

Interest

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Dear friends, I hope you did your homework! Did you look up the laws about interest in Leviticus 25? If you did, you read that God's people may not charge interest on loans! This is exactly contrary to our present system, which is largely based on getting a return on capital through interest! What is the morality of this and what is the psychology or ethics behind what the Bible teaches? Is there a workable alternative to what we have been assuming is the only possible way to do business?

The Bible's basic concern is with exploitation of the poor. I have known Korean immigrants in the USA to borrow money from their fellow Koreans, since they had not been in the USA long enough to establish credit and had no property they could mortgage in order to borrow money from a bank. With the money they borrowed from a fellow Korean the people set up a dry-cleaning business. It went very well. They worked very hard and pleased their customers, giving excellent service. The business was successful. But the interest on their loan was so high that it ate up all their profits and they ended up bankrupt. This is clearly what the Bible seeks to avoid. If people need a loan to get started in business or farming, the loan must be given on terms that will not ruin them.

In the Middle Ages the Church decided to clarify this principle by distinguishing between "interest" and "usury." An artificial figure was adopted and any interest rate higher than this was referred to as "usury" and was outlawed as unethical. This concept is still widely accepted in the West. The fact remains, however, that the relatively low rates of interest charged by the banks are still high enough to do two things: they prevent the poorest people from getting loans, and they make it possible for people to get rich simply by lending money.

The Bible is concerned about both of these problems. God wants anybody who needs a bit of capital in order to get started in business or farming, to be able to get it at little or no cost. He doesn't want the interest to be a burden. God is also concerned with people making money without working. It is one thing for the people who work in a bank to earn a salary for their work. It is something else for the stockholders to get richer and richer without doing any work at all. In order to understand the ethics of money management, we must realize that God expects each person (unless he is handicapped in some way) to work for his living. Anyone who lives without working is a parasite, an oppressor of the poor. What some working man ought to be receiving as a return for his labor is being deducted and is going into the pocket of the man who is not working. This is exploitation. It is the same thing, morally speaking, as the man who buys up a group of farms and makes each farmer bring him a portion of the harvest. He gets richer and richer without working and the hard working farmers barely manage to exist in good times and may starve to death in bad times. We see this in its extreme form in many Southeast Asian countries, especially the ones that have the most productive soil

and climates! All through history, it is the most productive countries that have the most poverty and starvation. The cold countries have relatively less of this problem.

Another principle mentioned in Leviticus 25 is the canceling of debts every seven years. If your debtor has not been able to repay the debt by the time of the sabbatical year, the debt must be cancelled. Only two instances of this are actually recorded in the Old Testament. One was the keeping of the jubilee year and its prior sabbatical year in Hezekiah's time, when the Assyrians were besieging Jerusalem. The other was the sabbatical year that was proclaimed by Zedekiah, when the Babylonians were besieging Jerusalem. Jeremiah predicted that the land would rest for 70 years to make up for the 70 sabbatical years that had been missed since the establishment of the Kingdom of Israel under Saul. Actually, the number of years that the land was totally idle seems to have been only 40 years, and I wonder if perhaps the failure to keep the sabbatical years actually only went back 280 years, which would be the time of Omri. (Micah 6:16). One reason we ought to read the books of the Maccabees, occasionally, is that they describe the reforms that took place shortly before the time of Christ, including the jubilee and sabbatical years.

The canceling of debts in the sabbatical year has nothing to do with business principles or an economic system. It is not part of what the Bible calls "justice." The low rate of interest can be referred to as "justice," but the total canceling of debts without either interest or return of the original amount of the loan comes under the heading of "mercy." Cf. Micah 6:8.

Is there a way of modernizing these concepts? Is the setting of interest rates by the government the answer? I believe that what we need is a system of credit cooperatives or credit unions where money is loaned for exactly enough to run the cooperative and pay the salaries of the employees, with neither profit nor loss. I know of many examples in the USA of credit unions, and I know of one private bank that operates on exactly the same principle: no more interest than just barely enough to keep the operation afloat. People with capital to spare but with no project of their own to invest it in, should let the credit union use their money, accepting only as much return as will keep up with inflation. I will deal with the problem of inflation, God willing, next month.

If God's laws of justice (just enough interest to keep the credit union afloat) and mercy (canceling debts in the seventh year) are followed, we can be sure of a healthy economy with almost no poor people. Everybody will be encouraged to work for a living without even thinking of exploiting the neighbors. This is the kind of thing the Communists promised and failed to deliver. If we Christians will begin now to take these concepts seriously and to put them into practice, we will have an attractive and viable program to offer our brothers in the North. If we continue in our present greedy and exploitative policies, we will arouse anger, hatred, greed, and bitterness when we try to deal with the North. Let us pray for grace to shift over to a genuinely Christian economic system in dealing with money as well as with land.