

## Usury Research Project -- D.W. Skubik

**Tentative Title:**     *The Past and Future History of Usury*

**Précis:**           The project comprises a tripartite study of usury. The first part is historico-theological in nature, tracing the original prohibitions of usury (charging any interest for loans) in all monotheistic faith traditions: Judaism, Christianity and Islam.

The second part of the study is socio-legal in nature, tracing controls on usury (now only excessive rates of interest) in religious and secular contexts.

The third part of the study will trace the likely trajectory of interest regimes and usury practices into the future, but concludes with prescriptive observations and theoretical speculations on what it would mean to proscribe usury within modern financial systems.

**Description:** Usury is both a long-lived social practice and apparent financial imperative given the economic systems and financial institutions with which we are familiar. Yet, the history of usury is checkered: it has not always been deemed acceptable practice; nor is it universally sanctioned even today.

In the first instance, usury seems once to have meant the charging/giving of any rate of interest on money or property loaned, no matter how minimal the value agreed between the parties. As commonly interpreted, the scriptures of all three principal monotheistic faiths (Judaism, Christianity, and Islam) prohibit the charging/giving of usury in any and all financial transactions, at least with regard to transactions between co-religionists. But this prohibition was loosened over time, until today we find usury defined and prohibited within most Judaic, Christian and secular societies as charging merely an excessive rate of interest, lower rates being sanctioned by both religious and secular authorities, and largely controlled by market-related and legal mechanisms.

For all that, there remains strong resistance to interest/usury practices on religious and economic grounds, with significant contemporary efforts being made—particularly within Islamic banking circles—to create viable alternatives to interest/usury practices with which we are conversant.

This research project then comprises a tripartite study of usury. The first part of the study proposed is historical and theological in nature, tracing grounds for the original prohibitions of usury (*viz.* the charging of any rate of interest on money or property loaned) in all three principal monotheistic faith traditions: Judaism, Christianity and Islam. The study then turns to subsequent interpretive strategies of Jewish and Christian leaders that led to initial reluctant permission and then positive support for usury in evolving financial networks under Judaism and Christianity during and since the Middle Ages. This history is compared with Islamic attempts then and now to maintain support for the theological prohibition in the light of financial conditions and needs, such as those experienced under contemporary pressures of globalization.

The second part of the study is historical and legal in nature, tracing socio-legal controls of what count as permissible rates of interest versus usury (now meaning only excessive rates of interest) in Judaic, Christian, and secular contexts. These findings are compared with Islamic societies' acquiescence to interest/usury practices, and attempts in the face of that acquiescence to craft alternative transactional methods and networks that could deliver equivalent financial services yet remain sensitive to the traditional Qur'anic prohibition.

The third and final part of the study will attempt to project the trajectory of interest regimes and usury practices into the future, and the likely sustainability of alternative Islamic practices. This part concludes with observations and theoretical speculations on what it would mean to reconsider Judaic and Christian proscriptions of usury in modern financial systems, and suggests whether and how viable Islamic alternatives might be extended to non-Islamic societies.

My current vision is a series of preliminary articles sketching each part, that would then be reframed as a single, continuous narrative in book form. (I am engaged in literature surveys attending each part at present, and would hope to complete those surveys during the coming academic year. An initial bibliography is attached.)

*Placement of this study amongst current literature on usury:* What is here designated part one of this research project has been well documented by past scholars. Works in the attached bibliography, such as those by Nelson and Noonan, lay out in great detail the evolution of usury debates in Christian settings during the Middle Ages. Though these two (and other) writers present interestingly conflicting stories and interpretations, and so leave reasonable room for construction of a narrative that better blends them into a more coherent picture of usury debates and practices, this part is admittedly more review oriented than expected presentation of new primary materials or breaking original interpretive ground. Beyond the addition of some Jewish and Islamic materials not usually canvassed in these prior works, this first part more simply sets the needed stage for parts two and three of this research project.

The focus of the second part proposed is little investigated in the available literature, especially with regard to outlining efforts resisting interest regimes under any of the monotheisms or in secular societies. I do expect to break some new interpretive ground, here, by gathering together for analysis primary and secondary materials not usually so combined.

The third part constitutes, to the best of my current knowledge of the literature, wholly new ground: apart from some modest efforts by Islamic religious and banking leaders, there has been no systematic attempt to create, evaluate and extend alternative practices to interest/usury regimes in the modern world. I present this part to operate prophetically with regard to practical theological debates about economic affairs, as well as to suggest a practicable challenge to current neo-classical economic theory and practice.