

USURY:

Still A Potential Pitfall In Certain Narrow Circumstances

(with An Historical Glance Backwards)

PART I

The term "usury" used to refer to any form of money lending for profit. Although it only applied to the collection of interest on money lent out, it was even then a negative term because at one time the increase of capital through the collection of interest thereon was considered unnatural. As strange as it may seem to modern creditors, the concept of money begetting money struck ancient religious thinkers as somehow perverse.

In William Shakespeare's *The Merchant of Venice*, Shylock embodies the stereotype based upon this perception, a creditor who demands repayment with a literal pound of flesh. The dramatist's Shylock is Jewish for a good historical reason—although the dominant Christian culture had need of the usurer's services, and indeed, relied upon money lenders a great deal, Christians themselves were forbidden by their ecclesiastical authorities from earning wealth through money lending.

Abba Eban, in his *Heritage: Civilization and the Jews*, explains that Jews became so prominent in the banking field from a lack of alternative economic opportunities. Despite Biblical and Talmudic condemnations of usury, the rabbis recognized exceptions in cases of sheer economic necessity: "No loans at interest must be made to the gentiles," proclaimed these teachers, "if a livelihood can be earned in another manner. . . at the present time when a Jew may possess neither fields nor vines permitting him to live, the lending of money at interest to non-Jews is necessary and consequently authorized."

Quite understandably, Christian businessmen grew envious of those members of the Jewish minority who could reap good profits from an obviously needed (and just as obviously lucrative) business from which their own religious authorities excluded Christian entrepreneurs. Shakespeare's comedy dramatizes in part the villainization of the money lenders which thus resulted amid the dominant Christian culture.

In modern times the meaning of the word "usury" has evolved into the lending of money at a rate of return which is considered excessive, and therefore expressly illegal by statute.

In recent times we have seen such developments as state assemblies attempting to limit consumer revolving charge card agreements to interest rates below the prevailing market rate, thereby making the market rate usurious and forcing issuers of credit cards to relocate to other states where legislatures permitted higher interest charges.

And, of course, the so-called "loan shark" remains a law enforcement problem in some metropolitan areas where organized crime can find victims deemed less than credit worthy by more reputable lenders.

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