

Peter Lock. Autumn 2009

The evolution of Christian teaching on usury has witnessed a development from intolerant condemnation to tolerant justification. To make a profit from lending to someone in real need was always considered reprehensible. In Nature, there is no precedent for either debt or usury. Money which was exacted purely for a loan as such, whilst always being deemed contrary to Nature, began to be viewed in a new light. Changed economic considerations preferred the deceptive misuse of the word interest in the place of the more objectionable usury, which now became permissible, provided it followed statutory regulations and did not become excessive.

It is instructive to examine closely the historical evolution of the word interest. In ancient Roman law, when one party defaulted on a contract, the other could then exact over and above the actual agreement of the contract, a form of compensation based on the difference between the position of the creditor, before and after, the situation caused by the debtor's default. This difference was termed in Latin, *id quod interest*, from the verb *interesse* which meant, to be between, and could be reckoned according to the actual loss which had occurred. Justice demanded that this interest of the creditor be taken into account. In its original meaning, interest did not belong to the sphere of borrowing but to the sacred realm or court of justice.

Through a debtor's default, a creditor might have missed out on a possible profit, but this profit-losing was not classified as interest because one could not be said to lose that which one never ever had. The only concern of interest was with an actual gain ceasing (*lucrum cessans*) or with a damage emerging (*damnum emergens*) and not some mere hypothetical eventuality. Receiving interest was an honest seeking of real equity. The creditor lent freely but the debtor was obliged by law to compensate the creditor for any costs involved in

defaulting on the contract. *Id quod interest* was a matter of justice.

As generally understood by theologians in past centuries, usury was the sin of exacting money purely for a loan of money. The creditor aimed for a real gain, to get more money, over and above the loan, for nothing, from the borrower. In time canonists rationalized usury and misappropriated the interest of Roman justice to cover up the malice and injustice of the prevailing financial system's usurious interest. The tools of ecclesiastical casuistry were a well-seasoned array of semantic distinctions, like the right to an object and the right to its use and usufruct, intrinsic and extrinsic titles, gain ceasing and damage emerging. Does the sanction of an uncivil Civil Law or corrupt custom make what is intrinsically an injustice, become now legitimate and acceptable even though it is contrary to Natural Law?

No one denies that in modern economic systems money has taken on new aspects or rather been given different functions from what its own true nature would determine. Speculators make it into a commodity with which to gamble. The directors of banks and financial institutions use it, particularly in its scarcity-function, as a most lucrative means of self-aggrandizement and control and power over their fellow human beings. As catalytic finance-capital in any industry, money can become virtually productive by making virgin real wealth more productive through human enterprise, but there are limits to the growth of agriculture and of industry beyond which the economy trespasses to its own destruction.

Pope Benedict XIV issued the first ever encyclical letter, *Vix Pervenit*, on 1<sup>st</sup> November 1745. The theme was precisely usury. The letter distinguished between interest, defined as the legitimate fee for the service of lending money, and usury, defined as the price of money as a commodity.

In 1891, Pope Leo XIII issued his much acclaimed Encyclical *Rerum Novarum* known as *The Workers' Charter*. Early in the latter, Leo XIII refers to a sequence of situations responsible for social problems and their injustices. He concludes, "Hence by degrees it has come to pass that workingmen have been surrendered, isolated and helpless, to the hard-heartedness of employers and the greed of unchecked competition. The mischief has been increased by rapacious usury which, although more than once condemned by the Church, is nevertheless, under a different guise, but with the like injustice, still practised by covetous and grasping men."

There are two short paragraphs of Pope Pius XI in his Encyclical Letter *Quadragesimo Anno* in May 1931, commemorating the fortieth anniversary of Pope Leo XIII's much-acclaimed Encyclical *Rerum Novarum* which are among the most quoted of Papal statements pertinent to social injustice. "In the first place then, it is patent that in our days not alone is wealth accumulated, but immense power and despotic economic domination is concentrated in the hands of a few, and that those few are frequently not the owners, but only the trustees and directors of invested funds, who administer them at their good pleasure. This power 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 lifeblood to the entire economic body, and grasping, as it were, in their hands the very soul of production, so that no one dare breathe against their will."

This last sentence becomes alarmingly real and meaningful when it is considered that Pope Leo XIII was the last pope to officially and categorically condemn usury. Over one hundred years have passed since then and no other Pope, nor Pontifical Commission has dared breathe one single word against the will of the global usurers. Indeed the word usury no longer receives

even a mention nor has it a place in the considerations and determinations of Canon Law.

A sorry sort of licit case can be made out by churchmen to justify the charging of interest by the wealthy haves-of-this-world on investments and loans of already existing legal tender money made to this world's have-nots. No amount of clerical casuistry however can justify the charge of more than a simple service fee for bank-created credit. On almost costless invented make-believe wealth or credit money, virtually created out of nothing, any rate of interest at all is more than grossly immoderate. This diabolical usury enslaves the entire human race and is the greatest social injustice and fraud in the history of commercial and marketplace activity.

The past decisions of traditional Moral Theology concerning the charging of interest on loan contracts between individuals, were generally in respect of real coin money which had some intrinsic value. As stated above, modern economic monetary systems have taken on completely new forms which involve the rest of the community in the payment of the debtors' interest. This new solidarity perspective and the implications of exponential growth are neither understood nor considered by ecclesiastical authorities today. Contemporary Moral Theology has yet to pass judgment on these issues and give an authoritative answer to the basic question arising from marketplace activity. How can anyone conceive and claim an extrinsic title to interest on purchasing power money loaned, from gain ceasing or damage emerging, when the loaned money itself has come costlessly into existence from nothing?

With the institution of its own Vatican Bank, the Roman Papacy has now made financial speculation and usurious moneymaking (and losing) its own sin. This situation is understandable in the light of events last Century. The Lateran Treaty which Benito Mussolini's Government concluded with the Vatican in 1929 gave the Roman Catholic Church a wide range of benefits, not the least being that Italy undertook to pay

the Holy See the sum of 750 million lire and to hand over at the same time Consolidated 5% State Bonds to the bearer for the nominal value of one billion lire. A Special Administration was set up by Pope Pius XI - and a layman, Bernardino Nogara, appointed its head. The latter accepted the office only on condition that any investments he chose to make would be untrammelled by religious considerations and that he would be free to invest Vatican funds anywhere. Almost overnight, the Vatican became a Capitalist enterprise engaging in Stock Exchange, futures and currency speculation. Self-interest produced a complete reversal of the Church's teaching with regard to money lending.

One final short-lived glimmer of a quickly extinguished light appeared in the Encyclical Letter *Populorum Progressio* of Pope Paul VI in March 1967, "This unbridled liberalism paves the way for a particular type of tyranny, rightly condemned by Our Predecessor Pius XI for it results in the 'international imperialism of money'. Such improper manipulations of economic forces can never be condemned enough: let it be said once again that economics is supposed to be in the service of man."

Is less than ten lines in a century enough? Though he condemns any misuse of the monetary system, it is clearly evident from what follows later in the Encyclical that the real moral, social and economic issues of the great social questions are neither understood nor answered. A similar comment applies to the subsequent Encyclicals of Pope John Paul II. The latter did speak at times of usury, but the reader searches in vain for an echo of any official detailed condemnation of usurious international finance or the imperialism of interest burdened money.

It was understood by those who knew the mind of the tragically too-well-informed Pope John Paul I, that he would dare to breathe against the will of those who have fraudulently usurped the function of supplying the lifeblood to the entire economic

body. Their hopes or fears, like the life of this most lovable and much respected would-be reformer were very quickly and quite mysteriously cut short in September 1978. After barely one month in office, he was found dead in bed. He died alone, agony written on his face. Details surrounding the event from seeming witnesses were misleading and contradictory. His body was straight away embalmed, an autopsy refused.

There can be no adequate understanding of the suicide or survival alternative facing humanity, without a proper perception of the financial reality that it is the abuse and prostitution of the role of money which is the root cause of all economic evil, and hence of most of the social disorders threatening the future of society.

Once a nation loses control of its currency and credit to selfish private interests, it matters little what political party is in power or who makes its laws. Usurious banking, by its intrinsically evil and antisocial nature, will wreck any nation once it usurps power and will ultimately destroy itself, as will any finite self-centred positive feedback evolutionary system.

Until governments of countries resume control of the issue of their currency and credit and understand that the creation of the lifeblood of the economic body is its most godlike activity and responsibility, all talk about real democracy is just hypocrisy and deceit.

The same applies to all the statements of Christian leaders about Social Justice, Development and Peace, as long as they fear to bite the hand of the Great Harlot to whom they have surrendered the role of feeding Mother Nature's children with their daily bread of planned scarcity in the midst of her Providence's plenty.