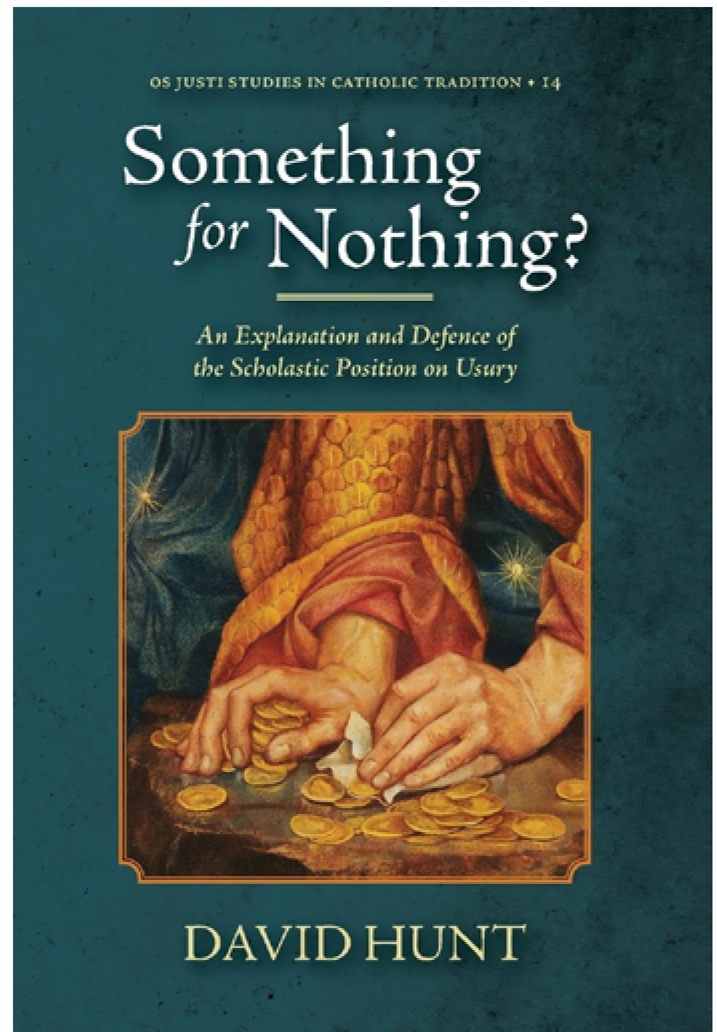
[Book Review] David Hunt, *Something for Nothing? An Explanation and Defence of the Scholastic Position on Usury.*

Michael Humpherys
PhD candidate, DOMUNI Universitas
michael.humpherys@hotmail.com

Throughout human history, usury appears as a persistent problem to every corner of the world. Repudiations and laws against usury have been so common that the evil of usury seems an inescapable fact of the human condition. However, today usury is all too often dismissed as medieval superstition or limited to merely excessive or oppressive interest. Yet, with the 2008 Global Financial Crisis and the pressing concerns of rising levels of debt, usury continues to press upon people's minds and consciences.

For this reason David Hunt's recent book, *Something from Nothing*, is a timely addition to the discussion of usury. He structures the book in the form of answering four essential questions: 1) what is usury, 2) can interest be charged for other things besides the use of money, 3) if interest can never be charged, what course of action is left, and 4) does usury really deserve our attention. Without getting caught up in the complex history of the usury disputes, these questions provide a clear framework for approaching the problem of usury.

In the first part he lays out the core of the doctrine of usury, namely usury is profit, any profit on a *mutuum* loan. Those familiar with the Scholastic usury doctrine may be aware that usury can only arise from the *mutuum* loan. However, what Hunt adds to the discussion is a fresh interpretation of the *mutuum*. He provides the standard definition of the *mutuum* found in Roman Law. Yet he shows that from the nature of the contract itself, namely the rights and obligations it effects, the *mutuum* is essentially a personally secured loan. From the Roman Law definition ownership of the lent good passes to the borrower who may use it up in some way. After it is gone all the lender has recourse to for his return is the borrower himself, which is what is meant today by a personally secured loan.



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Hunt returns to this again in the third chapter as he explores other forms of profitable contracts. In discussing the societas or partnership, he shows how the profit due an investor arises from the partner's property claims. If a man grants some money to a merchant to trade with, the man has a claim to some portion of the profits *because* he did not transfer ownership. Unlike in the personally secured loan where ownership passes, the partner's profit arises precisely because they are tied to some claim against the assets of the partnership. He shows a similar logic in the census contract which involved a claim against some fruitful property, such as a farm or business. The census purchaser would exchange a sum of money for a regular share of the fruits of the property. If the seller failed to pay the "rents," the underlying property acted as security from which the buyer could recover his original price and outstanding payments but only from the property itself. This contract was licit for profit, but guaranteed by the property rather than the person of the seller making it distinct from the personally secured mutuum.

In the final chapter, Hunt draws out the urgency of usury from this personal security. Since the mutuum is personally guaranteed, the lender's claim to the principle is against the borrower himself. By exacting usury as a profit from this contract, the lender treats his claim against the borrower as a sort of rentable property claim. Indeed, Hunt will argue that this makes usury a species of chattel slavery which treats the person himself as a form of property. Hence usury is not merely an abstract injustice, but Hunt shows the rigorous meaning of debt slavery all too common today.

Another novelty of Hunt's approach is to address economic questions rather than simply conceding or adjusting the usury doctrine to conform to modern economic theories. For example, he considers the central economic argument against usury, time preference. It asserts that present goods are more valuable than future goods. Since the *mutuum* involves granting present goods for the return of future goods in order equalize the value of these a greater quantity of the latter needs to be returned. Hunt addresses this view by utilizing the so-called "Andrean argument" of the self-valuation of fungibles. When goods of the same kind are given and received there is no reason to rely on some extrinsic measure such as present utility as one would in the sale of diverse goods. Rather, the measure of the return is intrinsic to the nature of the good, namely an equality in nature. Indeed, fungible simply means "interchangeable in use" and the use proceeds from the nature of thing. This intrinsic measure then implies an equality of quantity of the thing in spite of the difference in time.

In spite of Hunt's insights, his work has some weaknesses that stem fundamentally from its brevity and broad scope. Hunt audaciously aims to present and defend the Scholastic doctrine of usury while responding to traditional and modern critiques and showing the urgency of the problem. However, this is all attempted in 78 pages, excluding the lengthy appendices. For example, while he does address the issue of time preference, this objection is introduced and refuted in only 2 pages, which is inadequate to treat the depth of the argument and potential rejoinders. Eugene von Bohm-Bawerk, a prominent developer of time preference theory cited by Hunt, suggests the possibility of the exchange of fungibles even at different valuations (The Positive Theory of Capital, New York, 1930, 290-295). While Bohm's argument is far from indefeasible, it does suggest a scantiness to Hunt's presentation.

Also due to the brevity, there is a lack of precision. Hunt treats the question of extrinsic titles on a mutuum. Usury is evil because it claims to take profit from the loan itself, i.e. intrinsically, but this does not exclude the possibility of some title extrinsic to the mutuum. One such title explored in the Scholastic tradition was *lucrum cessans*, which arose from the fact that a lender could not obtain profit from his money because he decided to lend. Hunt notes that these profits are hypothetical because they are what the lender *could have* made *had* he acted differently. Consequently, *lucrum cessans* involves a sort of sale of nothing. However, characterizing *lucrum cessans* as involving merely hypothetical profits would have sounded strange especially to the Late Scholastics. In his commentary on St. Thomas Aquinas' *Summa Theologiae*, Thomas Cajetan treats the profits in *lurcum cessans* as real but potential. While he would ultimately take a highly restrictive view of *lucrum cessans*, he still speaks of the "potency of money under industry" as potential profits that may enter the contract and this is not merely hypothetical nor nothing.

Despite these weakness Hunt's little book provides a refreshingly new look at the usury question. His insightful identification of the *mutuum* as a personally secured loan is invaluable as most of the Scholastic debate over usury was not about *what* usury is but whether this or that new contract contains a *mutuum*. His work to engage the economist without either conceding too much or insisting all profit is usury is also a valuable contribution. However, it is a book that points to paths untrodden and thus it begs for further exploration and development.

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