

Mooney Answers North

Being the replies of S. C. Mooney to Dr. Gary North,

pertaining to Dr. North's criticisms of

Mr. Mooney's book, *Usury: Destroyer of Nations*

found in Dr. North's book, *Tools of Dominion* and in various other of his essays

The following material was originally distributed in the Spring of 1991. It is reproduced here substantially as it was in the original, being only lightly edited for spelling and punctuation corrections, and also for various considerations of context.

This document is devoted to a retrospective of my former book on the subject of usury: *Usury: Destroyer of Nations*, and consists of my reply to the various criticisms of Dr. Gary North. I have no major change of view on the subject to report. My general position remains that which is expressed in my book: that the modern church has strayed far from what the church always has believed concerning usury; that in ancient and medieval times there was no attempt to frame any distinction between *usury* and *interest*; indeed there was not even any plurality of terms that would have supported this duality; that usury was simply understood to be the practice of charging a fee for the use of property, and that this was understood to be an ungodly practice which was prohibited in the Bible; that beginning with the Protestant Reformers, notably Calvin, certain modern ideas about trade and commerce were applied to the interpretation of biblical law, with the result that men began to understand the biblical prohibition of usury as applying only in certain cases; and that lately, modern secular theories, particularly the “Austrian School,” have meant to show that *interest* is an “inescapable category of human action.”

In my book I devoted quite a bit of space to refuting the modern arguments in defense of the older view. Response to my book has been overwhelmingly positive (within the small universe of those who have read the book). However, the majority does not manufacture truth. The majority has been wrong many times before. It accomplishes nothing for those who are firmly convinced of an anti-usury position to form a little anti-usury club and then spend the rest of their lives preaching to themselves while being ignored by the church and by the sphere of society. If I faithfully have represented the biblical teaching on the subject of usury, then massive changes are needed in the social and economic structures of both the civil and ecclesiastical spheres - changes predicated on massive repentance. If I am wrong, then I would not wish to spend another day in the camp of error; nor would I wish any longer so to lead others. I have no interest in enjoying my little club while ignoring - and being ignored by - critics. The issue must be pressed to a conclusion. This requires deep conviction of truth. Who else would care enough to sustain a protracted debate but one who is deeply convicted of a certain view? I know that my critics have this depth of conviction, and they should know that I have it as well. However, another ingredient for a fruitful debate is the maturity to admit error. Without this quality, there is no end to the debate; the debate takes on an air of being an end in itself.

However, I approach the present task of responding to criticism with some ambivalence. It is both encouraging and unpleasant. I say *encouraging* because the exercise of criticism and reply shows that usury is becoming a subject of some popularity. Not that it only now is being debated. There is a long history to this controversy, which has produced a mountain of literature. But in our day the few voices which are raised against usury generally couch the matter in a larger framework of unpopular political, social and economic theories (not to mention a host of errant theological views). This heretofore tended to brand the usury issue as one which would be of interest only to a fringe element. Dr. North comments, “Any one who seriously discusses the possibility of judicially compulsory zero-interest loans in a ‘free’ and ‘wise’ economy is a monetary crank, a person with no formal training in economics or social theory, and a person dangerously devoid of understanding regarding the human condition.”¹ The mail that I have received from readers in the years since the publication of my book demonstrates, contrary to Dr. North, that the matter of usury is once again becoming a respectable controversy. That is, Christians of conservative, Reformed theology are less and less squeamish to entertain the subject of usury, and to discuss it openly and seriously.

In another sense, as I said, I find the exercise to be at the same time distasteful. The distastefulness of it has nothing to do with the rigors of debate, or of dashed whimsical fantasies about carelessly preaching to the world without having to face the refiner’s fire of erudite opponents. Rather, unpleasantness arises from the awkwardness of having to wade through a lot of rhetoric about me personally. My most vocal critic thus far has been Dr. Gary North. For many readers, my having said only that is having said quite enough. Dr. North has taken the debate personally and has responded in kind. In view of the fact that my book contains numerous references to Dr. North’s writings, very few in a favorable light, it is

1. North, *Tools of Dominion* (Tyler, TX: ICE, 1990) p. 732

understandable that he should feel especially constrained to respond. However, it is disheartening to see so brilliant and dedicated a writer as Dr. North stoop to the fallacious *ad hominem* attack, as though destroying me personally would somehow refute my arguments. Until now I simply have ignored this personal attack and have focused on the substance of the controversy. However, I have decided that there is some utility in addressing myself to the “smoke” as well as to the “fire,” however distasteful it is to me, and to the reader, to do so.

This procedure seems necessary for a number of reasons. First, the *ad hominem* is relentless. It is a persistent presence in all of Dr. North’s attempts to address himself to my thesis (at least 20 pages so far), despite my personal letters to him imploring him to leave the personality conflict out of it and deal forthrightly with the issues. Beyond a certain limit, meeting spurious rhetoric with silence begins to appear more awkward than to go ahead and attempt to answer it. Secondly, Dr. North’s *ad hominem* remarks, spurious though they are, tend to provoke a curiosity in the reader. The reader begins to wonder what reply I might give even though he knows that the whole discussion makes not the slightest difference in the outcome of the usury debate. It is said that truth often is stranger than fiction. The distasteful exercise of replying to the *ad hominem* rhetoric of Dr. North may prevent the imaginations of curious readers from constructing a fiction that is stranger than truth!

With that as a modest apology, I embark on the following procedure. In the sections that follow I shall address myself to Dr. North’s criticisms as found in three major sources. First is his essay titled, “The Moral Legitimacy of Interest and Banking,” which appeared in “Biblical Economics Today,” Vol. XI, No. 6, and hereinafter shall be referenced as “BET, XI, 6.” Second is his essay titled, “Interest-Free Utopia: Where Time is not Scarce,” which appeared in “Biblical Economics Today,” Vol. XII, No. 2, and hereinafter shall be referenced as “BET, XII, 2.” My third source is certain portions of Dr. North’s book, *Tools of Dominion* (Tyler, TX: ICE, 1990), mainly Appendix G (p. 1179-1189), sub-titled, “Lots of Free Time: The Existentialist Utopia of S. C. Mooney,” which hereinafter shall be referenced as “Appendix G,” but also including some passages in the main text, which hereinafter shall be referenced as “TOD, (page nos.)”

Rather than to organize my remarks around these sources, I shall address the issues topically. In the first section I shall address myself as briefly and as charitably as possible to the *ad hominem* remarks and spurious arguments of Dr. North. Having dispensed with that which by all rights ought never to have been at issue in the first place, I shall proceed in the following sections to address what I agree are substantial issues for the usury debate: further discussion of the biblical understanding of “poor” vs. “rich,” further explorations of the psychology of “time preference,” recent new objections involving the provisions of the biblical Jubilee law, and finally some remarks about the place of usury in the larger economic theory as a whole. My heart is in these latter discussions. I deign to speak of the immediately following matters only because I view it as unavoidable for reasons outlined above. It is my sincere hope that my exercise of doing so will serve to make an end of it, and that hence forth debate on the most serious matter of usury may proceed with all parties involved committed to a mature and brotherly focus on the issues of true substance.

1) Ad Hominem Remarks & Spurious Arguments

In this section, two general classes of Dr. North’s arguments that really are better ignored nevertheless are addressed: 1) his *ad hominem* remarks, which attack me personally, and 2) his spurious arguments, which do not contribute in any material way to progress in the usury debate.

Motives in Writing

First, I shall treat the *ad hominem* remarks by Dr. North which involve his speculations - or confident assertions - about my motives in writing *Usury*.... Dr. North says, “He wrote the book

specifically to refute me...”² There is some truth to the characterization of my book as having the effect of refuting Dr. North’s views on usury. More than once I have received letters from readers who commented along those lines. However, it is quite another thing to say that refuting Dr. North was my motive in writing the book.

A person’s inner motives are inscrutable. The Scripture says, “For who among men knows the thoughts of a man except the spirit of the man, which is in him?” (I Cor. 2:11) Of course, if a man expresses his motives, then others may gain an understanding of them. Also, men who are well known to one another and in close contact with one another may gain a sense of what characteristically motivates one another. However, Dr. North is perhaps the least likely to be so qualified to second guess my motives, given the fact that he steadfastly has resisted all of my attempts to establish personal contact between us. He alludes to the fact that I make numerous references to his writings,³ and deduces from this that he must have been in view as a personal target. This is somewhat understandable, however, it is not a valid conclusion on those premises alone.

If I did not in fact write the book for the purpose of refuting Dr. North, then why indeed are there so many references to his writings? This is simply explained by the fact of Dr. North’s leadership in the area of economic theory. First, it is not the case that references to the contra view in my book exclusively are references to Dr. North. Secondly, in view of Dr. North’s leadership in this field, there is a dearth of other original sources to cite. In most cases, any other writer that I might have cited appealed to Dr. North for his views. It is evident that in order for me to have dealt seriously with the most substantial challenge to my views, I had to go directly to the source, *i.e.* to Dr. North himself. Indeed, had I avoided so many references to Dr. North, I might have been accused of ignoring the keenest challenge to my views. Anyway, does ten references to Dr. North in 238 pages of text really add up to a book that was designed to refute him?⁴

Apparently Dr. North himself does not really believe that refuting him was my motive exclusively, for elsewhere he speculates further on some other possible motives. He claims that I am “...trying to make an overnight theological reputation for [myself],”⁵ or that I am “looking for the bogus immortality that the printing press appears to provide.”⁶ There is no doubt that *Usury...* is a startling - or even disturbing - book. I have heard from numerous readers who relate that it had a deep and dramatic impact in their lives. The response from critics is equal, though opposite, in magnitude. Again, I know my own heart better than anyone else. I sent the book to press with not a little apprehension, for I was well aware of the extent to which it rubs against the grain of the established, popular economic culture. I did what I believe God called me to do. “I believed, therefore I spoke.” (II Cor. 4:13) I was not seeking fame or reputation; I was braced for infamy. Indeed, were I seeking a name for myself I certainly would have picked another subject, for the favorable and supportive response that I have received for *Usury...* is not at all what I would have predicted.

All such speculations about the motives of a writer have no merit whatever in a reasoned and biblical response to his views. These speculations do not address the controversy of usury; they address me personally as an author. The reader may find my comments along these lines in reply to Dr. North to be of some interest, but he should be reminded that as long as our remarks are confined to these lines we really do not make any headway at all on the issue which nominally is at hand, *viz.* usury.

The Myth of the “Trained Economist”

Further *ad hominem* remarks from Dr. North concern the extent of my formal education. In his initial public reply, Dr. North asserted incorrectly, “He never graduated from college, nor has he

2. BET, XI, 6, p.4, & Appendix G, p.1184

3. *ibid*

4. My motive in the present treatise *is* to refute Dr. North. Let the reader calculate the ratio of references to Dr. North’s writings to pages of text here. When I set out to refute someone, *this* is the result.

5. BET, XI, 6,4

6. Appendix G, p.1188

studied economics formally.”⁷ In his book, *Tools of Dominion*, he reveals that there was some correspondence between us that cleared up the details concerning my formal education.⁸ Below, I include the complete text of my letter to Dr. North in reply to his inquiry about my formal training.

Dear Sir,

You are correct in your assumption regarding gender. Your assumption that I did not go to college is incorrect, however, in the event that I did go to college you further assumed that I did not take a course in economics, which assumption is correct.

I received the B.A. in a four year program, having attended two different state universities. Knowing how you feel about “government education,” I feel fairly confident that you hold this sort of “education” in as little regard as do I. I must say it is comforting to know that my writing evidences a minimum of the worse effects of such indoctrination. I anticipate that you are pleased to learn that my mind is untroubled by the propaganda of government economics courses.

I trust that these preliminary considerations have cleared the way for you and I to embark upon some discussion of more important issues:

1) How can the term “poor” represent a qualification of the usury statutes in Ex. 22:25 and Lv. 25:35 when God in His Word does not provide as well a standard by which to judge who is “poor” and who is not “poor”?

2) How can “usury” be an incorrect translation of *tokos*, and “interest” a correct translation, when *tokos* “means” something entirely different than either one (*viz.* “birth”), and when at the time of the KJV everyone understood that “interest” and “usury” mean exactly the same thing?

3) How can any principle of human psychology (*e.g.* “time preference”) justify anyone’s failure *vis-a-vis* God’s law?

I eagerly await your reply.

In reply to my letter I received only a terse note indicating that Dr. North’s full reply would be forthcoming in an appendix to his Exodus commentary. Now the appendix is here, and while there is an admirable attempt to reply to my point no. 1 (curiously, not in the appendix but on pp. 713f of TOD), there still is no reply to points 2 and 3 that I raised in my letter (which only are reiterations of points I raised in my book), but we find that the *ad hominem* about formal education is still a major presence in his text. Now, at least, it is accurately done.

I never took an economics course in my life. Actually, I signed up for one in my sophomore year, but after one week I dropped the class and never was tempted to take an economics course again. Is my background in formal education important? Dr. North provides further discussion of the importance of formal education in his “Appendix G.” He admits, “I do not believe that a person has to earn a Ph.D. in a particular field in order for him to have an academic impact in that field.”⁹ However, he elaborates, “I do believe that a person needs to demonstrate the same degree of intellectual self-discipline and accomplishment that a Ph.D. degree requires before he thinks himself competent to restructure the whole world from behind his computer.”¹⁰ In general he is correct, but there always is room for the naive young boy who innocently observes, “The Emperor has no clothes.” It is a pleasant ideal to think of incredibly wise men thinking out ahead of time all of the changes that need to be made, identifying all of the past mistakes and mapping out all of the steps that must be taken in order to reform the world. However, in reality that simply is not how it is done. I certainly do not claim to be that wise engineer of reform. I see myself as more analogous to that boy

7. BET, XI, 6, p.4

8. Appendix G, p.1180

9. Appendix G, p.1180

10. *ibid* (Just for the record: I was in front of my computer)

whose instincts were to trust naive observation more than the sanctified sophistries of prevailing “wisdom.”

One thing that Dr. North and I agree on is that economics as a theoretical discipline is fairly young. We need not identify who was the first “trained economist” in the world in order to see the point that whoever he was, he was not trained by a “trained economist,” for he was the first. Now that a tradition of “trained economists” has been established for a couple of hundred years, does that mean that now it is impossible for anyone else to become an economist unless he submits himself to the tradition? Traditional economics is the invention of unbelievers. Here is another point on which Dr. North apparently agrees with me. He correctly observes that the church has neglected economic theory, and he has set his sights on producing an economic commentary of the Bible.¹¹ Someone must break out of the traditional “trained economist” mold and begin thinking biblically. I am criticized if I do this, not because it is wrong to buck the tradition, but because it is inconvenient to differ with Dr. North while bucking the tradition. On another occasion Dr. North had praise for an economic thinker who did not submit himself to the traditions of the “trained economists.” He says of Henry Hazlitt that he is “a man who never graduated from college, and who therefore can write well and think clearly.”¹² No formal training in economics is an asset if you happen to agree with Gary North, and a liability if you do not!

Actually, good writing and clear thinking do not necessarily follow from non-attendance at today’s colleges. Nor does bad writing and muddled thinking necessarily follow from attendance and graduation. The state of “higher education” today is low. However, it is possible for one to emerge from college today well learned. Dr. North himself is a prime example. Equally, it is possible for one to become well learned apart from the institutions of formal instruction. I do not presume to comment on the extent of my own wisdom and knowledge; I happily leave that for others to judge. My concern here is to show that it is not necessarily a function of my formal training or lack of it. If one obviously is uneducated, then demonstrating his errors cannot be terribly much more tiring than carrying on about his lack of education. I have put out some particular challenges to Dr. North’s views, which he has not as yet squarely addressed. I should not have to sport academic credentials in order to be taken seriously.¹³

The persistent qualifier “formal” implies that there is another, informal, sort of education. I claim that this is the sort of education that I have received - and still am receiving. I read books. I do not know whether I have achieved “the same degree of intellectual self-discipline and accomplishment that a Ph. D. degree requires.” It would come as no crushing blow for me to learn that I have fallen far short of it. My goal is not the credentials or the recognition. I am interested in the truth about “Christian Economics.” When other much more credentialed thinkers and writers fail in matters where I entertain strong convictions, I cannot remain silent. I make no pretence to academic superiority. I would be happy to lead a parade of repentance if only my more learned and scholarly critics would cease trying to prove what a terrible fellow I am and simply show me the errors of my thinking.

Strategy of Avoidance?

When one encounters facts or evidence which seem to refute his opponent’s views, and which his opponent had not previously entertained, there is a temptation to speculate whether or not the opponent had been aware of the material, but was dishonestly avoiding having to deal with it. This is how Dr. North characterizes me. He feels that certain passages in Leviticus 25, “absolutely refute” my position on the rental of property, and accuses me of adopting a “strategy of avoidance” in not addressing myself to those passages.¹⁴ In trying to figure out why an opponent of debate failed

11. See, e.g. North, *The Dominion Covenant*, Genesis (Tyler, TX: ICE, 1987)

12. North, *An Introduction to Christian Economics* (Nutley, NJ: Craig, 1973), p.395

13. or as Alfonso Bedoya put it to Humphrey Bogart in *The Treasure of the Sierra Madre*: “Badges? We don’t got no badges. We don’t need no badges. I don’t have to show you any stinking badges!”

14. Appendix G, p.1183

to treat biblical texts that one finds important, one is confined to an exercise of pure speculation - much like speculating about an author's motives in writing. Instead of wondering why one's opponent failed to treat certain biblical texts, a better question to ask is: Why did my opponent speak about the biblical texts that he *did* address? I do not believe that the Bible deals with what we know of as the rental of property. Therefore it is difficult for me to anticipate every text which one might employ in support of his view that the Bible does handle this subject. The texts that I did address when writing on this subject were texts that another author advanced in support of the view that the Bible approves of rent.¹⁵ I did not pick the texts myself; I was responding to someone else's arguments.

Obviously, the reason that we have a debate in the first place is that Dr. North and I see some biblical texts differently. Of course, there will be some overlap of texts which we both agree are important in the debate (*e.g.* texts containing the terms *interest* or *usury*), but as well there are likely to be some texts that I find compelling or instructive in our current debate which Dr. North did not consider, and also some that he finds to be quite important that did not impress me so. For instance, I believe that John 13:34, "A new commandment I give you, that you love one another," Romans 13:10, "love does no wrong to a neighbor; love therefore is the fulfillment of the law," and Matthew 22:40, "On these two commandments (love God with all your being and your neighbor as yourself) depend the whole Law and the Prophets," are quite telling for the usury debate, for "usury manifestly is lacking in love."¹⁶ Apparently, Dr. North does not share my conviction in this, as he speaks only derisively of "the economics of love."¹⁷ Likewise, Dr. North is particularly impressed with vs. 25-28 and vs. 47-51 of Leviticus 25. But why should my failure heretofore to see the same importance be characterized as my "scrupulously avoiding" those passages? I cannot anticipate every argument that I shall be called upon to address. The best that I can do is to anticipate as much as I can and put out an argument for others to consider. If others feel that I have overlooked certain texts that bear on the issue at hand, then by all means they ought to bring these texts to my attention. If Dr. North feels that I really ought to reevaluate my views in light of vs. 25-28 and vs. 47-51 of Leviticus 25, a simple presentation of his case for that is all that is needed. I hardly can know all texts that might be taken as refuting me unless my critics should make me aware of them. As it is, Dr. North has represented me as knowingly avoiding texts which clearly and bluntly prove me wrong about rents. Is it not enough that I should be proven wrong about rents; must I also be characterized as having been running away from the truth as well? Perhaps Dr. North shall find it easier to characterize me as avoiding the truth than it shall be to establish exactly what is the truth that I am supposed to be so worryingly avoiding. In a following section I shall undertake a serious consideration of the texts which Dr. North has brought to my attention. Here I wish only to point out that I really ought not to be viewed as hiding from the truth. Indeed, it is I who have been calling for open and forthright debate of these issues since even prior to the publication of my book.

Magic and the Occult

With this subject I now turn my attention to certain of Dr. North's spurious arguments. Arguments of this class appear to have a little more merit than the bald *ad hominem* remarks, however, upon examination they are found to be equally valueless in coming to a conclusion on the usury debate. The first such spurious argument with which I shall deal is Dr. North's characterization of my anti-usury position as occultic. Every Christian knows that magic is satanic. The occult openly appeals to the powers of darkness. Anything connected with the occult immediately becomes taboo. The principled Christian rightly is prejudiced against any interest or involvement in it. If one who is engaged in a debate of any subject can show that his opponent's views are occultic, it is assured that he will have an easy time of it. One cannot

15. *Usury...* p. 172

16. *Op. cit.*, p.231

17. BET, XI, 6, p.4, & Appendix G, p.1185, 1186

blame Dr. North for seeking the easiest possible course for himself in this debate over usury, but his characterization of my views as occultic will not hold up. He says “the zero-interest ‘economist’... ultimately must appeal to the occult or to magic.”¹⁸ However, Dr. North cannot succeed in making the debate so easy for himself. His attempt really is spurious because it is only a begging of the question. It is simply a statement of what he would like to prove, and does not really constitute an argument toward the proof. One must already assume that interest as an “inescapable category of human action” in order to provide any basis on which to characterize contrary views as occultic or magical, yet this view of interest is precisely the matter under debate. Simply finding creative and entertaining ways of stating one’s position does not constitute advancing an argument for the position.

Also, characterizing opposition to usury as occultic assumes that the reader is to take matters of magic and the occult strictly seriously. But that convention is not observed by those who are friendly toward usury. For instance, popular financial counselor Ron Blue often refers to what he calls the “magic of compounding.”¹⁹ Also, Dr. North himself, in a discussion of banks, risk, and interest, proposes what he terms “that magic question: ‘What’s in it for me?’”²⁰ Magic is a concept that is not ordinarily employed with sufficient rigor to communicate any particular content. It can signify disgust with the magician who has fled the real world in deference to a fantasy world, which is Dr. North’s characterization of me, or it can signify amazement that one should grow incredibly wealthy without working, which seems other-worldly in another less stigmatized way. Either way, the terminology communicates only by way of emotional response: one either is stimulated to shun anything having to do with the occult, or he is attracted to the amazing lure of riches without work. Some writers say that interest is magical, and some say that opposition to interest is magical. Neither use of the emotion-generating qualities of the term is appropriate for the purpose of framing a rational and biblical argument in debate. If the specter of “magic” is supposed to drive people away from the anti-usury position, then let Dr. North no longer speak of “magic questions” which lie at the root of the position that he expects them to adopt instead.

The Meaning of Tokos

Dr. North says, “The King James translators used the English word *usury* to translate a Greek word that is more accurately translated as *interest*.”²¹ This is a reiteration of his earlier published statement, “The translators of the King James Version of the Bible (1611) translated the Greek word *toku* [sic] as ‘usury.’ But it doesn’t mean usury in the Greek; it means ‘interest.’ This is how modern translators translate it. There is a difference between usury and interest.”²² In reference to the latter statements cited, I wrote several paragraphs in my book.²³ In replying to me in his essay, “The Moral Legitimacy of Interest and Banking” (BET, XI, 6), Dr. North did not address himself to any of my points of criticism regarding his treatment of *tokos*, but instead only reiterated his position. His position simply is wrong. This is not a matter of opinion; he simply has committed a factual error. In reply to “BET, XI, 6,” in an essay titled, “The Economics of Psychology,” I once again reviewed Dr. North’s factual errors regarding the original Greek and the King James English. In material appearing subsequently (BET, XII, 2; TOD, 705-756; Appendix G), Dr. North does not deal forthrightly with my repeated criticisms of his factual errors. In TOD, 720-721 there is a discussion which may be interpreted as addressing my criticisms. However, what I am left to respond to in this discussion is nearly laughable. The following paragraph is representative:

18. BET, XI, 2, p.1

19. Blue, *Master Your Money* (Nashville, TN: Thomas Nelson, 1986), p.34

20. North, *Honest Money* (Ft. Worth, TX: Dominion Press, 1986), p.74

21. BET, XI, 6; TOD, 748

22. North, *Honest Money*, *op. cit.*, p. 70

23. *Usury...*, p.6-7

“Where do the writers of textbooks and dictionaries go in search of meanings? To fat, academic studies such as this one. They have no time to research the meaning of every word. They rely on specialists. It is strange, then, to find that critics [presumably me] of a book like this will offer as supposedly serious evidence against it the fact that several dictionaries do not agree with the specialist’s findings.”²⁴

What Dr. North is saying here is, “How dare you use a dictionary to criticize me! Do you not know that I am a specialist, a source of the meanings found in dictionaries?” The dictionaries apparently have it all wrong, as is evidenced by the fact that they fail to support Dr. North’s views; and surely if only they had consulted with Dr. North about the meaning of the Greek *tokos* and the English *usury*, then they would have offered the correct definitions instead. I am sorry, but I am not in the least impressed. Below, I reiterate once again my discussion of these terms, clearly showing to the best of my knowledge and ability that Dr. North’s statements as cited simply are wrong. I do not accept as a meaningful reply that I ought to consult Dr. North instead of dictionaries if I wish to know the meaning of words. Now we know that dictionaries get their meanings from “specialists” like Dr. North. Where does Dr. North get the meanings? If he really does have some information which demonstrates that the dictionaries cannot be trusted on this point, then why does he not simply come out with it? Why does he not simply point-for-point show how my following discussion is flawed? Surely he does not have the cabalistic attitude that no one besides himself is intellectually equipped to appreciate his presentation.

Dr. North wants *tokos* to mean specifically interest and not usury because 1) he already has posited some qualitative difference between these two concepts, and 2) because he already has interpreted the “Parable of the Talents” (Mat. 25:14-30, Lk. 19:11-27), in which this word occurs, as legitimizing *tokos*. Dr. North wishes to legitimize *interest* and to define *usury* in such a way that it remains sinful. Therefore, it is most convenient if what is legitimized by the parable is *interest* specifically, and not *usury*. Thus, Dr. North’s comments as cited above.

There are three major difficulties with Dr. North’s view of *tokos* in the “Parable of the Talents,” which leave it as nothing more than spurious. First, the parable is not correctly interpreted as legitimizing *tokos* at all. For a comprehensive discussion of this parable, the reader is directed to my book.²⁵ In light of the fact that *tokos* is not legitimized in the parable, it hardly makes any difference whether *tokos* is correctly understood as *interest* or *usury*. However, a discussion of the point regarding translation is helpful.

Secondly, the Greek word does not denote either *interest* or *usury*. The task of trying to decide which is the better translation is futile. The denotative meaning of *tokos* is *birth*.²⁶ Thus, Jesus is called the *prototokos*, or *firstborn* (Col. 1:15). Of course, it is nonsensical to try to fit either *interest* or *usury* into a rendering of *prototokos*. The term *tokos* has taken on the meaning of *usury* not as its strict denotative meaning, but as a metaphor. Since usury is a gain to the lender for which he did not labor, therefore the metaphor came into usage that his money labored and “begat” other money. (And so, modern banks advertise their “services” thus: “You work hard for your money; make your money work hard for you.”) Aristotle often appealed to metaphor and plays on words, and he harkened to this metaphor of *tokos* to build his case against usury, arguing that money is “barren.” “And this term interest (*tokos*), which means the birth of money from money, is applied to the breeding of money...”²⁷ It is not in view here to analyze Aristotle’s argument. He is cited only as an ancient authority on the meaning and usage of the Greek term *tokos*. It is but further

24. TOD, 721

25. *Usury...*, p.110-113

26. see e.g., Thayer, *Greek-English Lexicon of the New Testament* (1889; Grand Rapids, MI: Zondervan, 1974), p.627; Vine, *Expository Dictionary of New Testament Words* (1940; Old Tappan, NJ: Revell, 1966), p.267; Robertson, *Word Pictures in the New Testament* (1933; Nashville, TN: Broadman, reprinted, no date), Vol. I, p.200

27. Aristotle, *Politics*, Bk. I, Ch. 10

spuriousness to characterize my view as “baptized Aristotelianism.”²⁸ Thirdly, there is great confusion regarding the English terms *interest* and *usury*. We have seen that there is nothing inherent in the Greek to compel a translator to choose one English term over the other. Neither choice may be characterized as an “error” in translation only on the strength of the Greek, for the Greek supports no plurality of concepts that is in any way analogous to the (modern) English *interest* vs. *usury*. If giving *usury* for *tokos* instead of *interest* is an error, it would be only because the translator failed to communicate the correct meaning to the English reader. In 1611, when the King James translation was published, the terms *interest* and *usury* denoted precisely the same thing. There was no difference of meaning between them, but only a different emotional response to them by men. English Puritan Roger Fenton, who published his *A Treatise of Usurie* in the same year, 1611, will serve as an authority on the meaning and usage of English words at that time:

“They will not call it Usurie, lest the word should be offensive, or make the thing odious. But it shall be termed Use or Usance in exchange, which are smooth words as oyle [oil], never a biting letter in them. Or it shall be called Interest, or Consideration, which are civill and mannerly terms, though by them they meane indeed nothing else but plaine Usurie.”²⁹

For centuries English was just like Greek in that it did not linguistically support a plurality of concepts such as *interest* vs. *usury*. Usury was the only term that English-speaking people knew. From antiquity usurers were feared and hated. In about the 13th century trade and commerce had developed to the point where lenders needed legal recourse to recover damages from borrowers without it appearing as though they were exacting usury from them. Theorists specified what came to be called “extrinsic titles,” *i.e.* titles to compensation that are extrinsic to the contract of loan - not contractually borne by the borrower ahead of time, but arising due to unforeseen damages, such as destruction of property. Payment due to lenders under these terms came to be called *interest*, from a Latin word meaning “compensatory payment.”³⁰ Of course, usurers learned how to hide behind these “extrinsic titles,” and exact usury with the appearance of legitimacy. In time this practice became so open and common that interest (from *interest*) came to be understood as denoting usury. As Fenton pointed out, the term *interest* was preferred because it did not carry the centuries-long stigma of evil that *usury* did. Conceptually and operationally they meant the same thing. The King James translators did not mislead anyone in early 17th century England when they translated *tokos* as *usury*. Dr. North is completely wrong when he charges them with an “error” in translation. The error is Dr. North’s.

Around this same time, European kings and queens began to do what had been done throughout the ancient world - to set the limit of usury by law. The emergence of the term *interest* afforded a linguistic device to accommodate a verbal distinction between legally allowed usury and illegal usury. Legally allowed usury came to be called *interest*, which is in keeping with its nature as a “civill and mannerly” term. Illegal usury still was called *usury*, which also is in keeping with its long history as a denotation of evil. This transition in the popular meaning of words was still in progress at the time of the King James Bible (1611). By 1833, when Noah Webster published his edition of the King James Bible for his contemporaries, the transition was fairly complete. Webster saw that the general public was not likely any longer to read *usury* in the Bible (the term *interest* does not occur in the King James Bible) in the same way in which it was read by the general public in 1611. Webster decided that in order for the meaning of the text to be accurately conveyed to modern readers it was necessary to substitute *interest* for *usury*. His own explanation of this necessity is quite informative:

“Usury originally signified what is now called interest, or simply a compensation for the use of money. The Jews were not permitted to take interest

28. Appendix G, p.1189

29. Fenton, *A Treatise of Usurie* (1611; Norwood, NJ: Walter Johnson, 1975), p.4

30. see the *Oxford English Dictionary*

from their brethren for the use of money loaned; and when the Levitical law forbids the taking of usury, the prohibition intended is that of any gain or compensation for the use of money or goods. Hence, usury in the scriptures is what we call interest. The change of signification in the word usury, which now denotes unlawful interest, renders it proper to substitute interest for usury.”³¹

We see that Noah Webster substituted *interest* for *usury* for precisely the opposite reason that Dr. North makes this substitution. Webster wished to prevent his contemporaries from mistaking the biblical prohibition to be that of only excessive interest (granted: Dr. North understands that *usury* does not mean “excessive interest” - yet he argues on other grounds for a biblically legitimate *interest* and a biblically illegitimate *interest*, or *usury*). Webster’s substitution is motivated by the conviction that the then recently emerged transition in the meaning of terms is dysfunctional, *i.e.* it leads the reader astray. Dr. North has assumed that the divergence of *interest* vs. *usury* in modern popular usage is inherent in the biblical texts, however, he is mistaken on this point. The truth about the Greek is that there is no equivalent of the English *interest* vs. *usury*; there is only *tokos*. Dr. North suggests the substitution of *interest* for *usury* in an attempt to gain legitimacy for what in reality is not even there in the text in the first place.

In summary, the foregoing has shown that 1) there is no distinction of *interest* and *usury* inherent in the biblical languages, and hence neither is there any such distinction inherent in the biblical texts; 2) there was for centuries no such distinction in the English language; 3) therefore, it was no “error in translation” to render *tokos* as *usury* in 1611; and 4) if it is an error today it is only because it may leave the modern English reader with a weaker idea of the biblical prohibition than is actually inherent in the text, *i.e.* supposing that God prohibits only “excessive interest,” or “interest on ‘charitable’ loans,” instead of interest generally. This whole line of discussion in no way services Dr. North’s position in the usury debate. His views regarding the Greek and English terminology, as herein discussed, rest upon a simple error of fact, and therefore do not rest comfortably. Dr. North ought to acknowledge the spuriousness of his remarks concerning the Greek *tokos* and comment on how a correct understanding of these things impacts his understanding of the “Parable of the Talents,” and his position on usury generally. The present discussion represents the third time that this argument has been presented (1= *Usury...*, p.6-7; 2= “The Economics of Psychology,” 3 = the present discussion.) I received only silence in reply to the first presentation. In reply to the second I am told that I should not pay any attention to what the dictionaries say because they should have consulted with Dr. North before they published their erroneous teachings. I am calling Dr. North’s bluff. Go ahead: prove me and the dictionaries wrong. Once again, I eagerly await your reply.

Conclusion

The fallaciousness of the *ad hominem* argument is that its only effect is to destroy the man while in reality leaving his position untouched. I reply to the *ad hominem* not because I have any pride or reputation to defend, but because I wish to spare the reader any distraction that his curiosity may occasion. I wish to direct attention away from me personally and toward the merits of my thesis on usury, because that is where the real issues lie. Spurious arguments at least make a show of addressing the issues, but really they make no contribution to the debate. My only hope is that the foregoing exercise may have served to reform the personal outlook of certain parties to the debate so that true progress toward a conclusion is more realistically anticipated

Dr. North labels my views “incredibly naive nonsense.”³² The one thing which more than any other shows this kind of rhetoric to be the smoke of smoldering embers rather than the refiner’s fire is that it is backed up by little else than *ad hominem* remarks and spurious arguments. If what I am saying really is such nonsense, then it should not be terribly difficult to refute it. Why does not Dr. North simply go ahead and refute me, if my errors are so simple and obvious? Simply declaring my

31. Webster, ed., *The Holy Bible* (1833; Grand Rapids, MI: Baker, 1987), p.vii, italics in the text

32. Appendix G, p.1187

views to be “incredibly naive nonsense” does not demonstrate them to be so. God can create reality simply by speaking it: “Let there be light.” With men, a little more is required than simply to state what they would wish to be true.

2) Who Are “the Poor”?

Speaking of Dr. North and others who argue that the occurrence of the term “poor” in Ex. 22:25 and Lv. 25:35 qualifies the law on usury, I say in my book: “If these voices...are to be heeded then usury shall be considered unlawful only in case one is making a loan to a ‘poor’ man, and that if one is making a loan to a ‘rich’ man then usury is ‘freely permitted’ [quoting Calvin]. Is this, indeed, the ‘plain teaching’ of Scripture? If it is so plain, then does the Scripture also plainly tell us how one is to know whether a certain man is ‘poor’ or ‘rich’? Exactly how is a God-fearing, law-abiding man to keep himself pure? He wishes to avoid scrupulously ever exacting usury from a ‘poor’ man, and at the same time he would like to bite the ‘rich’ man when it is permitted. How does he keep himself pure? How shall he know whether or not he is transgressing the law? What is the test that will prove whether or not a given man is ‘poor’? The importance of these questions has for the most part been ignored by the same writers who would have us believe that the lawfulness of usury depends only on whether the debtor is poor. Nowhere is there any definition proposed.”³³

Dr. North is to be congratulated for facing up to the seriousness of this oversight. On pages 713 - 716 of his *Tools of Dominion* he attempts to provide a working definition of “poor.” He appears to acknowledge that this is absolutely essential if his view of the usury law is to have any internal consistency and outward workability. In fact, on the basis of his proposed definition of “poor,” for purposes of the usury statute, he found, correctly, that he was forced into a revision of his earlier position on sabbatical debt limitation. In my book I point out that in Deuteronomy 15:7-9 the discussion of sabbatical debt cancellation is couched in the very same terminology involving “the poor” as the usury statutes of Exodus and Leviticus, and yet the ones who are so sure that occurrence of “the poor” qualifies the extent of the usury statute (notably Drs. North and Rushdoony) are equally sure that this occurrence does not qualify the law of debt cancellation at all. They hold on the one hand that only loans to “the poor” are to be free of usury, and yet on the other hand they hold that all loans, without any discrimination, are to be cancelled on the Sabbath year.³⁴ “When I read that,” says Dr. North, “I instantly changed my views.”³⁵ Now, Dr. North holds a position that is more internally consistent: “Either all loans are to be zero-interest loans, or else charity loans alone are under the temporal restrictions of the sabbatical year principle.”³⁶ In other words, just as Dr. North would have us believe that only loans to “the poor” are to be exempt from usury, so he now would have us believe that only the debts of “the poor” are to be cancelled in the Sabbath year. One must admire Dr. North for his candor and willingness to change untenable views, but one also must lament that he did not hold his prior understanding of the Sabbath year as a standard in terms of which to reform his view of usury.

Nevertheless, it is necessary to press on in consideration of Dr. North’s newly proposed understanding of “the poor,” to see whether it may stand on any of its own merits. According to Dr. North:

“The key to understanding the Bible’s civil definition of poverty is the loan’s contract. There must be a mutually agreed-upon contract, explicit or implicit, in order to establish a legally enforceable loan. If the borrower comes to the lender and calls upon him to honor Deuteronomy 15:7-8, then the borrower

33. *Usury...*, p. 123-124

34. See my discussion of this inconsistency - *Usury...*, p. 130-131

35. *Tools of Dominion*, p. 717

36. *ibid*

admits that his is a special case, a charity loan, and it is governed by the civil law's terms of the sabbatical year and the prohibition against interest. The borrower makes his request a matter of conscience.

"In so doing, he necessarily and inescapably places himself under the terms of biblical civil law. *If he cannot repay his debt on time, he can be legally sold into bondservice.* This is not a collateralized commercial loan. The borrower is so poor that he has no collateral except his land. He chooses not to become a landless man, meaning landless until the next jubilee year. Yet he is still in dire need. All he can offer as collateral is his promise, his cloak, and his bodily service until the next sabbatical year should he default. Thus, the borrower admits that he in principle has already become a bond servant. He admits through the loan's contractual arrangement that the borrower is servant to the lender. If he cannot repay, he will go into bondservice until the next sabbatical year, or until his debt is repaid, whichever come first."³⁷

Dr. North goes on to say that civil law is negative law as opposed to positive law, *i.e.* it punishes evil rather than attempting to create good. Thus, civil law does not define poverty, but it does say that once a contract has been made on the basis of a mutually agreeable understanding of poverty, then the contract must be honored. In practice, a man must make a claim to be poor, and succeed in convincing a prospective lender of this claim, before he would be so considered for judicial purposes. Dr. North rightly points out that the lender must make this value judgment for himself and answer only to God for it. This approach might leave us with no handle at all on the concept of poverty, since it seems to be entirely a subjective matter. However, Dr. North has provided some insight into what conditions are likely to support the claim of poverty:

"...the Old Testament biblical texts governing lending specify that certain kinds of loans would have certain kinds of collateral, and wherever these forms of collateral appeared, the lender could not legally demand an interest payment."³⁸

Dr. North further explains that if the loan was advanced on personal security (*i.e.* unsecured, Dt. 15:7-9) or on security of a cloak (Ex. 22:26-27), then it is to be considered a "charitable" loan and is to be exempt from usury. According to Dr. North, fully collateralized loans are not of this category and therefore do not enjoy the benefits of the sabbatical release or the prohibition of usury. This sounds like a neat, tidy package at first, but upon reflection there are a number of problems which require its dismissal.

First, do the Scriptures really "specify" this? There is a distinct appetite for precise specification evident in the effort to construct an internally consistent, coherent system. But we must not allow our appetite for precision to demand precise specification of Scripture in matters where such precision in fact is not given. In my book I noted that this is what Dr. North has done in the matter of the definition of usury. He says, "The definition of usury is precise Biblically: any increase taken from the poor in return for having made a loan."³⁹ The text that is supposed to precisely define "usury" in this way is Exodus 22:25. However, when reading this text with this thought in mind one is struck by the undefinitional character of what he reads: "If you lend money to my people, to the poor among you, you are not to act as a creditor to him; you shall not charge him interest." The best paraphrase of this statement is: "Do not take usury from poor people." But this does not *define* usury any more than saying "Do not have illicit sex with a prostitute" *defines* illicit sex. Just as "Do not have illicit sex with a prostitute" does not imply that all other forms of sexuality except prostitution must be licit, neither does "Do not take usury from poor people" imply that usury taken from anyone else must be just. But, to force a definitional character upon a text that is not inherently definitional leads one directly into this

37. *Tools of Dominion*, p. 714-715

38. *ibid*

39. *An Introduction to Christian Economics*, p. 362; see also in *Usury...*, p. 1-17

sort of logical fallacy.

Now we see this appetite for precision displayed once again in the matter of how to know who is “poor.” Since the identity of “the poor” already is set up as the key to defining “usury,” it in turn is necessary to know how to define “poor.” Here Dt. 15:7-9 and Ex. 22:26-27 are given as “...Old Testament texts governing lending [which] specify that certain kinds of loans would have certain kinds of collateral.”⁴⁰ When reading these texts with the thought of collateral specifications in mind, one once again is struck by their undefinitional character. These texts do not even speak of various “kinds of loans.” The mere mention of a cloak taken as collateral, or of a loan collateralized only with the prospect of indentured servitude, hardly establishes watertight categories of loans, nor does it serve as a specification of the types of collateral that are appropriate for “certain kinds of loans.”

The intricate system that Dr. North proposes requires the degree of precision that he claims is inherent in the biblical texts. However, it is not difficult for a reasonable man to see that this precision is not required by the texts themselves, but instead is required by a system that was devised independent of the texts and now is superimposed most awkwardly back onto the texts.

A second difficulty with Dr. North’s proposed definition of “the poor” is that, even if for the sake of discussion we grant his views as are challenged above, there is no attempt to explain how this would apply in the modern world. What is the modern equivalent of pledging a cloak as security for a loan? Is there a modern equivalent of indentured servitude? Does Dr. North seriously suggest, since there is no longer any indentured servitude as a consequence of non-repayment of loans, and since only rarely - if ever - is a literal cloak offered as security for a loan, that therefore a truly biblical “charity loan” rarely - if ever - occurs in the modern world, and therefore usury rarely - if ever - is condemned? Perhaps Dr. North felt that the modern application of his principle would be somewhat self-evident, and that the reader would draw his own conclusions. Let us embark on this exercise and see whether a modern application actually is possible.

We might suggest that a modern version of Dr. North’s principle is: “All non-collateralized loans are to be regarded as charity loans and therefore exempt from usury.” But we find that this really is too simplistic. Speaking of “the rich” Dr. North says, “If the lender extends them credit on the basis of their signatures... then they are not considered poor people judicially.”⁴¹ The signature of a “rich” man apparently may be regarded as security, while the signature of a “poor” man apparently may not. What now is evident is that the *nature* of the collateral - which previously was said by Dr. North to be the basis on which we may decide whether usury is legitimate or not - really does not help us to determine the legitimacy of usury. It really does not matter after all whether the loan is collateralized by a mere promise - a signature - or some tangible property. The promise of a “poor” man is not worth (in an economic sense) as much as the promise of a “rich” man. That much is beyond dispute, but the point to be made here is that *one must already know whether or not a man is “poor” before he knows what economic value to place on his promise*. The fact that a loan is collateralized only by a promise instead of any tangible property does not, by itself, help us to decide whether the borrower is “poor,” and thus whether usury is legitimate in his case. We need to know already - by some other criteria - whether he is “poor” so we know whether his promise can realistically be kept.

Dr. North’s principle seems unworkable. But there is another approach to the matter, which promises to salvage the principle. Rather than attempt to construct a workable principle on the basis of identifying “the poor,” which we have seen leads to practical unworkability, Dr. North states his principle coming from the other direction. Perhaps the principle would work better if it were based on identifying “the rich.” “This formula therefore tells us who the rich are, judicially speaking: all those people who are willing to sign a strictly voluntary, interest-bearing debt contract that is collateralized by something other than the threat of placing them in bondservice if they should default on their obligation.”⁴² So now, the “poor” are those who are

40. *Tools of Dominion*, p. 715

41. *ibid*, p. 718

42. *ibid*

liable to bondservice in the event of default, and the “rich” are those who do not face bondservice in the event of default. Though Dr. North does not actually tell us how this translates into the modern economy, let us assume that the modern equivalent of bondservice is bankruptcy. Those who go bankrupt in our day are those who ought rather to go into indentured servitude. If this assumption is not warranted, then we shall thank Dr. North to explain the modern application of his principle more fully. If it is warranted, then no one who ever went bankrupt ought to have been required to pay interest, even according to Dr. North’s teaching. Of course, a practical difficulty is that it not always is possible to know at the point the debt is contracted whether later default will result in bankruptcy. (It would seem that the only way in which one may know that it would not is if the loan were fully collateralized with tangible property.) In cases where it is possible to know that bankruptcy would result, interest would be ruled out even by Dr. North. For instance, consider municipal bonds and U.S. Treasury securities. In these cases default equals bankruptcy. According to Dr. North, interest ought to be prohibited in cases where default results in bankruptcy (the theoretical equivalent of bondservice). So, we should expect that Dr. North would oppose taking interest from municipal bonds and treasury securities. And what about all of the bankrupted farmers and small businessmen? The failure rate of these occupations is such that lenders ought to realize the potential for default. Even by Dr. North’s own teaching a credible case may be made that usury ought to be ruled out in the case of loans to farmers and small businessmen.

I am reminded of a classic cartoon caption. A bank loan officer says to a loan applicant, “I am sorry Mr. Figby, but it is our policy not to lend money to people who need it as badly as you do.” A lot of “poor” people in this country are being sapped of all the usury they are worth and when they are all dried out and crusty, so to speak, the parasite detaches and moves on to another plump victim. Even if we grant the teaching on usury that Dr. North advances, a great deal of usury - most of the usury that is being practiced - would be ruled ungodly. But it does not seem to be Dr. North’s concern to bring to a halt all of the usury that even he recognizes as unbiblical. Rather it seems to be his concern only to justify usury in some limited way. The limitations are very useful for this purpose, however, in the real world, once usury is justified in any way, it is not long before the limitations are forgotten and everything carries on as though usury were the most natural and normal thing that a man could do. We do not see Dr. North pressing for a consistent application of his idea of usury in the modern world, and indeed, upon reflection, it does not seem that a consistent application is possible.

A third difficulty with Dr. North’s proposed definition of “the poor” is that the biblical idea of interest which he bases on this concept of “the poor” is completely at odds with the more abstract “interest theory” that he advances. We have seen how Dr. North proposes that those loan contracts involving the greatest risk of default and bondservice are to be regarded as “charity loans” and exempt from usury. Conversely, Dr. North teaches, those loan contracts which are fully collateralized and therefore involve the lowest risk are the ones that legitimately may bear interest. Of course, the goal here is to make the tidiest biblical package. However, once having woven the most convincing biblical argument possible (which the foregoing has shown to be in fact not convincing enough), Dr. North turns to a more theoretical discussion of “interest theory,” and apparently forgets all that he had to say about the significance of the factor of risk. He proceeds to discuss the matter in terms of modern economic dogma: “The prevailing market rate of interest is a component of three factors, modern economics informs us: 1) time-preference, or the Originary rate of interest (as Mises calls it); 2) a risk premium; and 3) the inflation premium. Few economic textbooks ever explain this, and no proponents of zero-interest free market loans ever discuss it.”⁴³ Further discussion of the so-called “time-preference” factor follows below. I saw no need to enlarge my discussion of the “risk” factor or the “inflation” factor beyond what is found in my book.⁴⁴ Below I do not address “risk” *per se*, but only comment on how Dr. North’s concept of “risk” contradicts his proposed biblical principle of interest.

43. *Tools of Dominion*, p. 724; His last phrase is an untruth. I discuss all three “factors” in my book.

44. *Usury...*, for “risk” see p. 164-171; for “inflation” see p. 191-196

Dr. North now tells us that interest is an “inescapable category of human action” because (partly) of the risk that must be borne by the lender. “The market rate of interest also contains a risk premium. The risk that a particular borrower will not repay his loan must be shared among all borrowers within any particular class of borrowers...”⁴⁵ Dr. North continues, “Major corporations will enjoy the privilege of paying rates slightly higher than the national government. At the bottom of the pile are those who are least credit-worthy. They will be able to get only small loans from pawn shops that demand collateral (highly discounted, in case the lender [*sic*] defaults), or, worst of all, from ‘loan sharks’ who charge very high rates, and who are willing to impose physical violence on those who refuse to pay on time.”⁴⁶ Dr. North speaks only glibly of the least credit-worthy, who are on the bottom of the pile and must resort to pawn shops and loan sharks. On the strength of his earlier biblical discussion one might think that he would seize this opportunity to condemn the usury that is taken from these “poor” men, whose default would result in bondservice, bankruptcy, or worse. But instead we find that he uses the opportunity for exactly the opposite purpose. His purpose is only to advance the notion that the reality of risk to the lender arising from the loan requires the payment of usury by the borrower, and the greater the risk the greater the usury.

North’s biblical schema and his theoretical justification of usury exist in distinct, watertight compartments: in the first case, the debt that is allowed to collect usury is the one that poses the least risk to the lender (*i.e.*, fully collateralized), however, on the other hand usury is supposed to be justified by the risk borne by the lender! In his discussion of the biblical principles, Dr. North insists that it is precisely *because* of the risky nature of the loan that a given debtor may be known to be “poor” and therefore exempt from usury. Now, in his discussion of abstract economic theory he expounds the principle that the debtors posing the greatest risks are the one who must pay the most interest. If there is to be any usefulness at all to “Christian Economics” it must be in the extent to which it corrects the sinful instincts of fallen “economic men.” It is interesting to read the unbelieving economist’s explanations of why men do not do what God commands, but Dr. North touts these explanations as satisfactorily demonstrating that interest is a “fundamental category of human action” [translation: the most natural and normal thing that a man can do] apparently without perceiving how his own flawed notion of the biblical teaching on this subject contradicts these ideas.

3) “Time-Preference”

The Economics of Time

“Some will not take Usurie, but if you have not present money to pay for their wares, they will set a high price of them, for the forebearing of the time, and so they do not only sell their wares, but they sell time too: that is, they do not only sell their own, but they sell God's own. Therefore one saith of these, When he selleth the day he selleth the light, and when he selleth the night he selleth rest: therefore when he would have the light of heaven, and the rest of Paradise, it shall be said unto him that he hath sold both already. For he sold light when he sold the day, and he sold rest when he sold the night: and therefore now he can have neither light nor rest.”⁴⁷

As I said in my book, “It is beyond the scope of the present writing to explore a comprehensive philosophy of time...”⁴⁸ I do not mean to keep putting you off, dear reader, but it still is beyond the scope of even the present writing to explore a comprehensive philosophy of time.

45. *Tools of Dominion*, p. 727

46. *ibid*

47. Henry Smith, “The Examination of Usurie in Two Sermons” (1591; Norwood, NJ: Walter Johnson, 1975)

48. *Usury...*, p.201

Those who are bursting with curiosity may consult Augustine for an introduction to the basic questions of a philosophy of time.⁴⁹ I need not explore such questions here, for the inevitable conclusion of such a study is that the more one gains an insight into the nature of time the less time appears to have to do with interest theory.

In his reply to me Dr. North dabbles with the issues in the philosophy of time:

“Fact: the present moment - a ‘point in time’ - is as philosophically and operationally undefinable a phenomenon as a Euclidian point (an infinitesimal, no-dimensional section of a sequential phenomenon, a line). The fact is, we really cannot fully describe the pure instant in time that we call ‘the present.’ Anyway, I cannot, and surely Mr. Mooney does not attempt to do so in his book.”⁵⁰

I agree with Dr. North’s statements regarding time, and he is correct as well about my making no attempt to define it in my book, nor shall I make any attempt to define it here. It was not my idea to base an interest theory on time. A few words toward that end, however, will serve my point about the discontinuity between time theory and economic theory.

The phenomenal categories of space and time interface in motion. Without extension of being in space, motion is inconceivable; and it is equally inconceivable without a concept of “then” and “now.” The way clocks “tell time” is by the motion of the hands. Even in these modern times of digital clocks the principle is no less true, only in this case the motion is the invisible vibration of a quartz crystal under an electrical impulse. However, it would be simplistic to say that time is motion, rather time and space are categories of human perception by means of which one may conceive of and speak of motion. Space and time are the fundamental categories of human sensory experience, but they also provide the conceptual framework in which the human thought process functions. Just as time is shown in the motion of physical objects, so time is implied in the discursive procedure of one thought sequentially following after another. Also, space is implied in the organization of thoughts in a systematic order. So, the idea of motion extends well beyond the principles of physics and finds an analogy in the structure and function of the mind. Without motion not only can there be no perception of time and space, but as well there can be no life that could possibly conceive of anything. The converse of this is to say that we cannot conceive of a world without motion. The very foundation of being lies in the motion of sub-atomic particles. The difficulty in devising a satisfactory definition of time consists in the problem of not having any more fundamental category in terms of which to hold time up for scrutiny. With the eyes one may examine innumerable objects, but with what shall he examine the eyes? With the brain one may think about innumerable things, but with what shall one contemplate the brain? Time is that which affords us the possibility of life and discursive perception and thought. We have no other ground on which to stand to gain a perspective of time itself.

Some now will say that God Himself is that category of thought which is more fundamental than time or space; that He provides in His very Being that ground upon which to stand in order to gain a perspective of time. But, all this means is that if we had God’s perspective, then we would understand time. Actually it strictly is not accurate to say that God has “perspective,” for the whole idea of perspective involves spatial / temporal vantage. We do not know what to call the view - such as God has - which stands outside space and time and beholds all possible “perspectives” at once. At the risk of appearing pedantic I point out the obvious fact that God is uncreated. Though there is the promise that He may provide a more fundamental category than time, on the grounds of which one may gain an understanding of time, nevertheless this does not enable creatures to entertain such knowledge. It readily is admitted that time is no mystery to God; He invented it. But it remains an inscrutable mystery for men. That God stands back of time does not enable us to understand time; it enables us to live in time confidently, being neither terrorized by nor crippled by the unknown.

49. see his *Confessions*, Bk. XI, Chs. 17 - 38

50. Appendix G, p.1185

Doubtless, the present discussion shall appear equally as “incoherent” and “preposterous” as Dr. North found my initial discussion of these things.⁵¹ And rightly so, for any discussion which ventures into this field does so only at great risk of losing touch with the rock-hard realities in context of which we live our daily lives. But, this only makes it more perplexing how anyone can appeal to the nether-regions of human comprehension, in which time dwells securely, in support of the notion that the impulse to affix an interest charge on loans is a basic law of human behavior.

Popular jargon supports the notion that there is some economic significance about time. We speak of “spending time,” “wasting time,” “saving time,” “investing time,” and so on. But, notice on the strength of the above discussion that when we speak this way we merely are employing economy of speech, and are not saying anything at all about time discretely. “Spending time” simply is user-friendly jargon which signifies “occupying oneself.” Likewise, “saving time” is code for “optimizing the efficiency of our occupation,” and “wasting time” means “ignoring or denying the benefits of efficiency.” “Investing time” simply is economical phraseology for referring to the very exercise of occupation as capital along side of hard and liquid assets. In the final analysis, none of these concepts really is a function of time. This is very similar to the point I made in my book about the so-called “time-preference” theory of interest, “Rather than a ‘time-preference’ theory, the discount of future goods suggests a ‘certainty-preference’ theory. The value of [future] goods is discounted not because of time, but because there is uncertainty that they ever shall be obtained.”⁵²

I grant it entirely that it is better to possess a thing “now” than to possess “now” a promise of that same thing in “the future.” But even these sayings do not speak of the of essence of time. In so saying one simply is opting for a lesser uncertainty over a greater uncertainty. As I pointed out in my book, time really is only incidental to the factors which increase or decrease uncertainty. Time is ever-present in addressing the reasons for uncertainty because all that we do must be done in context of time, but time alone will not overcome uncertainty. On this point it is helpful for me to interact directly with the misunderstandings that are exhibited in a passage of Dr. North’s reply to me. Says he, “To the extent that I can make any sense of this argument, I think he [Mooney] is saying that future goods, not being physically present, are therefore irrelevant for present decisions.”⁵³ There are two problems here.

First, I went to great lengths in my book to explain at least three different ways in which an economic good could be considered “present” in a non-temporal way: 1) metaphysically, *i.e.* exists, 2) spatially, *i.e.* at hand, and 3) proprietarily, *i.e.* as property. One must wonder how carefully Dr. North read my discussion since he targets the concept of - as he terms it - “physical” presence (my way no. 2 above) as being the crux of my position. Perhaps the lack of care indicated in this oversimplification may explain why it is that, as Dr. North himself admits, he had difficulty making sense out of my argument. But that really is a minor problem in comparison with what follows.

Secondly, Dr. North erroneously attributes to me the view that whatever is not spatially present is therefore “irrelevant for present decisions.” He cites the final day of Judgment as a good example of why men ought to weigh seriously those things which are to come. Of course, he is correct about the day of Judgment, but erroneously attributes an incorrect view to me. He cites a passage from my book as “clear” indication that he has interpreted me accurately: (the following is me as cited by Dr. North) “The point is that ‘future goods’ vs. ‘present goods’ presents no real choice. The two cannot be compared in value as though they were different quantities of the same class of goods. In truth, the choice of goods for meeting one’s needs is a choice of presently available goods. One present good compares only to other present goods.”⁵⁴

Does this passage really make it clear that I hold “future goods” to be “irrelevant for present decisions”? I think what ought to be clear to the reader is that the passage cited is summarizing a point. It begins with, “The point is...” In context, what point is it that I meant this passage to summarize? Was it a point about the factors one ought to employ when making decisions? No, it was not. The point was one about the difference in quality and therefore in utility between “present” and

51. *ibid*

52. *Usury...*, p.204

53. Appendix G, p.1185

54. *Usury...*, p.207, cited in Appendix G, p.1185

“future” goods. This whole discussion follows a lengthy discussion in which I show that the economic concepts of “present goods” and “future goods” are defined non-temporally. Economically, “present goods” does not mean “present in time,” it means goods which exist, are at hand, and are the property of a given economic subject. Conversely, “future goods” means goods which either do not exist, or that exist but are not at hand, or that exist and are at hand to a particular subject, but are not the property of the subject. Given this background, which shovel will one employ for purposes of digging in his garden: a “present shovel” or a “future shovel”? I maintain that this presents no real choice. The text in my book which immediately precedes the comments cited by Dr. North leave no doubt about the point being made:

“The preference that is dictated by the discount of the ‘future goods’ cannot be avoided because one cannot possibly call upon an idea in his mind to serve a purpose that only a concrete object can serve. If A decides that he needs a shovel, his own shovel at hand will suit that need, and his contemplation of a spatially removed shovel, or a shovel that is B’s property, will not. Lacking a shovel, A still will wait until conditions have sufficed to make some ‘future shovel’ now a ‘present shovel,’ rather than to attempt to address his need for a shovel with a ‘future shovel.’ The point is that ‘future goods’ vs. ‘present goods’ presents no real choice...” (etc, as above)⁵⁵

This certainly does not lead to a conclusion that “future goods” are irrelevant for purposes of decision-making. Rather than denying the psychology of “time-preference,” my discussion of it only shows it to be mis-named, since it really does not have to do with time, and provides a more comprehensive explanation of the reason for the discount. However, we are left not with a rate of discount, as though a “present shovel” were 18.9% more useful than a “future shovel.” Rather, the discount is total. This is a point which apparently has not taken hold in Dr. North. Ignoring my comments, as explained above, he continues to maintain, “The rate of interest expresses the difference in present market value between present goods and physically identical future goods.”⁵⁶ But Dr. North has not provided any definition of “present goods” and “future goods” that would 1) accommodate the notion that any two particular examples of such goods could possibly be “physically identical,” or 2) provide for any calculable rate of discount - or ratio of value - of one in respect to the other.

Future goods are not so much irrelevant as they are incomparable. A bird in the hand is not really worth two in the bush, or any number of birds in the bush. The whole point is that one really cannot compare “present” and “future” birds in value. The value of “present” things compares only with the value of other “present” things. Again, Dr. North has said, “Those items which we presently possess are of greater use to us - and therefore of greater economic value to us - right now than the prospect of using those same physical items in the future.”⁵⁷ Since a “prospect” is of no use, it is profoundly uninteresting to consider that items in our possession are of greater use. Any positive number is greater than zero. The discount of prospects vs. possessions is not a ratio, as a continuously variable analog function. It is a digital, binary function: if one wishes to do some work, he will employ a possession and not a prospect.

The conclusion of my thesis is that when repayment is made the discount disappears. The borrower holds the possession and the lender holds the prospect of repayment. When repayment is made, the prospect vanishes and so does the discount of useless prospect vs. useful possession. Bohm-Bawerk’s mistake was that he wished to lay upon the borrower the responsibility of making a repayment of equivalent value to that which was loaned. Biblically and historically, the borrower’s responsibility was only to achieve in repayment an equivalence of quality, quantity, and kind. Of course, the promise of repayment will not be equivalent in value to the asset loaned. But, neither is there any guarantee that the lender will find a repayment of equivalent quality, quantity, and kind to

55. *Usury...*, p. 207

56. TOD, p.725, Italics in the text

57. TOD, p.729

be an equivalent value. In fact, I wish to posit the notion that it is not even possible to determine such a thing as “equivalent value” over time. A ratio of values is a moment by moment judgment. Since there are no units in terms of which to express value,⁵⁸ one cannot meaningfully say that he values a certain asset the “same” one year as he did a prior year. The best that can be done is to note that the ratio of values between good A and good B is the same one year as it is the next, as expressed in terms of the quantity or quality of goods that one is willing to exchange. But not even this may be expressed in absolute terms according to any “unit of value.” The impossibility of communicating magnitude of value in units - and thus the impossibility of comparing discrete values across time - is perhaps the greatest economic significance of time. But this concept is only cursorily presented here. Much more work in the theory of value shall have to be done in order to bring this idea to greater fruition.

In personal discussions, defenders of the “time-preference” theory of interest inevitably end up with a completely different animal. The arguments always start out with the noble appeal to time, but finish with “risk” or “inflation” or something else. We see this same thing in Dr. North’s writings. After a thorough exercise of reiterating his pet slogans and analogies about time, Dr. North resorts to the idea that interest arises from “forfeited return,” or “foregone use”; what often is termed “opportunity cost.”⁵⁹ This is the idea that the lender must forego other productive uses of his assets in order to have them available for loan. As Dr. North explains, “The lender who transfers to another person the use of an asset, monetary or non-monetary, has given up whatever other opportunities might have been available to him. There are always other opportunities available. There is therefore always a cost to the lender of lending money.”⁶⁰ And the conclusion is that the borrower must reimburse the lender for this cost, *i.e.* pay interest. Where is time in all of this? It is amazing how quickly the highly obscure and confusing theory of time is abandoned in favor of other defenses of usury that are so much more easily understood and argued.

Parentheses: The “opportunity cost” theory of interest is more easily understood and argued than the “time-preference” theory, but it is no more effective. What ever happened to simply telling the borrower that no assets are available for loan since all are employed? According to Dr. North, no assets would ever be available for loan since “There always are other opportunities.” But are there really? Men do not sit around dreaming up ways to keep their lawn mowers occupied, and so most men quite often - more often than not - have their lawn mowers available for loan. If usury were popularly understood to be sinful, money would be more often available for loan as well. The only reason that no one has idle money these days is that virtually every cent in existence - if you can call magnetic signals in computer storage devices “existence” - is out chasing usury. Men must already be in the habit of keeping their money occupied getting usury in order to then turn around and say that usury is necessary in order to bribe them into making their surplus money available for loan. One must assume the normalcy and righteousness of this situation in order then to employ this phenomenon as a defense of usury. Men wish the present reality to be its own justification. End parentheses.

The foregoing may be confusing to many readers. Readers who have some prior acquaintance with the “time-preference” theory of interest may find the discussion to be of some value, but others who are learning about the whole idea for the first time are better off forgetting the whole thing and concentrating on the following discussion instead. Those already interested in the “time-preference” theory are better off discounting the value of the above discussion, and the whole idea of interest theory, and reorienting their thinking along the lines presented in the material that immediately follows. Probably the wisest thing I said in my book about the “time-preference” theory of interest is: “It may be interesting to learn about this theory, but it is futile to do so only so one now is in a position to discard it.”⁶¹

58. No, dear reader, money is not a unit or measure of value. See my *Money: Symbol & Substance* (Warsaw, OH: Theopolis, 1990)

59. TOD, p.751-752

60. *ibid*

61. *Usury...*, p.197

Psychology vs. Law

As I look back on my discussion of “time-preference” in *Usury*... it occurs to me that it exhibits at least one deficiency: I think I could have made the point clearer that no theory of interest can possibly overturn the requirement of God’s law. A theory of interest may be in accordance with God’s law, but it may not abolish God’s law. Since I devoted many pages to dealing with the “time-preference” theory of interest, a tendency on the part of the reader may be to infer that I find it necessary to refute the theory in order for my thesis on usury to stand. It certainly appears that Dr. North ascribes this sort of authority to the theory, though he has not stated as much in so many words. I wish to make it clear beyond any doubt that I do not. One’s idea of usury must derive from the Scriptures, *i.e.* from law, not from psychology. I made this point clearer in my essay, “The Economics of Psychology,” which saw limited distribution. As I said in that essay, “The ‘time-preference’ theory of interest of Bohm-Bawerk and Mises is only a psychological explanation of why it is that sinful and covetous men will ignore God’s law and exact usury. The present writer does not deny the reality of ‘time-preference’ psychology; he denies that any sort of psychology excuses one from duty to God and His law.”

A function of God’s law is to proscribe the unrighteous behavior which seems natural to men who are fallen into sin. Dr. North says, “The person who lends money at zero interest is clearly forfeiting a potential stream of income. He will seldom do this voluntarily, except for charitable reasons.... He chooses the degree of risk that he is willing to accept, and he then refuses to lend the asset for less...”⁶² Who is this man who tells God that he “refuses” to comply with His law? Shall we say, “I am sorry, God, but on account of the discount of future goods over present goods I refuse to lend without usury”? The things that fallen men are prone to do - or refuse to do - are subject to correction by the standard of righteousness in God’s Word. No sophisticated psychological explanation of why men “refuse” to submit to God will suffice to clear them at the Throne of Judgment. The Scriptures may be represented as meshing with “time-preference” psychology only if the normalcy of this theory is assumed prior to reading the Scriptures.

Dr. North sees “time-preference” psychology in the nature of God. Says he, “God delegates ownership to mankind in terms of a leasehold contract. Men owe Him a tithe as His legitimate return. They are required to pay God representatively by paying their tithes to His church. But men do not want to pay God this rental fee.”⁶³ Surely, if a rental charge for the use of property is inherent in the basic relation between Creator and creature, then it would be quite disturbing to find a condemnation of this practice in His Word to us. In support of his view Dr. North references the parable of the “Wicked Vinegrowers,” found in Matthew 21:34-38. Here a landowner establishes a vineyard and lavishly furnishes it. Then he “lets” (KJV) or “rents” (NASB) it out to husbandmen or vinegrowers. When the time comes for the landowner to receive his produce he sends servants to collect it, but the wicked vinegrowers mistreat them. Finally, the landowner sends his son, reasoning that the vinegrowers will respect him, but they see this as an opportunity to steal the son’s inheritance, and kill him.

Dr. North’s treatment of this text is a classic example of eisegesis as opposed to exegesis. His characterization of God as a landlord and man as owing God a rent is nothing more than reading modern Austrian School economics back into Scripture. Let us set aside modern suppositions, and see what comes to us in the text itself. The term of greatest significance for our present purposes is *ekdidomi* (literally, to give out), and appears as “let” in the KJV, RSV and “rent” in the NASB, NIV and other newer translations. The old English “let” could mean this rent, but it could as easily mean a hire relationship.⁶⁴ The original language does not provide much insight, because the term has very limited usage in the New Testament, occurring only in context of this parable (and parallel passages in Mark 12:1-12 and Luke 20:9-19.) Of the Greek, Robertson says, “Let it out... for hire, the terms not being given. The lease allowed three forms, money-rent, a proportion of the crop, or a definite

62. BET, XI, 6; TOD, 753

63. TOD, 706

64. see *Oxford English Dictionary*

amount of the produce whether it was a good or bad year. Probably the last form is that contemplated here.⁶⁵ Economically, the third possibility enumerated is identical to the first (if the vinegrowers owed a money rent, and had to sell a certain quantity of the produce in order to raise the amount, the effect is identical to that if they owed this quantity of produce directly.) We really do not know what to make of the fact that Robertson considered them as though they were distinct forms of contract. For all practical purposes, Robertson allows only two possibilities: either the landowner required a fixed payment from the vinedressers, or he entered into a partnership with them for a proportion of the crop. Most significant is his statement that the actual terms are not given in the text.

It certainly is naive simply to read the modern rental contract back into this text, for the text alone does not unmistakably portray what we in the modern world know as rent. The modern rental contract grew out of medieval serfdom, which in turn grew out of ancient slavery. In ancient and medieval times, that which we now would call a rental payment was more akin to a tax or tribute. It is no coincidence that the lessor is called a "landlord." Proverbs 22:7, "...the borrower becomes the lender's slave." We are accustomed in our day to rental contracts entered into by juridical peers, but in the ancient world, this was not so. Landowners in the ancient world were the few and the privileged. The landless, for all practical purposes, were dependent upon their superiors for livelihood, though as a legal fiction they sometimes were regarded as free men. Though the landless might in a technical sense enter freely into a contract with a landlord, it virtually always was necessary for him to do so for means of subsistence or for military protection. Says antiquarian M. I. Finley, "It is in the nature of things that the peasant, independent or tenant, has a fragile hold on his land: he has little margin when times are hard. The combined effect of the various developments I have been examining - increasing taxation, depredations and devastations, depression in status as symbolized by the establishment in law of the category of humiliores [lower class] - were to drive him either into outlawry or into the arms of the nearest powerful landlord (or his agent). And the latter...meant protection and oppression at the same time."⁶⁶ In this passage Finley wrote of the Roman economy at the time of Christ. The parable in question must be viewed as presenting either a virtual master / slave relationship or a relationship of mutually free partners.⁶⁷

We easily interpret the characters of the parable. The landowner is God, the vine-growers are the mass of humanity, the servants which the landowner sent at first are the prophets and men of God, the son, of course, is Christ, and the new vine-growers who are brought in after the wicked vine-growers are cast out are God's own people, to whom dominion is given. The core meaning of the parable is fairly easily discerned as the teaching that, long term, God will take dominion away from men who do not honor His Son and give it to those who do. But, this parable does not so easily teach us how we are to characterize the basic relationship of God to men. Not enough detail is given. As shown above, we have two possibilities, and in the end it is not possible to decide strictly for one against the other. Either the basic relationship is to be characterized as Master-to-slaves, or as peers in commercial partnership.

In the first case, the landowner deals harshly with the wicked vine-growers on the basis of the authority that he has over them. This is well in keeping with the idea of the ultimate authority that the Creator has over all of His creation. In the second place, the poor dispensation of the wicked vine-growers is a result of their failure to keep the terms of the contract and their criminal acts toward the landowner. This view also is faithful to another way of looking at the relationship of God to men, and on the surface is more serviceable to the larger teaching of the parable as a whole: men are obliged to the terms of God's law, and their failure *vis-a-vis* this standard means alienation. Whichever of these views we decide is best, one thing is sure: this text provides no warrant for characterizing God as buying a stream of future income at a discount for cash, and then holding men to the responsibility of making the rental payments. The relatively recent destigmatization of rent as a mutually beneficial contract entered into by juridical peers has afforded a context in which God may be so characterized, but a radically biblical approach to the doctrine of God yields no such view.

65. Robertson, *Word Pictures in the New Testament* (1930, Nashville, TN: Broadman Press, reprinted, no date), Vol. I, p.171

66. M.I. Finley, *The Ancient Economy* (Berkeley, CA: Univ. of Cal. Press, 1985), p.91

67. There is more on this matter of rents in a following discussion

If it is assumed that the psychology of “time-preference” is inherent in the nature of God, and therefore inherent in the nature of creation as well, the rest of Dr. North’s argument follows inevitably. “Time-preference” becomes a hermeneutic. It is exceedingly difficult to carry on the usury debate when one party to it holds his conclusions as a basic frame of mind in which to approach the Scriptures. When one holding this frame of reference encounters Scripture texts which rather plainly prohibit and/or denounce the practice of usury, then all manner of “interpretation” is required, because the ordinary sense of these texts does not fit the underlying assumptions of the hermeneutic.

The doctrine of “time-preference,” as a normative principle for righteous behavior, must either be assumed *a priori* to characterize God Himself, and thus all of creation, or it must be rejected. We are not afforded the option that the doctrine of “time-preference” may be derived from faithful handling of Scripture. We must either assume it or reject it. Dr. North evidently has taken the former course. I take the latter. The former course builds a theory of interest on psychology, for the psychology of “time-preference” is seen as the basic manner in which all men must approach life (a “basic category of human action,” as Dr. North parrots Mises.⁶⁸) The latter course builds a theory of interest on law, for God’s law already has told us how we are to esteem the practice of usury, and no amount of theorizing can overturn that principle of law. Dr. North is quite candid about the source of his views, as he says, “...I am following Bohm-Bawerk and Mises on this point [“time-preference”].”⁶⁹ Dr. North also candidly identifies what he considers to be the standard of authority in the matter, “...to oppose the Fetter-Mises view of interest is necessarily to argue nonsense.”⁷⁰ I wish to be equally candid, and so I shall reiterate here what I believe I have made adequately clear in *Usury...* and in whatever I have written since: I am following the teaching of Scripture on this point, and to oppose the biblical view of interest is necessarily to argue nonsense. I entertain a discussion of the psychology of “time-preference” only because the *a priori* conviction that usury is sinful, as a principle of law, guarantees that any pretended justification of usury must necessarily stem from an erroneous understanding of, or an erroneous application of, both law and human psychology.

4) More About Rent

It often is said by those who wish to excuse the practice of usury that it is no different than rent; that it is simply “renting money.” In my book I examine this view very thoroughly.⁷¹ Aspects of this examination are 1) what is the biblical teaching about the rental of property? 2) what was the historical development of the practice of rent? 3) does the outcome of 1 and 2 strengthen or weaken the view that usury on money must be held to be as legitimate as the rental of property? 4) Does the outcome of 1 and 2 even uphold the modern uncritical assumption that the rental of property is a legitimate economic institution? The biblical discussion is of greatest importance, for if it can be shown that God in Scripture supports the practice of the rental of property, then there is no means by which anyone can continue to condemn usury. I fully concur with this procedure. I gladly assent to Dr. North’s challenge: “So, Mr. Mooney’s argument against the biblical legitimacy of interest income lives or dies with his conclusion that income from rental property is also prohibited by the Bible.”⁷²

However, Dr. North continues, “Mr. Mooney’s conclusion is in direct opposition to the economic terms of the jubilee year, which specified that anyone could lawfully rent his life and his property to another person for a period of time. In other words, a buyer could lawfully contract with a seller for the latter to supply him with a stream of income - labor income or agricultural income. In either case, when a kinsman bought the land or the person out of bondage (the contract), he had to

68. TOD, 723; BET, X1, 6

69. Appendix G, 1184; BET, X1, 6

70. Appendix G, 1187

71. *Usury...*, p. 172 - 190

72. Appendix G, p.1182

pay the leaseholder a pro-rated price based on the number of years remaining until the jubilee year. This, it should be obvious, was a rental contract⁷³

It is common for those writers who are concerned to establish the normalcy of the rental contract in Scripture to turn to the laws involving the jubilee year in Leviticus chapter 25. There is no doubt that this is an important text for the task of understanding the economic teaching of Scripture. Dr. North and many others have done quite well in pointing out the inadequacies of Socialist theorists who have appealed to this jubilee principle to support their ideas of the periodic redistribution of wealth. But, an eloquent rebuttal does not automatically leave the truth in its wake. The following discussion shall examine Leviticus 25 and the comments that have been made on it by various writers.

v. 13 - 16: On this year of jubilee each of you shall return to his own property. If you make a sale, moreover, to your friend, or buy from your friend's hand, you shall not wrong one another. Corresponding to the number of years after the jubilee, you shall buy from your friend; he is to sell to you according to the number of years of crops. In proportion to the extent of the years you shall increase its price, and in proportion to the fewness of the years, you shall diminish its price; for it is a number of crops he is selling to you.

What first must be noted in the text cited is that the parties involved in the contract concerning the possession and use of land consistently are referred to in English translations as "buyer" and "seller." However, the text goes on in v. 23 to say that, "The land, moreover, shall not be sold permanently..." Our modern concept of buying and selling involves the permanent transfer of property, *i.e.* permanent in the sense that once the buyer has acquired some property, nothing external to his own value judgments (as informed by Scripture and conscience) can compel him to sell it or otherwise transfer it again. The idea that one may "buy" property for only an externally imposed limited time - a maximum of fifty years - leads one directly to the view that the text is describing something other than our familiar institution of buying and selling. We have in this modern world an institution known as the rental contract, where, in consideration of a sum of money, possession and use of some property transfers for a limited time, and then reverts back again to its owner. The dynamics of this contract seem to be evident in what is described concerning the temporary transfer of land in Leviticus 25, and this allows many to overlook the English renderings of "buy" and "sell," and conclude that what is described here actually is a rental contract.

An examination of the original Hebrew seems to offer no resistance to this tendency, for the terms involved do not appear to be of sufficient economic precision as to require the particular English concepts of "buy" and "sell." For example, the Hebrew term that is given as "buy" is *qana*, and literally means "acquire."⁷⁴ There seems to be room allowed by the language for some experimentation. In my book, I suggested that what is described in the text is an actual case of buying and selling as we commonly think of it, because it is spelled out in v. 16, "...it is a number of crops he is selling to you."⁷⁵ Those who suggest that the text describes a rental contract deserve an audience, however, the more they are heard, the more implausible the rental theory appears.

As was noted above, Dr. North considers the rental theory an "obvious" conclusion from the text. If it really were so obvious, then one would think that the various writers who argue for the rental theory of the text should not have difficulty in coming to similar views. However, what we find is contrary to this expectation. R. J. Rushdoony speaks of the "buyer" in this text as the leaseholder.⁷⁶ Similarly, David Chilton characterizes poor landowners as being compelled by circumstances to "put his land up for lease."⁷⁷ In this Rushdoony and Chilton agree that the poor, destitute landowner, the "seller," is the lessor and the "buyer" is the lessee. So far, the agreement of

73. *ibid*

74. Harris, *et al*, eds., *Theological Wordbook of the Old Testament* (Chicago: Moody), Vol. II, p. 803

75. *Usury...*, p.175

76. Rushdoony, *Institutes of Biblical Law* (Presbyterian and Reformed, 1973), p. 490

77. Chilton, *Productive Christians...*(Tyler, TX: ICE, 1981),

views, which a text of “obvious” meaning ought to generate, is evident. But, when we examine the views of Dr. North on this text we detect an amazing divergence.

Let us reconsider Dr. North’s view of this arrangement, previously cited above: “In other words, a buyer could lawfully contract with a seller for the latter to supply him with a stream of income - labor income or agricultural income. In either case, when a kinsman bought the land or the person out of bondage (the contract), he had to pay the leaseholder a pro-rated price based on the number of years remaining until the jubilee year.”⁷⁸ A careful analysis of this statement is in order. Supposedly, it is not in doubt that the “seller” is the landowner and that the “buyer” is the one who receives temporary possession and use of the land. In the statement cited the “latter” must be the seller, for he is the last mentioned. Consequently, the “him” which shortly follows must be a reference to the buyer. Substituting these identities, Dr. North’s statement becomes: “In other words, a buyer could lawfully contract with a seller for the seller to supply the buyer with a stream of income...” Once reminded of the fact that in the Rushdoony / Chilton conception the seller is the lessor and the buyer the lessee, then it appears quite odd that the seller should be represented as providing the buyer with a stream of income. The more one considers the basic economic structure of the jubilee provision, the less “obvious” its nature appears.

North characterizes the buyer / seller dynamics in a manner that is precisely opposite to the characterizations of Rushdoony and Chilton. Right away, one is prompted to pause and reflect whether Dr. North did not fail to communicate what he really meant. Perhaps his view of this text only appears to be opposite to the most common view because of a simple error of usage. If he had said “former” instead of “latter” in the remarks cited above, then he would have characterized the “seller” as receiving the “stream of income,” a money rental payment for the use of the land, from the “buyer,” as most expositors of this text are wont to do. Perhaps, in confusing “former” and “latter” Dr. North accidentally failed to convey the view of the text that he actually holds. However, on close inspection, it seems that this interpretation will not hold; it appears that Dr. North accurately and self-consciously expressed his actual views as stated, and took a position opposite to popular view for a very specific reason, which shall be discussed in what follows. If Dr. North’s views as stated are no accident, then neither is it spurious to proceed with a critique of them.

In Rushdoony, Chilton, and also in other writers, the “seller” in this text is acknowledged to be poor and destitute. That is why he resorts to “selling” his property until the next jubilee. The buyer naturally is not in this desperate condition, for he has the ready funds to advance for the “purchase” of the property. But these characterizations are opposite to what we find in the case of rental contracts in the modern world. What we know of as the rental of real property involves a landowner who is wealthy (that is why he has land for rent) and a poor tenant, who has no land of his own (that is why he must rent from a “lord”). Surely, nowadays very wealthy men often opt for rental contracts as opposed to acquiring property because this proves beneficial in context of unbiblical practices of taxation and banking. But the typical case of rent involves those who are financially less well off as lessees and those who are financially more well off as lessors. What many take as a biblical example of - and consequently biblical justification of - the rental contract portrays the financially opposite conditions of what the text is meant to justify in the modern world.

Christian Reconstructionism is supposed to apply the teachings of Scripture to all aspects of life. However, in the aspect of rental contracts, the Scriptures are entertained far enough to legitimize the theoretical idea of rents, but evidently not far enough to perceive that the supposed lessor of Leviticus 25, who openly is acknowledged to be destitute, is the financial opposite of those professional lessors in the modern world, who float along quite comfortably on a “stream of income” that is provided by a debtor class. Dr. North recognizes this problem, and so carefully characterizes the nature of rental income prior to launching into a discussion of the text:

“If a person has money at his disposal, he faces a decision: What is the most productive use of this capital? Say that he does not want to manage his investments actively. He wants to spend his life doing other things. He therefore decides to buy an economic asset which he expects will produce a stream of future income. He could

78. Appendix G, p.1182

buy a piece of real estate that he expects will give him a return of 5% per annum (net, net, net) after he delegates management responsibility to a professional. He could also deposit the money in a bank.” Etc.⁷⁹

Notice how the “lord,” the one who will receive this “stream of income,” is pictured as a wealthy man with surplus assets. His problems center not around how to keep his family fed, but around how to keep his surplus assets profitably occupied. What is “obvious” is that this is not the landowner who is spoken of as the “seller” in Leviticus 25. Dr. North remains consistent with the roles, as he has characterized them, when he goes on to speak of the nature of the rental contract that is supposed to be legitimized in that text. That is why he posits that it is the seller who is supplying the buyer with a “stream of income.” Further evidence that Dr. North did not accidentally reverse the roles by means of saying “latter” when he ought to have said “former” is that he speaks of this “stream of income” not as the money payment that the “buyer” extends to the “seller,” but as the “labor income or agricultural income” that the “buyer” receives from the indentured servitude of the “seller” or else from the land that he takes over from the “seller.” Dr. North goes on to reiterate this characterization in his discussion of those verses that I am supposed to be “scrupulously” avoiding, “The Bible clearly honors the legitimacy of rental income: a stream of income, either labor income or land income, which one receives when he purchases an income-producing asset for cash.”⁸⁰

It is important for the reader to understand that what Dr. North asserts is “clear” and “obvious” in Leviticus 25 is that the one spoken of in that text as the “buyer” is the one who is in the position of a lessor, *i.e.* the one who receives the “stream of income” generated by the asset which the buyer purchased. If this really is so clear and obvious in the text, then why is Dr. North virtually alone in this view of it? Why is it that most expositors, and the general reading public who follow them, assume as equally clear and obvious the precise opposite of what Dr. North maintains: that the “buyer” is the lessee, the one who pays a money rent for the use of the land, and that it is the “seller” who is receiving the “stream of income” of these rental payments?

The Rushdoony, Chilton, Mitchell, *et al* view of this text is most in keeping with the naive perception of the financial transaction described in the text, but this understanding is quite at odds with the historic character of the economic institution of rents, as explained above. The North view of this text is most in keeping with how rent actually plays out in the world in which we live, but it strains the intellectual apparatus as it attempts to represent what the “buyer” receives as a “stream of income” in some way that what the “seller” receives is not. But, the reader need not concern himself with the tiring exercise of having to choose between these two views, nor with having to come up with some synthesis that pretends to combine the “elements of truth” which might linger in both, for along comes E. Calvin Beisner with yet another approach to this text, which exhibits none of the weaknesses of the two approaches described above, and incorporates no “element of truth” from either one.

Beisner’s view basically is that the “buyer” in the text actually is a lender, and that the “seller” actually is a borrower. The destitution of the “seller” in the text is in keeping with the biblical circumstances in which one understandably becomes a borrower. Since he is destitute, he has nothing of value to offer as collateral for a loan, and so is compelled to collateralize his land. Rather than a money repayment, the “buyer” is reimbursed for the loan with the crops that he raises on the land during the term of the loan. That is why the “price” of the land is adjusted according to the number of crops which remain until the next jubilee (v.16). That also is why the land reverts back to the “seller” in the jubilee year. Come the jubilee, the loan is paid off, and the collateral is returned to the borrower.⁸¹

In his discussion of the jubilee year, Mr. Beisner presents his view of the law matter-of-factly, as though this approach to its provisions were just as “clear” and “obvious” to him as Dr. North’s views are to Dr. North. Beisner does not attempt to explain the shortcomings of treating the text in a manner as does Rushdoony, Chilton, and others. Nor does he consider the view that Dr.

79. Appendix G, p. 1181-1182

80. Appendix G, p. 1183

81. Beisner, *Prosperity and Poverty*, p.62-65

North espouses. Of the various approaches to the provisions of the jubilee year here surveyed, it is my opinion that Mr. Beisner's explanation best fits the ordinary meaning of the text. It strains at the linguistic problems of identifying the status of those in the text, whom we know in English only as "seller" and "buyer," no more than any other approach to the text. His view is not without its problems, however. It seems to stretch the concept of the loan contract a bit out of bounds, since the responsibility laid on the "debtor" in this case is not to repay the same quantity, quality, and kind of what was loaned. Instead of a money repayment for a loan of money, Beisner's view suggests that a loan of money shall be repaid in crops or labor. Even if one does not adopt the interpretation as Beisner gives it, his views are sufficiently worthy to compromise seriously any "clarity" or "obviousness" that one here-to-fore had been inclined to grant any alternate view.

I now turn to a direct consideration of those texts which are supposed to "absolutely refute [my] conclusion regarding the supposedly biblically illegitimate nature of rental income," according to Dr. North,⁸² viz. Lev. 25:25-28 and 47-51. My discussion of these texts shall be couched in the Beisner interpretation. Though I have some concerns about how best to describe the economics of the text, as hinted above, nevertheless I believe that Beisner's view substantially captures the dynamics of the economic relationship between "seller" and "buyer." So, for simplicity's sake I shall employ Beisner's characterization without further critical comment.

Leviticus 25:25-28 provides for the redemption of land that has been "sold" as collateral for a loan. The law provides that the original land owner may regain possession of his property ahead of the jubilee by means of paying off his loan early. Specifically, the law provides that a debtor's near kinsman has the right to advance the amount of repayment for the redemption of the land (v.25), and also provides that if the debtor himself "recovers his means as to find sufficient for its redemption" (v.26) he may redeem the land himself. In v. 27 we are given the formula for figuring the amount required for redemption: "the years since its sale." As was described above, the amount loaned would be calculated based upon the number of years until the next jubilee (v.15-16), because the crops taken from the land during the remaining years would constitute repayment (with no usury) to the lender. Therefore, if a debtor - one who had to "sell" his land - had a kinsman redeemer or had recovered sufficient means to redeem the land himself prior to the next jubilee, then he may make a money payment to the lender - the one who "bought" the land - to compensate him for the remaining years of crops that he shall not have. This constitutes full repayment of the loan, and so the collateral - the land - is returned to the borrower.

Leviticus 25:47-51 provides for the same sort of redemption right for one who has further indebted himself by means of committing his labor to the service of the lender until the next jubilee. The concept of selling oneself into an indentured servitude is introduced starting in v. 39, "And if a countryman of yours becomes so poor with you that he sells himself to you, you shall not subject him to a slave's service." This selling of oneself until the next jubilee is identical in nature to the sale of land until the next jubilee. The one selling himself would be even more destitute than the one selling his land. In one case one already may have sold his land (or future crops), and still find that he needs further relief. In this case he has no further recourse but to offer his labor until the next jubilee as collateral for another loan. In another case, one may be a young man without yet any inheritance in land. He has no land to put up as collateral for a loan. In this case the personal security of some years of labor is his only recourse. In the same way that the crops from the sale of land constitutes repayment of a loan secured on the land, the benefits of a man's labor until the next jubilee constitutes repayment of a loan extended on security of the labor. Verses 47-51 simply provide for the redemption ahead of the jubilee year of those who have sold themselves into bondage. The means of redemption and the method of calculating the amount of the redemption payment here are identical to those terms and the method described in the case of redeeming land in v. 25-28.

As noted, Dr. North views v. 25-28 and v. 47-51 as though they were some kind of silver bullets that destroy utterly my position that the rental of property is as unbiblical as usury on any sort of loan. Not only do these texts fail to serve Dr. North in the manner he wished, but actually, rightly understood they present quite a problem for the view that Dr. North espouses. The identical provisions in the texts for the redemption of land and the redemption of men lead directly to the

82. Appendix G, p.1183

conclusion that if one text supports the idea of the rental of property, then the other must support the idea of the rental of lives. Dr. North has not overlooked this fact, and states with amazing glibness that the jubilee law, "...specified that anyone could lawfully rent his life and his property to another person for a period of time."⁸³ What could it possibly mean to "rent" a life? It could not mean that one trades his labor for some consideration, for this is an exchange agreement that is analogous not to the rental of property but the exchange of property. It could not mean indentured servitude, for that is service that a debtor owes a creditor as terms of retiring a debt. It could not mean that one man grants all authority, power, and discretion over his life to another temporarily, for some consideration, for this results in the very chattel status that this same jubilee law says must not characterize the one who "sells" himself: "...you shall not subject him to a slave's service. He shall be with you as a hired man, as if he were a sojourner..." (v. 39b-40a), "Like a man hired year by year he shall be with him; he shall not rule over him with severity in your sight." (v. 53).

On the same page on which Dr. North says that a man may "rent his life" he goes on to speak of the "buyer" as purchasing "up to 49 years of future labor services."⁸⁴ Economics already is an intolerably imprecise field of study. When writers add their own measure of imprecision, the task of sorting out which is the euphemism and which is the rigorous statement of the concept in mind can be virtually impossible. It is not difficult for readers to understand the economics of how one in Leviticus 25 may "sell" himself for up to 49 years. One who is wealthy grants to one who is destitute a sizable loan which really is prepayment for up to 49 years of service. The destitute one now is under contractual obligation to render this service, but he may, at his option, terminate the arrangement early if he can make a prorated payment that fully satisfies the debt. However, if we set out to describe this same arrangement, not in terms of an exchange, but as one "renting his life," we find the task to be exceedingly, and indeed prohibitively, difficult. Dr. North's characterization of this aspect of the jubilee law as the purchase of future labor services is more economically rigorous, and it appears that this same thing elsewhere is termed "renting a life" only as a euphemism that is required because of the similarities of the redemption of land and the redemption of men. If the provisions of the jubilee law regarding land are to be called "rent," then it would be inconsistent not to call those provisions regarding men "rent" as well. So, many, including Dr. North, go ahead and speak of men "renting their lives" for the sake of consistency, but do not bother to concern themselves with how such a thing as renting a life may be rigorously, economically, or biblically described.

It is fitting to conclude this discussion with a reiteration of what is the most important point about the rental of property made in my original discussion of it.⁸⁵ Scholastic theorists in the Middle Ages seriously considered the question of rent, which is much more than most modern theorists are willing to do. The impetus in that era was to think of the rental of property in the same terms as usury on loans. Thus, it was necessary for thinkers to provide some explanation of why it was not proper to draw this parallel if the practice of rent was to develop unchallenged. It is important to understand that the Scholastics addressed themselves to the issue of rent just as the practice of demanding a money payment for the use of property was emerging in the Medieval economy. In context of the older Medieval serfdom, the tenant class owned no property and as a whole was virtually subservient to the privileged class of land-owners (who themselves owed a tribute to the crown as a condition of keeping their estates). The tenants actually worked the land, raising crops and livestock. They owed a quota of goods to their "lords" as a tribute. In time the status of the tenant class grew better. Various rights were granted, including the right of passing on their "rented" land holdings to heirs. They eventually were to become regarded as judicially free, though they still had no opportunity to own land and actually live free of duty to the land Barons.

With the blossoming of technology and the rise of craft guilds there arose a demand for craftsmen. But, whence these craftsmen? Tenants literally were bound to the land. They had no legal authority to walk away from their "lords" and become independent craftsmen. Those who tried were hunted down, as a price commonly was offered for their return. But the demand for craftsmen was

83. Appendix G, p.1182

84. *ibid*

85. *Usury...*, p. 189-190

strong, and the lure of independence was enticing. Towns were established around the craft guilds, and skilled serfs who succeeded in eluding their “lords” for one year were offered full military protection as free and independent men. “The municipalities, eager to get new ‘hands,’ announced that any person living in a town for 366 days without being claimed, identified, and taken as a serf, became automatically free, and would enjoy the protection of the commune’s laws and power. In 1106 Florence invited all the peasants of the surrounding villages [in 1106 a “village” was basically a serf camp, SCM] to come and live there as freemen. Bologna and other towns paid feudal lords to let their serfs move into the city. A large number of serfs escaped, or were invited, to open new lands east of the Elbe, where they became automatically free.”⁸⁶

This was an offer that many serfs found too good to refuse, despite the risks. Barons began losing tenants by the droves, which created a desperation since they depended on the tenants’ productivity in order to meet their own tribute obligations to the crown. They had to make the tenants a better deal. “To keep the peasants on the land, and make their labor profitable to himself, the baron commuted the old feudal dues for money payments, sold freedom to serfs who could pay for it with their savings, leased more and more of the demesne to free peasants for a money rental, and hired free labor for the workshops on his estate.”⁸⁷ Thus the practice was born of requiring of the tenants only a money payment instead of a quota of produce or livestock. The tenants became free to work in the craft guilds for a money wage, and owed only a money rent to their “landlords” for the use of their land allotments.

This discussion of the origin of the modern institution of rent is of necessity very sketchy. Curious readers may explore this matter further in a variety of sources, but perhaps the best introductory treatment is the general though comprehensive discussions in Durant’s work already cited. Also of value are English historians Ashley and Cunningham. The main point of attempting to sketch roughly an account of the origin of money rental of property is to show that 1) it is a fairly recent development, and 2) the Scholastic theorists who entertained the issue of rent were dealing with what was for them a live issue. In our day it is exceedingly difficult to get anyone to consider the matter seriously. Rent has become a fixture that is nearly sacred. It is virtually unthinkable in the minds of most people that it ought to be held up to critical scrutiny. A result of this is that the institution of rent often is assumed to be as old as the world. It has become a category of economic theory. Thus, expositors wearing rent-colored glasses think that they “clearly” and “obviously” see rent in certain texts of Scripture. My position is that, “God does not speak to us in His Word of rent as we know it.”⁸⁸ I do not say that the Bible specifically condemns rent as we know it; I say that the Bible does not even mention rent as we know it. If historical investigation reveals that the institution of rent emerged in the post canonical era, then why should we continue to pretend that it is something that is spoken of in the Bible? The institution of the rental of property is condemned biblically in the laws prohibiting usury. Usury is the practice of charging a fee for the use of property. I say that “interest” and rent are in principle the same thing; Dr. North agrees. I say that both fall together in the biblical prohibition of usury; Dr. North insists that they both stand together as a “fundamental category of human action.”⁸⁹

But, Dr. North has this inviolable monolith of rent to appeal to in the modern world only because the Scholastics were willing critically to scrutinize the practice. If they had disapproved it, then today the only ones who would rent out property would be the social equivalent of “loan sharks,” who inhabit a seedy underworld of dreaded “lords” preying upon the hardships of struggling men. But the Scholastics did not take a position of condemning rent along with usury. It is not difficult to see that the only way that they could continue to condemn usury and at the same time approve the rental of property is if they posited some difference between them. Not only did they so posit a difference between them, but they made

86. Durant, *The Story of Civilization*, Vol. IV, "The Age of Faith," p.643-644

87. *ibid*

88. *Usury...*, p. 180

89. TOD, p.724

this difference the very basis of their approval of rent.⁹⁰ The Scholastics legitimized rent by way of holding that usury and rent are different. Now that rent has become an inviolable monolith, which it is heretical even to question, many wish to legitimize usury by way of arguing that usury and rent are the same. If the Scholastics had held steadfastly to the view that Dr. North and I share - that usury and rent are in fact the same thing - in that case they never would have legitimized rent, and it would be exceedingly difficult to argue in our day that “interest” is a “fundamental category of human action.”

5) Interest & Economics

The most relevant criticism of my book by Dr. North is contained in the following remarks:

“...it is insufficient to offer a new theory of interest - or even a revived version of Aristotle’s theory, dressed in swaddling clothes - without restructuring all of economics. Like value theory and price theory, interest theory is at the heart of economics. In fact, price theory apart from a theory of interest is dead before it begins. It does no good for a self-proclaimed economic revolutionary to offer a wholly new theory of interest and then not explain exactly how his interest theory is to be integrated into the whole of economics. The economist must show that economic reasoning as such is still possible in terms of his proposed interest theory. This is what Bohm-Bawerk did a century ago. This is what not even one of the zero-interest theorists has ever attempted.”⁹¹

Dr. North is correct. When Eugen von Bohm-Bawerk embarked on his monumental *Capital and Interest* over one hundred years ago, he set about first to demonstrate the inadequacies of all of the interest theories that had gained popularity in his day. He sought to refute them not because they were unbiblical, but because they did not adequately support a coherent economic theory. As I point out in my book, Christian theorists traditionally have been satisfied to condemn usury simply as a principle of law. When one advances principles of psychology which are supposed to demonstrate that usury is one of the most natural and normal things that a man can do, it is quite unimpressive to him for the church simply to say, “nevertheless, usury is sin.” To overcome the stigma that the church had attached to usury, “political economists” of the 18th and 19th century began to toy with “interest theory.” They felt that they had to explain why the church’s position was wrong. An explanation was needed as to why men were perpetually tempted to resort to usury all the while that the church was condemning it. It is not in view here to survey the history of interest theory, but only to recount that Bohm-Bawerk already has offered a very able survey and refutation of all of the popular ways of looking at usury through the end of the 19th century. In place of the wrecks he meant to leave the germ of what now is known as the “time-preference” theory of interest.

Of necessity, Bohm-Bawerk’s theory shared one thing in common with all of the other theories that he refuted: they all are unbiblical. This was a necessity for two reasons. First, it does no good to attempt to counter the church’s view of usury with a theological argument. The principle of law is simple and straightforward in the Scripture. One cannot make a credible case that the church has mishandled the Scriptures for all these centuries. No, the only realistic attack on the ecclesiastical stigma against usury was to advance an argument that was outside of the church’s acknowledged expertise. The rise, in Bohm-Bawerk’s day, of theological liberalism on the one hand and culturally irrelevant pietism on the other created an environment in which the church’s grasp of reality was dramatically reduced. Many varied fields of science, which the church’s doctrine of Creation had helped to spawn, now were cut loose from the boundaries and goals imposed by Revelation. The very idea that Revelation from God would directly speak to how men ought to approach the physical

90. The nature of this difference is discussed at length in *Usury...* p. 183-188

91. Appendix G, p.1180

world and order their social institutions became but a quaint anachronism. Psychology and sociology became new “sciences” having no theological or ecclesiastical heritage or restraint. The church was put on the defensive to adapt her idea of who man is to the findings of the psychologists and sociologists. The historical context was ripe for a psychological explanation of interest as a “fundamental category of human action,” as Bohm-Bawerk’s theory would eventually be expressed, which would leave the church’s preaching against usury with a hollow ring in the popular ear.

The second reason why pro-usury theories are of necessity unbiblical is because they are meant to undergird unbiblical economic systems. It was not Bohm-Bawerk’s purpose to expound upon the economic teaching of Scripture. I do not presume to comment on the question of whether Bohm-Bawerk was a Christian (or Menger, Mises, *et al*), however, there may be - and too often is - a divergence between a man’s confession of faith in a narrow theological sphere and his views about life in the larger reality. A man may be a Christian on the level of a creedal confession of faith and yet think in a definitely non-Christian way. Austrian School economics is unbiblical and non-Christian. Thus, an unbiblical and non-Christian “interest theory” was needed in order to shore it up.

Dr. North is correct: one must not pretend to eliminate the cornerstone of modern economics (“interest theory”) without also providing some indication of what is to become of the rest of economic theory. He also is correct in that none of the “zero-interest economists” ever have attempted to do this. I now am attempting to do it. It certainly did not escape my notice when writing my book about usury that in reality my thesis challenges much more than “interest theory” in particular. I state: “Worry over how the present economy may continue without usury is predicated on the assumption that the present economy ought to continue. It readily is admitted that usury is required for the maintenance of the present economy [and indeed whatever economy the Austrian School would wish to substitute], which is Babylonian in essence, and it further is stated that both the present economy (the debt/credit economy) and usury ought to cease.”⁹² I admit that at that time I did not have a comprehensive idea of what ought to replace the debt/credit economy, or what alternative I would propose to the Austrian School. I agree that much work toward a truly biblical economic theory still is needed.

I simply assume that economic reasoning is possible without usury because the Scriptures 1) require economic reasoning and 2) condemn usury. We must not wait to find out experimentally whether economic reasoning is possible without usury before we dare to condemn usury. We gain confidence to condemn usury because that is the Word of our God, which gives us confidence for all things. If that posture makes certain kinds of economic thinking impossible (*e.g.* the elimination of “interest theory” *would* make Austrian School economics impossible) then all that tells us is that Austrian School economics is unbiblical. Whatever economic theory that cannot accommodate the standard of God’s law must be shunned by Christians who expect to hold their faith seriously. We cannot afford the procedure of setting up an unbiblical economic theory as the standard of all truth and then whining about how usury must be legitimate because without it our pet school of economic thought could not work.

The absence of a comprehensive new economic theory does not prove that my thesis in *Usury: Destroyer of Nations* is wrong. Rather, the biblical soundness of my thesis proves that a comprehensive new economic theory is needed. Nor do I regard the task of producing one as my own toy exclusively. Any one who is committed to a radically biblical approach to all of theoretical thought is qualified to contribute to this work. I would be happy to interact on the many important issues surrounding this task with any, including Dr. North, who would be so motivated. I thank Dr. North for the challenge, and look forward to an economic theory that finally brings glory to God.

92. *Usury...*, p.117