

Lending on interest may be borrowing trouble

by Rabbi Judah Dardik

Behar — Bechukotai

Leviticus 25:1 - 26:2

Jeremiah 32:6-27

Cash-flow shortages are a part of life for many people. Sometimes all the bills seem to come due at once, or an unforeseen circumstance or opportunity arises and we don't have the money for all of it. So we borrow the money, working on the assumption that we will be better able to pay it back later or over time.

In the first of this week's Torah portions, a significant restriction is placed on lending transactions. "Do not take interest from [your fellow] ... do not lend money on interest" (25:36-37). The Talmud in the fifth chapter of Bava Metziah, as well as the classical legal codes conclude that as a matter of fact, the prohibition of loan-interest applies to both the lender that charges it as well as the borrower that pays it. Furthermore, it is prohibited even if both parties freely and readily agree to it!

Restrictions such as these sit badly in the free-market mind. Granted, there are legal carve-outs for institutions and other mechanisms designed to ensure that capital markets remain sufficiently liquid; the goal is not to discourage lending altogether but rather promote zero-interest personal loans. But why stop a person from borrowing on interest if both parties agree to it? It is understandable that laws are needed to block predatory practices and taking advantage of the needy with unfair rates of interest, but what if the rates are acceptable? What if the parties are in reasonable financial shape, willing and ready? Why are they prevented from conducting business as they see fit?

The first passage in the Midrash Tanchuma on Behar is illuminating. "A person who chases after wealth doesn't know that poverty is coming after him ... Cain tried to kill his brother (Abel) so that he could inherit the entire world and ended up a wanderer." The Midrash continues to give another example of a person whose greed caused him to lose: the unscrupulous businessman Ephron, who sold Sarah's burial plot to Abraham. Finally, the Midrash turns its attention to those that make personal loans on interest, stating that although they seem to be making extra income they will lose in the end as well.

While the message itself is noteworthy, the choice of examples is particularly curious. Are Cain and Ephron the best example of a greedy people? What about Lot, who chose a wicked city as his home because it was lush? What about Lavan, who cheated his son-in-law Jacob over and over? Or Pharaoh, whose desire to see us serving him as slaves led him to chase after us into the sea? Why these two characters in particular?

The story is told of two siblings sent off to college, the favored one with a pocketful of cash while the sibling whose relationship with their parents was more difficult was given the family credit card. As the months wore on, the favored sibling found herself calling home regularly to ask for a bit more money. One day she asked, "How come you gave my brother the credit card and not me, if we get along so much better?" Her parents replied, "We wanted to hear from you."

The Ketav Sofer explains that the poison of lending on interest is not just the potential damage to the borrower, but rather the arrogance that comes from guaranteed income. It isn't just about compassion for the poor, but also an issue of spiritual damage done to the lender. A guarantee of income that comes without work deadens our underlying spiritual sense of the fragility of life. We do our best to make ourselves more secure and to make the world around us better and more stable, but that work is never done. Feeling that we are taken care of, that we can sit back and watch, diminishes the awareness that we can't go it alone.

Cain felt guaranteed to inherit. After all, he was one of only two children on earth — and look what happened. Ephron also saw guaranteed income — Abraham was desperate and wanted that grave. He could squeeze Abraham. The choice of examples is significant, as it is a list of those who perceived guaranteed income. And so the Midrash includes the lender on interest, where there are no goods exchanged — no chance of market loss, just money back. We are meant to work, but not to seek the sense of guarantee.

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