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Coffee with the Cantor Jewish Influence on Secular Society

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Judaism and Finance

From JewishHistory.org

Jews, Money, and the Talmud

If anyone has come to this article for financial wisdom or advice, I'd like to disabuse you of that at the onset. I have no more idea than you do as to how this turmoil will finally settle. Hopefully, it will settle soon.

What I want to explore is why the Jewish people has such an intimate connection with finance. In the eyes of the world, that connection is often completely exaggerated, but there's an element of truth to it. And that element of truth stems from three sources: the Talmud itself; the simple practicality of the types of work that Jews were allowed to do; and the historic association of Jews with great financial enterprises. So let's take this tour of monetary history together.

The Talmud sees money as an important thing. The Catholic Church, in contrast, preaches poverty as a virtue. Judaism has never done that. The Talmud states, "An impoverished person is like a dead person." By that, it means that a person who doesn't have the wherewithal to support himself or to help others is hampered in what he can accomplish.

[The state of Israel](#) is a good example of that. If the Jewish people had not invested hundreds of millions of dollars in Israel over the years, how would the state have arisen? How would we have all of the advantages that we now have?

Therefore, the Talmud has a high opinion of wealth. But, as in everything else in Judaism, it's a matter of balance. Wealth is something, but it is not everything. Therefore, the pursuit of wealth must always be tempered by other values. In the ancient world, the value of money was equal to the weight of the coin. Was it silver? Was it gold? How many grains? That told you what the coin was worth. But coinage impedes commerce. If you want to buy the Empire State Building for the bargain price of 80 million gold coins, you won't be able to get on the boat. Therefore, in the ancient and medieval world, finance as we know it today was impossible. There was a limited number of gold and silver coins, but who could carry them all over the world?

The Talmud realized the problem and discusses it. Money basically became a matter of trust between people. It's a psychological thing. The value of the paper of a \$20 bill is worth perhaps a penny. But the bill is worth \$20. Why? Because you and I have agreed that somehow, it's worth \$20. Psychologically, we have come to that realization that we will accept the piece of paper as being something of value.

Now that's a leap of faith that requires a sophistication that was lacking in the ancient and medieval world – except amongst the Jews. The Talmud was very astute in its understanding of the economics of currency. It never viewed currency as an absolute value, but rather as a commodity whose value fluctuated relative to other commodities. The Talmud discusses, for example, how much silver could buy how much gold. It's all very sophisticated and abstract. And the Talmud was written in the 3rd, 4th, and 5th centuries when the rest of the



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world had no way of dealing with these problems. And that is a great part of the reason that Jews were at the forefront of finance.

From Wikipedia – The Economic History of the Jews

(article considered for deletion re neutrality)

Religion

Rabbinic and Talmudic guidance

The [Babylonian Talmud](#)

[Jacob Neusner](#) writes that the authors of the [Talmud](#) addressed every important problem of economics, ranging from the rules of household management to the laws of money making.^[1]

Marvin Perry states that the Talmud deviates widely from the early Christian approach to money: whereas the [New Testament](#) viewed money and profit as "filthy lucre" ([1 Tim 3:3](#)), the Talmud took a positive view of money and profit because the Talmud "was written, compiled and edited, taught and interpreted for centuries by rabbis who were merchants, artisans, and professional men, knowledgeable and accepting of business and finance, in theory and practice."^[2]

Penslar states that the Talmud contains a large amount of economic material, including many "economic sensibilities" such as the notion that wealth should be enjoyed and the rejection of poverty, but he suggests that the Talmud did not promulgate an identifiable "economic philosophy".^[3]

[Tanakh](#)

According to [Abraham Foxman](#) and Marvin Perry, important passages from the [Jewish Bible](#) that pertain to the relationship Jews and money, specifically lending, include:^[4]

- [Exodus 22:25](#) - "If you lend money to one of my people among you who is needy, do not treat it like a business deal; charge no interest"
- [Leviticus 25:35-37](#) - "If any of your fellow Israelites become poor and are unable to support themselves among you, help them as you would a foreigner and stranger, so they can continue to live among you. Do not take interest or any profit from them, but fear your God, so that they may continue to live among you. You must not lend them money at interest or sell them food at a profit."

[Non-Jewish views of money](#)

Theologian [Michael Novak](#) suggests that Jewish thought has a "candid orientation" towards profit, property, and commercial activity, in contrast to [Catholic](#) thought which is focused on the afterlife, rather than life in this world.^[5]

According to Marvin Perry, Christianity - particularly when contrasted with Judaism in the Middle Ages - had an ascetic, anti-commercial viewpoint that was based on the [Sermon on the Mount](#), particularly [Matthew 6](#), in



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which Jesus condemned the superficiality of materialism and where he "urges his followers to throw over worldly possessions and all considerations of getting and spending, family, position, and status."^[6]

Regarded as materialistic rather than spiritual

Several leading thinkers of the eighteenth and nineteenth centuries, including [Immanuel Kant](#), [Karl Marx](#), [Max Weber](#), [Werner Sombart](#), and [Georg Hegel](#), compared Judaism with Christianity, and concluded that Judaism was more materialistic, and less moral. These thinkers influenced subsequent interpretation of Judaism's role in the rise of capitalism in Europe in the late nineteenth century.^[7]

The most consequential thinker addressing this issue was Karl Marx in his 1843 work [On the Jewish Question](#) (sometimes translated into English with the title *A World Without Jews*). [Gerald Krefetz](#) cites a quote from Marx which is representative of Marx's beliefs: "Let us look at the real Jew of our times ... What is the Jew's foundation in our world? Material necessity, private advantage. What is the object of the Jew's worship in this world? Usury. What is his worldly god? Money. Money is the zealous one God of Israel, besides which no other God may stand. The bill of exchange is the Jew's real God".^[8]

Anti-capitalism

[Karl Marx](#)

During the nineteenth century, many leading thinkers began to promote [communist](#) and [anti-capitalist](#) viewpoints. Because capitalism was closely associated with Jews, anti-capitalists often considered Judaism to be the root of capitalism.^[9] Those that embraced capitalism tended to be sympathetic to Jews, and those that rejected capitalism tended to be hostile to Jews.^[10] Even so, Jews were also widely [blamed for the rise of communism](#) by those who, like the Nazis, were opposed to it.^[11]

Marx believed that earning a living from collecting interest (or from acting as a middleman) was an unjust and exploitive aspect of capitalism.^[12] Because many Jews were employed in such non-productive occupations, Jews were singled out for particular criticism by Marx, and he blamed Judaism for the exploitation and alienation of workers.^[13] [Moses Mendelssohn](#) argued, to the contrary, that commercial activity was just as valid and beneficial as manual labor, writing "Many a merchant, while quietly engaged at his desk in forming commercial speculations ... produces ... more than the most active and noisy mechanic or tradesman."^[14]

The drift towards moneylending in the Middle Ages

[Moneylending](#) was an important occupation for Jews, beginning in the early Middle Ages, and continuing into the modern era. Moneylending was first noted as a significant occupation in the ninth century, and in the tenth century, some Jews were large scale financiers.^[15] [Usury](#), as the Christian church called it, was forbidden by repeated [papal decrees](#) starting as early as 325,^[16] and the [Qu'ran](#) prohibited charging interest on loans in 650;^[17] the customers of every Christian and Muslim lender that observed these bans either had to do without or patronize Jewish moneylenders, inasmuch as they were in the majority of non-Christian, non-Muslim moneylenders. Jewish people were also excluded from certain trades. Their prevalence in the field of moneylending has led to scholarly debate which considered the question of why Jews gravitated towards money-related occupations.

In 325 the [Council of Nicea](#) banning the clergy from charging interest on loans;^[18] later in the 4th century, [Saint Jerome](#) and [Saint Ambrose](#) denounced usury,^[16] and [Pope Leo the Great](#) reiterated their denunciations and



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the clerical ban.^[16] This was followed by 300 years of pressure by the Christian church on usury, during which time the Qu'ran restricted Muslims from charging interest in 650, and in 850, [excommunications](#) of Christian usurers. The 11th century was marked by considerably more attention being paid to usury by clerical scholars and church authorities, and a strict, well-enforced ban, lasting 150 years, was announced in 1200.^{[16][17][18]}

Moneylending was one of the remaining occupations that were not prohibited for Jews. The exclusion of Jews from many trades and craft guilds began following the [First Crusade](#) (1096-1099).^[15] The exclusion often came at the urging of clergy and local guild members, state and local governments.^[19] [Howard Sachar](#) writes that the occupations that were left for Jews to engage in were often the occupations that Christians disdained, such as peddling, hawking and moneylending, and he estimates that three fourths of Jews in Central and Western Europe were occupied in these occupations in the eighteenth century.^[19] [Abraham Foxman](#) says many Jews in that era were especially well suited for commerce, because the [Jewish diaspora](#) caused many Jews to have far-flung networks of friends and family, which facilitated trade.^[20] Foxman writes that the moneylending profession gave rise, eventually, to the modern financial industries, including banking.^[21] Over time, Jews became very skilled at both commerce and moneylending.^[21]

[Werner Sombart](#), in his book *The Jews and Modern Capitalism*, asserts that moneylending was an occupation that many Jews preferred, and voluntarily engaged in.^[22] As evidence, Sombart cites the fact that Jews were heavily engaged in moneylending before the era when they were excluded from trades and crafts; and also the fact that the religion and culture of Judaism predisposed Jews to commercial and financial endeavors.^[23] Sombart does not include in this argument the restrictions on Christians practicing moneylending.

Rise of Capitalism

Mortgages and bills-of-exchange

Jews played an important role in the dissemination of financial innovations such as [mortgages](#), paper money, and [bills of exchange](#). Bills of exchange (also called [negotiable instruments](#)) first appeared in Europe in the twelfth century in Italy, although the concept originated earlier in China and Islamic trading communities. Werner Sombart speculates that, because Jews played a role as intermediaries in Mediterranean trading, they were uniquely positioned to import [Islamic financial techniques](#) into Europe.^[24] Sombart also analyzed historical evidence of Jewish participation in the establishment of early important banks in Europe (including the [Bank of Amsterdam](#), the [Bank of England](#), and the Bank of Hamburg) and concluded that Jews played an important role in the creation of important early banking concepts in Europe.^[25] Sombart also suggested that Jews played an essential role in the creation of [mortgage deeds](#)^[26] and "pay to bearer" negotiable instruments.^[27]

Banking

Modern banking arose in Europe during the 19th century. Before the age of modern banking, most bankers were private bankers, affiliated with nobility, and lending exclusively to nobility and governments. But in the nineteenth century, spurred at first by financing required for the the [Napoleonic wars](#) and then by the [explosion of railroads](#) in Europe, banks evolved into large commercial entities, lending to the public, and often publicly traded.^[28]

Most European banks were founded by Jews or Protestants.^[28] Jews were founders and leaders of many of the important early European Banks, as well as significant banks in the United States.^[29] The prevalence of Jews in European banking continued from the early 19th century to World War I.^[28] Jews played leading roles in banking, financing wars, financing the railroad industry, and the establishment of stock exchanges.^[30]



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Especially in Germany and Austria, Jewish bankers were dominant in the country's economic development.^[30] Marvin Perry writes: "[in the period 1850 to 1910] German Jewish economic elite contributed decisively to the country's economic development, its financial institutions, its industrialization, and its entry into the world market as a great economic power by 1890. That elite also played a significant role in underwriting the costs of Germany's wars of unification (1864-1871)."^[31] In 1860 there were 106 Jewish banks and 51 non-Jewish banks in Berlin, while Jews comprised only 1% of the German population.^[31]

England also had a significant Jewish participation in its banking industry: in 1904, out of the 63 banks in England in 1904, 33 were Jewish firms.^[32]

Cultural attitudes

[Derek Penslar](#) writes that Jewish journalists of the nineteenth century in Europe represented Jewish civilization as producing a "capitalistic sensibility", in contrast to Christianity which did not.^[33]

[Gerald Krefetz](#) writes that money "was and is a central element in the Jewish experience" because, among other reasons, money has often served to protect Jews against persecution.^[34] Jews feel ambivalent towards money because on the one hand it is a powerful force, but on the other non-Jews have sometimes blamed financial problems on Jews.^[34]

Wealth as protection against persecution

Krefetz states that many Jews, particularly Americans, treat money very seriously because it has "stood between life and death", that is, throughout history there are many times when Jews would have been expelled or oppressed if not for their financial usefulness.^[35] Krefetz concludes that, for that reason, Jews - although they do not worship money - have often considered money to be "essential" to their material being, as essential as God is to their spiritual being.^[35] This attitude, engendered over many centuries, has produced the viewpoint that money is a critical to their survival and thus the "manipulation, earning, creation, and saving of money has been raised to a fine art... which is passed from generation to generation."^[36]

Pride in achievements

Economic success has long been a source of pride for Jews: in the late nineteenth century, Jewish writers drew a positive link between Jews, trade, and economic freedom, and speculated proudly on the sources of Jewish economic success, and the editors of leading German-Jewish newspapers stressed the contribution of Jews to economic development through their commercial acumen.^[37] Penslar notes that in France, in 1820-1860, there was a strong feeling of "triumphalism" within the Jewish community, celebrating their rise in influence and prosperity within European circles.^[38]

Jewish author [Steven Bayme](#) writes that Jews have eschewed poverty, and have a positive view of wealth, provided it is a "means rather than an end".^[39] Abraham Foxman contrasts the asceticism of Christianity with the exuberance of Judaism, and concludes that Jewish culture has a belief in "enjoying life to the fullest" which is sometimes manifested in apparently materialistic attitudes.^[40] Derek Penslar states that one of the principles enunciated in the [Talmud](#) is that "wealth ... should be enjoyed"^[41]



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From FreeMoneyFinance

Re Jewish vs Christian views

Jewish Thoughts on Wealth

For those of you new to Free Money Finance, I post on [The Bible and Money](#) every Sunday. [Here's why.](#)

In my Sunday posts we're currently digging into the book [The Jewish Phenomenon: Seven Keys to the Enduring Wealth of a People](#). It notes that Jews are disproportionately wealthy and accomplished and much of this success is due to seven keys which can be traced to the teachings of the Jewish faith.

Towards the beginning of the book, the author contrasts how Jews and Christians generally view money differently. To do this, he quotes the New Testament (representing the Christian point-of-view) and contrasts it against some Jewish sayings/Scripture. A summary:

According to the New Testament, the Christian world has, at best, an ambivalent attitude toward money and wealth:

"Again I tell you, it is easier for a camel to go through the eye of a needle than for a rich man to enter the kingdom of God." Matthew 19:24 (New International Version)

"No servant can serve two masters. Either he will hate the one and love the other, or he will be devoted to the one and despise the other. You cannot serve both God and Money." Luke 16:13 (New International Version)

"But if we have food and clothing, we will be content with that. People who want to get rich fall into temptation and a trap and into many foolish and harmful desires that plunge men into ruin and destruction." 1 Timothy 6:8-9 (New International Version)

"For the love of money is a root of all kinds of evil. Some people, eager for money, have wandered from the faith and pierced themselves with many griefs." 1 Timothy 6:10 (New International Version)

Let's stop here for a minute because I have several comments to make on this line of thinking:

- The author is picking out verses at random that support his point of view (I could pick out several promising wealth in exchange for giving). He needs to look at these verses in context as well as in relations to the rest of the things said about money in the New Testament.
- Christians don't only read the New Testament but the Old Testament as well. Therefore to simply make a case for what Christians think about money based on the New Testament alone is misleading.
- Personally, I don't think the author has studied/read the New Testament very much and probably has little basis for quoting it with any sort of knowledge. Why do I think this? he doesn't even know there are two books in the New Testament named "Timothy." He lists the verses quoted above as simply "Timothy 6:8-9" and "Timothy 6:10" when any second grader can tell you the correct listings are "1 Timothy 6:8-9" and "1 Timothy 6:10" (that same second grader can also tell you that there's a difference between 1 Timothy and 2 Timothy in the New Testament.)
- These things said, I don't doubt that his following thoughts about Jews are accurate (this is where his expertise lies.) All I'm saying is that to represent Christians based on these verses is not very accurate.



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The author goes on to say the following:

For Jews, on the other hand, wealth is a good thing, a worthy and respectable goal to strive toward. What's more, once you earn it, it is tragic to lose it. Judaism has never considered poverty a virtue. The first Jews were not poor, and that was good. The Jewish founding fathers, Abraham, Isaac and Jacob, were blessed with cattle and land in abundance. Asceticism and self-denial are not Jewish ideals. With your financial house in order, it is easier to pursue your spiritual life:

"Where there is no flour, there is no Bible." The Mishna (a collection of books that outline the detailed laws for daily Jewish living)

"Poverty causes transgressions." Hasidic folk saying

"Poverty in a man's house is worse than fifty plagues." The Talmud (a collection of Jewish books of rabbinical commentary on the Old Testament)

I'm not sure why he didn't quote the Old Testament itself -- there's plenty in it to support his line of thinking (especially in Proverbs), but I guess he gets his point across as is: that Jews view money as being good and they act accordingly. As such, they are generally better off than the average Joe.

Stay tuned. We'll get into some specifics on the seven keys to Jewish success/wealth next Sunday.