

## Fair Interest: Seven Criteria of Calvin the Reformer

*Up to the time of Reformation, it was forbidden to charge interest in Europe, not least due to the prohibition of taking interests in the Old Testament (Exodus 22, 25; Deuteronomy 23, 20f.). However, this prohibition was actually eroded by many exceptions. The renowned Reformer John Calvin of Geneva (1509-64) got to a fundamentally positive attitude as to the charging of interests. He justified his attitude by maintaining that the intention of the biblical prohibition was to protect one's neighbor and especially the poor and weak. Hence, also in matters of charging interest servicing one's neighbor was vital: He was led by the 8th commandment "Do not steal" (Ex. 20,15) and by the Golden Rule "Do for others what you want them to do for you!" (Mt. 7, 12). Thus, he developed the seven criteria ("exceptions" in French; "restrictions" in English – a kind of qualifying exception) as a guideline to charging interest (Calvin, Johannes: Corpus Reformatorum C.R. vol. 38/I, p. 248f.):*

"The first restriction is that you are not allowed to charge interest from the poor and that nobody may be forced to pay interest when being in a plight or visited with misfortune.

The second restriction is that anybody who lends money should neither be so anxious about profit that he neglects his duties, nor should he – by safely investing his money – disrespect his poor brothers.

The third restriction is that in case of an interest-bearing loan one should not allow anything to interfere that would not correspond to natural understanding (what is naturally just and proper). And if the matter is checked according the rules of Christ, i.e. what you want others to do for you etc., then it should be considered as generally valid.

The fourth restriction is that whoever borrows should profit as much or even more from the borrowed money (than the creditor).

Fifth, we should neither judge according the usual and traditional customs (concerning the charging of interests) what we are allowed to do, nor measure injustices against what is right and proper; much rather should we draw our behavior from the word of God.

Sixth, we should not only consider the personal benefit of those with whom we have to deal with, but also should we take into account what may be in the public interest and serve the community as a whole. Because it is manifest that the interest paid by the merchant equals a public attainment. Therefore, great care has to be taken to make the agreement serve the public good more than it may damage it.

Seventh, one should not overstep the limits set by the local or regional laws, although this is not always enough, as they often allow what cannot be amended or restricted by law. Hence, one needs to give preference to what is just and proper under the circumstances and restrict whatever may go beyond."

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