

Interest and Its Role in Economy and Life (3 of 8)

Religion and Early Thinkers

Islam, of course, is not the only religion that has banned interest and considered it a despicable practice. The prohibition of interest—at least to some extent—is a well-known law in both the Old and the New Testaments of the Bible. In numerous places in the Old Testament, reference has been made to “usury” or “interest.” (Again, usury and interest used to be equivalent but only over time did usury begin to mean an exorbitant or illegal amount of interest. Thus, as shall be noted below, the American Standard Version of the Bible repeatedly changed the King James Version from usury to interest.)

Deuteronomy 23:19-20 reads:

“Thou shalt not lend upon usury to thy brother; usury of money, usury of victuals, usury of any thing that is lent upon usury: Unto a stranger thou mayest lend upon usury; but unto thy brother thou shalt not lend upon usury: that the LORD thy God may bless thee in all that thou settest thine hand to in the land whither thou goest to possess it” (King James Version).

Similarly, Exodus 22:25 states:

“If thou lend money to any of my people that is poor by thee, thou shalt not be to him as an usurer, neither shalt thou lay upon him usury” (King James Version).

In Leviticus 25:37 one reads:

“Thou shalt not give him thy money upon usury, nor lend him thy victuals for increase” (King James Version).

In Jeremiah 15:10, the Prophet complains that he is being cursed although he has never done anything such as take interest, meaning that such curses would be appropriate for him if he were someone who took interest. Perhaps one of the harshest verses in the Old Testament concerning interest is Ezekiel 18:13 :

“Hath given forth upon interest, and hath taken increase: shall he then live? he shall not live: he hath done all these abominations; he shall surely die; his blood shall be upon him.”

There are yet other verses of the Old Testament that indicate the prohibition of interest but what has been presented above should suffice. Easton’s Bible Dictionary has summarized the Mosaic Law concerning interest in the following passage:

The Mosaic law required that when an Israelite needed to borrow, what he asked was to be freely lent to him, and no interest was to be charged, although interest might be taken of a foreigner ([Exodus 22:25](#) ; [Deuteronomy 23:19,20](#) ; [Leviticus 25:35-38](#)). At the end of seven years all debts were remitted. Of a foreigner the loan might, however, be exacted. At a later period of the Hebrew commonwealth, when commerce increased, the practice of exacting usury or interest on loans, and of suretiship in the commercial sense, grew up. Yet the exaction of it from a Hebrew was regarded as discreditable (

[Psalms 15:5](#)

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[Proverbs 6:1,4](#)

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[11:15](#)

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[17:18](#)

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[20:16](#)

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[27:13](#)

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[Jeremiah 15:10](#)

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Unfortunately, as is often the case on practical issues, the New Testament is somewhat vague on the issue of interest. According to The Encyclopedia of Religion and Ethics, “there are no

direct precepts [concerning interest] to guide the Christian conscience.”

However, in the teachings attributed to Jesus in the New Testament, there are some passages that seem to be clearly against the practice of interest. In one passage, Jesus is reported to have said:

“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 6:35).

In this passage, Christians are actually told to lend out money without hoping to receive the principal again. This may be considered one of the “hard sayings” and, as is well-known, Christian scholars differ as to how such passages are to be interpreted and implemented.

In Matthew 25:14-28, there is a lengthy parable wherein God gives different amounts of coins (called “talents”) to various servants. Some of them invest the money and bring back more to God than what God gave them. However, the person to whom God only gave one such coin is described in verse 18:

“But he that had received one went and digged in the earth, and hid his lord's money.”

When God calls back His servants and asks about what they did with the money, the one who received only one talent stated to God:

“Then he which had received the one talent came and said, Lord, I knew thee that thou art an hard man, reaping where thou hast not sown, and gathering where thou hast not strowed: And I was afraid, and went and hid thy talent in the earth: lo, there thou hast that is thine” (Matthew 25:24-25).

The Lord then sternly replies to him:

“His lord answered and said unto him, Thou wicked and slothful servant, thou knewest that I reap where I sowed not, and gather where I have not strowed: Thou oughtest therefore to have put my money to the exchangers, and then at my coming I should have received mine own with usury. Take therefore the talent from him, and give it unto him which hath ten talents” (Matthew 25:26-28).

Commenting on this passage, the Geneva Study Bible states,

Bankers who have their shops or tables set up abroad, where they lend money at interest. Usury or loaning money at interest is strictly forbidden by the Bible, ([Exodus 22:25-27](#) ; [Deuteronomy 23:19, 20](#)

). Even a rate as low as one per cent interest was disallowed, ([Nehemiah 5:11](#)

). This servant had already told two lies. First he said the master was an austere or harsh man. This is a lie for the Lord is merciful and gracious. Next he called his master a thief because he reaped where he did not sow. Finally the master said to him sarcastically why did you not add insult to injury and loan the money out at interest so you could call your master a "usurer" too! If the servant had done this, his master would have been responsible for his servant's actions and guilty of usury.

Based on the Old and New Testaments, the early Church Councils disallowed interest. Eventually all Christians were prohibited from indulging in interest, not simply the clergy. Christian fathers, such as St. Thomas Aquinas , dealt with the issue of interest in some detail. “ In the Decree of Gratian, as subsequently at the Third Lateran Council (1179), a canon ordained that ‘manifest usurers shall not be admitted to communion, nor, if they die in their sin, receive Christian burial.’”

The Fourth Lateran Council of 1215 condemned the practice but allowed it for the Jews. Catholics remained firmly against interest until the 19th Century. Martin Luther of the 16th Century, the Protestant leader, also condemned usury but, it is claimed, he allowed on it on a plea of human weakness.

Calvin, more than anyone else, was the beginning of a softer view concerning interest among Christian leaders. Slowly civil legislation freed itself from Canon Law and interest began to be institutionalized over time.

It was not only those of the Judeo-Christian thinking that condemned interest. In fact, the Greek philosophers also took a very negative view of interest. Aristotle and other leading Greek scholars condemned interest. The famed Austrian economist, Eugen von Böhm von Bawerk (also known as Boehm-Bawerk), wrote in his important work, Capital and Interest,

The hostile expressions of the ancient world, not few in number, consist, in part, of a number of legislative acts forbidding the taking of interest and in part accidental utterance of philosophers such as Plato, Aristotle, the two Catos, Cicero, Seneca and Pantus etc. Greek philosophers regarded money as nothing but a medium of exchange and, therefore, they denied the productivity of money loans. A piece of money cannot beget another piece was the doctrine of Aristotle. The obvious conclusion was that interest is unjust.

Initially, the Roman Empire as well prohibited the charging of interest. With the rise of trading classes, this was lessened a bit but there were still severe restrictions on interest lending as well as laws to protect debtors.

Shakespeare's character Shylock in *The Merchant of Venice* (written just prior to the year 1600) demonstrates just how despised moneylenders who dealt in interest were. The obvious question arises as to how interest went from being a despised and forbidden act to a socially acceptable and institutionalized practice in the West.

The American Standard Version reads, "Thou shalt not lend upon interest to thy brother; interest of money, interest of victuals, interest of anything that is lent upon interest: unto a foreigner thou mayest lend upon interest; but unto thy brother thou shalt not lend upon interest, that Jehovah thy God may bless thee in all that thou puttest thy hand unto, in the land whither thou goest in to possess it." Note that all quotes from Bibles, Biblical commentaries or Biblical dictionaries are, unless otherwise noted, from *The Bible Collection CD* (ValueSoft, 2007).

"If thou lend money to any of my people with thee that is poor, thou shalt not be to him as a creditor; neither shall ye lay upon him interest" (American Standard Version).

"Thou shalt not give him thy money upon interest, nor give him thy victuals for increase" (American Standard Version).

Cf., Psalms 15:1-5; Ezekiel 18:5-9 and Proverbs 28:8. The Old Testament also verifies that although the Jews were prohibited from taking interest, they were often guilty of falling into that

act. See Nehemiah 5:6-7 and Ezekiel 22:12.

Quoted from Abdelmoneim El-Gousi, "Riba, Islamic Law and Interest" (Ph.D. Dissertation, Temple University, 1982), p. 113.

Do such sayings represent a perfectionist code, an impossible ideal, an "interim ethic," or something else? Christian scholars have not been able to agree on the answer to this question. Cf., Lisa Sowle Cahill, *Love Your Enemies: Discipleship, Pacifism, and Just War Theory* (Minneapolis, MN: Fortress Press, 1994), p. 27.

A review of Aquinas' thoughts on interest may be found in Rodney Wilson, *Economics, Ethics and Religion: Jewish, Christian and Muslim Economic Thought* (Washington Square, New York: New York University Press, 1997), pp. 82-85. In reality, though, like much of the Christian thought on just war, Aquinas was heavily influenced by pre-Christian Greek and Roman thought.

El-Gousi, p. 114.

Cf., Anwar Iqbal Qureshi, *Islam and the Theory of Interest* (Lahore, Pakistan: Sh. Muhammad Ashraf Publications, 1974), p. 8.

Boehm Bawerk, *Capital and Interest* (1959), Vol. I, pp. 10-11, Quoted from Afzal-ur-Rahman, *Economic Doctrines of Islam* (Lahore, Pakistan: Islamic Publications Limited, 1976), vol. III, p. 11. Also see Qureshi, p. 6; El-Gousi, p. 114.