour what he would not have done to himself, from whence a sure and infallible decision may be come to...in what cases, and how it may be lawful to receive usury on loans" [9].

As a result, Calvin believed that interest on commercial loans and loans to the rich were legitimate, but that interest taken from the poor or at excessive or illegal rates was inherently uncharitable. He also condemned those who habitually took interest as a major part of their income.

The main issue that Calvin addressed was whether interest was inherently unjust or illicit. If it was, then no matter how loving the lender, an injustice was still being committed. Calvin believed that he had found the answer both in Scripture and in practice. His Scriptural backing came from the permission to charge interest to foreigners. Calvin deployed the familiar argument; interest cannot be inherently unjust since God would not have allowed the Jews to exploit foreign borrowers. His practical argument was directed against the teaching of Aristotle that interest was unnatural because money was barren. Since he believed that this was the basis of the Church's hostility to interest, Calvin simply showed ways in which money could be made to be fruitful. Hence, he believed that usury was not inherently unjust and that he could interpret Scripture in this way with a clear conscience.

The problem with Calvin's view was that he left the moral decision over interest to the individual Christian conscience - rarely a safe procedure whenever self-interest is involved. His admission was seized upon by every lobbyist for the development of capitalism within Protestant countries, whether they were Calvinist or not, and fatally weakened the position of traditional supporters of the usury ban, including the English Puritans. In the heat of battle, Calvin's qualifications to his endorsement of interest were largely forgotten. The results were that an interest-based banking system rapidly developed in England and Holland and that the usury question was rarely discussed in Protestant countries from the seventeenth century onwards.

#### **4.CONTEMPORARY APPROACHES TO THE OLD TESTAMENT**

##### **a.The Primacy of Law - Theonomy**

Theonomy [10] is based on the notion that God's law revealed in the Torah has permanent relevance for the Christian and for society as a whole. Theonomists believe that it is antinomian to think that Christ's death has put an end to the binding force of God's law. They

seek initially to convince the Church that it is still obliged to obey the OT law as it is the New Israel, and should seek to embody God's law in the civil and criminal law of society.

Given this approach, one might have expected that the theologians would have taken a rigorous approach to the usury prohibition. This, however, is not always the case. For example, Rushdoony [11] tries to sidestep the radical implications of Deuteronomy by claiming that it is a summary of the laws of Exodus and Leviticus and so can only be referring to loans made to those in need, despite no mention of this being made in the text. He uses the exemption made on loans to foreigners to justify commercial lending at interest but then seems to contradict himself by using the year of debt remission to teach that all loans, including commercial ones, should be of a short term nature.

A more rigorous approach has been taken by Mooney in his recent book on usury [12]. He asserts Ambrose's view that taking interest is on a par with an act of violence against an enemy. Since such distinctions have been removed with the coming of Christ, the OT prohibition of interest should not only be observed by Christians but be applied to all people. Unfortunately, Mooney then strains the credibility of his exegesis by claiming that all rent and hire contracts also fall under the Deuteronomic ban and calls for their abolition too [13]. I find this unconvincing since hire contracts are frequently referred to in the OT without opprobrium and Exodus 22:15 seems to regulate the hiring of an animal. It must be pointed out that neither Rushdoony nor Mooney see anything wrong in the supply of money capital on a partnership basis, with the return on the money being related to the profitability of the funded enterprise.

#### **b. The Primacy of Principle - Donald Hay**

On the other extreme of those recognising that the OT has use for the formulation of Christian social ethics are those wishing to derive more generalized principles from both Old and New Testaments. Donald Hay has given an extensive treatment of this approach in his recent book, "Economics Today" [14]. He seeks to derive principles of how God desires both mankind in general, and his redeemed people in particular, to live. These principles are drawn from the Creation account, the Noahic covenant, OT law and the NT. These principles are, to some extent, ideals that should be preached to, but not necessarily expected of, a fallen world. The OT law may provide useful guidance on how best to embody the principles in a second-best situation which takes account of human sinfulness. However, it cannot be naively applied in any situation since it was originally addressed to a covenant community.

Against this background, Hay uses material from the OT law to bolster the eight principles he derives concerning mankind's dominion over nature, work and the distribution of goods. He uses the prohibition on interest to give weight to his principle that, in his work, men and women should have access to resources and control over them. He puts his point thus:

"The prohibition of usury within the community [of Israel] meant that savings would be applied within the family enterprise, rather than lent for interest. **There were no returns on resources without a direct exercise of stewardship responsibilities in deciding the use to which they were to be put.**" (Brackets and emphasis added).

In line with his methodology, this is the only use Hay makes of this striking insight on the interest prohibition. Presumably, he would be extremely hesitant to advocate a radical application of the usury ban to Christians, let alone society as a whole.

### c. The Primacy of the Paradigm - Wright, Clements and Schluter

The approach of those wishing to use the OT law as an integrated social and economic model, or paradigm, falls somewhere between the theonomist and principles approaches just outlined [16]. The advocates of the paradigm approach acknowledge that literal application of the OT law is generally impossible given the difficulties in separating ceremonial from civil and moral laws and the variation in technological circumstances between societies. Nevertheless, they believe that the Torah does provide an integrated working model of how God applied the principles by which He wishes mankind to live, in a particular culture and time period. We should therefore be wasting part of God's revelation if we were simply to extract general principles from the Law and not also learn how God applied and reconciled those principles in a working model. The proponents of the paradigm approach believe that the OT has far more relevance to contemporary society than is usually supposed since it works on the basis that people are sinful rather than redeemed and that, whilst technology may have altered, the fundamental questions concerning the just organisation of any society do not.

Michael Schluter [17] has directly addressed the ban on interest from this perspective. He believes that the OT prohibits all interest for a number of reasons. First, it would ensure that loans would only have been given in times of need to those family and local community members that the lender could trust or want a return favour from in the future. Consequently, people would have a monetary incentive to maintain good relations with neighbours and relatives. Second, the outlawing of interest and the periodic cancellation of debts would have prevented the subjugation of borrowers to lenders that seems to occur when loans at interest are easily obtained. This often results in debt slavery or landlessness in agrarian economies and financial slavery or bankruptcy in societies with a developed banking system. Finally, the outlawing of interest should have put a brake upon the widening of wealth and income inequalities. Interest tends to exacerbate these by rewarding those with sufficient capital assets already.

Schluter's major contemporary application of these insights from the paradigm framework is to call for the decentralisation of capital flows to a more localised level than is now the case. He also argues for reduction in the scale of industry since large scale can be partly attributed to the concentration of capital. As regards direct application of the interest ban,

the paradigm approach cannot be dogmatic. It is not bound to accept literal application per se, but neither does it rule it out since it might be deemed to be the best way of achieving the same goals now as it was then.

## 5.A PERSONAL ASSESSMENT

Six different approaches to the OT and the ways in which they have interpreted the interest prohibition have been surveyed. It all seems rather confusing and will remain so until we reach some form of consensus on how the OT law is to be understood and applied. Until that far off day arrives, I would like to suggest that a radical application of the Mosaic usury prohibition should be given more serious consideration than it has for the last four hundred years. My grounds for saying that are primarily Scriptural but also pragmatic.

First, the OT seems to regard usury as a sin of far greater moral gravity than Christians do today. If interest was offensive only when charged to the poor, the text would surely have been more explicit. Instead, we have the law in Deuteronomy worded in a deliberately all-embracing manner with subsequent references in the Psalms and Ezekiel placing the taking of interest in a list of crimes including deceit, murder and incest. No qualification is given to the condemnation. Ezekiel simply states his belief that the righteous man does not lend at interest.

I also think that Jesus' references to loans and interest reinforce rather than weaken the OT position. In Luke 6, Jesus contrasts the "I'll scratch your back if you'll scratch mine" attitude to lending that "sinners" have, with the unconditional attitude to lending that his followers are to have. The thrust of the teaching seems to be that sinners do favours for each other by lending interest-free, so Christians should not be too concerned about the principal, let alone any interest. In the Parable of the Ten Minas, a close examination reveals that Jesus does not condone the taking of interest, even as a second-best option. Rather he equates interest-taking as reaping where one has not sown. One would expect only hard men to do such a thing. Hence, the OT seems to treat usury as a matter of extreme moral seriousness - a conclusion that Jesus does not question.

My second line of reasoning for advocating the serious consideration of the prohibition of interest is that of practical experience. The problem that anti-usury writers have grappled with throughout the centuries is, why is interest wrong? The Bible prohibits it but does not really say why. As a result, all sorts of theories as to why interest is wrong have been advanced. The advantage that we have over our forbears in this respect is that we have four centuries of experience of an economic system based on the notion that money should receive a return, irrespective of how it is used, and that all the risk in a loan transaction can be shifted onto the borrower. Some of the results have been a banking system that is wary of supporting industry, particularly small business, has the ability to invest money in regions where it was not deposited, has the ability to create money outside central control and the ability to enslave poorer nations in indebtedness. An interest-based financial system also tends to amplify the

booms and slumps of the trade cycle, widen the disparities between rich and poor and enable governments to shift the tax burden of present consumption onto future generations through the funding of deficits.

An alternative does exist in the form of a financial system based on the belief that money should not be allowed to command a return irrespective of use. Rather, money capital should only derive a return if invested in a profitable manner, with the return related to profitability on a partnership basis. Current Islamic research into, and experience of, non-interest financial systems seem to provide grounds for believing that the abolition of interest is not such an impractical idea after all. Indeed, in many respects, it is theoretically possible that a non-interest banking system would prove to be more economically beneficial than our own [18]. Consequently, I believe that the prohibition of interest deserves far more attention than it currently receives, not just because the Biblical material warrants it, but because it could prove to be a far more sensible idea than Christians have so far believed. On this issue at least, I regard God as a far better economist than He is given credit for.

Paul Mills is currently undertaking Ph.D. research on historical and contemporary critiques of interest and the theoretical properties of an Islamic, non-interest financial system. He would welcome any comments on this paper or the topic as a whole. He can be contacted at Magdalene College, Cambridge.

#### FOOTNOTES

- [1] Smith, H., 1591, The Examination of Usurie in Two Sermons, London, p.14.
- [2] Throughout the following discussion, the term "usury" will be used in accordance with its original meaning - that is, any charge in excess of the principal made for the supply of a money loan, or the act of making such a charge. Hence, usury will be used interchangeably with "interest" and "interest-taking".
- [3] I am indebted to Dr. Roy Clements for his assistance in deciding upon this translation.
- [4] Marshall, I.H., 1978, The Gospel of Luke, Exeter, Paternoster Press, p.271-73.
- [5] "De Tobia", c.14, quoted in Nelson, B., 1969, The Idea of Usury: From Tribal Brotherhood to Universal Otherhood, (2nd. ed.), Chicago, University of Chicago Press, p.4.
- [6] Noonan, J.T., 1957, The Scholastic Analysis of Usury, Cambridge, Mass., Harvard University Press.
- [7] "How Christians Should Regard Moses", in Works, (eds. Bachmann, E.T., and Lehmann, H.T.), Philadelphia, Muhlenburg Press, Vol. XXXV, p.166.
- [8] Works, XI, p.248, quoted in Nelson, op. cit., p.78.

- [9] Works, XXIV, col. 683, quoted in Nelson, op. cit., p.79.
- [10] The theonomist approach is typified by Bahnsen, G.L., 1977, Theonomy in Christian Ethics, Phillipsburg, Presbyterian and Reformed.
- [11] Rushdoony, R.J., 1973, The Institutes of Biblical Law, Nutley, New Jersey, Presbyterian and Reformed.
- [12] Mooney, S.C., Usury: Destroyer of Nations, Warsaw, Ohio, Theopolis.
- [13] Ibid., p.172-190.
- [14] Hay, D.A., 1989, Economics Today, Leicester, Inter-Varsity Press.
- [15] Ibid., p.74.
- [16] This approach is set out in Wright, C.J.H., 1983, Living as the People of God, Leicester, Inter-Varsity Press; and Clements, R., and Schluter, M., 1986, Reactivating the Extended Family, Cambridge, Jubilee Centre Publications.
- [17] Schluter, M., 1986, The Old Testament Ban on Interest: Its Relevance for Reform of Britain's Industrial Structure in the 1980's, Cambridge, Jubilee Centre Publications.
- [18] A more detailed critique of interest-based banking and the feasibility of a non-interest financial system is given in Mills, P.S., 1990, Interest in Interest: The Old Testament Ban on Interest and Its Implications for Today, Cambridge, Jubilee Centre Publications.