Problem of usury: an ethical solution in the light of Thomistic principles

Frederick E. Flynn
University of Windsor

Follow this and additional works at: https://scholar.uwindsor.ca/etd

Recommended Citation
https://scholar.uwindsor.ca/etd/5894

This online database contains the full-text of PhD dissertations and Masters' theses of University of Windsor students from 1954 forward. These documents are made available for personal study and research purposes only, in accordance with the Canadian Copyright Act and the Creative Commons license—CC BY-NC-ND (Attribution, Non-Commercial, No Derivative Works). Under this license, works must always be attributed to the copyright holder (original author), cannot be used for any commercial purposes, and may not be altered. Any other use would require the permission of the copyright holder. Students may inquire about withdrawing their dissertation and/or thesis from this database. For additional inquiries, please contact the repository administrator via email (scholarship@uwindsor.ca) or by telephone at 519-253-3000 ext. 3208.
THE PROBLEM OF USURY:
AN ETHICAL SOLUTION IN THE LIGHT
OF
THOMISTIC PRINCIPLES.

By
Frederick E. Flynn, B.A.

Submitted April 1, 1939,
to the
University of Western Ontario, London,
As Partial Requirement for the Master's Degree.
INFORMATION TO USERS

The quality of this reproduction is dependent upon the quality of the copy submitted. Broken or indistinct print, colored or poor quality illustrations and photographs, print bleed-through, substandard margins, and improper alignment can adversely affect reproduction.

In the unlikely event that the author did not send a complete manuscript and there are missing pages, these will be noted. Also, if unauthorized copyright material had to be removed, a note will indicate the deletion.
In choosing the title for this thesis the writer was immediately conscious of its inadequacy, since it suggests in only a general way the purpose of the thesis. It could not be called "The Thomistic Doctrine of Usury", because it is not wholly concerned with the exposition of the Thomistic view. Nor could it be called "A Criticism of Modern Theological Opinions on Usury", because it is not merely destructive in its aims. Several such titles were considered, but each, like those mentioned, represented only partially the analytic and synthetic character of the thesis. Such titles could only suggest the instrumental and material causes of the thesis, without representing the final cause—which is an ethical solution of the problem. The title chosen is, though general in its scope, specific in that it suggests a single point of view, the morality of interest. The phrase, "in the light of Thomistic principles", indicates that the thesis not only makes use of the teachings of St. Thomas on the subject, but that the inspiration throughout is Thomistic. However, it is to be hoped that the title is not presumptuous.

(i)
in tone.

The essential purpose of the thesis is to arrive at an ethical solution and it is only accidentally that any social and economic ramifications of that solution are considered. The solution must be primarily an ethical one, simply because the problem is primarily ethical. The solution must involve principles chiefly, practical applications, only incidentally. The final chapter does suggest in brief some of the practical consequences of the solution as proposed in the body of the thesis. In outlining a few practical cases, the writer is well aware that he is really descending from the ethical order to the order of prudence. In so doing he appreciates the dangers involved: one ceases to be scientific in that moment in which he passes from ethics to prudence and moreover, one cannot always apply principles arbitrarily to individual cases without infringing on the right each person has to exercise his own virtue of prudence with regard to his special case.

Since the thesis, doctrinal in character,
attempts to set forth a solution, its treatment of the problem involves historical considerations only incidentally. When the historical element is introduced it is done chiefly to assist in casting some light on the question at hand. As with any problem which has been a bête noire for centuries, a doctrinal solution of the problem of usury must be coloured at least partly by its history.

As for the form of the thesis, a word must be said about its arrangement. Rather than put the quotations and notes on the same page wherein the references occur they have been placed in order at the end of each chapter. This has been done in order to obviate the usual difficulty of following the text of the thesis through a maze of interruptions occasioned by Latin quotations and notes. Many of the notes are such a length that they would, if included on the page of the text itself, prove more of a distraction than a help to the reader.
## CONTENTS

<table>
<thead>
<tr>
<th>CHAPTER</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>v.</td>
</tr>
<tr>
<td>I. The Early Opinions of the Fathers and Councils</td>
<td>1.</td>
</tr>
<tr>
<td>II. The Christian Notion of Private Property</td>
<td>8.</td>
</tr>
<tr>
<td>III. The Aristotelian Theory of Money</td>
<td>16.</td>
</tr>
<tr>
<td>IV. The Thomistic Doctrine of Usury</td>
<td>25.</td>
</tr>
<tr>
<td>V. The Modern Theological View</td>
<td>42.</td>
</tr>
<tr>
<td>VI. The Modern View versus The Thomistic View</td>
<td>51.</td>
</tr>
<tr>
<td>VII. Practical Considerations of the Thomistic View</td>
<td>84.</td>
</tr>
</tbody>
</table>
INTRODUCTION.

The problem of usury has been a complicated one over which much controversy has been waged for centuries. It is one of the oldest questions, tracing its origin far into the Old Law. In fact, the taking of usury probably arose concomitantly with the establishment of money as the medium of exchange. Side by side with the establishment of any institution there arise abuses of that institution—abuses which spring not so much from the system itself, but from that ever present element extraneous to it, weak human nature. From the original concept of money as a medium of exchange, a commensurable representation of real wealth, there arose a misconception of money, in which it came to be regarded as real wealth itself. This misconception of the nature of money coupled with human greed are the parents of usury, for once money is regarded as a thing good for its own sake, greed will see to it that money multiplies itself endlessly.

It is interesting to note how the changing attitudes toward usury closely parallel the breakdown of philosophy itself. For Aristotle and St.
Thomas usury was first of all a problem metaphysical in character. They regarded it as an evil in se, as a violation of the very nature of money, for it tries to make the unproductive produce. The nature of a thing is nothing more than its being with reference to operation. Usury then, for the Stagirite and the Angelic Doctrine, was metaphysically impossible simply because it demands of money a higher degree of being than it possesses. When metaphysics became the object of academic scorn, the only science left wherein usury could be discussed was ethics. Hence, usury came to be regarded as an evil by the ethicians only because it infringed on the moral law. This gave rise to the notion that usury took its evil character solely from its opposition to the precept of charity. The confusion between the uncharitableness and the unjust-dee of usury resulted from the confusion between ethical and metaphysical considerations; this confusion, in turn resulted from the fact that metaphysics was no longer looked upon as the necessary basis for a valid system of ethics. After leaving ethics without any foundation in metaphysics, the next step was to leave economics without any ethical basis. The result of this final step in the process of casting off the respective directive sciences has worked the ultimate
in confusion regarding the problem of usury. When usury became nothing more than an economic problem, a new standard had to be found to judge its unlawfulness. Thus, we have the quantitative norm, by which interest becomes usury when the rate is excessive.

By way of conclusion, it might be observed that two of the central problems of our civilization have arisen as the result of the violation of a metaphysical principle: by an error of defect that which should produce (i.e., man) does not produce, and we have birth control; by an error of excess that which should not produce (i.e., money) produces, and we have usury.
PROBLEM OF USURY.

CHAPTER I.

EARLY OPINIONS OF FATHERS AND COUNCILS.

In treating of such a subject as usury, its historical background must be discussed before we can begin any valid doctrinal exegesis. Consequently, while this thesis does not presume to give the complete historical perspective of the subject, it must necessarily indicate, if only in brief, previous thought on the matter. To accomplish this, the opinions of the early Fathers and the various Doctors of the Church will be given, as well as the canons of the different Councils.

If the dictum of scholars is generally applicable that to understand intelligently a movement or institution of the past, it is above all necessary to preserve our historical sense—to lose ourselves in the spirit of the time, as it were—then most certainly that dictum must be applied here. We moderns, who have a distorted conception of usury, must banish our preconceived notions on the
subject and approach it sympathetically. We must come to see it as it was seen by the early Church. We must realize that usury was not merely a subject of theological distinctions and casuistry; that it was not just a technical question for economists to theorize upon; that it was not a thing fundamentally good whose abuse must be checked by the legal restrictions of the civil authorities. It was a vital problem of morality. By one's stand on the matter one was unequivocally a good Christian or a heretic. And heresy in those days was not a fashionable pecadillo of the academician—it was a crime.

Clement of Alexandria declares that the "law prohibits charging one's brother interest." By brother, he explains, he does not mean just one who is a brother in the flesh, but also a brother by reason of his belonging to the Mystical Body of Christ. Among the Latin Fathers St. Cyprian, in describing the customs of Christians, severely castigates many of the bishops "who should be an example and an encouragement to others" and who have ignored the divine precept by increasing
their capital by means of usury. (2) Tertullian, in proving that the New Testament does not contradict the Old, is of the opinion that the prohibition of usury in Ezekiel XVIII, 5-20, has the same meaning as the words in the Gospel (St. Luke ch. vi, 35). (3) St. Basil has a whole homily devoted to usury, as also has St. Gregory of Nyssa. (4) St. John Chrysostom declares that those who grow rich at the expense of others are guilty of a species of rapine and avarice—the very bond of injustice. St. Ambrose holds that usury is a grave sin, for the money-lender lends money to the poor and receives back more than he gave. This he regards as inhuman. (5) (6) (7) St. Augustine is most vituperative in his condemnation of usurers: "How detestable it (usury) is, how hateful, how execrable, I think even the money-lenders must realize—if you charge interest to any man, that is, give him your money on loan, from which you expect more in return than you gave; not just money alone but anything which you gave, be it wheat, or wine, or oil or anything else; if you expect to receive over and above what
what you gave, you are a usurer and for this you are to be censored, not praised." St. Leo the Great is no less severe in his criticism of usurers: "It is an unjust and a shameful avarice which deceives by pretending to be a benefit. The iniquity of the money-lender must be avoided; and the gain which deprives all humanity is likewise to be avoided; a certain faculty may be strengthened by unjust and vicious increase, but the substance of the mind wears away: the lending of money at interest is the death of the soul." (9)

The canons of the various Councils are very explicit in their prohibition of usury. The Canons of the Apostles declares that, "A bishop or priest or deacon who exacts usury of debtors must either stop doing so or certainly be damned." (10) The Council of Elvire in 305, prohibits even the laity from accepting interest although it is less harsh for them to be guilty of such practice than it is for the clergy: "If any cleric is discovered to have taken interest, he will be degraded. If any layman is discovered to have taken interest and promises after being corrected that he will
Problem of Usury.
F.E. Flynn.

cease, nothing more will be exacted of him and he will be judged guilty of only venial sin. If on the other hand, he persists in his iniquity he must be expelled from the Church.  

The General Council of Nice (325) declares: "The holy and great Synod has judged it just that if anyone be found accepting interest after this definition he will be deposed from holy orders." The Fifth Provincial Council of Carthage (about 419) speaking of usury, says, "What is reprehensible in the laity is much more to be condemned in the clergy." The Council of Aix-La-Chapelle in 787 sets down the canon: "In the law the Lord Himself has ruled that it is forbidden for all to give anything with interest." So also the Council of Paris in 829 and the Council of Meldun in 845 make the same pronouncements.

In the ninth century certain councils declare that, "if there remain some from whom they have exacted usury they (i.e. the money-lenders) must be restored to them those things which are proved to have been taken over and above." Some time later Pope Gregory IX (1145-1241) in his Decretals devotes a whole section to usury. Here he declares that usurious clerics will be suspended and laity
guilty of the same offence will be excommunicated.

In the foregoing canons it will be noticed that nowhere has the word "usury" been explicitly defined. However, in the Council of Vienne in 1311 it is declared that, "If anyone falls into this error and stubbornly presumes to affirm that to exact usury is not a sin, we regard him as a heretic worthy of punishment." In the Fifth Council of the Lateran in 1550 there is a precise definition of usury, "This is the proper definition of usury, when for instance from the use of a thing, which does not produce, gain or fruit is expected without any labor, without any expense, or without any risk."

It must be noted, too, that in translating these canons I have used the words "interest" and "usury" interchangeably in rendering the Latin word "usura". "Usura" is the Latin word for interest. Its meaning is evident from its etymology—usus, the use of a thing. The later interpretations of "usura" as meaning excessive interest seems to be a rather gratuitous assumption—an interpretation allowed for the purpose
of justifying the taking of what is termed "legal interest." As it has been noticed in the quotations from the Scriptures and the Fathers, the word "foenus" for interest also is used. This word has its root from "Feo" and it indicates that which is produced. Thus, both in the Scriptures and the Fathers where both "foenus" and "usura" are used, no suggestion is given that the reference is to excessive interest. Likewise, in the Councils where "usura" is almost exclusively used, no intimation is given that the word means anything else but simply interest. The definition of the Council of the Lateran, quoted above, seems to be very explicit on the point and it is to be remarked that here there is no mention made of any extenuation of either a qualitative or quantitave character.
Notes and Texts to Chapter I.

(1) "De elargitione autem et communicatione cum multa diei possint, sufficit hoc dicere quod lex prohibet fratri fenerari; fratrem nominans non eum solum qui ex iisdem natus parentibus, sed etiam qui fuerit ejusdem sententiae, et ejusdem Logi particeps." Clem. Alex. Stremal. I. II, c.18, Migne, P.G. vol. VIII, col. 1023.

(2) "quos (i.e.episepos) et hortamento esse oportet ceteres et exemplo" St.Cyp. De Lapsis c.6 Migne P.L. vol.IV. col. 470-471.


(8) "Et quam detestabile sit---et in hoc improbandus, non laudandus" Migne P.L. Vol.XXXVI, col.386.

(9) "Injusta et impudens avaritia---quoniam quem pecuniae funus est animae". Sermo XVII. al.XVI. Migne P.L. Vol.LIV, col. 161.

(10) "Episcopus, aut presbyter aut diaconus usurus debitoribus exigens aut desinat aut certe demnetur." Can.44. Mansi Sacr.Concil. Collectio,
Florentiae 1759, t.I.pg.56.

(11) Si quis clericorum detectus fuerit usuras accipere, placuit eum degradari et abstineri. Si quis laicus accepisse probatur usuras, et promiserit correctus jam cessaturum, nec ulterius exacturum, placuit ei veniam tribui. Si vero in iniquitate duraverit ab Ecclesia esse projiciendum." Can. 20 Mansi t.11, p.10. Some held in question this last sentence which is lacking in Migne P.L. Vol.CLXI, col.505, 1167.

(12) "Aequum censuit sancta et magna Synodus, ut se quis inventus fuerit post hanc definitionem usuras accipiens...e clero deponatur." Can. 17 Mansi t.11 pg. 675.

(13) "Quod in laicis reprehenditur, ab multo magis debet in clericis praejudicari." Mansi t.XIV, pg.470.

(14) "In lege Dominus ipse praebuit omnino omnibus interdictum esse ad usuram aliquid dare." Mansi t.XIII, pg.325.


(17) Mansi, t.XIV, pg. 937.


(19) "Si quis in illum errorem inciderit, ut pertinaciter affirmare praesumat, exercere usuras non esse peccatum, decernimus eum velit haereticum puniendum." Denzinger, n.407.

(20) "Ha propria est usurarum interpretatio, quando
videlicet ex usu rei, quae non germinat, nullo labore nullo sumptu, nullove periculo lucrum foetusque conquiri studetur." Denzinger n. 623.

(21) Even in Shakespeare's time there seemed to be prevalent still the Aristotelian view on the nature of money. In the "Merchant of Venice" (Act I. Sc.III) Antonio and Shylock are discussing the lending of money. Shylock asks: "Methought you said you neither lend nor borrow on advantage." Antonio replies: "I never do use it." Obviously that word "use" was at the time inseparably connected with "usury", i.e. to use money was to charge for its loan. Again, Antonio asks Shylock: "Or is your gold ewes and rams?" Shylock boastfully answers: "I cannot tell; I make it breed as fast". Evidently here, Antonio and Shylock are discussing the power of money to produce money. Antonio charges Shylock with regarding money as he would ewes and rams—a living thing capable of reproduction of its kind. One would think that it was not Antonio but Aristotle speaking.
Chapter II.

The Christian Notion of Private Property.

For a correct understanding of the question of usury, we must go back to the Christian notion of property. Property from its etymology suggests what is one's own (L. pròpria). The element in property which indicates that we may claim it as our own implies (1) that we may apply it to our own use, (2) that we may dispose of it at will and (3) that we may exclude others from its use by violence even, if necessary. It is hardly necessary to point out that this definition of property extends only to those things which we may rightfully claim as exclusively our own: obviously, such things as air and light are the property of all.

Of the three characteristics of property mentioned in the foregoing paragraph we shall now consider the first, namely: the right we have to apply a thing to our own use. With the enunciation of this principle we can readily see the necessity of inquiring into the basis for that right. Varied are the opinions held on this point: some, such as Grotius, hold that private property has its basis on a primitive contract, tacit or explicit; some, like Hobbes...
and Montesquieu, hold that the right to property has proceeded from the positive civil law— from the mandate of the State; still others, like Locke, have taught that the real reason for private property comes from the right man has to the fruits of his labor. Some of these theories are vicious when considered in the light of their logical conclusions; others, merely ridiculous.

As opposed to these views is the Christian conception of property. According to this teaching, the basis for private ownership rests not on artificial or arbitrary foundations, but rather on the firm ground of the natural law. Now to some, the term "natural law" may seem vague and meaningless. To obviate such a difficulty we shall confine ourselves to only one aspect, one specific consideration of this generic concept; namely, personality. As opposed to the beasts of the field and the birds of the air, who have only individuality, man has personality. It is precisely this difference between the individual and the person that elevates man to the central position in
the universe and makes his creation the wonderful mystery of God's goodness. It is to the time-honoured definition of Boethius that we must go for the notion of person: "persona est rationalis naturae individua substantia— a person is an individual substance of rational nature." Here we can see at once the specific difference between individual and person— rational nature. It is precisely this difference that makes man the image and likeness of his Creator.

It is on this element in man's nature— his rationality— that the right of private ownership is based. Just as the Creator has absolute dominion over the universe, so man, by his participation in the divine nature, has by an analogy of proportionality the absolute dominion over that which is his own. Let us make this notion more concrete by illustration: a dog, which is certainly a creature, lives in a kennel, but by no stretch of the imagination could he be said to own that kennel; a man, who is also a creature, lives in a house and owns it as well. Since both are creatures...
what is the difference between them whereby one does not own and the other does? Or in other words what is the basis for private property? Obviously the spiritual element in man, or to be more precise his free-will.

Besides the distinction between individuality and personality in man, there is yet need for further distinction in the matter of personality itself. Man as a person is both an artist and a moral agent. That is, part of his activity is concerned with making things, and part with the correct ordering of his acts. Because he is made to the image of God, man is by analogy of proportionality a creator. Where God is the first creator; where God creates nature from nothing, man by imitating nature creates works of art. The artist is the creative, the divine part of man. The other part of man, considered as person, is concerned with using the proper means to attain his final end—beatitudine. Where, as an artist, man is by analogy a creator, as a moral agent he is purely a creature. He must tend toward his Creator as his end. The
moral agent is the created, the human part of man. This additional distinction between person considered as an artist and as a moral agent is necessary for a correct understanding of the Christian doctrine of private property. That word "private" suggests the second and third elements in ownership mentioned above—the right we have to dispose of our own as we will and the right to deprive others of its possession. Clearly, while "property" denotes something positive, "private" implies something negative, i.e., privation. On what element in personality, then, is private property based? The answer is to be found in person considered as artist. As one who makes things man has need of private ownership of material things. He must be able to possess for his very own those things necessary for the exercise of his productive, creative powers. It is the artist in man which requires that he have dominion over material goods, that he have the "powers of procuring and disposing." (3) On the other hand,
while the private possession of material things
is necessary from one point of view, what is to
be said about common possession? Both Aristotle
and St. Thomas point out that, while it is much
better for material goods to be privately owned,
their use must be common to all. The question
now arises, On what is this common use of material
things based? The answer is again found in per­
sonality, but this time in person considered as a
moral agent. Earthly goods are destined, not to
any one particular man, but to all men. All men
have the right as moral agents to use freely those
material goods which they require as means to reach
their final end, for use implies by its very nature
the choice of proper means. A man's right as artist
to arrogate to himself the possession of earthly
goods is conditioned by the rights of other men
as moral agents to the common use of those earthly
goods. Only by proper respect for these correlative
rights can the antinomies between artist and moral
agent and between private property and common use
be satisfactorily solved. Private property is
prevented from becoming a monster only by reason of the restrictions laid upon it by common use.

If the foregoing considerations on property seem at the moment to be an unnecessary digression from the main topic—usury—the reasons for their inclusion here will appear more cogent later. However, to give a hint at least as to the necessity of such a digression, let us examine but briefly the application to money and other material goods. Man has the absolute right to such material goods as are necessary to maintain his existence and to develop himself as fully as is consistent with his position in the social order. However, this right becomes relative and restricted when man, who is a social animal, comes in contact with other men. The fruits of this earth are for all and no man may arrogate to himself more than is necessary when his fellow-men are in dire want. Because the right to existence is a prior right to the right of mere development, according to one's own arbitrary notion of what constitutes the fuller man, so the rich are compelled by justice to give of their abundance to those
whose very lives are jeopardized by lack of material goods. They are compelled not just in charity, mark you, but in justice, for as St. Thomas remarks: "It is the part of justice to reduce the inequality to equality."
Notes and Texts to Chapter II.

(1) "Respondeo dicendum quod cerca rem exterior-orem duo competunt homini: quorum unum est potestas procurandi et dispensandi; et quantum ad hoc licitum est quod homo propria possideat." S.T. II, IIae, a. 2 ad corp.

(2) "Hoc autem naturale dominium super caeteras creaturas, quod competit homini secundum rationem, in qua imago Dei consistit, manifestatur in ipsa hominis creatione." S.T. IIa, IIae, Q.1XVI, art.I, ad corp.

Cf. also "Deus habet principals dominium omnium reum; et ipse secundum suam providentiam ordinavit quasdam res ad corporalem hominis sustentationem et propter hoc homo habet naturale rerum dominium, quantum ad potestatem utendi ipsis." Op. cit. Q. LXVI, art.I, ad litum.

(3) S.T. II a, IIae. Q.66, a.2.c.

(4) "Unde manifestum est quod multo melius est quod sint propriae possessiones secundum dominium sed quod fiant communes aliquo modo quantum ad usum." Comm. in Arist., Lib.II, Lect. IV. (Polit.)

(5) "Aliud vero quod competit homini circa res exteriores, est usus ipsarum; et quantum hoc non debet homo habere res exteriores ut propias, sed ut communes ut scilicet de facili aliquis eas communicet in necessitate aliorum." S.T. II a IIae Q. LXVI. art. 2 ad corp. Cf. also, IIa IIae Q.XXXII, a 5.ad 2 dum.

(6) "Et similiter divis non illicite agit, si praecoccupet possessionem rei quae a principio erat communis, aliis etiam communicet; peccat autem, si alios ab usu illius rei indiscrete prohibeat." II.IIae LXVI, a II ad 2dum.


Reproduced with permission of the copyright owner. Further reproduction prohibited without permission.
Chapter III

The Aristotelian Theory of Money.

Since St. Thomas' theory of money is based on Aristotle's conception of it and since the former repeatedly acknowledges his debt in this matter to the Philosopher, it is fitting that we examine the Stagirite's theory.

Aristotle begins his discussion of money by asking whether or not the art of money-making is is the same as the art of managing a household or a part of it, or instrumental to it. He concludes that the art of money-making is related to economy as means to an end just as the art of making brass is subservient to the art of making a statue. The art of managing a household--or economy--is directed towards the acquisition of those things necessary to life. "This species," he says, "of acquisition which is natural is a part of economy." "There is another species of acquisition which is commonly and rightly called the art of making money and has in fact suggested the notion that wealth and property have no limit." This of course is the art of making money.

Aristotle decides to begin his discussion of money by distinguishing between the two kinds of uses.
Both uses belong to the thing as such, though not in the same manner; one is proper or primary; the other, secondary. Thus a shoe is used for wear and it is also used as a means of exchange. He who gives a shoe in exchange for another commodity does not use the shoe as shoe; in other words, he does not make use of the shoe according to its primary purpose. The shoe—and any other like possession—becomes a means of barter. Once, however, the trader has realized his wants barter should no longer be necessary. Should he continue to exchange with the sole idea of profit, he no longer practises the art of economy but rather becomes an adept in the art of making money. This more complex and unnatural form of exchange has grown out of and beyond the simple and natural kind, which was solely the satisfaction of his wants.

Rather than carry the various necessities of life about with them men decided upon an easier way of bartering. They agreed to use money; that is they began to employ in their dealings something of intrinsic worth and easily applicable to the purposes of life, for example, iron, silver, and the like. Of this the
value was at first measured by size and weight but in the process of time they put a stamp upon it to save trouble and to mark the more easily its value. Thus were coins invented.

With the advent of coin men began to concentrate their effort on acquiring as much of it as possible under the delusion that they were thereby acquiring wealth. They failed to see that he who is rich in coin may often be in want of food or some like necessity. They become like Midas of fable, whose every prayer, motivated by greed turned all that was set before him into gold. Evidently then, this means of acquisition, this seeking after money for money's sake, is unnecessary and unnatural since it is unlimited in extent.

Aristotle then inquires into various ways of making money: "Of the two sorts of money making one, as I have said, is a part of household management, the other is retail trade; the former is necessary and honorable, the latter a kind of exchange which is justly censured; for it is unnatural and a mode by which men gain from one another."
The most hated sort, and with the greatest reason, is usury, which makes a gain out of money itself, and not from the natural use of it. For money was intended to be used in exchange, but not to increase at interest. And this term usury (tokos) which means the birth of money from money, is applied to the breeding of money because the offspring resembles the parent. Wherefore of all the modes of making money this is the most unnatural. (5)

Again in Book V of the Nicomachean Ethics Aristotle treats of the nature of money. There has to be some way of establishing equality between the labor, say, of a cobbler in making a shoe and a builder in making a house. Money is recognized as the representative of this demand. That is why it is called money ("νομίσματα") because it has not a natural but a conventional ("νομισμάτα") existence and it is within the power of man to change it or render it useless. Money is a standard, a means for measuring the equality between two things based on their quantity or quality. Money is the great equalizer in exchange. It is also serviceable with a view to future exchange; it is a sort of security which we
possess that, if we do not want a thing now, we shall be able to get it when wanted. Its value is not always the same, yet it tends to have a more constant value than anything else. Money, he concludes, is like a measure that equates things by making them commensurable; for association would be impossible without exchange, exchange without equality and equality without commensurability.

St. Thomas accepts Aristotle's theory of money but carries the Aristotelian principles to fuller conclusions. He uses them like the spoils of the Egyptians but impregnates them with the richer concepts that could come only through Christianity. Here as elsewhere, St. Thomas is vitally concerned with the process of "baptizing Aristotle."

In his Commentary of the Ethics of Aristotle, St. Thomas posits the question whether or not happiness is to be found in anything which has the aspect of a useful good, such as money. He concludes that it is not to be found therein, admitting, though that one might be led astray on the matter because "money has a universal usefulness with respect to all temporal goods." "Money," he points out, "is sought on
account of something else, because it has as its root a useful good." Quoting Aristotle, St. Thomas says that, "he (i.e. Aristotle) explains what is meant by the word money and he says that by the word money, all those things are signified, of which the price is worthy to be measured in coin; just as a horse, clothing or a house and such like can be measured by denarii; because it is the same thing to give or accept those things as it is to give or accept money." As for the use of money, "it consists in its being surrendered. To accept or guard money is not to use it but to possess it. For through accepting the money its possession is thereby acquired; through guarding it money is saved: accepting money is a sort of generation of money. Saving it is a species of habitual retention. Its use, however, has nothing to do with generation or habitual retention but with activity."

So far we can readily see the close connection between St. Thomas' and Aristotle's theories of money. Both recognize money as a medium of exchange; both see the acquisition of money for its own sake as futile and unnatural. Where Aristotle says that, because men's desires are unlimited, they also believe that the means
of gratifying them should be limitless and they thereby seek to pile up money, St. Thomas reiterates the same opinion when he insists that happiness is not to be found in any useful good such as money. However, close as these two are in their basic conceptions, St. Thomas improves on Aristotle by developing a further notion concerning money. In going beyond Aristotle St. Thomas far from contradicts him; he really makes explicit a point that his predecessor evidently missed entirely in his treatment of money. The point of departure of St. Thomas is his doctrine that money is a fungible thing. By examining what he means by "fungible" and by understanding his application of it we shall see how important that additional notion is; how necessary and vital to the complete understanding of the question of usury.

"There are certain things," says St. Thomas, "of which the use is the consumption of those very things; just as when we consume wine by using it for drink and when we consume wheat by using it for food. Whence in such things one must not compute the use of the thing separately from the thing itself. On the other hand there are certain things of which the use is not
the consumption of that thing; just as the use of a house is to live therein not the destruction of it."

Here, then, is the distinction St. Thomas makes between a fungible thing and a non-fungible thing: that whose use is its consumption is a fungible thing (wine, wheat, etc.), while that whose use is not its consumption is a non-fungible thing (a house).

Having distinguished with St. Thomas between fungible thing (L. fungo--finish) and a non-fungible thing, we shall now proceed to investigate just how he applies this to money. "Money, however, according to the Philosopher (here St. Thomas quotes from the passages in Polit. lib. I and Ethic. lib. V quoted above) was instituted to carry out exchange; and so the proper and principal use of money is its consumption or its estrangement, according as it is spent in transactions."

Thus, St. Thomas holds that money is a fungible thing because as far as the one who uses it to buy is concerned, that money is consumed, given over, finished. Its use is its consumption and its consumption is its alienation--its passing over to another. Again he repeats the same notion: "Negotiations, however, is, as it were, a use which consumes the substance of the
thing exchanged, in as much as it makes it disappear from him who exchanges it." St. Thomas is most insistent that we understand, "that in things of which the use is the consumption, the use of the thing is none other than the thing itself." In money, then, we cannot distinguish between its use and its substance.
Notes and Texts to Chapter III.


(2) Polit. lib. I. 1256a.

(3) Polit. lib. I. 1256b.


(10) "Ostendit quis sit usus pecuniae: et dicit quod usus consistet in emissione ejus; quae sibi dicit fit per sumptus expensarum et per dationes. Et
accipere vel custodire pecunias non est uti pecunias, sed est possidere eas. Nam per acceptio num pecuniae aequiritur ejus possessio; per custodiam autem conservatur: acceptio enim est sicut quaedam pecuniae generatio. Custodia autem est sicut quaedam habitualis retentio. Usus autem non nominat generationem vel habitum, sed actum."

(11) It is to be noted, however, that Aristotle's condemnation of retail trade, involving gain, receives a more moderate interpretation in St. Thomas. Where Aristotle seems to condemn the second kind of commercial intercourse as unequivocally unnatural, St. Thomas holds that while trade for gain does not involve anything honorable or necessary, neither does it logically involve anything sinful. If moderate gains are directed toward noble ends, trading may thereby be rendered lawful. St. Thomas does point out, though, that the gain should not be sought as an end, but as a reward for effort. S.T. IIIa IIae. Q. LXXVII, a. 4, ad corp.


(14) A further indication of St. Thomas' acceptance of the Aristotelian doctrine on money is to be found in his Commentary on the Nicomachean Ethics. (In Bk. V, Lect. IX, paragraphs 978-990). What has been said
above of Aristotle's theory as found in the Politics and Ethics could have been taken quite as well from St. Thomas' Commentary. One sentence in St. Thomas is very illuminating, enunciating as it does one of the principal laws of economics (with characteristic simplicity and clearness): "This one thing, which measures all things according to the truth of the thing is want, which contains all transferable things inasmuch as they are referred to human need; for they are not valued according to the dignity of their own nature: otherwise a mouse, which is a sensible animal, would have more value than a pearl, which is a non-sensible thing; but prices are imposed on things according as men need them for their own use." In Arist. Ethic. Comm. Lib. V, Lect. IX, ad 981.

(15) "Quaedam res sunt quarum usus est ipsarum rerum consumptio; sicut vinum consumimur, eo utendo ad potum, et triticum consumimus, eo utendo ad cibum. Unde in talibus non debet seorsum computari usus rei a re ipsa... quaedam vero sunt quorum usus non est ipsa rei consumptio; sicut usus domus est inhabitatio, non autem dissipatio." S.T. Ila Iiae, Q. LXXVIII, a. 1, ad corp. Cf. also, Quaest. Disp. De Malo, Q. XIII, a. 4, ad corp.

(16) "Pecunia autem, secundum Philosophum principaliter est inventa ad commentationes faciendas, et ita propius et principalis usus pecuniae est ipsius consumptio, sive distractio, secundum quod in commentationes expenditur." S.T. IIa Iiae, Q. LXXVIII, a. 1, ad corp. Cf. also, Quaest. Quodl., III, a. 19, ad corp.
(17) "Communatio autem est usus quasi consumens substantiam rei commutatae, in quantum facit eam abesse ab eo qui commutat." Quaest. Disput. De Malo, Q. XIV, art. iv. ad 15um.

CHAPTER IV.

The Thomistic Doctrine on Usury.

From St. Thomas' monetary theory and from the Christian conception of private property we are now in a position to build up the Thomistic doctrine on usury. Up to this point the process has been one of analysis; if, at times, the analyses of property and of money seemed to be irrelevant to the main discussion, their importance will be clearly recognized now. As isolated pieces of stone are no longer isolated when they are placed in harmonious respect to one another in a building, so these notions which have been hitherto discrete will no longer appear so in composition. The process now becomes one of synthesis.

St. Thomas asks whether or not to accept usury for money loaned is sinful. He replies without hesitation that it is in se unjust, since in doing so one sells what does not exist. The fact that it is unjust can be seen from what was said before concerning justice—that it is based on equality (Cf. texts quoted on this in Chapter II). That usury is based on inequality follows from what has been shown of St. Thomas' doctrine concerning money: it is a fungible thing, i.e. its substance and use are one and the same thing. Thus, if the substance
of money is the same as its use to charge for its use is either to charge for the same thing twice or to charge for something that does not exist. This is apparent when we consider that when anyone lends another money according to this agreement that the money be restored intact and wished besides to have a recompense for the use of the money, he sells the use separately from the substance.

Wherever St. Thomas speaks of usury he is anxious to make it clear that it is in se unjust. Since injustice means inequality, as pointed out before (Chap. II) whence proceeds the inequality? It is here that the notion of personality and property previously discussed comes to our assistance. As an artist a person has dominion over the substance of money but as a moral agent he must share its use. One's dominion over the fruits of this earth is relative since as a moral agent he shares with other moral agents like himself the common use of material goods. It is in this matter that the equality of justice is preserved and conversely, it is in the failure to recognize this principle that inequality asserts itself. Thus, to charge
one for the substance of money over which one had
dominion is nothing more than to preserve the equality
between artists but to charge again for the use of
that money—whose use is common to all—is to create
an inequality between moral agents. Since artist
and moral agent, then adhere in one and the same
person distinctly but not separately and since the
substance and use of money are one and the same
thing, to charge for each separately is to upset
the balance of equality both between the persons
and the things and thereby produce injustice.

It is from this inequality that usury gets its
illicit character and it is with this injustice
in mind that St. Thomas formulates his definition
of usury: "To accept a price for use of money lent."

In taking usury, then, there is a twofold in-
equality set up: one between the money lent and the
money paid back; the other between the lender and
the borrower. Let us take a concrete example.
A owns a hundred dollars, that is as an artist he
has dominion over it and as moral agent he is, like
all other moral agents entitled to the use of the
money. He lends the hundred dollars to B and demands
on repayment only the hundred dollars. In so doing
he has transferred the dominion over the substance, thereby relinquishing only his right as artist. But B, being a moral agent like A, already has the right to the use of that money once it has been transferred; for the use of things properly refers to mean as moral agents. Thus, in the transaction of lending and returning the hundred dollars equality is maintained between A and B on the basis of their personality.

In this same transaction let us examine the equality on the part of the money itself. Since the substance and use of money are in reality the same thing (being merely two aspects of the same thing—the former having reference to the owner as artist; the latter, to the owner as moral agent), when B returned the substance (i.e. the hundred dollars) he automatically returned the use and so the equality on the part of the money was preserved. Now let us take another example. C, who has dominion over a hundred dollars as an artist and the use of it as a moral agent, lends it to B, demanding in return the hundred dollars, as well as an additional sum for its use. As the previous transaction of A and B was just, both in respect to the men and to the money involved, so in this second case the transaction is unjust in both
respects. What C has done actually is this: while maintaining his own status as artist and moral agent in regard to the hundred dollars, he transferred his right as artist over the substance to D at the same time refusing to acknowledge D's moral right to its use. In the complete transaction of giving and getting back C has remained both artist and moral agent, while D has been only an artist. It is in this very act of granting the one right and withholding the other right that inequality between C and D as men is produced. Why can we say that C withheld D's moral right?—he has done that very thing in charging D for the use as well as for the substance. As before, let us consider the injustice of the negotiation from the point of view of the money. It is not difficult to see the inequality here: what C actually did was to lend the substance and demand in return both substance and use; or, in other words, he lent a hundred dollars and received the hundred plus an additional sum.

We can perhaps see how more readily why St. Thomas says of usury; "It is not just a sin because it is forbidden, but rather it is forbidden because it is secundum se a sin; for it is against natural justice."
At this point arguments may be raised concerning the foregoing analysis of the injustice of usury. Some may claim that the subtle distinctions made between the money involved and the men involved are unnecessary, first, because they obscure rather than clarify and second, because they are invalid since they are not so treated by St. Thomas. Objections may be brought up that St. Thomas was content to treat only of the inequality of the money involved and that the additional distinctions given above concerning the inequality of the men involved is nowhere to be found in St. Thomas' doctrine on usury. Granted that St. Thomas does not explicitly state that we should distinguish between the artist and the moral agent in the personality of the men concerned. But this point seems significant: if that **logical** distinction between the two elements in human personality is not a foregone conclusion with St. Thomas why did he make a logical distinction between the substance and use of things and why did he base the injustice of usury on a logical inequality, i.e. a lack of agreement between two concepts, substance and use? He could have based the injustice on numerical inequality much more easily, i.e. a hundred dollars is lent and a hundred
dollars plus an additional sum is returned.

In answer it may be said that it is not purely in the realm of hypothesis to suppose that St. Thomas regarded the distinctions within personality with regard to money or other material goods as unnecessary in his time. To explicitly state the doctrine of human personality at this particular point would have been for him the statement of a doctrine clear to all. It would have been a simple case of amplifying the obvious, for in his time—the age of Faith—the body of the faithful had no doubt about the relations between the spiritual and material elements in man. They not only did not doubt man's spirituality, but unlike some Catholics even of to-day, their practice showed no divergence from their theory of the superiority of man's soul to his body. They had clear notions about the temporal existence of man—they knew that this life was but a preparation for the next and that the material goods of this life were only for the use of all in satisfying temporal needs; they knew that they had absolute ownership only after a manner of speaking; that they owned things merely as stewards and that this ownership was based on
their likeness to God. Since, then, all recognized the distinctions within personality, it remained only for St. Thomas to show that the substance and use of some things like wine, wheat and money were in reality the same (but logically different) as being two aspects of the same thing—the substance of a thing being referred to man as an artist and the use of that thing being referred to him as a moral agent.

The justification for including this additional notion will now appear more evident. In applying St. Thomas' doctrine of usury to modern times, modern attitudes have to be considered. The de-emphasis of God, or in some cases the complete denial of His existence, has distorted our notion of man's nature. The conception of personality has been lost. Man has become either a god in himself with absolute dominion over his property, like the Rugged Individualists; or he has become a mere individual with no right to property, as in the case of the Communists. The sense of balance has been lost because man has lost the true conception of himself as a person and as an individual.
correct understanding, then, of this doctrine of personality is necessary in this age for a correct understanding of St. Thomas' doctrine on usury. For in this matter of usury, the chaotic thinking of this modern world is characteristic. It has built an economic system on the shaky foundation of a fallacy: between the substance and use of money where no real distinction is valid, it distinguishes; between artist and moral agent where the distinction is necessary it ignores it.

After seeing with St. Thomas that usury is in se illicit we shall now proceed to examine his further conclusions on the subject. If there is one thing for which he is to be admired it is his moderate view in every question. The Greek and Roman ideal of "μεταξύ αὐτῶν" and "ne quid nimis" find constant reiteration in his works--"Virtus constat in medio." In the question of usury as in all other matters he is anxious to avoid extremes. His doctrine that to take a price for money lent is in se illicit, is not to be taken as meaning that to do so under certain conditions and circumstances is likewise unjust.
To refuse any extenuation whatever would be the one extreme, of which the other is to take a price on money lent under all conditions.

The question, then, is what are the conditions under which one may take interest—in other words what are the valid extrinsic titles? To this St. Thomas replies that to accept anything tacitly or by explicit agreement as a payment for money lent is illicit. We must understand the forces of that word "anything" because St. Thomas says that it is just as wrong to accept any article whose value can be measured in money as it is to accept money itself. If, however, one accepts something which has not been exacted either tacitly or explicitly as a sort of free gift, then he does not sin. The reason for this is that the lender might accept a free gift before lending the money and thereby not put at a disadvantage by the act of lending. Compensation in the form of things which are not measured by money may, however, be exacted lawfully, such as good will and love for the lender or something similar.

Furthermore, money can be conceived as something whose use is its consumption or as something whose
use is not its consumption. The example he gives of the former is wine or wheat; of the latter, a house or a horse. In the latter case the use of the house, for example, is living in it not destroying it. Hence, a man may retain ownership of the house while granting its use to another. Therefore, a man may lawfully receive a price (i.e. rent) for the use of the house and in addition receive back the house rent. 

If then money can be also conceived as something whose use is different from its substance, then a charge can be licitly made for its use without incurring the malice of usury. Thus, to lend a sum of money to another for the purpose of display or for deposit as a pledge and to demand a price for this use is allowed.

St. Thomas points out here, as before, that, according to Aristotle, things have a primary and a secondary use; the use of the money primarily is its consumption in spending, but it can also have a secondary use as in the case above.

The next valid reason for taking money on a loan according to St. Thomas arises from actual loss
to the lender. When the lender gives up something which belongs to him and thereby suffers a loss he is allowed to contract with the borrower for compensation to cover that loss.

"This," says St. Thomas, "is not charging for the use of the money but avoiding loss; and it may be that the borrower avoids greater loss than the lender incurs; so that the borrower makes good the other’s loss with advantage to himself." (11) St. Thomas goes on to say that compensation can not be exacted on the ground that the lender makes no profit on his money because he may not charge for what he does not yet possess. This last consideration, however, we shall consider at greater length later. (12)

In another passage St. Thomas says that the lender may incur loss of the thing already possessed in two ways: first, from the fact that his money is not returned to him in the agreed time and in this case the borrower may be held to recompense him; second, he may suffer a loss within the time specified and in this case the borrower may not be held to any compensation. For, insists St. Thomas--showing his practical wisdom in the matter--the one who
is lending the money should take ordinary precautions not to incur any loss. The borrower can hardly be held responsible "for the foolishness of the lender."

Stripped of their technical wording these last two exceptions (or rather these two different aspects of the same exception) would be something like this: B needs a thousand dollars to repair the roof of his barn in order to prevent the rain from ruining his crops stored there. He approaches A for a loan. A has only a thousand dollars in cash, part of which he intended to use in order to buy feed for his stock. If he lends the money to B his own stock will suffer but if he does not lend it to him B will lose his whole crop. He contracts with B for an additional sum to cover his own loss and B is quite willing to pay it. A has not charged him for the use of the money; he has merely asked for compensation of his loss. B stands to profit on the transaction, because even after paying the additional sum he has gained by avoiding the greater loss of his entire crop.

To give an example of the second type of loss: B borrows a thousand dollars from A promising to re-
Problem of Usury.
F. E. Flynn.

turn it in three months. The allotted time has passed and B has not made good the loan. A, however, needs the money at the expiration of the time allowed to pay express charges on goods sent to him. He cannot do so and thereby suffers a loss on the money's not being returned to him. As a result he demands recompense from B for that loss. In this case again he has not charged B for the use of the money; it is only just that B be penalized for his negligence to pay and that A be compensated for his loss.

The last exception that St. Thomas allows is concerned with commercial loans. A commercial loan is the kind made to a business man by reason of which he intends to make a gain for himself. (It is here that the invalid distinction is made concerning productive loans; why it is invalid we shall take up later). Ordinarily when one man lends money to another he transfers the dominion over that money to him. In such a case he may not expect a charge for the use of that money lent. If, however, he lends it to a merchant to be used in a business way, he does not transfer ownership of the money. The lender really enters into a
sort of partnership with the merchant in which the merchant trades with it at the owner's risk. Thus, if in trading the merchant make a profit, it is only just that the lender who is still owner of that money should get some share in the profit accruing therefrom.

Let us summarize briefly at this point the exceptions which St. Thomas allows. First, the lender may receive a free gift from the borrower for the loan. Here the borrower is motivated solely by charity and not compelled by any tacit or explicit pact. Second, if a man borrows money, not for the purpose of consuming it (the first use of money) but merely to use it as display or as a pledge, he may be charged for that use. In this case the borrower does not consume the money; hence, the money itself and its use are two different things——it is a species of rent much after the kind of rent charged for the use of a house. Third, if the lender incurs the loss of the thing already possessed by reason of deprivation in the present or by reason of the loan's not being returned at the agreed time, then he may lawfully demand compensation for his loss.
This is the extrinsic title known to the modern theologians as "damnum emergens." Fourth, a man who has lent money to a merchant in reality retains his ownership, entrusting the money as it were to a steward. If that merchant makes a profit as a result of the partnership, he may be held to give some of that profit to the owner of the money. In this case the merchant has not paid for the use of the money because he has not had ownership over it. All the modern practical applications of these matters treated here will be considered later.

St. Thomas now passes on the the question of restitution of usurious gains and of the guilt of the one who borrows on usury. Because these considerations are really outside this discussion of usury itself they will be treated only briefly. However, his replies to the objections will serve as solutions for difficulties that will arise later. If one has exacted usury he is bound to restore the sum of money so exacted. In the case of fungible things (wine, bread, money) he is bound to restore the amount only that he has
Problem of Usury.
F.E. Flynn.

received. What he acquired as a result of the interest charge is his own, coming as it does from his own industry. In the case of non-fungible things (horse, house, field) he must not only restore the house or field exacted as usury, but also the fruit obtained therefrom, since they are the fruits of things of which another is owner. (14) (15)

On the second point St. Thomas replies that it is in no way lawful to induce another to lend upon usury, since to induce another to sin is to commit scandal oneself. However, one may borrow from another who practises usury if the money borrowed is to be used for some good purpose such as helping oneself or another out of difficulty. It is a parallel case to the one of the man who, set upon by robbers, points out what money he has in order to save his life—though the robbers commit sin who plunder him. At first sight this appears like the application of the principle that the end justifies the means. However, it is not so; for it is lawful to use an evil act of another for a good end, providing that the good of the end surpasses beyond all proportion the evil of the act. "Even God uses all sins for some good end." (16)
Notes and Texts on Chapter IV.

(1) "Respondeo dicemus quod accipere usuram pro pecunia mutata est secundum se injustum, quia venditur id quod non est." S.T. IIa, IIae. Q. LXXVIII, art.1 ad corp.

(2) "Usus autem pecuniae, ut dictum est non est aliud quam ejus substantia; unde vel vendit id quod non est, vel vendit idem bis, ipsam scilicet pecuniam." Quaest. Disp. De Malo Q.XIII, art.iv, ad corp. Cf. also: "Quicumque vendit usum talium rerum retinendo sibi obligationem ad sorbem reddendam, manifestum est quod idem vendit bis, quod est contra naturalem justitiam." Quaest. Quodlibet. Quodl. III, art. xix ad corp.

(3) "Cum ergo aliquis pecuniam mutuat sub hoc pacto quod restituatur sibi pecunia integra et ulterior pro usu pecuniae vult cretum pretium habere, manifestum est quod vendit secundum usum pecuniae et ipsam pecuniae substantiam." Quaest. disp. De Malo Q.XIII, art.iv, ad corp.

(4) Cf. texts quoted in Chap.II: S.T. IIa IIae Q.LXVI, art.1 ad corp. and ad lum. Op cit. Q.LXVI, art.2 ad corp.


(6) "Et propter hoc secundum se est illicitum pro usu pecuniae mutatae accipere pretium, quod dicitur 'usura' ". S.T. IIa IIae. Q.LXXVIII, art.1,ad corp.

(7) "Nec ideo est peccatum quia est prohibitum, sed potius ideo est prohibitum quia est secundum se peccatum; est enim contra justitiam naturalem." Quaest. Disp. De Malo Q.XIII, art.iv, ad corp.
(8) For this paragraph cf. S.T. Ila Iiae Q. LXXVIII, ad corp. et ad 3um et 4um. Cf. also De Malo Q.XIII, art.iv. ad 13um.

(9) "Quaedam vero sunt quorum usus non est ipsa rei consumptio; sicut usus domus est inabitatio, non autem dissipatio. Et ideo in talibus seorsum potest utrumque concedii, puta cum aliquis tradit alteri domus dominium reservato sibi usu ad aliquod tempus; vel e converso cum quis concedit aliqui usum domus, reservato sibi ejus dominio. Et propter hoc licite potest homo accipere pretium pro usu domus et praster hoc petere domum accomodatum, sicut patet in conductione et locatione domus." S.T. Ila Iiae Q.LXXVIII art.1 ad corp. Cf.also De Malo Q.XIII, art.iv. ad corp.

(10) "Potest esse secundarius usus pecuniae argenteae, ut puta si quis concederet pecuniam signatam ad ostentationem vel ad ponendum loco pignoris; et talem usum pecuniae licite home vendere potest." S.T. Ila Iiae. Q.LXXVIII, art. 1 ad 6um. "Secundarius usus autem pecuniae potest esse quicumque alius, puta quod ponatur in pignore, vel quod ostentetur....unde si quis pecuniam signatam in sacculo concedat alicui ad hoc quod ponat eam in pignore, et exinde pretium accipiat, non est usura." De Malo Q.XIII. art.iv.ad 15um.

(11) "Hoc non est vendere usum pecuniae sed damnum vitare, et potest esse quod accipiens mutuum majus damnum evitat quam dans incurrat; unde accipiens mutuum, cum sua utilitate damnum alterius recompensat." S.T. Ila. Iiae. Q.LXXVIII. art.11 ad 1.

(12) "Quod ex pecunia mutuata potest ille qui mutuatu, incurrere damnum rei jam habitae dupliciter. Uno modo, ex quo non redditur sibi pecunia statuto termino; et in tali casu ille qui mutuum acceptit tenetur ad interessse. Alio modo infra temporis deputatum; et tunc non tenetur ad interesse ille qui mutuum acceptit. Debebat enim ille qui pecuniam mutuavit, sibi cavisse ne detrimentum incurrret. Nec ille qui mutuo acceptit, debet damnum incurrere de stultitia mutuentis."
De Malo Q. XIII, art. iv. ad 14um.

(13) "Sed ille qui committit pecuniam suam vel mercatoris vel artifici per modum societatis cujusdem, non transfert dominium pecuniae suae in illum, sed remanet ejus; ita quod cum periculo ipsius mercator de ea negotiatur, vel artifex operatur; et ideo sic licite potest partem lucri inde provenientis expetere, tanquam de re sua." S.T. IIIa. IIIae. Q. LXXVIII. art. iI. ad 5um.

(14) S.T. IIIa. IIIae. Q. LXXVIII. art. iii. ad corp.

(15) S.T. IIIa. IIIae. Q. LXXVIII. art. iv. ad corp.

Chapter V.

The Modern Theological View.

Numerous have been the discussions in the last few centuries concerning this problem of usury. The question has been discussed by economists and by theologians with varying interpretation. It is no less now, than it was in the early ages of the Church, a vital question of moral theology. To give even a cursory analysis of the opinions of various theologians would require a thorough study in itself. It is not our intention to do so here, partly because it would make this thesis quasi-historical—a thing it is not intended to be. To avoid this element, we shall examine the opinions of only one theologian, Tanquerey, taking his opinions as representative of the modern theological treatment of the question.

After examining the modern theological doctrines, Tanquerey puts forth his own opinions. To begin with he lists the extrinsic titles to interest allowed by most theologians. Extrinsic titles are taken to mean those circumstances outside the loan-contract itself which allow the lender to charge interest on other grounds than the loan itself. The extrinsic titles are
Problem of Usury.
F.E. Flynn.

listed as follows:

I. **Periculum sortis**: By this is meant risk or the danger arising from the fact that the money lent (sors) can not be regained without some trouble and expense. The danger of risk should be highly probable and distinct from the ordinary danger which is incurred by the owner; likewise the rate of interest should be in proportion to the danger and can be greater when the danger is great. On account of the instability of things and fortunes in modern times, this danger is often present.

II. **Dannum emergens**: This is the loss which the lender suffers of things already possessed; for instance, if by loss to himself of the money which he has lent the lender is forced to sell his property at a cheaper price or if by this loss he cannot repair his house which is in need of repair.

III. **Lucrum cessans**: This is the gain which the lender might legitimately and probably hope for if he had not lent his money to another. To-day this title almost always exists. There is
no one who, in modern times, does not lose some gain if he does not charge interest on the money he has lent. Governments take money on loan for public works and there are countless commercial and industrial organizations which collect money and render it fruitful.

IV. Poena Conventionalis: This is the "conventional penalty" by which the borrower is obliged to indemnify the lender if he has not returned the loan within the stated time. This is only just as long as the charge or penalty is in proportion to the delay in returning the loan on time and as long as the delay is the borrower's fault.

V. Titulus legis civilis: This is the extrinsic title allowed by civil law when it permits one to take a moderate interest on account of the public good. (This title is not quoted by some theologians.)

From the enumeration of the extrinsic titles Tanquerey offers his opinion, proposing this thesis: "To-day, because of the peculiar economic conditions of society money destined for production is virtually and truly fruitful." Since this appears to be
the core of Tanquerey's teaching on usury, we shall examine it in detail. He does not hold that all money is fertile but only that which has the nature of capital. He claims that money is not in se fruitful—its sterility coming from the fact that money does not breed money. It is, however, virtually fruitful because in modern times it can be turned without any difficulty into things or uses which bear fruit. This aptitude for bearing fruit, he contends, does not proceed from the special industry of particular users of the money, but is present in the money itself. It is easy to see how it can be turned into land, houses or machinery and other such things from which much can be gained by reason of productive labor. If there are some who do not care to use their money in the way mentioned above they can consign it to commercial or industrial organizations for a moderate interest charge, since those companies can make the money produce. At this point Tanquerey adds an additional note on the productivity of money.

"It cannot be said," he points out, "that the money lent is only the occasion and not the cause of the gain which is acquired from the thing by
reason of human labor alone." (5) "It is true," he adds, "that money without any human labor would remain lazy and produce nothing of itself, just as a field does not give forth fruit without cultivation and an instrument does not operate except by the hand of the operator. However, a farmer who wisely uses money for cultivating his farm better, the artisan who perfects his instruments with money borrowed make a much greater gain legitimately as a result of the work done by the money; money therefore is not just the occasion but also the instrumental efficient cause of this increase—granted that it is only partial—and thus some right to its part in the increase can be established."

Having satisfied himself that the virtual fecundity of money has been conclusively proved, Tanquerey proceeds to his next thesis: "Since money is virtually fecund in modern times, it is allowable to take from it a moderate interest whenever it is lent to another for production." (6) He who lends money for another's use for a determined time deprives himself of the opportunity to make a gain, and he gives the other an advantage inasmuch
as he furnishes him with the chance to make some profit; or, in other words, on the part of the lender a gain is sacrificed ("lucrum cessans"), while, on the part of the borrower there is a chance of increasing his revenue. Formerly this title of sacrificed gain (lucrum cessans) rarely occurred; to-day however, granted the virtual fecundity of money it is more common.

"The contract whereby money is committed to another, under the conditions of a sort of moderate interest, is not properly a loan nor a leasing of the money, but a contrast of its own sort which can be called the contract of a loan." Tanquerey, after stating this next thesis begins to distinguish. It is not a loan such as was understood by the ancients; because according to them, anything consumable in first use, which was surrendered in a loan, was in no way considered to bear fruit, while to-day a thing is lent which is virtually fecund. For this reason loan in the old days was ex se gratuitious, while to-day the transfer of money is not made unless for some price. Furthermore, it is not the leasing of money, because in the
leasing of a thing that thing is not given over completely, but the same thing is returned after some time; in our case, on the other hand, the money is really given over and is not returned except in its equivalent. It is, however, a contract of its kind which can be called a loan. He who has lent his money to another has truly granted to him the use of the thing as his own, and so that after a specified time the equivalent of the thing committed be returned to him, as well as some consideration for the use of the thing which is virtually fruitful.

At the conclusion of this thesis Tanquerey (8) adds another note. In it he says: "And so, unless we are mistaken, the apparent discrepancy between the old and recent theologians on this matter can be explained very well. Ethical principles are the same to-day as in former centuries, but economic conditions are wholly different. There was a time when money was regarded as sterile and it was true to say that no interest could be taken from money lent by reason of the loan itself but only by reason of extrinsic titles. To-day, how-
ever, since money is virtually fruitful, it is no less true to say that from the contract of loan, by which it is given to another, some interest can be legitimately taken provided it is moderate."

In summarizing Tanquerey's opinions we can do no better than render his own summary: "interest will be moderate if it is in proportion to the danger of risk (periculum sortis), to the gain foregone (lucrum cessans), to the resulting loss (damnum emergens) and to any other circumstances of time and place, according to the common estimation, wherefore, whenever there is a legal tax or definite custom, this must be adhered to, unless there are special reasons for seeking a greater rate, e.g. greater danger of losing the money lent, they are to be censured. Therefore, as practising injustice, who take advantage of the want of others by charging exorbitant interest." It is necessary also to add that Tanquerey's own thesis is an important item in current theological teaching: because of modern economic conditions, money, which was formerly regarded as sterile, has become to-day virtually fruitful; because of this fruit-
fulness of money, it is legitimate to charge a moderate rate of interest.
(1) While the exposition of Tanquerey will receive full treatment in the text of the thesis, references will be made here and there in the notes to other theologians in order to show their substantial agreement among one another in their treatment of usury and their unanimous divergence from St. Thomas. There have been two reasons for especially choosing Tanquerey as the basis of a critical comparison with St. Thomas: he is probably the most commonly consulted authority among seminarians, and he, of the modern theologians, gives the fullest treatment of the problem. His discussion of usury runs to some 29 pages.

(2) pgs.416-420; Synopsis Theolgiae Moralis: A.D. Tanquerey; T. III; Desclee et Socii, Romae Tornacii, Parisiis; 1919.


(4) Op. cit. p.418; 902. Cf. Cathrein. Cathrein's thesis is even bolder, being as it is, in direct contradiction to St. Thomas doctrine on the inherent injustice of usury: "Spectata hodierna societatis condicione oeconomica contractus fenebris per se non est illicitus, etiam abstrahendo a dispositione legis civilis." Cathrein: Philosopha Moralis,
Cathrein, too, holds that money is not by its own nature sterile. To the objection that it is sterile ex natura sua, he answers:


Another theologian, P. Gury, goes even further than Tanquerey and Cathrein. While agreeing with both that money is not sterile when joined to human industry, he goes on to say that, "not a few recent theologians" hold among other things that by itself money is fruitful: "Pecunia, ut eonstat experientia mercatorum, fructum producit, et multiplicatur per se, independenter ab humana industria; ergo, non omnino sterilis reputanda est." P. Gury: Compendium Theologiae Moralis, (apud Victor Lecaffre, Parisiis, 1899), vol. I, p. 531, ad 4.


Chapter VI.
The Modern View versus The Thomistic View.

It is the purpose of this chapter to examine Tanquerey's position and to evaluate it in the light of Thomistic doctrine on the question of usury. Having discussed St. Thomas' doctrine and having outlined Tanquerey's teaching, it remains for us now to put the two side by side; to compare them and to see how far Tanquerey has diverged from St. Thomas and to question just to what extent that divergence is justifiable.

After quoting the various opinions of the Fathers on usury Tanquerey has this interesting and significant comment: "From all this various citations in which the doctrine (i.e. of usury) is contained the following may be observed: a) usury, accepted from the poor is something inhuman and opposed to the precept of charity; b) in certain cases immoderate usury exacted from the poor is truly unjust; c) nothing can be definitely and certainly said concerning commercial loans, on which the Fathers are silent." (1)

The above comment is "interesting and significant" because it would appear that Tanquerey began the question with certain preconceived
notions and prejudices and is casting about in order to justify the thesis which he intends to propose later on. Let us take the first observation and examine it. Tanquerey labors the point about taking usury from the poor. It is true that the Fathers mention this particular aspect of usury as especially contemptible, but does Tanquerey perhaps see in it a loophole? Does he see the possibility of condoning usury from the more well-to-do as legitimate? Does he not seem to infer that it is the fact of taking it from the poor that gives usury its vicious element? As for the usury being against the precept of charity—in the passages cited (cf. Chap.I) The Fathers seem rather to dwell on the injustice of usury rather than on its opposition to charity. Clement of Alexandria says, "the law prohibits charging interest to a brother." Does that word law not suggest justice rather than charity—mindful of St. Paul's words: "The law is not for the just, but the unjust."? Again, St. John Chrysostom, in speaking of those who grow rich while impoverishing others by means of usury,
Problem of Usury.
F.E. Flynn.

says that "this is the very bond of injustice." It would seem then, that Tanquerey has misinterpreted the Fathers in making them condemn usury as uncharitable; they appear, at least in the passages which he quotes, to be more concerned with the injustice of usury. Consequently, the Fathers seem to regard the taking of usury as somewhat more vicious than does Tanquerey.

Let us proceed to his second comment, "In certain cases exacting immoderate usury from the poor is unjust." Here Tanquerey is quite generous in admitting the injustice of usury because of its character of excessiveness. However, unless he has reference to passages other than those which he cites, no mention is made by the Fathers of any such extenuating circumstances as "immoderate". Again that word "poor" comes up. Is it not an act of impoverishment on the part of the lender to grow rich at the borrower's expense, even though that borrower is not actually in dire want? Does not the very taking of usury render the borrower poor?—"ex aliorum paupertate ditescunt"
When he comes to the last point Tanquerey almost seems to exhibit the glee of those who cannot find what they did not wish to find: "Nothing is definitely said about commercial loans, and on this point the Fathers are silent." Here, it would appear, Tanquerey is attempting to find a significant point where none is to be found. Of course the Fathers do not make the distinction about commercial loans on usury. Can that be taken as proof positive that the Fathers made or would make exceptions for such loans? Does such an assumption not seem to be flying in the face of history to hold that the age in which the Fathers lived was entirely devoid of commerce? Had the people of their time completely lost the Aristotelian notion that money was a means of carrying on trade as well as a means of satisfying purely personal needs? Such an assumption appears gratuitous and naive.

When it comes to commenting on the Councils (cf. Chap. I) Tanquerey again seems to be bothered about the question of excessive
Problem of Usury.
F.E. Flynn.

interest: "Although in these times there was
no explicit distinction made between immoderate
usury and moderate interest there are a few
facts which would seem to argue for the toler-
ation of moderate interest." Those "few
facts" happen to be three in number. The
first "fact" is the case of the bishop of
Claremont, Sidonius Appollinaris (430-488)
who praised a cleric for lending money and
added that the lender had the right to take
interest "since he had the right to exact
the whole". The second is to be found in
the case of St. Gregory the Great (540-604).
In a letter to Anthemius he says: "He will
not look for gain from the loss of another,
but having received the loan at a price he
has been content, inasmuch as anything given
to the poor will be multiplied for him by the
omnipotent God and it will be returned to him
as He promised." The last example is that of
King Theudericus, who, according to St. Gregory
of Tours (538-593) promised: "We shall re-
turn your money with legitimate usury." Granting
the authenticity of these facts and granting that
they appear to indicate that moderate interest was allowed in these cases, it would seem rather slim evidence upon which to base any definite conclusions. Likewise it is hard to judge even these three cases when only a few circumstances surrounding the loans are given. The weight of such evidence appears even more slim when we consider the numerous Councils which condemn usury and make no explicit reference to immoderation. With one particular Canon Tanquerey seems to take unwarranted liberties as a result, perhaps, of trying to read into the Canon what is not there.

He quotes the Canon from the Council of the 5th.Lateran: "Ea propria est usurarum interpretatio, quando videlicet ex usu rei, quae non germinat nullo labore, nullo sumptu, nullo periculo lucrum foetusque conquiri studetur." The words "quae non germinat" are underlined because Tanquerey has them italicized in his book. By italicizing them and from the explanation which follows Tanquerey evidently takes the words to allow for exception—"from the use of a thing which
does not germinate," he apparently accepts as a justification for his later thesis that same money does germinate or produce fruit. In fact, immediately after the quotation he says: "On which account it does not prohibit usury which takes gain from anything which is fruitful." It would seem from this that Tanquerey is putting undue emphasis on that phrase "quae non germinat." Rather than suggesting an exception, it could just as well be merely an explanatory phrase. With equal validity it could mean that the thing does not germinate.

Once again we shall see where Tanquerey shows unjustifiable liberty in interpreting quotations. This time we have reference to that passage from the Bible: "Thou shalt not lend money to thy brother on usury, nor corn nor any other thing but to the stranger." (Deut.XXVIII.19). Here is what Tanquerey has to say about that passage: "From this it can be inferred, that moderate usury is not absolutely and intrinsically evil; otherwise it could not have been permitted by God even toward strangers." (10) Now let us quote St.
Thomas' reply to that same objection: "In reply to the second argument, it is to be said that the Jews were forbidden to receive usury from their brothers, that is from Jews; by which we are given to understand that to receive usury from any man is strictly evil; for we ought to regard every man as a neighbour and brother, especially in the state of the Gospel to which all are called. Hence it is written in so many words: 'He that hath not put out his money to usury' (Ps.XIV.5): and: 'He who hath not taken usury' (Ezech.XVII.8). The permission to receive usury from strangers was not accorded to them as something lawful, but as something permitted with a view to avoiding a greater evil, that is, lest through avarice to which they were addicted (Isaías LVI), they should take usury from the Jews who worshipped God." The difference between St. Thomas' and Tanquerey's opinion on this same passage is illuminating and any further comment is hardly necessary.

Let us now proceed to examine the validity of the extrinsic titles to interest as proposed by Tanquerey and let us judge them according to
Thomistic doctrine. The first extrinsic title allowed is "periculum sortis". As explained before this is the risk involved in making the loan. The lender might not be able to regain the loan without some trouble and expense; consequently he may lawfully charge interest to cover that loss.

The answer to this seems fairly obvious: if there is a risk involved in making the loan, if the lender is doubtful whether or not he will regain the money lent, why lend it? Or, just as reasonably, once having lent it why charge the borrower for the risk that he (the lender) is taking? St. Thomas answers that loss may be incurred in two ways. The first we have mentioned before and shall consider later; the second has application here. The lender may suffer loss "in another way within the time specified; and in this case the borrower cannot be held to interest. He who has lent the money should take precautions lest he incur loss. Nor should he who has borrowed incur loss because of the foolishness of the lender.

St. Thomas uses the word "stultitia" very infrequently and the fact that he uses it here seems significant. Tanquerey tries to make a distinction between
the ordinary risk incurred by the lender and the risk that follows from the insecurity and instability of modern times. Granting that the distinction is valid and granting that the risk following on the insecurity of modern conditions is ever present, still why make the borrower responsible? Why should not the lender be willing to suffer a loss as well as the borrower when conditions over which neither have control make risk highly probable? To charge the borrower interest because of risk seems the same as to accuse the borrower of being wilfully responsible for changing economic conditions. Furthermore, to lend money and charge interest for risk is in reality no risk at all; it is a sure thing. If the lender has charged the borrower for risk, win or lose he seems certain of his money. Another point comes up here. Tanquerey says that the rate of interest should be proportionate to the risk. Does that not seem to place the amount of interest to be taken on rather arbitrary foundations? Could the lender perhaps not take an exaggerated notion of the risk he is incurring? Is that estimation of a just proportion not a rather subjective one?
Concerning the next title there is no dispute between St. Thomas and Tanquerey. Both agree on "damnum emergens". Both see that the lender who incurs the loss of a thing already possessed by making a loan is allowed to indemnify himself. St. Thomas is insistent, however, in pointing out that to charge for the use of money is not to be confused with avoiding loss.

The third title is "lucrum cessans." Such is the gain which the lender sacrifices in making a loan to another. He has a sum of money which he might hope to make profit from, but instead of doing so he lends it. He is, therefore, according to Tanquerey justified in charging the borrower for the money he might have otherwise used profitably. Here again, there is a pertinent question: if the lender had hope of making profit from the money why lend it? He is not obliged to make the loan. Besides the hope of making a profit is purely in the realm of the hypothetical; there are many circumstances which might arise especially "in these modern times" which would make that future profit not too certain. Why make an interest charge then for the loss of an only problematical
Problem of Usury
F.E.Flynn.

St. Thomas' statement on this matter seems very definite and unequivocal: "Compensation for loss, however, cannot be exacted on the ground that the lender makes no profit on his money, because he should not sell what he does not yet possess and which he may be prevented in various ways from getting." (14)

"Poena conventionalis" is the conventional penalty which the borrower who does not return the money in the stipulated time must pay. Thus, to charge interest to one who has gone over the time limit of the loan is just.

This, according to St. Thomas, is a valid title but not a separate one. He includes it under "damnum emergens". As mentioned above "there are two ways in which the lender may incur loss of a thing already possessed. The first way is from the fact that the money is not restored to him within the stated time; and in that case the borrower can be held to interest." (15)

Thus, Tanquerey and St. Thomas agree on this title, but the latter merely makes a different classification. Both agree that the delay must be through the fault of the borrower. The only
difference to be found is that Tanquerey would make the interest in proportion to the delay, while St. Thomas would apparently make it in proportion to the loss incurred by the lender. In the former case there is danger of the judgment being rather vague.

The last title mentioned by Tanquerey, though not by all theologians, is "titulus legis civilis." This is the title allowed by civil law whereby the law permits one to take interest in a moderate degree on account of public good. It would seem to be a rather weak title since there are laws which permit intrinsically evil acts. In some states there is a law allowing sterilization of the insane on the grounds that such a permission is for the public good. Theologians, however, would be all agreed that the permission of the state in such a case would never mitigate the inherent evil of sterilization. In replying to the same objection that since the civil law permits usury it must be all right, St. Thomas says: "It is to be said that human laws leave some sins unpunished on account of the conditions among men who are imperfect and who would be
deprived of many advantages, if all sins were
forbidden and penalties provided. Hence civil
law had allowed usury not in the sense of con­
sidering it to be according to justice, but in
order not to prevent the advantage of many.*

There are pseudo-historians without number
who have used the old cliches when referring to
the Middle Ages: "shackles of dogmatism," "priest­
ridden", "progress impeded" and many others of the
sort. It comes rather as a surprise, then, to
read in a theology text a passage which might
compare favorably with this type of medieval
history with which we are all familiar. There
is in Tanquerey a passage which can hardly be
surpassed for its complete naivete and careless
disregard for historical facts. "There are many
writers of to-day," he says, "who go back to the
Schoolmen and Councils, ignore the economic laws
and, by the prohibition of usury would retard
the progress of industry and commerce. We are
of the opinion that the error by which they are
tricked is not a moral one but rather economic;
for they think that money is sterile, and from
this they infer that no interest can be taken
on money lent per se—this principle is true if money is altogether sterile. (Here a wave of generosity has suddenly swept over Tanquerey): Moreover the error which is attributed to them can be easily excused. For money in se is truly sterile nor can it be made fruitful unless turned into fruitful things. Indeed, in the Middle Ages, it was very difficult on account of the economic conditions of the time to turn money into fruitful things: there is hardly a basis for comparison since, on account of the feudal system, industries were local, reserved to guilds of workers and commerce was carried on by only a few, namely the Jews and Lombards. It is no wonder, therefore, that money was generally regarded as something sterile.

"Moreover if the Church prohibited this it would retard in some degree the progress of commerce. The evolution of industry and the invention of machinery have given rise to a new state of things and of new forms of loan called the contract of credit."

Tanquerey seems to be genuinely concerned with the retardation of progress—material progress is
meant of course—as something almost worthy of adoration. "Progress," the moderns will cry, "may she be always right; but Progress, right or wrong." In apparently consenting to such modernism Tanquerey is hardly in the Thomistic spirit: "For no temporal loss are we allowed to consent to or minister materially to another's sin; because we must love our neighbour's soul above all temporal goods. For such a necessity therefore the above mentioned (i.e., usurers) cannot be excused from mortal sin." Since usury is in se a mortal sin, St. Thomas would never agree that its inherent viciousness could be palliated by temporal necessity. Those who would excuse usury on the grounds that its moderate observance is necessary for economic progress are guilty of heresy, for they really say that an act in se is no longer a sin as long as the ends of temporal necessity are served. Such a principle, besides being a heresy, (or should we say "because it is a heresy") will lead, and from all appearances at present, is leading to economic and social chaos.

The next point in the passage quoted above
which is hard to reconcile in a theological work is this: "It is our opinion that their error is not a moral one, but rather economic." Here again is a thoroughly modern notion. Both Aristotle and St. Thomas regard economics (like politics) as a part of ethics. They would never consent to the modern alienation of economics from ethics. The principles of the latter govern the former. If, of course, one means by economics the observation of mere financial phenomena it is not a part of ethics—precisely because ethics is a science and the type of economics just alluded to is no valid science at all. However, to return to Tanquerey: he has made a distinction between ethics and economics which is unphilosophical and which, if followed to its logical conclusions as it is being done to-day, will lead both to moral degradation on the one hand and economic ruin on the other. In trying to destroy one (ethics) and exalt the other (economics) moderns have only succeeded in weakening both.

The next item which seems to bother Tanquerey is the lack of distinction made by the medieval
Problem of Usury.
F. E. Flynn.

thinkers between money as a sterile thing and money as a fruitful thing. His naive approach to this question is almost unparalleled. In the Middle Ages he insists it was difficult, "on account of the economic conditions then", to conceive of money as being fruitful. Since the men of those times thought of it as only sterile, then of course to charge any interest was wrong; here Tanquerey agrees with them most generously. However, his inference is that in those days economic conditions were so simple and primitive that it was impossible that money should be fruitful. Such an assumption is rather gratuitous. Are we to suppose that in the Middle Ages all loans were made purely to cover personal necessity? Granted that the feudal system restricted business to local industries, is that tantamount to saying that there was no commerce at all? Did not the Crusades have as one of their results the quickening of foreign trade? Then, too, we must not forget the great Hanseatic Leagues. Those unions were at first temporary associations of merchants going on particular journeys,
but very quickly merchants of particular towns or districts tended to band themselves together into a single trading organization called "Hanse". The earliest "Hanse" is that of Flanders; it began practically as the guild merchant of Bruges, the chief city of Flanders, but grew to such an extent that by the thirteenth century it comprised over fifty towns from Bruges to Rheims in Champagne and Caen in Normandy. This Hanse virtually controlled the importing to the continent of English wool, to such an extent that at one time goods purchased by a non-member were liable to confiscation. Living as he did at that time and presumably knowing of the Hanseatic league, St. Thomas makes no mention of any compromises to suit what people of that time no doubt considered as "peculiar modern conditions". This example of the Hanseatic league in Flanders is but one case. There were other leagues and associations at the time which would seem to indicate that in the Middle Ages economic conditions were not exactly primitive. To assume that they were entirely ignorant of the various functions of money betrays our own crass ignorance of history.
"Moreover if the Church prohibited this (i.e. usury) it would retard in some degree the progress of commerce." Such a statement is hardly in the Catholic tradition and is, a fortiori, the more irreconcilable in a theologian. It has never been the policy of the Church to consult the world before defining her doctrine and moral principles. As a wise mother the Church has ever been mindful of the weakness of her children but she has never built legislation on that weakness. It has not been the part of the Church to conform but to elevate. Furthermore, progress is not so sacred that the Church must not interfere even when moral issues are at stake. Such a laissez-faire policy on the part of the Church would be an admission of ignorance of the teleological order. Progress, with which the world, is concerned, finds rest in the economic end; salvation, the chief concern of the Church, tends toward the final end—beatitude. Clearly, then, to exalt progress is to confuse the dignity of ends; it is to elevate progress above the subordinate end to which it belongs. The strained relations between
the Church and material progress is not a result of implacable decrees or restrictive shackles on the part of the latter; it is merely an evidence of the constant warfare that has disrupted the internal peace of every man since Adam; it is the conflict between the prudence of the flesh (as St. Thomas calls it) and the prudence of the spirit.

All of Tanquerey's observations, all his hypothesis, have been up to this point merely the groundwork for his main thesis. When he says that the Fathers must have had reference only to immoderate interest and only to the malice of binding the poor by usury; when he doubts that the moralists of the Middle Ages properly understood the functions of money he is evidently trying to ease his own conscience and attempting to justify his position as set down in the thesis: "To-day on account of the peculiar economic conditions money destined to production is virtually fruitful and truly fruitful." Such is his first thesis, to be followed by: "Since money is virtually fruitful, it is permissible to take a moderate interest from it when it is lent to another
for production." (23) Despite what Aristotle and St. Thomas have said concerning the nature of money, Tanquerey would have "peculiar economic conditions" change all that nature. Modern conditions have changed money partially in that to-day gold is no longer widely circulated. Because of convenience and to suit modern demand paper money is issued against gold. Such a change, however, is only accidental; it does not effect the very essence of money. Money is to-day, as always, a medium of exchange, a means of equating real things, a norm of value. It is just as much a conventional thing to-day as it was then; it is just as sterile. Modern conditions would have to be "peculiar" indeed to change the essential nature of money.

Tanquerey has a long note at the end of his first thesis which attempts to prove philosophically that money destined for production is fruitful. "Money", he claims, "is not only the occasion but also the efficient instrumental cause, partial, no doubt, of this increase and as a result there is some right to part of the gain." (24) The efficient cause of anything, the cause strictly speaking that
produces, is the agent. By agent is not meant necessarily "human agent". Agent means one who can act. It might be a man building a house or a bird building a nest—both are agents because they act each according to his nature ("operatio sequitur esse"). The agent is the principle of his own activities—an activity which is in proportion to his degree of being. This instrumental cause, on the other hand, is that by which the agent produces. The principle of activity comes from without—from the agent. Left to itself the instrumental cause could not act simply because self-activity is beyond its nature. For example, the carpenter who makes a table is the agent; the hammer which he uses is the instrument—efficient and instrumental causes respectively of that table. The agent alone is responsible for his action, with just that degree of responsibility that is compatible with his nature. We should hardly think of praising a hammer that wrought a beautiful work; nor should we leave a hammer and some wood alone in a room and come back expecting to find a completed table. Similarly, we should hardly expect money, left to its own devices, to produce. To take another example: a man
lends his neighbor a hundred dollars to buy a cow. The cow gives milk which the man sells to a dairy making a profit therefrom. The milk, as real wealth, certainly brought money to the owner of the cow. However, did the hundred dollars which he borrowed produce the milk, or did nature with her usual common sense leave that to the cow? The money that bought the cow that gave the milk should receive as much credit as, and no more than the hammer in the hands of the carpenter. The carpenter who borrows the hammer is not bound in justice to return more than the hammer. Similarly, a man who has borrowed a hundred dollars can hardly be expected to return more than the sum borrowed. He cannot be held to give some of the gain which resulted from his own and the cow's industry rather than from the loan. The loan, like the hammer, was merely an instrument.

On this point St. Thomas is very clear. The question arose whether or not a man is bound to restore anything he may have gained from usury exacted. St. Thomas replies: "Hence, if such things were extorted by usury
money, wheat, wine or something of the sort) a man is not bound to make restitution beyond what he has received: because what is acquired by this means is not the fruit of such a thing but of human industry." St. Thomas, then, would not make the distinction, made by most modern theologians, that loans are of two kinds—non-productive and productive. For him, as well as for Aristotle, money is sterile and no accidental circumstances such as "peculiar modern economic conditions" could make it otherwise.

In his last thesis Tanquerey takes the stand that under modern conditions of moderate interest, there is not a loan properly speaking nor a transfer of money. Rather, it is a contract sui generis, a contract of credit. It is difficult to see just how borrowing money at even moderate interest can be a true contract. A contract is an agreement made between two persons freely. Granted that the borrower agrees to pay interest on the loan, it is a rather weak freedom for him, because if he does not agree to pay interest he cannot receive the loan. The lender in making him agree to pay
interest is taking advantage of the borrower's necessity. Consequently, the borrower is not entirely free in making the agreement. Instead of mitigating the evil connotation of the word "usury", Tanquerey in substituting the phrase, "contract of credit", has weakened his case rather than strengthened it. Instead of building up a case for loans at interest in particular, he has broken down the whole fabric of contracts in general; for instead, the introduction of that element of necessity would in reality reduce the contract, whereby the borrower agrees to pay interest to no contract at all.

At the conclusion of his thesis Tanquerey has a note which would seem to indicate a certain troubled state of mind. "And so", he says, "unless we are mistaken, the apparent discrepancy between the old theologians and the new ones on this point (of usury) can be easily explained. The principles of ethics are the same to-day as in ages past but economic conditions are wholly different. At the time when money was regarded as sterile, it was true to say that no interest could be taken on money lent by reason of the loan itself, but only
by reason of extrinsic titles. To-day, however, since money is virtually fruitful it is true to say that from the contract of credit, by which it is lead to another, some interest can be lawfully (27) exacted, if it is moderate." From his repeated insistence upon the fruitfulness of money and the peculiar modern conditions, it would appear that Tanquerey is not too sure of his position. If his thesis is patently reasonable there should be no need of dwelling ad nauseam upon it: its reasonableness should be its own best argument. That phrase, "apparent discrepancy", appears to be a signal of distress—perhaps he would fervently hope that it would be not quite so apparent. If, as he says, ethical principles do not change, it is hard to understand why modern conditions should make any difference. It is quite true that general principles must be interpreted in order to allow for particular contingencies arising at different times. To interpret generalities to suit specific cases is to make explicit what has been pre-contained implicitly in them: interpretation, like elastic can be stretched only so far. It would seem that Tanquerey has made explicit what was never contained implicitly
in the original doctrine on usury: he has stretched the elastic beyond its natural limits of extenuation.

The question might arise now, Whence and when did this modern theological teaching on usury arise, since it obviously cannot be traced to Thomistic doctrine? If treated fully, that question would really be a thesis in itself, historical in character. Since, as mentioned before, this thesis is rather doctrinal than historical, the problem will be given only brief treatment here. The possible solution of the question may be suggested by this statement: modern theological views on usury bear a striking resemblance to those of Calvin. Realizing that such parallel views could just as well be coincidental as causal in their relationship, the writer is cautious lest in trying to draw a necessary conclusion where only an accidental connection might exist, he fall into the fallacy of "post hoc, ergo propter hoc." Thus, far from suggesting that the evidence produced is conclusive, the writer suggests that it is at least provocative.

Both present-day Catholic theologians and Calvin agree that, while usury is an evil, there
are certain circumstances which palliate its vicious character. The resemblance between the two teachings—the theological and the Calvinistic—is on four points: a) that money is fruitful and that there is, therefore, necessity for distinguishing between consumptive and productive loans; b) that only that usury is vicious which is immoderate; c) that usury is a crime against charity, not against justice; d) that modern business demands the maintenance of usury as a necessity institution. It will, then, be necessary only to set down under each point the parallel views of each without further comment:

a) "It is true that money without the industry of man remains idle and produces nothing from itself, as a field generally produces no fruit without cultivating, nor an instrument does any work without the hand of the artist." (Tanquerey)

"When anyone sets up his table ([i.e., for money-changing]) he uses the same art as the farmer does in employing his labour in cultivating fields." (Calvin)

"Recent men distinguish between a consumptive
Problem of Usury.
F.E. Flynn.

and productive loan. They say that it is less
injust to accept usury from one who borrows the
money solely from need and to care for the necessi­
ties of life; that it is not unjust to accept
usury from one who intends to sue the money for
business and to make a profit." (Cathrein)

"It is always wrong to exact usury from a
poor man; but if a man is rich and has money of
his won, as the saying goes, and has a very good
estate and large patrimony, and should borrow
money of his neighbour will that neighbour commit
sin by receiving a profit from the loan of his
money?" (Calvin)

b) "From these causes, it is lawful to accept
moderate interest from money lent" (Tanquerey)

"In certain cases it is unjust to exact immoderate
usury from the poor." (Tanquerey)

"It is not suitable then to receive all things
because if the profit exceed moderation it must be
rejected since it is contrary to charity."(Calvin)

c)"To accept usury from the poor is inhuman
and opposed to the law of charity."(Tanquerey)

"It is always wrong to exact usury from a poor
man, but if a man is rich....and should borrow money
from his neighbour, will that neighbour commit sin
by receiving a profit from the loan of the money?.....

We see then that it may sometimes happen that the receiver of interest is not to be hastily condemned since he is not acting contrary to God's law." (Calvin)

"It is to the best interest of the public good that money remain not idle, hidden in vaults, but that it be surrendered to commerce. And so a remuneration can be granted to those who lend their money to others." (Cathrein)

"There are many modern writers who vehemently turn against the Scholastics and the Councils because they ignore economic laws and by the prohibition of usury, they would retard the progress of industry and commerce. Our impression is that the error by which they(i.e. Scholastics)were tricked is not a moral one but an economic one; they thought that money was sterile." (Tanquerey)

"But we must always hold that the tendency of usury is to oppress one’s brother and hence it is to be wished that the very names of usury and interest were buried and blotted out from the memory of man. But since men can not otherwise transact their business, we must always observe
what is lawful and how far it is so." (Calvin)

It might be objected here that the foregoing criticism of Tanquerey is too severe; that the criticism is colored over with the ruddy cast of vituperation. However, the vituperation has been of the impersonal sort, entirely free from malice. It has been the purpose in this chapter to evaluate Tanquerey in the light of Thomistic doctrine and if the severity of that evaluation appears unnecessarily so, it must be borne in mind that such harshness has not proceeded from any personal spleen, but rather from the discrepancy itself which exists between the two doctrines. St. Thomas moves in the order of principles; Tanquerey, in the order of expediency. We must not conclude that the people of the Middle Ages were, like Caesar's wife, beyond reproach: it would be a species of sentimentality, mounting almost to heresy, to think that people of that time could do no wrong. Because laws were laid down then, there is no reason to suppose that they were always followed. In this matter of usury the pronouncements were quite definite; we cannot be so sure that their observance was just as definite. St. Thomas laid down the principles of the question,
principles always recognized, but not always observed. In our age of casting off shackles—a euphemistic way of saying that we are impatient of discipline—we not only fail to observe laws; we are making a systematic attempt to not even recognize them. It is one thing to admit the weakness of man and to temper our sometimes too severe human justice with divine mercy and charity; but it is another thing to condone it, to glorify it and to accept the defeatist’s attitude: "It is there, what can we do about it?"—in other words, it is an error of diabolical speciousness to pander to that weakness. God forgives human frailty, but the Devil encourages it. It may be in good faith; it may proceed from invincible ignorance, but we are doing the Devil’s work when we try to water down immutable principles to suit the changing desires of the moment. It was ever different with St. Thomas: the charge can never be made against him that he did not take a moderate view and make sufficient distinctions on matters of principles; however, he never did distinguish to the point where he practically qualified that principle out of existence.
Notes and Texts on Chapter VI.


(4) St. John Chrysostom: loc. cit.


(8) Denzing, n.623.


(11) S.T. IIA. IIae. Q.LXXVIII. art.1, ad 2um.

(12) "Alio modo infra tempus deputatum; et tune non tenetur ad interesse ille qui mutuum accepti. Debebat enim ille qui pecuniam mutuavit, sibi cavisse ne detrimentum incurreret. Nec ille qui mutuo accepti debet damnum incurrere de stultitia mutuantis." Quaest. Disp. De Malo. Q.XIII, art. iv, ad 14um.

(13)"hoc non est vendere usum pecuniae sed damnum vitare". S.T. IIA.IIae. Q,LXXVIII. art.11, ad lum.
(14) "Recompensationem vero damni, quod consideratur in hoc quod de pecunia non lucratur, non potest in pactum deducere quia non debet vendere id quod nondum habet, et potest impediri multipliciter ab habendo." S.T. Ila. Ilae. Q. LXXVIII. art. 11. ad Ium.

(15) "Potest ille qui mutuat incurrere damnum rei jam habitae dupliciter. Uno modo, ex quo non redditur sibi pecunia statuo termino; et in tali casu ille qui mutuum accepit tenetur ad interesse". Quaest. Disp. De Malo. Q. XIII. art. iv. ad 14um.

(16) Gury makes this extrinsic title the cardinal point in his argument for the acceptance of usury: "Titulus legis civilis probabilius est ratio justa et honesta aliquid supra sortem exigendi, secluso etiam quocumque alio titulo." Cf. op. cit. p. 529, 863. Cathrein, likewise, seems to favour this title to the exclusion almost of the others. For him the right to accept usury comes from the permission of the civil law—which permission follows, according to his exposition, from modern economic demands. Cf. op. cit. p. 346, 499.

(17) "Leges humanae dimittunt aliqua peccata impunita, propter conditiones hominum imperfectorum, in quibus multae utilitates impedirentur si omnia peccata districe prohiberentur poenis adhibitis. Et ideo usuras lex humana concessit, non quasi existimas eas esse secundum justitiam, sed ne impedirentur utilitates multorum." S.T. Ila Ilae. Q. LXXVIII. a. 1, ad 3um.
Cf. also: "Contingit autem quandoque quod si
impediatur aliquod malum, provenit maximum detri-
mentum communitate: et ideo quandoque jus positivum
permittit aliquid dispensative, non quia sit justum
id fieri, sed ne communitas majus incommodum patiatur;
sicut etiam Deus permettit aliqua fieri in mundo, ne
impediantur bona quae ex his malis ipse elicere novit.
Et hoc modo jus positivum permisit usuras propter
multas commoditates quas interdum aliqui consequuntur
ex pecunia mutuata, licet sub usuris." De Malo.
Q.XIII. art. iv. ad 6um.


(19) "Sed pro null# temporali damno debemus
consentire aut materiam ministrare alterius peccato;
quia plus debemus diligere animam proximi quam omnia
temporalia bona. Ergo pro tali necessitate non ex-
cussantur praedicti a peccato mortali." De Malo.
Q.XIII. art. iv. ad 19um.

(20) Cf. S.T. Ila Ilae, Q.50, a.2 and a.3.

(21) R.H. Soltau: "Outline of European Economic
Development", p.55.

(22) "Hodie ob peculiares oeconomics conditiones
societatis, pecunia ad productionem destinata est

(23) "Cum hodie pecunia sit virtualiter fecunda,
licet ex ea moderatum fenus percipere, quando alteri


(25) "Et ideo si talia fuerint per usuram extor-
ta(puta denarii; tricitum; vinum aut aliquid hujusmodi)
non tnutetur homo ad restituendum nisi id quod acceptit:
quis id quod de tali re est acquisitum non est fructus
hujusmodi rei sed humanae industriae." S.T. Ila Ilae,
(26) "Contractus quo pecunia alteri committitur sub conditione alicujus auctorii moderati, non est proprie nutuum, nec location pecuniae, sed contractus sui generis, qui dici potest contractus crediti". Op. cit. p. 419; 904C.

(27) "Et ita, ni fallimur...dummodo sit moderatum." Op. cit. p. 420. 904C.

(28) "Verum est---sine manu artificis". Tanquerey: p. 418, 902 A note.


(31) Calvin: loc. cit.

"Extra hos casus---fenus accipere."


(33) "in quibusdam casibus immodicas usuras a pauperibus exactas vere injustas esse." Tanquerey: op. cit. p. 400.

(34) Calvin: loc. cit.

(35) "Usuram ab indigentibus--caritatis oppositum"--Tanquerey, op. cit. p. 400.

(36) Calvin: loc. cit.
(37) "Boni publici—aliis mutuas dant." Cathrein: op. cit., p. 343, 495a.

(38) "Multa quidem hodierni—pecuniam esse sterilem." Tanquerey: op. cit., p. 404, n. 861

(39) Calvin; op. cit., loc. cit.
Chapter VII

Practical Consideration of the Thomistic View.

In our modern era there is scant respect for the speculative part of knowledge. The mental disease of our age is the almost general repugnance for abstract thought. The question continually brought up is, "Has it any practical considerations?" The practicability of things has become almost the only norm of their truth. It is, however, without any thought of at all conceding the validity of philosophical pragmatism that this conclusion will deal with some of the practical considerations on the doctrine of usury as set forth in this thesis. The writer is well aware that in proposing some practical solutions of the problem, he is descending from the realm of ethics which is a science of principles, to the realm of prudence, which is the virtue of applying principles to practice. It must be observed, though, that if this doctrine is weighed and found wanting in the light of modern economic practice, the validity of the doctrine itself is not thereby impugned. If business practice is not in accord with ethical principles then it will be the part of business to yield. In modern society the Church can only legislate for its own
members. Consequently those members are bound in conscience to acknowledge her decrees even at the expense of their own material advantage or convenience. Modern sociologists propose birth-control as a means of promoting the public good; modern economists likewise justify the existing economic order on similar grounds. As Catholics we are bound to oppose birth-control uncompromisingly, despite the inconvenience of that opposition in the existing social order. By the same token, it is the manifest duty of Catholics to-day to recognize the inherent sinfulness of usury and to refuse to accept the erroneous doctrine of modern economists, even though that refusal may mean the curtailment of financial profit. If such an attitude seems unnecessarily harsh; if it would seem to put Catholics at a great disadvantage in obtaining even a just living, let us suspend judgment for the moment while we consider a few practical cases.

John Brown wants to buy a car for the pleasure of his family. Such a pleasure is legitimate, but however legitimate is the enjoyment of its use that car is a luxury and not a necessity. John Brown
has not all the cash ready at the time he buys the car. The salesman smoothly offers the suggestion that John need not wait until he has all the necessary money. He may have the car financed by any one of the small loan companies. John consents and is at first genuinely surprised and pleased to know that the interest rate on the loan for the car is only three percent. He buys the car and begins to make the payments on the loan. Soon the awful truth dawns upon him that the convenience of that loan was very deceptive. He thought that he was paying three per cent; as a matter of fact he is, but it is three per cent a month and each fraction thereof, becoming in reality, thirty-six per cent annually. John Brown need not have sought a loan from the finance corporation; he could have waited until he saved the money necessary to buy the car, since the car was not an immediate need. In borrowing thus, John Brown is contributing to the support of that company; it is because of the host of John Browns who can not wait to buy luxuries until they have saved enough, that such small loan corporations exist. Hence, John Brown
and all his brothers in impatience are largely responsible for the usurious practices of such companies. It would be a slight inconvenience to refuse the loan, but if John Brown is a Catholic he must seriously weigh that inconvenience in the light of duty. To forego the immediate pleasure of the car would be to act in accordance with ethical principles, in that John Brown would refuse to be a party to a sin. Such a sacrifice would be momentarily distressing but not at all impossible. What has been said of this particular case, may be applied to all cases where things not necessary to ordinary comfort are bought on the instalment plan; for the instalment plan as outlined by many department stores is usurious.

This question of borrowing money on usury is treated in full by St. Thomas in the fourth article of Q. LXXVIII. He says that it is lawful to borrow money from a usurer provided it be for a good purpose, such as helping oneself or somebody else out of a difficulty. The one who borrows on usury is guilty only of passive scandal. He should not, on account of such passive scandal, refrain from seeking a loan,
Problem of Usury.
F.E. Flynn.

if he is in need. The importance of that phrase "if he is in need" can hardly be emphasized enough. Certainly one who borrows money from a loan company to buy a pleasure car is not in need. Similarly, one who buys some luxury from a department store on the easy-payment plan does not need that article. Both persons, by reason of their impatience to save the money before buying, are contributing materially to the support of such loan companies and such credit firms. The persons who perpetuate such systems are guilty of passive scandal in this matter of usury. Furthermore, they have a social duty to refrain from supporting such institutions--the right that society has to limit loans to their proper use is superior to the right such individuals have to this or that luxury.

James Smith is a merchant. He buys good from a manufacturer and when he receives the invoice he sees that three per cent is allowed if payment is made before thirty days. Mr. Smith who is conscientiously aware of the sin of usury wonders whether or not he may take advantage of that three per cent reduction and still act in accordance with morality. St. Thomas would
immediately come to his aid: "If, however, a man wished to deduct from the just price in order to obtain the money sooner, he is not guilty of a sin of usury." The wholesaler, then, is not receiving a loan as it were from Mr. Smith at three per cent; he is merely offering a premium for ready payment. Similarly, Mr. Smith is not acting as a party to a sin.

St. Thomas proposes that in making a commercial loan the lender really enters into partnership with the one to whom he has lent the money and by reason of that partnership may expect both the return of the loan and a part of the profit made as a result of the loan. The modern banker would argue that the difference between St. Thomas' share in profit and the present day system of demanding interest on a productive loan (as it is called by all economists and most theologians, Catholic and non-Catholic, since Calvin) is only a logical distinction. However, such is not the case. In the Thomistic share-in-profit scheme the borrower and lender are true partners, that is if they succeed, they succeed together; if they fail they fail together. In the present system the banker shares in the profit, it is true, by receiving interest
on the loan. On the other hand, should the borrower fail to show a profit on his loan he is still bound to pay as if he had been successful. In other words, the banker makes his profit win or lose. Obviously, then, the difference is real between the two systems and not merely a matter of casuistry. "Only by entering into a contract or real partnership with the producer in which he stands to lose as well as gain does the financier acquire the right to share in the profits of production". ....

"And so when the financial 'capitalist' exacts interest for making a 'productive loan' he inevitably imposes a tribute on production; and if he levies such a tribute without contributing his fair share either to production by way of genuine partnership or to distribution by efficient services he is guilty of the social sin of exploitation, that is, of plundering the resources of society." (4)

To the argument that moderate interest is justifiable a modern writer gives the following answer: "In the end it is the same as is apparent to anyone who reflects on the famous arithmetical
calculation, that a halfpenny put out to five per cent compound interest, on the first day of the Christian era, would now amount to an octillion: an amount in bullion which would occupy a space equal to several gold globes as large as the earth. It is only necessary to make our acquaintance with this fact to realize that in assuming that money is never so usefully employed as when it is used for the purpose of making more money, finance is committed to a principle that is destructive of society, as in these days we are finding out. The custom of investing and reinvesting surplus wealth in new productive enterprises is loading society with an ever-accumulating burden of debt, which operates to bring industry to a standstill; while contrariwise the effort to produce dividends on the ever-increasing and inflated capital (because of the policy of indefinite industrial expansion it involves) brings finance into collision, on the one hand with labor, and on the other hand with foreign nations whose financiers and industrialists pursue the same object.  

Such conclusions coming as they do from one who is concerned with the economic aspect and not
the ethical would indicate that our practice of taking even moderate interest is leading to social chaos. Any distinction between moderate and excessive interest does not change the nature of usury. "This conventional distinction," says O'Toole, "on purely quantitative grounds between lawful interest and illicit usury is also untenable in the light of Benedict XIV's words (i.e. as set forth in the letter 'Vix pervenit' of Nov. 1, 1745). Besides, it is an axiom that more or less does not change the nature (species) of a thing; that mere difference of degree does not suffice to make a difference of kind."

There are those who might be quite willing to accept the doctrine that usury is in se illicit and yet would be troubled by the problem of what to do with the money they deposit as savings in a bank. To store it at home would be unwise; to deposit it in a bank would appear as providing the banker with money to lend usuriously—and so would seem as condoning sin. Again for this difficulty St. Thomas has the answer: "It is to be said that if a man deposited his money with a usurer who had no other with which to practise usury, or with
the intention of making great gains by way of usury, he would provide the material for sin; and so himself would share the blame; but if a man deposits his money for safe-keeping with a usurer who has other money with which to practise usury, he does not commit a sin, but uses a sinful man for a good end."

It must be noted, however, that St. Thomas speaks here of the depositor's responsibility in regard to scandal—he concludes that the depositor is not guilty of the blame of usury in giving his money to a usurer because his is not the only money at the disposal of the usurer. However, he says nothing of the depositor taking interest on his deposit. It must be concluded, then, that the depositor cannot lawfully take even a moderate interest. None of the titles allowed by St. Thomas would provide the grounds for taking such interest; the banker does not absolutely need the deposit nor does the depositor suffer any loss by depositing for which he can claim lawful indemnification. To act in accordance with the Christian notion of usury, therefore, a man is allowed to deposit his money
in the bank for safe-keeping but is not allowed to take interest. In any event the sacrifice in most cases is not oppressing, since the rate of interest on deposits is very small.

Many who oppose the original and stricter doctrine on interest do so because according to their view, its acceptance would mean the breakdown of our credit system. We are not going into a full discussion here of credit. Let us, however, examine what a contemporary thinker, who is speaking from economic considerations, has to say of credit: "The original money-lender, whose extortions went up as a cry to heaven in the Middle Ages, did actually lend money, which he owned and gave up to his borrowers. But nowadays..... the banks tax the community by the issue of new money as bank credit, and so avoid having to give up themselves what they lend to other people..... This is the great invention, the invention, of 'bank credit', that has displaced money in turn and is disintegrating civilization under our eyes. It is the conception of money not as it is to the user, nothing for something, but as it is to the issuer, something for nothing."

(8)
Such practical cases as given above, such quotations from reputable thinkers have been cited, would seem to substantiate, both ethically and economically, the reasonableness of the conception of usury given in this thesis. Its treatment has been, in the main, in the speculative order, but its application is eminently practical. Our considerations have been for the most part ethical, yet the economic element has not been entirely ignored. Principles have been laid down and practice has been indicated, for we are not primarily ethicists or economists, but men. As moralists it has been our part to investigate with St. Thomas the immorality of usury; as economists with Aristotle we have seen the impossibility of money's breeding money naturally. Far above these two, it is now and will be our part as men, living in the social order of to-day, to see the system tumbling about us for want of firm foundations; to suddenly awake to the stark reality of the Thomistic principle which has taken on the added character of a prophecy: "Money is acquired through violence and through violence it is lost."
(1) "Licet tamen ab eo qui hoc paratus est facere, et usuras exercet mutuum accipere sub usuris, propter aliquod bonum, quod est subventio sua necessitatis, vel alterius." S.T. IIaIIae, Q. LXXVIII, a.4.

(2) "Unde scandalum passivum ex parte ipsius est, non autem activum ex parte petentis mutuum. Nec tamen propter hujusmodi scandalum passivum debet alius a mutuo desistere petendo, si indiget. S.T. IIaIIae, Q. LXXVIII, a.4, ad 2um.

(3) "Si vero aliquis de justo pretio velit diminuere, ut pecuniam prius habeat, non peccat peccato usurae." S.T. IIaIIae, Q. LXXVIII, a.2, ad 7um.


(6) G.B.O'Toole, op.cit., p. 2.

(7) "Si quis committeret pecuniam suam usurario non habenti alias unde exerceret, vel hac intentione committeret ut inde copiosius per usuram lucraratur, daret materiam peccandi; unde et ipse esset particeps culpae; si autem aliquis usurario alias habenti unde usuras exerceret, pecuniam suam committat ut hujus servetur non peccat, sed utitur homine peccatore ad bonum." S.T. IIaIIae, Q. LXXVIII, a.4, ad Sum.

(8) F. Saddly: "Money as Nothing for Something" (1935) p. 5

(9) "Pecunia per violentiam acquiritur et per per violentiam perditur." In Arist. Eth., Lib. I, Lec. 5 ad 71.
BIBLIOGRAPHY.

S.T. Summa Theologica Ila. IIae.Q.LXXVIII

A.D. Tanquerey: Theologica Moralis (Desclee et Socii, Romae). Vol.III.

Aristotle: Politics Bk.II.

J. Maritain: True Humanism (Scribners).