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## Free-loan Societies

A CREDIT TO THE COMMUNITY by  
Shelley Tenenbaum. Detroit, Wayne State  
University Press. 204 pp. \$29.95.

By Morton I. Teicher

**A** fascinating facet of American Jewish history is the rise and fall of special organizations to look after the financial needs of members of the Jewish community. Cash assistance provided by voluntary agencies virtually ended during the Great Depression when the responsibility for relieving poverty was assumed by government through large public welfare programs.

Jews always preferred loans over charitable gifts. Several passages in the Bible urge lending money to the poor and also state that interest should not be charged. Maimonides held that "a loan is better than charity, for it enables one to help himself." Rashi also advocated loans since he argued that there was no shame in borrowing. These sources, along with the Talmud, provided the basis of the tradition for establishing free-loan societies in Eastern Europe, a social institution which the Jewish immigrants to America brought with them.

In the early years of the 20th century, Hebrew free-loan societies developed throughout the United States. Some were associated with synagogues but most of them were free-standing. Despite the injunctions against charging interest, some argued that interest-free loans "made borrowers feel like recipients of charity." This viewpoint led to "remedial loan associations" which made money available at low interest rates. The third approach to lending money was the credit union, a cooperative organization where the members provided the capital for loans through their deposits, unlike the loan societies where philanthropists provided the money to be loaned. The chief champion of credit unions was Edward A. Filene, the Jewish department store owner from Boston.

While credit unions are a continuing part of the American banking scene, the remedial loan society has completely disappeared and there are fewer and fewer Hebrew free-loan societies. By contrast, in Israel, there are more than 500 such organizations and one of them, the Israel Free Loan Association, is flourishing with more than \$3 million in capital and with Russian and Ethiopian immigrants as primary borrowers. This free-loan society was founded by Professor Eliezer Jaffe of the Hebrew University School of Social Work who serves as its voluntary chairman.

Some of this history is told by Shelley Tenenbaum in *A Credit to the Community* which is based on her doctoral dissertation. She is a sociologist who uses too much social science jargon and who reflects the attempt by her discipline to become more scientific by emphasizing quantification. As a result, she gives too many numbers and she presents too many tables, none of which advance the human interest story which she has to tell. The vignettes about borrowers are intriguing but they are entirely too brief, sometimes only one sentence long. Also, she fails to amplify sufficiently the information she provides about the inner workings of the free-loan societies.

Despite these limitations, the book is a significant account of how some Jews fulfilled the mitzva of *gemilut hesed* – act of loving-kindness. Impressive research went into writing this book and it adds to our knowledge about borrowing and lending as an aspect of American Jewish history. ■