

*Are Your Credit Card Interest Rates Blasphemous? Usury in
Judeo-Christian-Islamic Perspective*

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Usury: Terms and Contexts

Terms for usury across languages of study:

Fenus or Foenus (Classical & Early Latin) / Usura (Later & Ecclesiastical Latin)

Tokos or Obolostatike (Greek)

Riba (Arabic)

Ribit (simple or customary excess; Hebrew)

Tarbit/Marbit (delayed or additional interest; Hebrew)

Neshekh (advanced or “biting” interest; Hebrew)

Related terms and contexts:

Interesse (or *quod interest*, Early & Later Latin for damages)

Corpus Juris Civilis = Roman or Civil Law

Corpus Juris Canonici = Canon Law

Lex humana (law given by emperor, tempered by humanity of those to whom it applies)

Mutuuum (form of contract for something that can be counted, measured or weighed; concerning thing that is consumed in its use; use and consumption are not distinct; distinguished from a *commodatum* or loan of specific thing to be returned, and *locatio* which is rent or hire of thing)

Ubi jus belli, ibi jus usurae (from St Ambrose)

Extrinsic titles: *damnum emergens* (loss or damage incurred), *lucrum cessans* (profit ceasing or lost)

Montes pietatis (low-interest public-maintained pawn shops)

Fynantze (German: negative connotation of unfair dealing in commerce)

Hebrew scriptural references to usury/interest:

Ex 22:24

Le 25: 36-37

De 23: 20-21

Ne 5: 7, 10

Ps 15:5

Pr 28:8

Is 24:2

Je 15:10

Ez 18:8, 13, 17; 22:12 [and 16:49, comparing Sodom and Jerusalem]

Christian scriptural references to usury/interest:

Mt 25:27

Lu 19:23 [and 6:35, concerning “lending”]

Islamic (Qur’anic) scriptural references to usury/interest:

2:275-278 [The Cow, Medina]

3:130 [Family of ‘Imran, Medina]

4:161 [Women, Medina]

30:39 [The Byzantines, Mecca]

Outline for talk

- I. Let me begin by putting this lecture in the context of my broader research project
 - a. I am studying usury—the charging and paying of interest for loans—across some 4.5 millenia of recorded history
 - b. I am investigating a range of economic, political, social-historical, religious and legal aspects of usury
 - c. This includes a comparative study across the 3 major monotheistic faiths: Judaism, Christianity, and Islam
 - d. Requires some work in five languages (Hebrew, Greek, Latin, Arabic, English)
 - e. Concluding with review of alternatives to usurious transactions in modern world: that is, if one were to take seriously the classical prohibition on usury as found in all the world’s major religions, what could we do?
 - f. Rather, let me give you a quick intro to usury, then move to some matters of credit cards in particular and modern finance in general; ending with a look at what these disparate matters might have to do with blasphemy. After all, the title of my talk asks about the blasphemous nature of credit card interest rates, not the usurious nature of the same. So there must be some connection, right? Let’s see.
- II. Discussion of usury
 - a. Definitions (*see slide*)
 - b. Statements by
 - c. Cato (2nd century BCE) – opposed lifting of luxury taxes; warned against luxury and power of Carthage, called Rome to war, which did sack it in 3rd Punic War
 - i. Cato is asked and gives his recommendations for the best ways of making money. When then asked, “What is to be said of making profit by usury?” Cato replied, “What is to be said of making profit by murder?” (drawn from Cicero’s 1st century BCE *De Officiis*, Book II, section 25)
 - ii. “It is true that to obtain money by trade is sometimes more profitable [than farming], were it not so hazardous; and likewise money-lending, if it were as honorable. Our ancestors held this view and embodied it in their laws, which required that the thief be mulcted double and the usurer fourfold; how much less desirable a citizen they considered the usurer than the thief, one may judge from this.” (from opening lines of Cato’s *De Agri Cultura* or *De Re Rustica*)
 - d. Dante (early 14th century) / Ezekiel
 - i. In his *Inferno* of *The Divine Comedy*, Dante is introduced to lower hell, levels 7-9. The 7th circle of violence is divided into 3 rings, ring 1 holding those who act against neighbor, ring 2 against self, with the lowest of the 3 rings holding those who do violence against God:

- ii. “Violence may be done against the Deity, by denying and blaspheming Him in the heart, and despising Nature and her goodness; and therefore the smallest ring seals with its mark both Sodom and Cahors, and all who speak contemning God in their heart.” (Canto XI, 46-52 [trans. Charles Singleton, 1970])
- iii. Usual commentary on this passage notes that both sets of actors act against nature, one by failing to propagate according to nature and the other propagating against nature. But I don’t think that’s the best way to understand what Dante, or his medieval readers, would or should have understood. Consider:
- iv. A bit further in the same Canto, Dante asks Virgil why “usury offends the divine Goodness” (96-97). The response is that, by Nature and by Art, “if you remember Genesis at the beginning, it behooves man to gain his bread and to prosper. But because the usurer takes another way, he contemns Nature in herself and in her follower, for he puts his hope elsewhere.” (106-111)
- v. Cf. Ezekiel’s explanation for the destruction of Sodom and so now of Jerusalem: “And look at the guilt of your sister Sodom: she and her daughters were proud, sated with food, complacent in their prosperity, and they gave no help to the poor and needy.” (Ez 16:49)
- vi. In short, the sin shared by both Sodom and Cahors is refusal to use wealth for the benefit of the community, especially the poor and needy
- e. Keynes (20th century) – a leading economist of 20th century
 - i. “Provisions against usury are amongst the most ancient economic practices of which we have record. ... I was brought up to believe that the attitude of the Medieval Church to the rate of interest was inherently absurd, and that the subtle discussions aimed at distinguishing the return on money-loans from the return to active investment were merely jesuitical attempts to find a practical escape from a foolish theory. But I now read these discussions as an honest intellectual effort to keep separate what the classical theory has inextricably confused together, namely, the rate of interest and the marginal efficiency of capital.” (*The General Theory of Employment Interest and Money*, at 351-352, 1936)
- f. Scriptures on Usury
 - i. Tanakh [*note differing verse attributions*]
 - ii. Qur’an
 - iii. Greek NT – the one episode noted is what is commonly called the “cleansing of the temple”: interesting since money-changing and money-management in temple precincts, like tax collecting, were typically equated with usury across cultures at this time

III. Historical Movement from Usury to Interest

- a. Usury is a practice as old as recorded history. It has always been condemned, controlled or banned, though it nevertheless always manages to continue. The oldest written records extant, from ~3000 BCE are Sumerian records of loans of grain and tax payments to sovereigns—indeed, it seems the development of writing and mathematical calculations are coextensive with financial transactions. Our very word, calendar, originally referred to a book of accounts or debt-book.
- b. The Code of Hammurabi set a maximum rate of interest and rules concerning who bore the cost of loans gone bad, like when bad weather destroyed crops by which payment was to be made; and the codes of Assyria strictly limited usury operations. In the 6th century BCE, Solon of Athens permitted usury, but abolished debt slavery. The Twelve Tables of Rome (c. 450 BCE) set the first formal annual percentage rate for loans, maximum at 12%; while the Genucian Laws of the 4th century BCE banned usury altogether between Roman citizens, not unlike the Jewish law prohibiting usury between Jews. This prohibition was then extended to all in 194 BCE. Caesar reintroduced permission for usury, reverting to 12% rule, and this was reduced to 6% by Justinian in the 6th century CE.
- c. Greek philosophers, like Plato and Aristotle, inveighed against the practice, but to little avail. The greatest debates amongst Christian church leaders was how to understand the relationship between church or canon law—which banned the practice, beginning with the council of Nicea in 325 CE for clerics—and state or civil law—which permitted the practice, though limited its reach.
- d. As noted in the passage from Dante, Cahors was known as a town where everyone was a usurer. Indeed, towns and sovereigns often gave charters to pawnshops, operating as the first banks, as often run by Lombards (northern Italians) as Jews.
- e. One significant problem for the church was Ambrose's claim that the Jews might by right engage in usury, since usury was a simple financial extension of war or mistreatment of enemies. Since the Jews and the Church were enemies, QED.
- f. In practice, what was known as "interesse"—a penalty for failure to repay a loan in a timely manner and often equaling a doubling of the loan amount, was transformed into interest—payment related to an extrinsic title associated with a loan on a mutuum.
- g. These external titles offered reasons for charging a fee in addition to the principal sum: the result being that the mutuum was interest-free, but the borrower still owed more than the principal to make up for, for example, loss or damage to the creditor because of the loan, or loss of profit on an investment that would have been made if the loan had not been made.
- h. With the Reformation, and Luther's and Calvin's revamped understanding of usury, the practice grew, so that it can be said that outside Roman Catholic church

circles, interest rate charges grew to become the norm in all financial transactions after the 16th century.

- i. This was a move from conceiving usury as *malum in se* to *malum prohibitum*: it was no longer wrongful in itself or a breach of nature or Christian doctrine; it was simply a practice subject to the customary rules of each society where financial transactions set the pace.
- IV. Discussion of credit cards
- a. Distinguish from charge cards, collateralized cards, debit cards
 - b. Growth of credit card usage
 - c. Court cases permitting/encouraging growth
 - d. Card companies and market share
- V. Discussion of credit in modern finance
- a. Equities, Bonds, and Derivatives (e.g. CDOs)
 - i. **Use paper slips here:** senior tranche (investment grade), mezzanine or junior tranche (lower investment grade or just below); basement or junk tranche (also known as “nuclear waste”). This is done with mortgages for homes, as well as a means for securitizing credit card debt, itself, shifting risk to others than banks
 - ii. *Synthetic CDOs* are like gambling on others’ CDO bets
 - b. Consumer credit
 - c. Liquidity vs. Solvency / Bankruptcy
 - d. Theories of interest rates: Just how are we to understand the rate of interest? We most often hear of the time-value of money, that money now is worth more than money later in time so the difference that equates them is interest, and so forth. But this is not right, as Keynes himself notes. (Consider deflationary Japan.)
 - e. A better theory about the rate of interest is what Keynes called liquidity preference. That is, interest represents the price an individual borrower is willing to pay to have more money now and so is willing to “mortgage the future” for the sake of current consumption (i.e. increase one’s current liquidity by privileging the present over the future), while it likewise represents the price an individual lender is willing to receive to decrease current liquidity or purchasing options, thereby privileging the future over the present. Where these wills meet is the rate at which the transaction can be done (at least if one assumes all else is equal, i.e. external constraints do not impinge on doing such deals, thereby raising or lowering expectations and interest rate schedules. Those complications we leave aside.)

- VI. Tie credit cards/usury to blasphemy
- a. Anti- as against (anti-freeze) or alternative/replacement (anti-matter), so anti-Christ is both against Christ and replacement for Christ, which is blasphemy
 - b. Credit is against nature, and so becomes blasphemous, in that it is
 - i. Selling / mortgaging time, which is not under our control
 - ii. Selling / mortgaging the future, which is likewise beyond our control
 - iii. Universal quantification is idealized – has us conceive of life as discrete, uniform moments of time, relating disparate goods and services or consumables, by discrete, uniform monetary units
 1. this leveling eliminates qualitative distinctions between goods and services in the society, and covers over whatever cannot be so related
 2. makes pervasive the value-neutrality of rational self-interest posited by *homo economicus*
 3. These are not merely theoretical points, but aspects of our conceptual lives that have impacts on our daily lives. Think of how we talk about, have developed metaphors about, these elements of life: we “save” time, we “redeem” time, we “spend” time, we “waste” time, we even “sell” time, like any other commodity over which we have control and so talk about in monetary terms, making money the measure of all things
 4. I’m reminded of a short story by Mark Twain, *The \$30,000 Bequest*, wherein a happily married, relatively comfortable, couple with two children, have a letter from a distant relative: [excerpt at 499]. The story then relates how they spend the subsequent years spiraling downwards, as they contemplate, imagine, and live in their minds what it will mean to have this money, from which they will make more money, and so forth. I won’t spoil the conclusion of the story by relating its end. The point is that just the imagining of money has dramatically altered them, corroding their lives, destroying their family’s happiness.
 - c. Are credit card interest rates blasphemous? Yes, but not because they are particularly high. They are problematic because they are part of a system of relations that leads us all to view one another and all things in monetary terms.
 - d. Let me conclude with a poem by Auden, “The Unknown Citizen”, that illustrates these issues from another angle.