The authors of the Bible designed the law on interest to prevent increasing the debt of a poor Israelite in need of a loan \(^2\). The Biblical law did not take business loans into consideration. But in the Talmudic period, in Judea during and following the days of the Second Temple, and more so in Babylonia in Amoraic times, there developed a demand for loans of a business nature \(^3\). Shopkeepers and animal breeders needed capital for their enterprises, and tradesmen of all sorts required credit to carry on their dealings. There also were wealthy persons, usually large landowners or established merchants, with idle money. They wished to put their funds to work for them. The question thus arose as to whether the Biblical law against interest would stand in the way of profitable business loans and investments.

In this paper, we will discuss several ways in which the rabbinic authorities allowed the economic life of their time to proceed without being hampered by the prohibition against usury. We will note that the Tannaim established rules to prevent business transactions from resulting in usury, but that the rules were written in such a way as

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\(^1\) The words usury and interest are used in this paper interchangeably. Both mean any payment at all for the use of money.


to permit the desired dealings to be accomplished. We will also see that when conditions in Amoraic times brought about a desire to liberalize the Tannaitic regulations, the Amoraim interpreted the laws to satisfy the needs of the economy.

*Loan of Produce*

Ordinary loans of money do not appear widely in the literature on interest because the law concerning them was perfectly clear. Any increase was strictly forbidden as interest 4). But loans of produce are frequently discussed because of the possibility of market price fluctuations resulting in interest. For example, if someone borrowed a *kor* of wheat worth 25 *dinars* and he returned it a month later when it was worth 30, the increase in value was considered usury. The Tannaim therefore ordained that a person could borrow produce for produce only if he had the goods in his possession at the time of the loan 5). The logic behind this ruling was that if the borrower possessed the goods, then, at the time of the loan, they became the property of the lender, and if they appreciated in value before the loan was repaid, they were the lender's own goods which appreciated and there was no interest.

To the question why a person would borrow goods that he already had in his possession, the Tannaim responded that the goods were temporarily inaccessible, for example, the key to the storehouse had been lost or the borrower's son had the key and would soon return with it 6). But surely this situation could not have obtained frequently. How often does one find his own goods out of reach so that he must borrow from his neighbor? It is clear that this formula was simply a device used by the Tannaim to allow borrowing of produce.

A statement in the Tosefta confirms the fact that the goods of the borrower did not, in truth, become the property of the lender at the time of the loan. If a person owned a barrel of wine, but because his wine cellar was locked he borrowed a barrel of wine from his neighbor, according to the Tannaitic law, the barrel in the cellar became the property of the lender. Nevertheless, according to the

4) For example the bonds of the Mechuzeans in which the estimated profits were recorded. B.M. 68a.