

THE CHURCH'S ATTITUDE ON THE QUESTION OF INTEREST

In the broad field of literature may be found occasional statements which seem to furnish material for the building up of a strong case against the unchangableness of Catholic dogma. One class of these is used in attacking the Church's evident change of opinion with regard to the taking of interest. Usury was an enormous sin. It meant that to receive in return more money than was given in a loan was exceedingly unjust. The Jews of the Middle Ages laughed at this foolish notion of the Christians and grew rich by their money-lending. What an admirable instance of how the Catholic Church has ever been the enemy of true progress! Yet today Catholics vaunt the fact that they have lavishly invested in Liberty Bonds, and these yield interest. Their churches are built with borrowed money that can be obtained only by the paying of interest. If up to a century ago the taking of interest was sinful, how has it come about that this practice is so no longer? What other explanation can possibly be given than to say that her teaching on this point has in recent times been entirely reversed?

In attempting to show that no substantial change has occurred in the teaching of the Church on usury, we must examine not only the various authoritative pronouncements on the question, but take notice as well of modern economic conditions which today allow the taking of a fair amount of interest, to be considered as lying outside the restrictive pale of usury.

Among the various enactments given in the Jewish law for the relief of debtors, there is one which prohibits the taking of interest on a debt. Every seventh year among the Jews—known as their sabbatical year—was a time of jubilee, and during this period debtors were not haunted by the dread of creditors. The Jews were essentially an agricultural people and largely self-sufficing. That such a law was justified becomes evident when it is observed that what debts there were arose out of the natural conditions of a simple people; and it is not difficult to understand that debtors were worthy of assistance. If one man in time of need borrowed a bushel of barley from another, it was fair to require him to pay back no more than that amount.

The Book of Exodus contains the earliest prohibition of usury: "If thou lend money to any of my people that is poor, that dwelleth with thee, thou shalt not be hard upon them as an extortioner, nor oppress them with usuries."¹ In Leviticus we find words to the same effect: "If thy brother be impoverished and weak of hand, and thou receive him as a stranger and a sojourner, and he live with thee, take no usury from him nor more than thou gavest: fear thy God that thy brother may live with thee. Thou shalt not give him thy money on usury nor accept of him any increase of fruits."² Deuteronomy goes more into detail: "Thou shalt not lend to thy brother money to usury, nor corn nor any other thing but to the stranger. To thy brother thou shalt lend that which he wanteth, without usury: that the Lord thy God may bless thee in all thy works in the land thou shalt go in to possess."³ Exodus and Leviticus deal only with the poor, but in Deuteronomy the prohibition becomes universal, when there was a question of loan contracts between Jews. Usury then was regarded as unjust. While the Old Testament, therefore, absolutely prohibited usury between Israelite and Israelite, the practice was allowed between Jew and Gentile.

The New Testament is silent on the subject of usury except in Luke vi, 34 and 35, where we find an exhortation to benevolence: "And if you lend to them from whom you hope to receive, what thanks are to you? For sinners also lend to sinners to receive as much. But love ye your enemies; do good and lend, hoping for nothing thereby: and your reward shall be great and you shall be sons of the Highest: For He is kind to the unthankful and to the evil. Be ye therefore merciful as your Father also is merciful."

Among the early Christians borrowing was unnecessary, since in those days there was a tendency towards Christian communism. Besides, some of the Jewish hatred for it must have survived. Clement of Alexandria, who considered the Mosaic code the source of all ethics, remarks: "The law forbids a brother from taking usury."⁴ Not only should Christians refrain from taking usury, but they should receive the needy with open arms and minister to their wants. The illegality with Clement, then,

¹ Exodus XXII, 25.

² Leviticus XXV, 35-37.

³ Deuteronomy XXIII, 19 and 20.

⁴ Stromata, Bk. 2, Cap. 18.

is based on charity, for he does not consider usury intrinsically unjust. St. Jerome and St. Augustine also forbid it as contrary to charity, and in some cases contrary to justice. Until the fifth century all that can be inferred from the Fathers and ecclesiastical writers is that it is opposed to mercy and humanity to demand interest from a poor and needy man. The Fathers only condemned interest when the poor were compelled to submit to it in order to satisfy the cupidity of the rich.

Usury was first legislated against at the Council of Elvira in the year 305. By the laws of this council a cleric should be excommunicated for the practice of usury, and lay persons who persevered in the practice were to be treated likewise. The councils of Carthage and Nice also condemned usury for the clergy, but neither legislated for the laity. The second Lateran Council, convened by Innocent II in 1139, condemns usury in the following terms: "We denounce that detestable and disgraceful rapacity, condemned alike by human and divine law, by the Old and the New Testament that insatiable rapacity of usurers whom we hereby cut off from all ecclesiastical consolation: and we ordain that no archbishop, that no bishop, abbot or cleric, shall presume to receive back usurers except with the greatest caution; that, on the contrary, usurers are to be regarded as infamous, and shall, if they do not repent, be deprived of Christian burial." But evidently even such penalties as these were unable to put a stop to the abuse, for usurers still persisted in their evil doings to such an extent that in 1179 the Lateran Council of that year saw fit to denounce it in the same terms. The warnings of this council were also disregarded. After a time the Council of Vienne, 1311, declared that all persons obstinately maintaining that there was no sin in the practice of usury should be considered heretics and punished as such.

All medieval theologians and canonists substantially agree with the views of St. Thomas on the subject of usury. St. Thomas held that money when used in business would become the occasion of legitimate gain, but that this gain was due to the labor of the user and belonged to him, rather than to the inactive lender. "Res fructificat domino" i. e., that money once lent becomes the property of the new possessor and therefore its fruits should belong to him. However, if the original owner of the money shared in the risk, he could claim a part of the profits. It was on this condition only that the lender could claim a part of

the profits. "To take interest for the money lent is unjust in itself, for that is to sell what does not exist and evidently leads to inequality, which is contrary to justice."⁵ "A lender may without sin enter into an agreement with the borrower for compensation for the loss he incurs of something he ought to have, for this is not to sell the use of money but to avoid a loss."⁶ Though for a loan, as such, nothing may be taken, still the lender may demand something on other grounds. That is, St. Thomas admits that foreseen losses may be made the matter of a special contract outside the regular "mutuum," and herein he supports a part of the modern theory about lawful interest.

When St. Thomas lived the economic order was very different than that of today. In those days, there was no great class of idle rich who drew from society immense sums in the form of interest without themselves performing any labor or undergoing some risk. In the Middle Ages labor and risk were the only recognized titles to gain. Interest was not allowed, because money was not considered productive. And even if the modern view of the utility of money had then obtained, it would not necessarily have justified the taking of interest on a loan. The public welfare is a more important factor than the arbitrary views of men as to the nature of money. In the earlier part of the Middle Ages the amount of money, the opportunities for investment, the number of persons receiving large incomes, the extent of commerce, and use of productive goods generally, were all comparatively small. Moreover, rent-payers were few and their payments were at a low rate. Under such conditions, all gains and incomes of whatever class could be sufficiently explained and justified by the titles of labor and risk.

With the progress toward the modern state of society in which the growth and concentration of capital and increase of credit figure so prominently, we find the Church's right prohibition of interest giving way to the extent that finally there is no opposition to the taking of the legal rate of interest authorized by civil governments. And, moreover, the modern theory of the virtual productivity of money was practically accepted. This has come about because money is so readily convertible into productive capital. The money lender is considered as having just as much right to interest as the owner of productive capital has to

⁵ Summa IIa IIae, Q 78, a2.

⁶ *ibidem*.

the return of his capital. The Holy See practically admits the lawfulness of interest on loans even for ecclesiastical property, though it has issued no decree on the subject. The best reason for justifying interest on capital is that it is required by social utility. Society must have sufficient capital, and it is very probable that if interest were abolished capital would be wanting. Accordingly, since the use of money now has its value as well as the use of anything else, the Church on this ground allows the taking of interest on a loan. Nowadays the facility of making profitable investments on savings is much greater than formerly; that is why true value is always attached to the use of money. A lender during the time of a loan deprives himself of a valuable thing for the price of which he is compensated by the interest. Hence it is as correct to permit interest on money today when the open field of investment gives it its value, as it was lawful to condemn it at a time when profitable investments were almost non-existent.

A careful examination of the Catholic Church's policy will reveal that she has acted sanely and philanthropically. She can defend her doctrines, she can maintain she has not injured commerce, she can boast that she has saved the poor and needy from violent hands of the avaricious. In the light of what has been said it will be possible to give a convincing reply to those who would say that the Church has changed her doctrine on the subject of usury. The Fathers condemned usury as uncharitable and in some cases as unjust. The councils of the Church pronounced on it with no uncertain voice. At Vienne, the council condemned as heretical the proposition: "that it is permitted to take interest on a loan." What was heresy in the days of Vienne is heresy no longer. Yet the Church's doctrine has not changed. It has but gone through a process of development. The sin of usury still exists, but a specific action which formerly constituted an offense under that head is now looked upon as lawful. The essence of usury consists in making unjust exactions for benefits conferred. A loan is a gratuitous contract implying an exchange of equals. In former times, if a man at the end of a year asked a return of something above a hundred dollars he had loaned for that length of time it would be usury, for his hundred dollars would be worth no more at the end of year than at the beginning. But today he would be allowed in addition to his hundred dollars the normal rate of interest, because in the modern condition of things his

money would at the end of the year have increased that much in value. So what has changed is not the teaching of the Church but the view with regard to the nature of money. The "barren metal" of other days has now become prolific, and interest is declared to be its legitimate offspring. What was antagonistic to social well-being in the Middle Ages is expedient now. Under the system that prevailed then the taking of interest worked an injustice and was accordingly stigmatised as usury. Today a money loan that brings a fair return in the way of interest has undoubted advantages for society and works no hardship and accordingly cannot be called sinful.

The Church is the same today as she has ever been throughout the whole process. Restore the Middle Ages and she could with logic once more exact all the old repressive measures. The Church's policy has found distinguished defenders even among Protestant authorities. The change of the attitude of the Church was not brought about through fear of greater evils, but was due entirely to a change in the economic order that made necessary the present attitude.

—Bro. Lawrence Vander Heyden, O. P.

IN GOD'S FIRST TEMPLE

I rested on a fallen oak tree's arm
 One day, half lost amid some Gothic spires
 Of pine. From out the mist where day retires,
 A great rose-windowed sunset shed its warm
 Soft rays of gold, and o'er me fell the charm
 Of incense, as the sylvan feathered friars
 Intoned a grand Magnificat from choirs
 Of wooded hills across the lowland farm.

Though few, I thought, in marts amid the shriek
 Of iron throats may share the cloister's hush
 Where anthems rise that Cherubim applaud,
 Yet fewer still are those who may not seek
 The templed wood where man's impassioned rush
 Has not erased the finger prints of God.

—Bro. Constantius Werner, O. P.