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Bankers as Immoral? Some Parallels and Differences between Aquinas's Views on Usury and Marxian Views of Banking and Credit

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Abstract

Since ancient times the practices and ethics of bankers and banking in general have undergone a great deal of criticism. While lending is motivated by profit, and while households are not explicitly coerced into borrowing money, the justice of a system which exploits workers and at the same time encourages them to borrow money in order to maintain a certain standard of living can be viewed as sometimes unfair and perhaps immoral. The value of goods, according to St. Thomas Aquinas and Karl Marx, should mostly reflect the value of labor embodied in them, and for that reason, labor should be compensated fully for its work. For these reasons, Aquinas and Marxian economists offer somewhat similar and at the same time different views on both the labor theory of value as well as on the morality of certain banking practices. If credit and the banking system also bring about crisis and the greater concentration and centralization of capital, then the morality of these outcomes also needs to be examined.

Key words: banking, exploitation, usury, Aquinas, Marx

JEL Codes: B11, B51, and N20

August 2023

“I like thieves. Some of my best friends are thieves. Why, just last week we had the president of the bank over for dinner.”

— W. C. Fields

Introduction

Throughout history, the performance, practices and ethics of bankers and banking in general have received mixed reviews in both popular and scholarly writings. Early writings by philosophers, clerics, and scribes played a crucial role in the perceptions of banking and banking occupations. Thomas Aquinas’ thoughts and writings are greatly influenced by the Romans’ and Aristotle’s opinions on usury and the charging of interest, and Aquinas is in a position to have his opinions implemented in policy and practice.¹ One of Aquinas’ main arguments against most forms of usury is that lending to the poor or destitute often puts them in a worse situation than they are before receiving a loan. The ability of those with wealth to take advantage of the poor or low income through lending is seen as immoral and unjust by Aquinas. Goods and services should reflect the value of the effort and labor expended to create them, and usury is a charge above what the real values of goods would be worth. There evolves a separation between real use value and exchange value. Along the lines of Aristotle, Aquinas believes that usury uses money to create more money, something which is artificial, unnecessary, and parasitic. There are similar themes with Marx’s writings in that Marx believes that labor is exploited by being paid less than what the goods that labor helps to create are worth. Unlike Marx, however, Aquinas does not oppose the class system of his times and does not address or challenge the form of labor exploitation that exists under feudalism and never explores whether labor is underpaid compared their employers. This is not questioned by him, and as part of the Church hierarchy which dominates feudal society, this perhaps is not surprising. In this way he is different from Marx who focuses on labor exploitation and how exploitation extends and strengthens the degree of class differences in a society. As time goes by, views

¹ In much of history, the term usury has had much the same meaning as the charging of interest on a loan. It has only been in modern times that the word usury has taken on the connotation of charging a debtor an extremely high or excessive and legally prohibited rate of interest. See *Merriam-Webster*, “Usury,” accessed February 26, 2019, <https://www.merriam-webster.com/dictionary/usury>. This paper will use the term usury in the same sense as charging interest on a loan as in the original sense of the word.

on money lending change as feudalism gives way to capitalism, and the reasons for this change are multifaceted, and some of the reasons are debated today as to whether they are important or unimportant. This paper explores Aquinas' writings on usury and money lending, how his writings played out in practice in the Middle Ages, and how these views persisted even as attitudes toward money lending and banking change under capitalism. Additionally, the neo-Marxist view of lending and banking is compared to the ideas of Aquinas, and it is found that these ideas have a few parallels as well as some differences to those of Aquinas' thinking.

Aristotle, Aquinas, and Historical Views on Money Lending and Usury

Historical accounts of the first money lenders, exchanges and/or banks go back to the ancient world.² Aristotle is noted as one of the first philosophers to comment on the value of money and the morality of commerce, especially money and banking in his two works of *Politics* and *Ethics* in which he notes that money serves the two important functions of a measure of the value of something (money as a medium of exchange) and as a measure of intrinsic value (a store of wealth).³ Although money can be used in exchange as an alternative to bartering between two parties in a transaction, Aristotle is not convinced that lending money is a justifiable act of commerce and considered it immoral since the lending of money is not the same as trading a commodity for a commodity or giving money for a commodity, and therefore, he did not see any justice, equality, or fairness in lending, especially since the lender is receiving a payment (interest) in addition to the money he loans for something he has not actually created but has just accumulated.⁴

Aristotle mostly sees money for the purposes of exchange, not for lending, and believes that unlimited borrowing and lending could lead to the unlimited accumulation of money by money lenders.

² Niall Ferguson. *The Ascent of Money: A Financial History of the World* (London, UK: Allen Lane Publishers, 2008), 29-30.

³ Diana Wood. *Medieval Economic Thought* (Cambridge, UK: Cambridge University Press, 2002), 70-72.

⁴ *Ibid*, 84. And not all money fees or charges were opposed by Aquinas or the Church. Those who were late paying for goods or those who damaged goods being shipped could legitimately be expected to pay late fees for late payments or pay extra for damaging goods.

This accumulation of wealth by money lenders later becomes a preoccupation of Marx. Lending money to make more money was seen as unnatural and wasteful in that no use values (usefulness of the goods exchanged) between the two parties (debtor and creditor) are created in the transaction. That is, money cannot be used like a chair, consumed like food, etc. It is also not considered as something usually or actually “belonging” to the lender/creditor since the government or some government entity is the issuer of money or currency in a society. Since the creditor is having to pay back more money than what he borrows thanks to usury or the charging of interest, this is not seen as a fair exchange, although in modern times, giving a debtor the opportunity to buy something now with borrowed funds is justified by and seen as the equivalent of forcing someone to save money and to wait to buy something in the future.⁵

The Bible of the Medieval Roman Catholic Church, which would have had influence over Thomas Aquinas as a Dominican Friar and Catholic Theologian, is not as clear on the topic of money lending. The Bible has many passages in which usury and the charging of interest are explicitly forbidden whereas other passages only forbid Israelites from charging interest to fellow Israelites for loans yet allows the charging of interest to others.⁶ Both the Old and New Testaments contain verses that appear contradictory, and for this reason, religious views on money lending have varied over the years. In breaking with Roman law which allows interest, in AD 325 the Catholic Church’s Council of Nicaea issues canon law which explicitly forbids money lending by clerics, and this is later followed by numerous other papal and Church council decrees that expand and reinforce Church prohibitions against banking and interest/usury.⁷ As more and more loans are given in the form of money rather than

⁵ Ibid, 84-86. More specifically, the interest charged and paid back is considered the equivalent of the patience endured by saving money and waiting to purchase later rather than sooner. One could borrow \$10,000 today for 5 years at 5% simple interest per year or invest a certain amount each year for the next 5 years at 5% to buy the same item which may cost more in 5 years, and the amounts could be about the same. Yet in borrowing, one can have the same good now at a lower price versus waiting to purchase in the future.

⁶ Open Bible, “What Does the Bible Say About Charging Interest,” OpenBible.info, https://www.openbible.info/topics/charging_interest (no date, accessed on February 25, 2019).

⁷ Barry Gordon, *Economic Analysis Before Adam Smith*, (New York: Barnes and Noble Books, 1975), 140-41.

commodities as the Middle Ages progresses and comes to a close, arguing against interest and money lending becomes more and more difficult for the Catholic Church.⁸

In his time, Aquinas is strongly influenced by Church teachings and by Aristotle's writings on money lending and basically agrees with him that money is to be used primarily for the purposes of facilitating exchange.⁹ In answering Question 78, "Is it sinful to charge interest (usury) for lending money?" in the Second Part of the Second Part of the *Summa Theologiae*, Aquinas writes,

To take usury for money lent is unjust in itself, because this is to sell what does not exist, and this evidently leads to inequality which is contrary to justice. In order to make this evident, we must observe that there are certain things the use of which consists in their consumption: thus we consume wine when we use it for drink and we consume wheat when we use it for food. Wherefore in such like things the use of the thing must not be reckoned apart from the thing itself, and whoever is granted the use of the thing, is granted the thing itself and for this reason, to lend things of this kind is to transfer the ownership. Accordingly if a man wanted to sell wine separately from the use of the wine, he would be selling the same thing twice, or he would be selling what does not exist, wherefore he would evidently commit a sin of injustice. On like manner he commits an injustice who lends wine or wheat, and asks for double payment, viz. one, the return of the thing in equal measure, the other, the price of the use, which is called usury.¹⁰

Not only does Aquinas characterize money lending as unjust or unfair but states that it also generates inequality between the parties engaged in the transaction, which would violate the principle of a just price.¹¹ It also does not matter as to what the purpose of a loan is.¹² The time value of money is not yet a fully developed concept during Aquinas' time, and so in modern times we would find complaints against charging interest for loans as strange. Today, most introductory economics textbooks consider banking, money lending and the charging of interest for loans as normal and necessary aspects for a fully functioning economy.¹³ Yet Aquinas' characterizations of money lending as immoral would influence

⁸ O. F. Hamouda and B. B. Price, "The Justice of the Just Price," *European Journal of the History of Economic Thought*, 4, (1997): 201-02.

⁹ Barry Gordon, *Economic Analysis Before Adam Smith*, 160. Aquinas did allow for charges to be paid by a borrower if the borrower was late in paying back money to a lender.

¹⁰ Thomas Aquinas, "Question 78: The Sin of Usury" in *St. Thomas Aquinas on Politics and Ethics*, ed. Paul E. Sigmund, (New York: W.W. Norton and Company, 1988), 74.

¹¹ Favio Monsalve, 'Scholastic Just Price Versus Current Market Price: Is It Merely a Matter of Labeling?', *European Journal of the History of Economic Thought*, 21, (2014): 8.

¹² Barry Gordon, *Economic Analysis Before Adam Smith*, 163.

¹³ See for example, among many others, David C. Colander, *Economics, 11th Edition*, (New York: McGraw-Hill Publishers, 2020), 645-50.

Catholic Church and state thinking on banking and lending for the rest of the medieval period until the beginnings of capitalism.¹⁴ Finally, returning to the point of labor exploitation, Michael Hudson argues that Aquinas and the scholastics of medieval times believe in an early form of a labor theory of value in which the price of most goods mostly reflects the value of the labor that goes into producing them.¹⁵ For a banker to receive more money (interest) above the value of the loan itself would be unjust compensation. Although Aquinas could be more concerned with usury being charged on loans/claims against the Church or other institutions rather than on peasants and serfs, and although it is never explicitly addressed, recognizing that a labor theory of value exists means for Aquinas that labor deserves a “just price” or “just wage” and implies that exploitation is not acceptable. Aquinas probably does not see the role of serf or peasant as exploitive, however, and therefore does not see labor exploitation present. In fact, during his time, the late stage of feudalism, wage labor is only slowly replacing that of serfs working on a manor for no pay and in return for protection and services by lords and barons. Therefore, concepts such as wages and profits are not as common in his time as in subsequent eras, so the recognition of labor exploitation in the pursuit of profits may be much more difficult to discern.

Max Weber acknowledges Aquinas and Catholic Church teachings and believes that the beliefs of Protestantism permit and condone the saving and lending of money, which is one of the reasons for the growth of capitalism and industry in Europe after the middle ages.¹⁶ In fact, Weber writes that the Church slowly and unofficially begins to abandon its teachings on usury and banking as immoral as the Church

¹⁴ There has been some debate over whether Church prohibitions against usury made some logical sense from an economic point of view in that since most of the medieval period saw little if any economic growth and capital investment (“Malthusian” economic growth), which would make the cost of capital virtually zero, then charging interest for loans would not make sense much less be justifiable. Jacques Melitz evaluates the writings of Schumpeter, Dempsey, Hoover, and Noonan on this issue and finds little support for this view. It appears that prohibitions against usury exclusively came from moral reasons. See Jacques Melitz, “Some Further Reassessment of the Scholastic Doctrine of Usury,” in *Pioneers in Economics: St. Thomas Aquinas (1225-1274)*, ed. Mark Blaug, (Alderthot, Hants GU11 3HR, England: Edward Elgar Publishing Limited, 1991), 173-92. Originally published as J. Melitz, “Some Further Reassessment of the Scholastic Doctrine of Usury,” *Kyklos*, 24 (1971): 473-492.

¹⁵ Michael Hudson, *Killing the Host: How Financial Parasites and Debt are Destroying the Global Economy*, (New York: Avalon Publishing Group, 2015), 39-40.

¹⁶ Max Weber, “Chapter II: The Spirit of Capitalism,” in *The Protestant Ethic and the Spirit of Capitalism*, (New York: Charles Scribner’s Sons, 1958), 47-78.

begins to have political and business interactions with wealthy bankers as time passes (popes and monarchs needed financing for wars and other ventures) and as money lending becomes more and more common. However, banking is still looked upon with suspicion since gain is being made by an individual or institution through lending without the actual creation of a product or service.¹⁷ According to historian R. H. Tawney, the Church of England “quietly dropped” all explicit admonitions against usury and money lending around the middle of the 17th Century mostly due to the growth of thinking that commerce, thrift, and industriousness are good and for the betterment of society, not to its detriment, and also due to the rise of Puritanism which seeks to rid Protestantism of any remaining doctrinaire vestiges with the Catholic Church. Changes in attitude toward business include the business of banking, and by the middle of the 17th Century, the success of many merchants, bankers, and traders make it harder and harder to criticize business and banking practices.¹⁸ Although some have argued that that Protestantism arrives first and then helps to make capitalism the widespread dominant economic system, Marx argues that it is capitalism that comes first and then seeks an accommodating religion in Protestantism to support capitalism’s expansion and continuation.

The thinking of David Hume and Adam Smith and others also no longer see money lending and banking as against good morals.¹⁹ However, even after the beginning of capitalism and a greater acceptance of banking, a cynicism toward money lending and bankers would continue to persist because there would exist for many centuries a mode of thinking that considers banking as immoral and

¹⁷ Ibid, 73-75 and 201-02.

¹⁸ R. H. Tawney, *Religion and the Rise of Capitalism: A Historical Study*, (Gloucester, MA: Peter Smith, 1962), 191-93 and 209. Tawney also notes that those who commit the sin of usury could donate to the Church to atone for their sins and that there are ways to “hide” interest payments for loans by a borrower pledging to the lender to share in the profits of an enterprise enabled by the loan. Sometimes the interest on the financing for the purchase of goods is hidden by the buyer paying an inflated price for the goods at a later date or paying in a foreign currency that has a higher value than the domestic currency. Sometimes a debtor would pay a loan through working more days than what the loan is worth or would render goods to the creditor for more than what the loan is worth. Usury violations are not always consistently enforced as well. See pages 47-53 and page 244 of Tawney’s book.

¹⁹ Arie Arnon, *Monetary Theory and Policy from Hume and Smith to Wickseil: Money, Credit, and the Economy*, (Cambridge: Cambridge University Press, 2011), 1-5.

unscrupulous.²⁰ This is particularly the case during times of economic crises. While campaigning for President of the United States in 1932, during the Great Depression of the 1930s in the United States, Franklin D. Roosevelt states that too much economic concentration and national wealth in the hands of large corporations and banks has been to the detriment of the US economy with a massive wave of bank failures which hurt depositors due to unchecked greed on the banks' part.²¹ Subsequently, reformist legislation aimed at banking practices and helping consumers is enacted to curb bank excesses.²² After the subprime mortgage and housing crises of 2007 to 2009, which leads to the Great Recession, the banking and financial services industry finishes in last place as the least trusted industry of all in annual global opinion polling among the general public of different nations.²³

Marxian Views

Among economic schools of thought, it is perhaps the Marxian and neo-Marxian points of view which has carried on to the greatest extent the tradition of casting banks and banking in an negative light. In Chapter 31 of *Capital*, Volume I, Marx notes the stagnating effect that usury laws have on the development of different national economies due to usury laws limiting capital formation, yet with capitalism, large amounts of national government debt are becoming more common in most nations in order to finance military expenditures and imperialism.²⁴ For Marx, there is nothing inherently immoral about charging interest for loans since money lending provides the means for producers and merchants to expand their businesses. The main problems with money lending are that labor has to be exploited to pay

²⁰ William Shakespeare's character Shylock in the play *The Merchant of Venice* (1600(1994)) is just one of many examples.

²¹ Franklin D. Roosevelt, *Commonwealth Club Address*, delivered 23 Sept 1932, San Francisco, CA, <https://www.americanrhetoric.com/speeches/fdrcommonwealth.htm> , 1932, (accessed on February 26, 2019).

²² Jonathan Hughes and Louis P. Cain, *American Economic History, 4th Edition*, (New York: Harper Collins College Publisher, 1994), 450-453.

²³ Steve Denning, "How Can Bankers Recover Our Trust?" *Forbes*, February 6, 2013, <https://www.forbes.com/sites/stevedenning/2013/02/06/will-we-ever-trust-bankers-again/#226646af3856> , 2013, (accessed on February 27, 2019).

²⁴ Karl Marx, *Capital: A Critique of Political Economy, Volume 1*, (London: Penguin Books, 1990), 914-19. Matias Vernengo notes that the central banks of most developed nations were started with the main objective of economic development. See Matira Vermengo, "Classical Political Economy and the Evolution of Central Banks: Endogenous Money and the Fiscal-Military State," *Review of Radical Political Economics* 50, 4 (2018), 665.

creditors their money owed, paying interest cuts into a firm's profits, and that banking systems could easily become and often do become unstable and thereby threaten an entire economic system.²⁵

According to Shuklian (1991), Marx feels that interest or usury earned by bankers has no connection to thrift, abstinence from spending, or the productivity of capital but comes from the surplus value generated by exploited labor (in which the value of labor's output is greater than its pay) of the firms to which it loans money. These features of money lending may not be immoral in the minds of bankers and businesses, but labor exploitation relies upon the unfair use of human labor through not paying it its real worth, and the instability of a banking system can lead to recession or depression in which millions lose their jobs and homes due to no fault of their own.

As businesses and an economy expand rapidly, borrowing money to purchase assets can become mostly if not entirely speculative, and then once expansion stops and economic contraction begins, asset values can drop dramatically, which in turn can trigger an economic crisis.²⁶ As banks take in deposits from the excess profits of firms which are basically earned by exploiting their workers, the banks in turn lend out money to other firms and earn interest on loans.²⁷ Hein (2006) argues that in Marx's views on money lending and interest, just as there are class tensions between workers and owners over surplus value, there also exist tensions between finance (banking) and industrial capitalists over the rate of interest to be paid for loans, and the latter set of tensions influence interest rates charged, not the supply and demand of loanable funds.²⁸ If profits fall or interest rates rise, a crisis can be triggered in which bankruptcies and business closings can occur, which in turn leads to greater industry concentration in the

²⁵ Steve Shuklian, "Marx on Credit, Interest, and Financial Instability," *Review of Social Economy* 49, 2 (1991), 204-213.

²⁶ *Ibid*, 211-15.

²⁷ Costas Lapavistas, "On Marx's Analysis of Money Hoarding in the Turnover of Capital," *Review of Political Economy* 12, 2 (2000), 234-35.

²⁸ Eckhard Hein, "Money, Interest, and Capital Accumulation in Karl Marx's Economics: A Monetary Interpretation and Some Similarities to post-Keynesian Approaches," *European Journal of History of Economic Thought* 13, 1 (2006), 121-5.

hands of fewer and fewer firms over time as smaller firms exit markets.²⁹ Such concentration is deemed to be not only inefficient in the minds of economists, but also because of the economic power of the concentrated industries, it could also lead to decisions on the part of industry leaders that are harmful or perhaps immoral or exploitive to their consumers and to society.

Financialization: Modern Banking Immorality?

Marx appears mostly concerned about bank lending to businesses and not so much with lending to households and individuals.³⁰ Although the desire for profits is mostly amoral in the sense that business people are following the logic of capitalism, some of the consequences of doing so may give rise to situations in which market activities and outcomes have at least the appearance of immorality to many. Since Marx's time, many have noted the growing importance of banking and finance in the capitalist global economy as well as their expansion into household and consumer lending. In 1994, the neo-Marxist economist Paul M. Sweezy notes that over the preceding 20 years, the US and global economy have seen the rapid growth of the banking and finance sectors due to the stagnation of other industries, large profit margins on financial products, the increasing globalization of economic activity, and the stagnation of workers' wages which compel them to borrow money in order to retain a certain standard of living.³¹ That is, because of increasing exploitation, workers are not earning enough money to buy what they need (O'Boyle 2012). These sentiments are echoed in writings of the neo-Marxists John Bellamy Foster and Fred Magdoff (2009) and by Foster and Robert McChesney (2012) on the causes of and fallout from the housing bubble that burst in 2008 and led to the Great Recession.³² Additionally, the authors

²⁹ Bill Lucarelli, "Marxian Theories of Money, Credit and Crisis," *Capital and Class* 34, 2 (2010), 208-12. See also Rudolf Hilferding, *Finance Capital. A Study of the Latest Phase of Capitalist Development*, ed. Tom Bottomore (London: Routledge & Kegan Paul, 1981), 12, <https://www.marxists.org/archive/hilferding/1910/finkap/> (accessed on March 1, 2019).

³⁰ Shuklian, "Marx on Credit, Interest, and Financial Instability," *Review of Social Economy*, 211-212

³¹ Paul M. Sweezy, "The Triumph of Financial Capital," *Monthly Review* 46, 2 (June), <https://monthlyreview.org/1994/06/01/the-triumph-of-financial-capital/>, accessed on March 1, 2019.

³² John Bellamy Foster and Fred Magdoff, *The Great Financial Crisis: Causes and Consequences*, (New York: Monthly Review Press, 2009), 27-38; and John Bellamy Foster and Robert McChesney, *The Endless Crisis: How Monopoly-Finance Capital Produces Stagnation and Upheaval from the USA to China*, (New York: Monthly Review Press, 2012), 49-63. For a statistical analysis of their views and others, see Thomas E. Lambert, "Falling Income and

examine how the need to keep investing greater and greater amounts of their profits led to many banks extending loans to high credit risks (the sub-prime loan market) and led to the development of mortgage backed securities (MBSs) or collateralized debt obligations (CDOs) by investment banks, many of which become worthless as the housing crisis unfolds. Lending money to credit risks who could probably never repay their loans as well as selling risky investment instruments (the MBSs) are seen as unadulterated avarice and immoral by many. Any immorality of such actions is also heightened by the fact that many financial institutions expect to be helped by the government in the event of economic turmoil and thereby show a cavalier attitude on their part toward “moral hazard.” As Padgett Walsh (2018) points out, efforts by the banking industry to restrict consumers’ abilities to discharge their debts in bankruptcy make life tougher for those struggling with financial difficulties and stagnant pay levels. Such efforts could be seen as rational efforts by lenders to protect profits, yet such hardship makes it difficult for many households to consume an adequate amount of housing, clothing, and transportation. Finally, the current debate over student loan forgiveness in the US has often referenced many stories of young adults not being able to purchase such items much less having children or starting families because of the constraints imposed by indebtedness and the inability to get out of such indebtedness. If not an immoral situation, the case of those who are able to graduate from college debt free thanks to having the economic resources to pay for college on their own or with family help versus those of similar talent and promise who have to borrow to attend college certainly raises questions about the inequities of our society. Since many student loan borrowers come from marginalized groups who have suffered from immoral discrimination which has helped to cause many of these groups to fall into modest and low income status, while although and perhaps not directly immoral, the need to borrow money has often been because of past immoral actions against such groups.

Debt: Comparing Views of a Major Cause of the Great Recession,” *World Review of Political Economy, World Review of Political Economy*, Vol. 2, No. 2 (Summer 2011), pp. 249-261.

Martin (2002) and Kippner (2011) indicate it almost has become a macroeconomic imperative that financialization exists, thrives, and expands in order to keep a capitalist system going. And as Padgett Walsh (2018) notes, much of this is done in the name of investment when actually most of modern borrowing is done for consumption purposes because of the inequality and labor exploitation that exist today. Hence, some type of servitude is created as Padgett Walsh and Graeber (2011) note in which debt constrains many people and where the things purchased through debt often fail to live up to expectations. As Baran and Sweezy (1966) would claim, a capitalist system has a tendency toward stagnation. Advertising and borrowing to purchase now rather than later are attempts to stimulate consumer demand so as to avoid such stagnation. These also help with absorption of the economic surplus and profits gained from workers exploitation. Inequality is reinforced not just through wage labor, which is brought about by workers not having access to capital, but also by having them borrow much of the profits that they helped earn. This is especially true given that many consumers do not understand finance or the risks associated with lending as Padgett Walsh (2018) highlights. This is something which schooling does not adequately address either so that many consumers are not educated sufficiently regarding personal finance (Lambert 2019).

(Insert Figures 1 and 2 around here)

Discussion and Conclusion: Why are the similarities (or differences) between Aquinas and Marx of contemporary interest?

During and after the Great Recession, banking reforms in the US and other parts of the globe are enacted to try to curb the excesses of bank lending. Yet some claim that these do not go far enough and that a repeat of past events could occur, and some reforms recently have been repealed at the behest of many large banks.³³ As Figure 1 below illustrates, total US Private Debt (households, businesses, etc.)

³³ Erica Werner and Damian Palleta, "10 Years after Financial Crisis, Senate Prepares to Roll Back Banking Rules", *The Washington Post*, March 4, 2018, https://www.washingtonpost.com/business/economy/10-years-after-financial-crisis-senate-prepares-to-roll-back-banking-rules/2018/03/04/e6115438-1e37-11e8-9de1-147dd2df3829_story.html?noredirect=on&utm_term=.6b30be03b9a0 , accessed on March 2, 2019.

now comprises over 200% of US GDP and is at an amount greater than that before the Great Recession. As mentioned earlier, the banking industry is held in low esteem by many people throughout the world. This is perhaps the case because of a perception that dates to medieval times with Aquinas' writings that banking is immoral due to the fact that lending is seen as an unequal exchange which takes advantage of creditors. Marx and modern neo-Marxists would further add to this that this situation is compounded by the fact that money loaned to borrowers comes indirectly from the exploitation they have suffered in the workplace and from aggressive lending practices that prey upon the vulnerable of society as what happened during the sub-prime loan debt bubble. Aquinas' concern about unequal outcomes as a result of lending and interest charges still holds today, even though he does not challenge the overall inequality of his era. To a greater degree than in his time, not only do the poor but also many non-poor feel compelled to borrow money, and this further exacerbates inequality between high and low income classes, something which Marxists would note. Finally, the need to keep profits high through labor exploitation and aggressive lending practices may cause immoral behavior by banks in the future, especially in the absence of any meaningful checks against banking excesses.

Aquinas' view of a just wage still influences Catholic Church and social justice teaching to this day. Various Vatican pronouncements over the decades have endorsed the concept of paying a worker what he or she contributes to the production or work process and have supported workers' rights to form unions and to bargain collectively. The arguments for a just wage imply that exploitation should not be allowed. Nonetheless, the Church still defends the property rights of capitalist owners (US Catholic Conference of Bishops 2023) and does not advocate the replacement of capitalism with socialism unlike Marxism. In the Marxian view, exploitation will take place as long as private property and its separate ownership from labor occurs. Therefore, Aquinas' views and their contemporary equivalents can be seen as mostly implying reformist efforts toward capitalism rather than more radical ones. Just as in Marx's time, tensions and differences continue to this day between progressive and reformist activities versus those of the far-left and revolutionaries regarding capitalism.

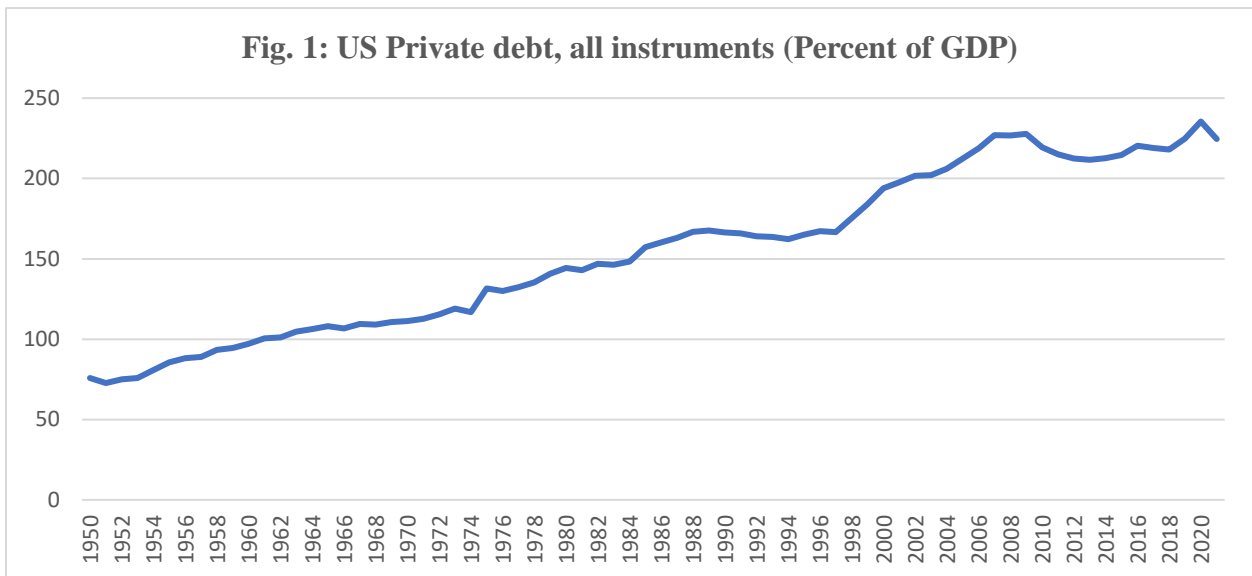
To this day the Church still follows Aquinas' principles regarding avarice in business and predatory business practices. It is even an advocate of debt forgiveness for developing nations in that it sees third world debt as unfair and against the concept of justice.

The tragic fact is that in trying to pay their debts, the neediest countries are sacrificing their future and the lives of millions of their people to contribute capital to the richest countries through debt service and debt payment.

In Economic Justice for All, we restated the classic principles of justice: Commutative justice calls for fundamental fairness in all agreements and exchanges between individuals or private social groups. Distributive justice requires that the allocation of income, wealth, and power in society be evaluated in light of its effects on persons whose basic material needs are unmet. Social justice implies that persons have an obligation to be active and productive participants in the life of society and that society has a duty to enable them to participate in this way (nos. 69-71). In our view, the Third World debt crisis violates all three of these forms of justice. (US Catholic Conference of Bishops 2011).

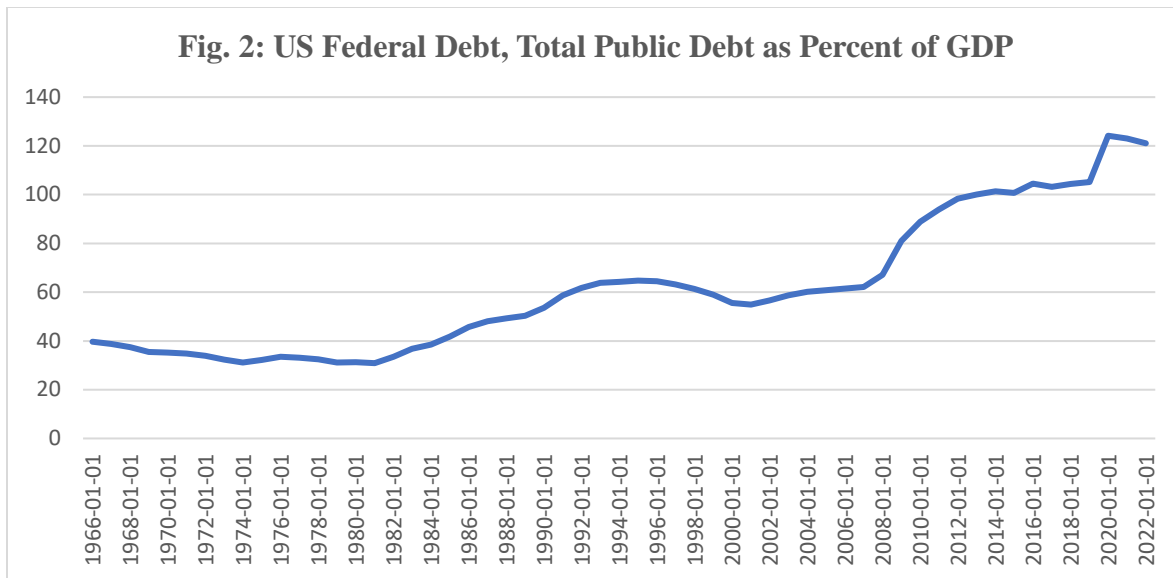
The author of this paper offers the opinion that the thinking of Aristotle, Aquinas, Marx and of their modern, intellectual progeny still provide us admonitions and caution against banking, lending, and interest/usury as a form of oppression and exploitation. Whether a reformist or revolutionary, growing global debt due to modern finance capital is or should be a concern. Also, the judgement or wisdom, if not the morality, of a government that issues more and more debt to finance its spending rather than choosing to raise taxes on those most able to afford them needs to be examined. As Figure 2 indicates, US Federal government debt is now over 100% of its GDP, and part of this is due to tax cuts for upper income households and corporations enacted during the neoliberal period of the 1980s and onward. If such debt one day becomes unsustainable, then a society has one of two choices. It can raise the taxes necessary from upper income and wealthier individuals, or it can impose more taxes on those of more modest means along with imposing austerity measures and cutting programs designed to help lower income individuals and other public services such as education, transportation, or emergency services. The latter course of action could be considered against social justice teachings, entail greater exploitation, and simultaneously “fan the flames” of discontent with capitalism. In a modern capitalist economy perhaps Aquinas would see like many Marxists and neo-Marxists how a lack of just wages being paid

would lead to a greater rate of indebtedness than would be the case otherwise. Additionally, perhaps he could see the degree to which indebtedness could lead to economic cataclysms as in the Great Recession and decide along with Aristotle that too great of a pursuit of money accumulation could lead to societal ruin. The need to end labor exploitation, pay just wages, and end the necessity of workers and organizations needing to borrow so much for survival and to avoid predation are several issues upon which Aquinas and Marx could agree. How to do so probably would entail disagreements as to whether these can be accomplished via reform and moral exhortations or through some type of revolution.



Source: International Monetary Fund. 2023.

https://www.imf.org/external/datamapper/PrivateDebt_all@GDD/USA?year=2021



Source: U.S. Office of Management and Budget and Federal Reserve Bank of St. Louis, Federal Debt: Total Public Debt as Percent of Gross Domestic Product.

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