

INTEREST AND USURY IN CHRISTIAN ETHICS

Josip Jelenić

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Introduction

Modern lives clearly have both economic and monetary dimensions. People create, work, produce and spend. A free market stimulates exchange, buying and selling; these activities are supposed to make people contented and give them a sense of joy, satisfaction and value on the personal and social level. This is all part of life in conformity with God's intentions for man. But the question remains, is this *the right way* to carry out these activities, in keeping with God's providence? If they are performed in a way that respects human beings, their dignity and fundamental ethical values, then the answer will be affirmative. But if the principles of a free-market economy mean that not only the product of human work, but also man himself, becomes something to be bought and sold, then the answer is negative. In that case, the source of happiness and self-fulfilment becomes a source of destruction, and the market brings prosperity to some but misfortune and misery to others. In this way the mentality and habits of consumerism become a temptation and a challenge for anyone who wants to remain free in spirit as a person and a member of human society, as a citizen and as a Christian.

In the unrestrained pursuit of profits, elementary courtesy and respect for others are often infringed. The sense of justice is lost. Open or hidden greed is the only rule of action. In such an environment, individuals and banks often use illicit and illegal means to achieve their goals. One such means is to charge high and dishonest rates of interest amounting to usury; this legalizes a division between those who become richer and richer and those who are losing the little they had.

Christian ethics condemns usury, that is, the charging of unjust interest. It is morally wrong to become rich through someone else's neediness, especially if basic human needs and rights are involved. The purpose of this conference is to interpret the position of Christian ethics on interest and usury

in the context of modern economic systems. I wish to call attention to the importance of Christian ethics in evaluating an economic system, with a view to building up a system that would be to the advantage of human beings rather than taking advantage of them.

1. *The capitalist system and modern economy*

Modern economy is a synonym for a *free-market* economy; so that now it is practically impossible to think outside the categories of the free market. The free market has not only become the main form of economy, but it is also imposed as a criterion of evaluation. What is involved is a complex system of human activity: free choice and responsibility, authority and service, enrichment and impoverishment, generosity and selfishness, avarice and open-handedness, sinful structures and the transparency of human intentions. This system must be our starting point and framework in thinking about interests and usury, both as a phenomenon and as *a consequence of free human choice and action*.¹

We may think of economy in the framework of a capitalistic system which is presented as the only option. For a better understanding of modern economics, and of the genesis of capital, loans, interest and usury, it is necessary to know something of how the capitalistic system functions. In my opinion, which must here be stated briefly, there are two main elements at the basis of this system, which have determined its nature and the direction of its development, at least up to the present.

First of all, the capitalistic system is based on “the division between those who own capital and those who possess only their own ability to work”.² The separation of these two groups determines the social relationship of payment, which enables capital to acquire the *additional value* of the work, turned into profit through sale of goods, and then invested in the process by which capital itself accumulates.³

Secondly, capitalism is an *economy of money*. It is often overlooked that money does not only serve for the exchange of goods, but also for the accumulation of capital. Further, it seems that this is the decisive factor in the

1 Concerning the interpretation of capitalist system and capitalist economy see, for example, M. Novak, *L'etica cattolica e lo spirito del capitalismo*, Edizioni di comunità, Milano 1994, p. 125–157.

2 Cf. Salutati, L. *Finanza e debito dei paesi poveri*, EDB, 2003, p. 257.

3 Idem, p. 237. Cf. Putnam, R. D., *Capitale sociale e individualismo*, Il Mulino, Bologna 2004, p. 235.

development of the capitalistic economy. Without money, from the macroeconomic point of view, there is no accumulation of capital. (During a certain period, with the sale of goods, only that part which is anticipated in the form of salaries and the means of production is accumulated). For the capital to produce accumulated gain, a greater amount of money must be in circulation. This need is met by loans from banks which anticipate profits by releasing additional amounts of money into circulation, thus increasing capital itself. Such *financing* is the constituent element of capitalist accumulation. The core of the capitalist economy is *money*.⁴

We can add that, because of the requirements of competition, accumulation requires a permanent innovation in the process of production, with rapid obsolescence of machinery, “which is usually not in favour of salary and employment: with such innovation some get richer and others get poorer”.⁵

What are the *fruits* of the modern economic system just described? It allows the acquisition of profits from a *false income*. It has *the negative effect of inflation and diminishes general purchasing power*, and its cost usually falls on those who are poorer. It enables *the transfer of real income* from one group (the poor) to another (the rich) who do not have a real right to this. The principle of just prices in the competitive market is infringed because the system acts as a monopoly. It applies the principle of a struggle between classes (characteristic of liberal economics, while also having a social meaning), and this means a further step from the rivalry of free competition towards monopolistic behaviour. This ignores the primacy of work over capital (cf. LE 12) and disregards the principles of distributive, legal, and contributive justice, especially regarding the division of profits. It also disregarded the principle that “the goods of this world are *originally meant for all*” (cf. SRS 42). It does not recognise the principle of subsidiarity as a standard of organisation. It does not promote the common good. It allows and enables the stronger part in the contract to gain from the misery of others (cf. SRS 37).

The visible consequences of this logic are: the creation of financial oligarchies, the accumulation of debts, economic crisis, usury (which is on the increase), and debt–crisis (closely related to the crisis of the entire capitalistic system). At the same time, the economy of the world is more and more under the control of invisible financial capital. We are witnesses to the systematic exploitation of the poor through the usurious management of the economic–financial structure which, as a result, becomes more and more a “structure of sin” (cf. SRS 36), that is, a mechanism which is perverse and which only maintains and prolongs poverty.

4 Cf. Salutati, p. 258.

5 Idem, p. 258.

1.1 Money, loans, interest

Lending at interest, and therefore usury also, is closely related to the introduction of money, which soon became of the “ruler” among economic goods and the obligatory standard of measurement; the introduction of money as a means of exchange has changed the whole of economic life.⁶ Up to the 17th century, and even later, wealth meant the possession of goods: fields, animals, buildings, forests, and so on. With the growth of exchange, the role of money increases more and more, both in the form of currency and in the form of letters of credit. Thus, “money in any form becomes wealth, because it can transform itself into any kind of good”.⁷ Besides, the emerging of towns and markets gave a dynamic character to the whole of economic life, with a transitional from a static to a dynamic economy.⁸

In a dynamic economy, “goods are valuable only if they can be sold”: possession enables selling, and selling brings profit.⁹ Selling is done in different ways. These include investment, and also loans or credits within the monetary-economic system. The interests are closely related to the loan or to the credit.

Interest is “a recompense this is given for using borrowed replacement-values for a certain period. Usually it is associated with money”.¹⁰ Interest is thus linked to a loan, to borrowing and lending, and so to the needs or poverty of the one who borrows, while at the same time offering the possibility of wealth to the lender.¹¹ This is part of the regular and understandable exercise of economic and monetary relations between people. Requesting and giving loans is, indeed, one of the inevitable ways of stimulating economic development and growth at the present time.

6 Cf. Macario, F. e Manna A., a cura di, *Mercato del credito e usura*, Milano–Doo. A. Giuffrè editore, 2002, p. 10–11. (The work will be cited as Macario–Manna).

7 Cf. Salutati, p. 135–136; D’Ambrosio R. — Viti D., “L’istituzione di una banca etica in Italia. Note etiche ed eredità storica” in *Rivista di Scienze Religiose*, Anno XII, no 2/11998, p. 340.

8 Cf. Galbraight J. K., *Storia della economia* (Superburg Saggi), Rizzoli, Milano 2000.

9 Cf. Salutati, p. 139.

10 Cf. *Ekonomski leksikon* (Lexicon of Economics), LZ “Miroslav Krleža” and Massmedia, Zagreb 1995, p. 372. (Further as EL).

11 Loan: “that what is given or taken with the commitment to be returned; economic relation in whom the lender gives to a borrower an amount of money or a certain quantity of goods... The loan can be charged or free, i. e. with paying the certain interests” (Idem, p. 989). *Credit*: “certain amount of money which a financial organization, bank or similar, concedes as a creditor (lender) to a person (debtor or borrower) with the commitment of returning them at the settlement date and paying related compensation–interest” (Idem p. 437).

>From the viewpoint of economic science and practice, credits and loans are something positive. Moreover, the modern system of banking encourages credit, with greater or lesser interests. Hence, as long as people work, produce, exchange, sell and buy, in a situation of economic stratification, the borrower and the lender will be unavoidable factors of economic development and human growth.

1.2 Usury

This is a phenomenon that is inexorably linked with borrowing and lending. In the Croatian language, it is usually defined as “lending money to one in need, at a high rate of interest”, the loan being secured through real estate or other collateral.¹² The terms “need” or “necessity” and “high interests” suggest that this practice does not involve normal conditions and ordinary practice, but is a negative phenomenon, which enables one person to get rich through the impoverishment of others.¹³ Therefore the usurer is defined as “a person who lends money to others, at an exorbitantly high interest, usually at an unlawfully high rate. He usually benefits from the difficulty of others ...”¹⁴ It is not unusual for economists to consider such behaviour as illicit and immoral, leading to the conclusion that the tissue of economic relations has been for the greater part invaded by metastases of usury.¹⁵

It would be very useful if one could describe the situation regarding usury in Croatian society. From what we know from the daily newspapers, and what we know of the real economic situation of the majority of the people, on the one hand, and on the basis of the behaviour of financial capital (banks and private enterprise) on the other hand, it seems that we have quickly learned the art of usury.¹⁶

2. *Usury in Christian ethics*

The attitude and behaviour of the Church regarding interest and usury has to be understood in relation to the circumstances and the level of economic and social development in different historical periods. In other words, theorizing

12 Idem, p. 457.

13 Cf. Millman, G. J., *Finanza barbara, Il nuovo mercato mondiale dei capitali*, Garzanti 1996.

14 Cf. EL, p. 1003.

15 Cf. Bryan L. — Farrell D. *Mercato senza confini*, Sperling&Kupfer Editori, Milano 1996. Cuffeddu R., *Margini del liberalismo*, Rubbettino 2003.

16 As far as I know there is no study regarding usury in the Croatian society. Besides, it would be interesting to know publicly who are the usurers: politicians, businessmen, bankers or...

about usury is not possible outside the social and cultural contexts of the past. The evolution of the concept of usury shows a close interdependence with other sectors of human action. This leads us from mysticism to commercial practice and the emergence and development of the capitalistic system.¹⁷

2.1 The Old and the New Testament

Historically, the first normative testimony about usury is found in the laws of Hammurabi, between the 20th and the 18th centuries BC.¹⁸ The condemnation of usury by the Israelites is based on social reasons. The relation between the lender and borrower is defined as one of servitude, of slave and master: “The rich rules over the poor, and the borrower is the slave of the lender (Prov 22, 7). The ultimate reason for the absolute ban on lending at interest is reverence and gratitude to Yahweh: “And if your brother becomes poor and cannot maintain himself with you, you shall maintain him as a stranger and a sojourner. Take no interest from him or increase, but fear your God; that your brother may live beside you. You shall not lend him your money at interest, nor give him your food for profit. I am the Lord your God, who brought you forth out of the land of Egypt to give you the land of Canaan, and to be your God (Lev 25, 35–38).

By the seventh century BC, the sociological political and economic life of Israel had changed. It is still prohibited to lend to Israelites at interest, but this no longer holds in relation to foreigners: “You shall not lend upon interest to your brother, interest on money, interest on victuals, interest on anything that is lend for interest. To a foreigner you may lend upon interest, but to your brother you shall not lend upon interest; that the Lord your God may bless you in all that you undertake in the land which you are entering to take possession of it (Deut 23, 19–20).

The consolidation and spread of commerce and trade leads to a greater practice of lending at interest, and religious norms tend to be adapted to economic reality. The difference between interest and usury is mentioned for the first time: “If a man is righteous and does what is lawful and right... does not lend at interest or take any increase... he is righteous” (Ezek 18, 5–9).¹⁹ It seems that the logic of adapting laws to reality explains this transition with the proviso that between the lender and the borrower there should be a relation of

17 More about this in Macario–Manna, pp. 19–20.

18 Cf. *Il Codice di Hammurabi*, art. 48–51, 66, 91 in Salutati, pp. 19–20.

19 Considering the application of the quoted biblical textes, see: Nelson B., *The Idea of Usury. From Tribal Brotherhood to Universal Otherhood*, Chicago 1992.; Weber M., *Storia economica*, Donixelli. Ed. 1993, p. 232.

reciprocal respect and charity: the charity of the lender, but also the respect and obligation of the borrower to return what he has borrowed: “He that shows mercy will lend to his neighbour... Lend to your neighbour in the time of his need; and in turn, repay your neighbour promptly. Confirm your word and keep faith with him... Many persons regard a loan as a windfall, and cause trouble to those who help them. A man will kiss another’s hands until he gets a loan, and will lower his voice in speaking of his neighbour’s money; but at the time for repayment he will delay, and will pay in words of unconcern, and will find fault with the time. If the lender exerts pressure, he will hardly get back half, and will regard that as a windfall. If he does not, the borrower has robbed him of his money, and he has needlessly made him his enemy; he will repay him with curses and reproaches, and instead of glory will repay him with dishonour. Because of such wickedness, therefore, many have refused to lend; they have been afraid of being defrauded needlessly” (Sir 29, 1–7).

In the New Testament, since Christ did not come to change the laws, the principles of the Old Testament are still valid, including *a priori* those about interest and usury: “... and do not refuse him who would borrow from you” (Mt 5, 42).

2.2 The Church Fathers, the Scholastics, and *Vix Pervenit*

The thought of the Church Fathers about interest and usury starts from the conviction that *the goods of this world are originally meant for all*.²⁰ They condemn the injustices caused by the abuse of wealth. Their theological framework is a belief that the one who possesses goods is only an administrator in the name of God. Clement of Alexandria emphasises that wealth in itself is not to be condemned; what is important is whether it is used well or badly.²¹ St Ambrose teaches that the earth belongs to everyone, and not only to the rich.²² The same opinion is expressed by St Basil, on the grounds that God established goods for all of humanity, so that “they are given to some in order to be shared with the others”.²³

In keeping with the tradition, the Fathers of the Church strongly condemn usury: this is an abuse of wealth. Thus, for example, John Chrysostom considers landowners as worse than barbarians because “they continually invent

20 Cf. Salutati, p. 2003. References regarding the Fathers of the Church will follow Salutati.

21 Clement of Alexandria, *Quis dives salvetur*, 14. in Salutati, p. 106, note 143.

22 St. Ambrose, *De Nabuthe Jezrealita*, 11: in Salutati, p. 106, note 144.

23 St. Basil, Ep. CCXXXVI, 7 in Salutati, p. 107, note 148.

new forms of usury that are against even pagan laws".²⁴ St Gregory of Nyssa states that usury is a sin against nature.²⁵

From the examples given, one can see that the Church Fathers strongly condemn lending at interest, while recalling the duty of lending without interest. Further, they condemn usury because it is against justice and charity. Material goods act achieve their purpose only through community and solidarity.

Since the fourth century the Councils of the Church teach that usury is sinful; and therefore it is especially forbidden to clerics. The Council of Clichy (622 AD) extends the prohibition of usury also to laymen, and in the year 832 AD, Lothar commands *missi dominici* to find the usurers and to hand them over to the local bishops so that they can be punished properly.²⁶

The scholastics also developed a doctrine about interest and usury. This began with the claim that only work can justify profit, while money is merely a means of exchange and therefore unable to produce fruits, i. e. real profit. St Thomas Aquinas, for example, teaches that money is only a formal instrument of measurement. Consequently, usury is not a sin because it is prohibited, but it has been prohibited because it is contrary to the natural Law and is a sin in itself.²⁷

Scholasticism developed over time and formed a theory about interests according to which every surplus that the borrower gives to the lender is considered as usury. Every contract which brings exaggerated profit, not justified by work, is always seen as like usury, *turpe lucrum*. In a brief, all usury is to be condemned, and this is according to Divine law.²⁸

However, the beginning of commercial capitalism posed new questions for the whole of economic life, and encouraged the search for new solutions. So scholastic thinking also developed in a positive sense, allowing for just interests and so also a profit that is not usury. This marks the end of the scholastic period.

A crucial point in the teaching of the Church on loans, interests and usury is marked by the Bull of Benedict XIV, *Vix Pervenit* (1745) which basically

24 St. John Chrysostom..., in *Salutati*, p. 108, note 149.

25 St. Basil condemns usurer: "You do not stop to shout, every day you ask for more. If the borrower is making an oath, you do not trust him. You are looking for his possession; you are standing in front of his house and banging on the door. You are humiliating him in front of his wife and friends. You molest him in public and makes him life intolerable." in *Macario e Manna*, p. 29.

26 Cf. *Salutati*, pp. 113–114.

27 *Idem*, p. 120, note 206; p. 122, note 216.

28 Cf. Vidal M., *Manuale di etica teologica 3: Morale sociale*, Cittadella Editrice, Assisi 1997, pp. 551–552).

concerns principles about the use of money, already in existence and in practice, and a condemnation of usury. In this Bull, the conditions by which one acquires a right to interest, namely the risk involved (*periculum sortis*), the possible loss of money (*damnum emergens*), the interruption of profit (*lucrum cessans*), the reward for work (*stipendium laboris*), and the degree of insecurity (*ratio incertitudinis*), are defined.

Benedict XIV considers usury to be a sin.²⁹ The sin of usury continues to exist because it results from interest as such. But the licitness of paying a determined sum as a supplement to the capital (for the development of trade or as compensation for loss) is accepted. There has to be a condition of equality between the contracting parties. It is forbidden to demand “strange” or exaggerated interest. The importance and the influence of this Bull can be seen from the fact that these principles regarding usury were extended to the whole Church by a Decree of the Holy Office on July 28, 1835. We may add that Benedict XIV avoids, and asks others to avoid, exaggeration in either the condemnation or the approval of loans, interests, or usury.

After *Vix Pervenit*, the French Constituent Assembly issued a decree on October 12, 1789, which made a distinction between legal interests (understood as a minimal compensation for goods) and usury (interests which are greater than is legally allowed and so are punishable).

Leo XII in *Charitate Christiana* (1825) writes of usury as a widespread iniquity and calls for a struggle against the usurers who steal from and destroy the poor; he proposes again the establishment of funds to assist those in need. In his concern for the poor, Leo XII approves of lending but condemns exaggerated interests.³⁰

In 1873, the Congregation for the Propagation of the Faith accepted the assumption that interests which have been determined as fair in civil law are to be considered justified. Since then the Church has limited itself to condemning exaggerated or unfair interests.

2.3 The Contemporary Period

Before analysing the social Encyclicals from *Rerum Novarum* to *Centesimus Annus*, I wish to recall briefly two basic points.

First, for centuries the Church condemned all lending at interest, on the basis of a conviction that money is sterile and nothing more than an instrument of exchange. The change came when theologians understood that mo-

29 Cf. Vismara P., *Oltre l'usura. La Chiesa moderna e il prestito a interesse*, Rubbettino Ed., Roma 2004, pp. 76–89.

30 More about it in *Salutati*, p. 143...

ney, besides being a means of exchange, also has a functional value, on the basis of which lending at interest could be accepted.³¹

Secondly, in the period from *Rerum Novarum* to the present, the teaching of the Church analyses, judges and the value its problems of interest in usury in relation to the dignity of the person, the public good, solidarity, and merciful love. In other words, the dignity of the person, the care for the of universal good, the promotion of solidarity among men, of justice and of merciful love, became principles and criteria for judging the institution of borrowing at interest and so also usury. We should not forget that interest, depending on its concrete reality, can be considered as justified, or as illegal and unjustified.

Leo XIII in *Rerum Novarum* (1891) calls attention to various causes of poverty and misery among workers, including “rapacious usury, which, although more than once condemned by the Church, is nevertheless, under a different form but with the same guilt, still practised by avaricious and grasping men” (no. 2).³² In no. 17, Leo considers the inhuman behaviour of banks in organizing loans: “Finally, the rich must religiously refrain from cutting down the workman’s earnings, either by force, fraud, or by usurious dealing”. In the same place he sharply condemns making profit out of the need of another.

Pius XI in *Quadragesimo Anno* (1931), describing the conditions of his time, observes that the capitalistic economic system has “penetrated everywhere” (n. 103) and is especially seen in changed relations between workers and capital (nos. 101–2) and in the concentration of wealth in the hands of a few nos. 105)–108) who have “immense power and despotic economic domination” (105), a power “which becomes particularly irresistible when exercised by those who, because they hold and control money, are able also to govern credit and determine its allotment. For that reason supplying so to speak, the life–blood to the entire economic body, grasping, as it were, in their hands the very soul of the economy, so that no one dare breathe against their will” (106). Something similar has occurred on the international level where, along with economic imperialism there exists “*a no less noxious and detestable ‘internationalism’ or ‘international imperialism’ in financial affairs, which holds that where a man’s fortune is, there is his country*” (109). Among the many causes of such conditions and behaviour, we must include the spirit of individualism (109) and of “unrestrained free competition” leading to struggle and rivalry (107) and further evils.

31 Cf. Vidal M., *Manuale di teologia morale 3*, ..., pp. 551–554.

32 The encyclicals are quoted according to Spiazzi R., edited by, *I documenti sociali della Chiesa vol I, II*, Massimo, Milano 1987.

That Pius XI condemns the abuse of interest, but not the institution of interest itself, can be indirectly concluded from the text in which he describes possible solutions to contemporary problems. Reciprocal exchange between men through loans, credits and interests “must be regulated according to the laws of strict justice, called commutative justice, supported however by Christian charity” (110); these are conditions of respecting the dignity of the human person.

Thirty years later, John XXIII reached a similar conclusion in the Encyclical *Mater et Magistra* (1961), in which he interprets *Quadragesimo Anno*. John XXIII considers the corruption of the socio-economic system in the time of Pius XI, including that of the institution of interest, as a consequence of the opinion which “... held that no connection existed between economic and moral laws. Wherefore, those engaged in economic activity need look no farther than their own gain... Interest on capital... [was] to be determined purely mechanically by the laws of the marketplace” (MM, no. 11).

Dealing with the obligation to increase capital, according to the laws of reciprocal justice, John XXIII includes those who have contributed to capital for the sake of interest (MM, 81); this implies the acceptance of the institution of interest in all economic relations. The Pope speaks of capital with suitable interest in the context of agriculture: “*Wherefore, the general welfare requires that public authorities not merely make special provision for agricultural financing, but also for establishment of banks that provide capital fo farmers at reasonable rates of interest*” (MM, 134).

In no. 165, the Pope resolutely demands that international banks, together with nations and private citizens, should make loans to enable production in developing countries. The Pope, therefore, approves of such loans, but only with the purpose of helping those in need. He does not speak of profit to the lender. He condemns greed and excessive interests.

Paul VI, in *Populorum Progressio* (1967) deals indirectly with excessive interests within the framework of a recommendation to establish a “World Fund” by redirecting money which at present is spent for military purposes; this would promote the development of the poor through appropriate loans at reasonable interest.

In this way, the usual practice of giving loans to the needy at high rates of interest would be by-passed (PP 51–54). “*A dialogue between those who contribute aid and those who receive it will permit a well-balanced assessment of the support to be provided, taking into consideration not only the generosity and the available wealth of the donor nations, but also the real needs of the receiving countries and the use to which the financial assistance can be put... Rates of interest and time for the repayment of the loan could be so arranged as not to be too great a burden on either party, taking into account free gifts, interest-free or low-interest loans, and the time needed for liquidating the*

debts. The donors could certainly ask for assurances as to how the money will be used. It should be used for some mutually acceptable purpose and with reasonable hope of success, for there is no question of backing idlers and parasites.... In other words, what is needed is mutual cooperation among nations, freely undertaken, where each enjoys equal dignity and can help to shape a world community truly worthy of man" (PP 54).

In *Octogesima Adveniens* (1971) Paul VI calls for a revision of the relationships between nations, explicitly mentioning the world monetary system whose activity must be guided by the principles of justice and solidarity (OA 43).

John Paul II expresses a similar thought in *Redemptor Hominis* (1979), pointing to abuses in "the financial, monetary, production and commercial mechanisms" and calling for their regulation by basic ethical standards (RH 16).

In *Sollicitudo rei socialis* (1987) John Paul II warns of the emergence of "structures of sin" (SRS 36), whose expressions are "the all-consuming desire for profit [and] the thirst for power" (SRS 37. 1); he calls especially for a reform of the world monetary system, which is "marked by an excessive fluctuation of exchange rates and interest rates, to the detriment of the balance of payments and the debt situation of the poorer countries" (SRS 43).³³

John Paul II is aware of the fact that without ethical principles there is no true solution to the problems of the contemporary world: "the experience of recent years shows that unless all the considerable body of resources and potential at man's disposal is guided by a moral understanding and by an orientation towards the true good of the human race, it easily turns against man to oppress him" (SRS 28).

From the texts cited, it is clearly imperative for the whole Christian community to take a qualitative step forward in understanding the use of wealth and the modes of its acquisition, on the basis that the goods of this world are originally meant for all (PP 22–24; SRS 28, 31, 42; CA 30), the equal dignity of all men (RN 29, QA 5, MM59, PT 3), and in a spirit of dialogue and solidarity (GS 21, 90b, 92cde, LE 8b). In this context it is interesting to not certain changes, also in the liberal lay world, in relation to world financial institutions and the principle of solidarity.

Furthermore, in the thought of John Paul II, questions and problems concerning money, loans, interests and usury must be posed, and their solutions sought, in the framework of a correct scale of values. The Pope claims that in

33 On this subject see also: Soros G., *La minaccia capitalista*, Reser, Milano 1997, *La crisi del capitalismo globale*, Ponte alle Grazie, Milano 1999; Cammilleri R. & Tedeschi G. E., *Denaro e paradiso*, Piemme, 2004; Latouche S., *Justice sans limites. Le défi de l'éthique dans une économie mondialisée*, Librairie Arthème Fayard, Paris 2003.

the contemporary world “having” is treated as more important than “being” (cf. SRS 31–8; CA 36, 58). In economic terms, this means that capital has priority over work. Accordingly, the dogma of liberal capitalism dominates economic activities, that is to say, the right of money or capital which always and everywhere produces interest or profit, so that nobody remembers that it is not money which produces money, but rather ability and creativity expressed in work. Man’s “labour is always a primary *efficient cause*, while capital, the whole collection of means of production, remains a mere *instrument* or instrumental cause” (LE, 12).

Speaking of “urgent measures” which would establish a correct scale of values, the Pope warns of the danger that the world monetary system could become a dominant mechanism whose only purpose would be its own growth and expansion without regard to man and his dignity (cf. SRS 43).

From the texts referred to, it is clear that the questions of money, loans, interests and usury have often been treated the, directly or indirectly, in the documents of the Church. It must also be said that the Catholic approach to interest and usury has been (coming) late. I think first of all of a theological and economic evaluation of achievements which have contributed to the formation of the modern financial world.³⁴

In the more recent documents of the Church, apart from the social encyclicals which have been cited, the concept of usury rarely appears, and when it does appear it is always in connection with some broader theme. Thus, for example, in the index of the *Enchiridion Vaticanum* there is no entry for “usury”, while in the *Catechism of the Catholic Church* this term is used only in commenting on the fifth commandment in no. 2269, with regard to those “whose usurious and avaricious dealings lead to the hunger and death of their brethren in the human family”, and in no. 2348 concerning “*abusive if not usurious financial systems, iniquitous commercial relations among nations, and the arms race* [for which] there must be substituted a common effort to mobilise resources towards objectives of moral, cultural, and economic development ...”.

Usury is a sin against the commandment “Thou shall not steal”. This is a logical conclusion from number 2409 which reads: “*Even if it does not contradict the provisions of civil law, any form of unjustly taking and keeping the property of others is against the seventh commandment: thus, deliberate retention of goods lent or of objects lost; business fraud; paying unjust wages; forcing up prices by taking advantage of the ignorance or hardship of another*”.

34 It is interesting that, in the same context, the Canon Law from 1917, paragraph 1543, prudently speaks about “just title” which would permit the gain on loan. However, it does not define what the “just title” is. In the codification of the Canon Law from 1983 there is no specific norm considering usury.

Conclusive thoughts

It is clear that usury, not only on the basis of what has been said, but also on the basis of everyday experience, must be seen in the perspective of Christian social ethics as an evil of the contemporary financial and economic system. The desire to have makes so much noise that the desperate cries of the poor can hardly be heard. The logic of “having” has taken so great a hold on the human heart that man is in danger of forgetting “being”. This conclusion forces us to go a step further and to seek and propose solutions for these problems. Which way shall we take?

It seems to me that Christian social ethics, if in the service of promoting and protecting the dignity of the human person, offers us a correct way. The full realisation of man as God’s image in his worldly and spiritual needs is the only task of Christian ethics. In this sense, Christian ethics offers principles and criteria for judging and evaluating man’s earthly activity.

Concerning the topic of this conference, namely usury, two possible lines of action can be identified. The first is a permanent education in the spirit of the principles of Church teaching which have been enunciated. The second regards concrete attempts such as, for example, the creation of an ethical bank in Italy, which could serve as a model in searching for real solutions in Croatia, in the struggle against the practice of usury which has already metastasized.

The first suggestion involves the task of permanent formation, above all of Christian laymen, but also of all men of good will, in the spirit of the principles of Christian ethics which have been set out above. This is a permanent challenge for all Christians: for the hierarchy and for believers. In order to fulfil their mission they must live in true harmony with the Gospel, whose spirit inspires and permeates the principles of the social teaching of the Church. The whole people of God, and especially the hierarchy of the Church, must never forget that the louder the noise of money, the less that the soft voice of the Gospel will be heeded. All Christians are therefore called to give credible testimony to their vocation, and in practice this means the following:

1. creating and promoting new forms of solidarity at all levels and in all areas of human activity;
2. accepting a joint responsibility in shared decision-making;
3. establishing relations of trust;
4. jointly and responsibly supporting victims and their efforts;
5. promoting participation in shared projects;
6. clearly establishing and determining what must be done immediately, with corresponding measures for the long term;
7. investing in, and continuing to promote, social and cultural education.

It is clear that the principles and rules of conduct which have been outlined need to be applied in everyday life. This is a decision which every person has to make (the Christian not only on the personal level, but also in collaboration with others) so as to construct a just society in the measure of man (cf. CA 53–58).

The other suggestion involves concrete forms of struggle against usury. This means above all the establishment of ethical banks like those already functioning in some European countries such as, for example, the Oekobank in Germany, EDCS in the Netherlands, and the Banca Etica in Italy.

Before I deal with the task of such ethical banks, I must recall that these banks emerge and function within the system in which the disappearance of a direct and public presence in the financial sector, as well as the greed and arrogance of large-scale capital, oppose the very creation and action of real economic democracy. We have produced a system of banking and money which, on the level of the world and that of single nations, operates independently of the needs of the great majority of people. It is therefore a system which uses people, rather than serving them.

The task of ethical banks is to enable people to regain their lordship over material goods, so that they can use them according to ethical principles. As such, the ethical bank is a concrete form of the struggle against usury.

The ethical bank in Italy relies on the technical expertise of autonomous insurance companies (AIC) (Mutue autogestioni, MAG) and on the international experience of alternative cash flow. An AIC is a legal association or consortium of cooperatives. Individual persons do not usually approach the AIC, but they can participate in the process of the alternative monetary system by approaching the co-operatives which make up one AIC. This serves only its own members, both in the collection and use of money, and does this on the basis of rules which allow the giving of social loans.³⁵

The members are required to participate in the general aims of the society. The resources of the bank are used to finance the new members — who will act according to the principles of just trade or for the sake of manufacturing organisations in the developing countries — and the loan is directed towards real needs and according to the rules of just trade. “Borrowers do not need to give a *heritage warranty*; only the ethical value of the project is evaluated; success depends on the possibility of surveillance over the borrower”.³⁶ A good or effective work is one that guarantees ethical quality and success on the market. In other words, the ethical bank lends with the aim of promoting the general good and not for the sake of exclusive gain. And this is certainly one of the effective ways of struggling against usury.

35 Cf. D’Ambrosio R. — Viti D., “L’istituzione di una banca etica in Italia. Note etiche ed eredità storiche”, in *Rivista di Scienze Religiose* — Anno XII, n. 2/1998, pp. 337–355.

36 Idem, p. 349.

Further, self-determining rates of interest, as well as the choice of the sector in which they will invest their savings, permits the depositors of the ethical bank to implement their own ethical convictions in the chosen project. The gain is invested in the social economy, i. e. in “solidarity and just trade, in environmental protection, in non-profit organisations, in non-government organisations pledged to world development, in social companies which promote professional formation, culture, and receiving immigrants.”

Because of its ethical commitment to lending to the poor either without interest or at minimal interest, the ethical bank would have to follow certain preferences in lending, for example, to the unemployed, to victims of usury, to immigrants and others. This is fully in keeping with the declaration of the Second Vatican Council that “Care must be taken that economically weak countries do not unjustly suffer loss from a change in the value of money” (GS 70).

An ethical bank is the bank of all its members, not just of a small group of founders; the members will keep careful watch so that only ethically acceptable and justified projects will be financed.

The project of an ethical bank is not without difficulties, especially concerning the surroundings in which it functions. I consider, however, that these difficulties are not an obstacle, but a challenge to search for new ventures and new solutions. In any case, Catholics do not have to withdraw from, nor condemn, the sectors of loans and interests; instead they try to change the current situation from within, by animating an ethical heart in a cold-blooded financial system.

In Croatian society, Catholics, and all men of good will, are called to act for a just economy, that is to say, to act in a spirit of economic prudence and social justice, which are indirect ways of struggling against the existing practice of usury. In any case, the majority of those in positions of responsibility in politics, economy and finances, are Catholics. Do they still hear the cry of the poor who are oppressed by usurious debts, or are they already deaf because of the noise made by money? What are they really doing to change the present situation? Perhaps with one hand they give in charity (to whom?) in order to calm their consciences, while with the other hand they continue to rob the poor, precisely through usury?

All the citizens of Croatia are called to construct together a just society in honesty, harmony, and diligence.