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# Theorizing Interest: How Did It All Begin?

## Some Landmarks on the Prohibition of Usury in the Scholastic Economic Thought

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### 1. Introduction

The great period of the pre-classical theory of interest and of the associated doctrine of usury<sup>1</sup> took place in a long thirteenth century, beginning in the mid-twelfth century with the *Decretum* by Gratian and ending in the first years of the fourteenth century with the *Tractatus de Usuris* by Alexander Lombard. Historically, it might be viewed as one aspect of a broader history concerning the three great monotheisms (see Ege 2014). Analytically, the problem of interest rests on an entanglement of its positive and its normative side: let us call them respectively the “theory of interest” and the “doctrine of usury”.

Hereafter, we will try not only to separate positive and normative statements, but also to explain how and why they were embedded. Our contention is that schoolmen did have explanations of a possible difference between the amount lent and the amount paid back by the borrower to the lender: this is for the *theory of interest* side. However, on moral grounds, all these explanations were not equally acceptable: this stands for the *doctrine of usury* side. The resulting construction, from an economic theorist viewpoint, is made clear in section 6.

During this long thirteenth century usually related to the Great Scholastic, the explanations given for the difference between the money lent and the money paid back looked like those we are familiar with today: they favoured, for instance, time preference, technical productivity, risk-taking, liquidity preference, and negotiation power. Nonetheless, on moral grounds, at least the last one was clearly not admissible: the use of greater power in negotiation in order to obtain this difference (section 2). However, the mere existence of such

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<sup>1</sup> Within the wide bibliography on interest and usury during the Middle-Ages, see among others McLaughlin 1939; Le Bras 1950; Noonan 1957 (which is an impassable reference); De Roover 1967; Langholm 1984; Lapidus 1991; Chaplygina and Lapidus 2016a, pp. 27 *sqq.*

difference does not by itself show how it should be explained. Whereas the dismissal of the usual explanation based on the money loan itself, as presented by Thomas Aquinas in the *Summa Theologica*, deserves attention (section 3), alternative explanations, based on the existence of opportunity costs linked to a loan, gave rise to the emergence of extrinsic titles (section 4). But the moralist – that is, a priest or a judge at an ecclesiastical court – still ignores whether these, or their substitutes, do not depend on a greater negotiation power.. It is this lack of knowledge which gave rise to the search for an appropriate criterion which ensures that the income perceived by the lender is non-usurious – hence the focus on property and risk-bearing (section 5). The various positions of the schoolmen regarding money loans can therefore be understood as so many attempts to avoid the committing of a major sin, and to obtain the relevant information on the actual interpretation of interest which should prevail.

## **2. Allocating the surplus from exchange**

Crucial elements in favour of a strict prohibition of interest could be traced back to Christian antiquity, to the Greek and Latin Church Fathers who told, in various ways, the same instructive story: that of a consumption loan by a rich man who is widely provided for in all necessities, given to a poor man for whom obtaining the loan is a condition of survival (typical examples from the fourth century can be found in Gregory of Nazianzus or John Chrysostom). This story remained a reference point for centuries, and, later, most scholastic thinkers considered that in such a situation the voluntary agreement of both parties was not enough to prevent the loan from being usurious, even if the borrower could be cleared of the charge of usury (see, for instance, the *De Usura* (17-19) of Robert of Courçon at the beginning of the thirteenth century): this voluntary agreement was called “absolute” for the lender, but “conditioned” for the borrower.

This distinction, concerning the nature of an agreement, rests on a positive statement: the money loan can be understood as a particular case of voluntary exchange. As such, it is mutually beneficent (see, for instance, Thomas Aquinas in *Ethicorum*, I.V, lect.9, c or in the *Summa Theologica* II<sup>a</sup>–II<sup>ae</sup>, q.77, a.1, resp.), so that neither the lender’s nor the borrower’s situation can be worse. This is a way to argue that some kind of surplus arises from a money loan as it does from every more standard type of voluntary exchange. It also explains why interest is a withdrawal from this exchange surplus to the benefit of the lender. However, the story of the consumption loan has another consequence: it emphasizes the difference between

the negotiating power of the lender and of the borrower. The lender is supposed to be vested with a much greater power than the borrower, so that he is able to appropriate most of the surplus emerging from exchange. The normative conclusion is straightforward: the condemnation of usury amounts to the condemnation of the appropriation of a part of the surplus arising from a loan.

Now, what is the proportion of the surplus above which a licit transaction, morally acceptable, would turn into a usurious transaction? Curiously, the primary impression produced by the literature on usury suggests two different answers. The story of the consumption loan is one where the total amount of the surplus falls into the hands of the lender: the loan has not helped the borrower escape misery. His situation after the loan has not improved. Usury might therefore be viewed as a situation in which the negotiating power of the lender is high enough to allow him to appropriate the whole surplus. By contrast, both the severity of the Church Fathers, and the popular knowledge based on the *exempla* to which Jacques Le Goff (1986) had devoted special attention, suggest that even the slightest amount perceived above what is paid back would be usurious.

The contradiction is only apparent. The consumption loan story expresses constant suspicion of the lender, and the belief that his negotiation power usually gives him all that is possible under the condition of voluntary agreement by the borrower. The church shows such a strong aversion against this asymmetry of power that it finds it more appropriate to forbid any kind of supplement paid on a loan.

The basis of such suspicion against the lender comes from the fact that usury as a sin is a sin of intention, which means that far from being self-evident from its factual existence, it depends on an intention, which is usually not observable to the moralist. In the early thirteenth century, for instance, William of Auxerre defined usury as “the intention to receive something more in a loan than the capital” (*Summa Aurea*, t.48, c.1, q.1; see also Robert of Courçon, *De Usura*, 3, 13, 57, 61, and 78).

### **3. Thomas Aquinas’s classical argument**

Thomas Aquinas’s argument against usury gave a rigorous basis to its prohibition, in the sense of the payment of an income in reason of the loan itself. It might be considered as a development of three topics, coming from Roman law, from Canon law, and from the Aristotelian tradition, respectively. The first borrowed from the *Digesta* the contractual

framework of the money loan; the second skilfully justified the choice of this framework by reversing the way the *Decretum* explains how an income is generated by a stock; the third draws on the Aristotelian analysis of the causes of exchange.

*The contractual framework of the money loan: the mutuum*

Even before Thomas Aquinas, the legal framework for money loans was a free contract for fungible goods, the *mutuum* (see *Digesta*, 44, 7, f.1, n.2, 4). When the underlying contract for a transaction is a *mutuum*, the nature of this contract itself precludes any interest being paid. Robert of Courçon, for example, at the very beginning of the thirteenth century, explained the mechanism by writing:

[T]he name of the *mutuum* comes, indeed, from that which was mine [*meum*] becomes yours [*tuum*] or inversely. As soon as the five shillings that you lent me become mine, property passes from you to me. It would then be an injustice if, for a good which is mine, you were to receive something; for you are not entitled to any return from that which is my possession. (*De Usura*, 15)

In the *mutuum*, the prohibition of interest is linked to the fact that the money lent and the money paid back is not, physically, the same object, so that the ownership of the lender has to be interrupted at the beginning of the loan. However, Roman law also acknowledged other contractual arrangements which would allow such a payment: the *locatio*, for instance, in which only the use of a thing is transferred from the lender to the borrower, its possession remaining unchanged; or the *foenus*, in which possession is transferred, but where such transfer is not free. So that what Thomas did was to remove the possible arbitrariness of the choice of the *mutuum* as the contractual framework for money loans.

*What can generate an income?*

This was made possible by reversing an argument concerning the reasons why a stock can be a source of income. This argument was presented in a well-known palea called *Ejiciens*, wrongly attributed to John Chrysostom, and integrated by Gratian in Canon law. The author of *Ejiciens* asked whether “the one who rents a field to receive its fruits or a house to receive an income is not similar to the one who lends money at usury” (*Decretum*, dist.88, can.11). Among the reasons pointed out for a negative answer, the last one deserves our attention:

[I]ts use gradually exhausts the earth, deteriorates the house, whilst the money lent suffers neither diminishing nor ageing. (*Ibid.*)

In other words, *Ejiciens* asserts that a stock is a source of income from the moment the stock begins to depreciate. This income is then defined as the counterpart of this depreciation. Now,

Thomas's great skilfulness was to reverse *Ejiciens'* position (see Noonan 1957: 54–5). His argument was expounded in *De Malo* (q.13, a.4c) or in the *Summa Theologica*:

One must know that the use of certain things is identical with their consumption [...]. In such [exchanges], one must not count the use of the thing apart from the thing itself but, as a result of conceding the use, the thing itself is conceded. And this is why, for such things, the loan transfers property. Thus, if someone wanted to sell wine on the one hand and the use of wine on the other hand, he would sell twice the same thing or sell what is not [...]. Conversely, there are things the use of which is not their consumption. So, the use of a house is to live in, not to destroy it. Therefore, one can concede separately use and property. (*Summa Theologica*, II<sup>a</sup>–II<sup>ae</sup>, q.78, a.1, resp.)

As a result, interest as an income no longer proceeded from the depreciation of a stock but from the possibility of separating property and use – the sale of the latter producing the income. Therefore, a house or a field could – as in *Ejiciens*, but for another reason – be the source of an income, while bread, wine and, of course, money could not.

#### *The material and the formal causes of exchange*

Far from being a consequence of a possibly arbitrary decision of a moralist or a lawyer, the choice of the *mutuum* for a money loan now came from the nature of the object of the transaction: this means that the nature of money itself, as a thing whose possession cannot be separated from its use, determined the nature of the contract. This conception of money was explained by Thomas Aquinas chiefly in his commentaries on Aristotle.

It was when commenting on Aristotle's *Politics* that Thomas stressed the conventional nature of money (*Politicorum*, I, 7; see Lapidus 1997, pp. 24-7), pointing out two functions of money, which he discussed at length in various writings. The first function of money stood in the Aristotelian tradition – it is a medium of exchange: “But money, according to the Philosopher [Aristotle] in the *Ethics* (V, 5) and in the *Politics* (I, 3), was principally invented to facilitate exchanges: and so, the proper and principal use of money is to be consumed without diversion, because it is spent in exchanges” (*Summa Theologica*, II<sup>a</sup>–II<sup>ae</sup>, q. 78, a. 1, resp.). In this regard, usurious activity is considered as distorting the nature of money (*Politicorum*, I, 8).

But when introducing the second function of money – the unit of account – Thomas was not so faithful to Aristotle:

All other things have from themselves some utility: however, this is not the same for money. But it is the measure of the utility of other things, as it is clear from the Philosopher in the *Ethics* (V, 9). And therefore the use of money does not hold the measure of its utility from this money itself but from the

things which are measured by money according to the various people who exchange money for goods. Hence, receiving more money for less seems nothing else than differentiating the measure in giving and receiving, which obviously brings inequity. (*Sententiarum*, III, dist. 37, a. 1, q. 16)

This contrasts with Aristotle's original position, according to which "money itself is submitted to depreciations, for it has not always the same purchasing power" (*Ethicorum*, V, 5,14). However, such kind of emphasis on money as a unit of account meant that it could not give rise to any supplementary income.

Despite their discrepancies, the various sources of Scholastic thought continued along the same lines as Thomas's construction: the nature of money and the contractual framework thereby induced rendered impossible the charging of interest on a money loan. This impossibility is, first of all, a positive one: interest, as generated by the money loan itself, can simply not exist. So that, if interest happens to be associated with a money loan, its amount must be explained on another basis than the money loan itself.

#### **4. Interest as a compensation of a harm from outside the loan:**

##### **Extrinsic titles**

The literature on usury shows that the range of analytically acceptable explanations of the existence of interest was limited. Each attempt to give an alternative explanation therefore reveals to the moralist that the income perceived by the lender was only due to his negotiation advantage, and had to be viewed as usurious.

The starting point was the widespread idea that for both the lender and the borrower, a present and a future good are not worth the same. "One harms one's neighbour", wrote Thomas Aquinas, "when preventing him from collecting what he legitimately hoped to possess. And then, the compensation should not be founded on equality because a future possession is not worth a present possession" (*Summa Theologica*, II<sup>a</sup>-II<sup>ae</sup>, q. 62, a. 4, resp. 2; see also his disciple, Giles of Lessines, *De Usuris*, c. 9). This was a way to say that although the legitimacy of interest paid on a loan does not depend on it, it might depend on the harm generated by this loan. Also, when interest compensates the harm suffered by the lender, the operation is not usurious. Extrinsic titles aim, precisely, at identifying this harm.

Exterior to the loan contract and providing reasons for a compensating payment, the so-called "extrinsic titles" might be viewed as attempts to account for the harm suffered by the

lender, according to its nature. These extrinsic titles, such as *poena conventionalis*, *damnum emergens* or *lucrum cessans*, existed separately from the *mutuum*, and gave, for each of them, reasons for the payment received by the lender. A general problem linked to extrinsic titles is that although some of them became widely accepted, the harm often remained unobservable, so that the possibility of a usurious transaction could not be totally avoided. The level of acceptance or refusal of the extrinsic title therefore depended less on the nature of the alleged harm than on the trust or distrust on the effectiveness of this harm.

Designed to protect the creditor from a possible failure of the debtor to repay the loan in time, the *poena conventionalis* stipulated a daily indemnity in case the expiry date was not respected. Through the *damnum emergens*, the prejudice to the lender was described as his sacrifice, in terms of consumption, in order to keep his money available for lending. The *lucrum cessans* widened the perspective to the profitable operations which would have to be given up in order to carry out the loan, so that the prejudice was the sacrifice of a possibility of profit.

The *damnum emergens* and the *lucrum cessans* make obvious the working of the harm-compensation mechanism. As Noonan (1957, p. 116) pointed out, these two titles were not really discussed before the mid-thirteenth century (with the exception of Robert of Courçon, who condemned the *lucrum cessans*; *De Usura*, 61–63) since they needed, as a prerequisite, a general agreement about the use of the *mutuum* for a money loan. Despite showing a certain mistrust – chiefly aimed at the *lucrum cessans* – Thomas clearly stated the principles on which they were founded:

In his contract with the borrower, the lender may, without any sin, stipulate an indemnity to be paid for the prejudice he suffers while being deprived of what was his possession; this is not to sell the use of money, but to receive a compensation. Besides, the loan may spare the borrower a greater loss than the one to which the lender is exposed. It is thus with his benefit that the first makes up the loss of the second. (*Summa Theologica*, II<sup>a</sup>–II<sup>ae</sup>, q. 78, a. 2, ad. 1)

The principle of an interest that was both analytically and morally acceptable therefore appeared as an outcome of the discussions on the *mutuum* and the major extrinsic titles. The emphasis laid on the fact that the interest was a compensation for the specific harm suffered by the lender, and not a product of the loan itself, shows that it might be understood as the opportunity cost of the loan. This opportunity cost is the key to the distribution of the surplus of exchange between the lender and the borrower: after the payment of an interest equal to the



cost of opportunity of the loan, the respective situations of the lender and of the borrower have improved.

Naturally, this requires the credibility, for the moralist, of the harm alleged by the lender. In case the fear of a mortal sin was not sufficient to move the latter away from a usurious transaction, this might constitute an evident weakness of the system. This explains the importance granted, in the discussions between schoolmen, to the nature of the harm associated with each extrinsic title. For instance, it justifies the quite general mistrust about the *lucrum cessans* (when compared to the *damnum emergens*): not because this kind of prejudice was inexistent, but because it concerns, by nature, professional merchants who are always suspected of taking advantage of their superior power of negotiation. This also explains the poor confidence, even during the sixteenth century, in a loan where the interest paid is supposed to compensate an insufficiently specified harm stating only that the lender suffers from a lack of money: the late extrinsic title called *carentia pecuniae*.

## 5. Substitutes for an interest loan

Whereas the extrinsic titles added something more to the main loan contract, a complementary possibility for a potential lender to draw an income was to replace the interest money loan by another intertemporal operation for which it would be a close substitute. The difficulty of the problem faced by the moralists came from the ability of the merchants to construct such close substitutes: credit sale, anticipated payment, *census*, *societas*, triple contract, *mohatra*, mortgage, *foenus nauticum*, bank deposit, etc.

The typical solution for separating usurious from legitimate transactions in the presence of these kinds of substitutes was to find among them a characteristic which would allow such a separation. *Property* could be viewed as such a characteristic: in the *mutuum*, the interruption in property made impossible the receipt of an income by the lender; continuous property might, on the contrary, support a claim for such income. However, the institutional arrangements of the transaction can conceal the reality of the ownership. The *societas* illustrates this point. In Roman law, this is an association between persons who engaged their labour, money or goods in a profitable operation. The income of each member of the *societas* depends, naturally, on the issue of the operation. Every modality of sharing was allowed. However, in the Middle Ages, this excluded the modality in which one partner would bear the entire responsibility in case of loss (see Robert of Courçon, *De Usura*, 73).

This shows that, in turn, the claim for property was not enough to ensure its reality, and that beyond its formal existence, a supplementary characteristic of this property was required in order to consider it as able to produce non-usurious income for the owner. This supplementary characteristic, based on risk-taking, was stated by Thomas as follows, again regarding *societas*:

The one committing his money to a merchant or a craftsman by means of some kind of partnership does not transfer the property of his money to him, but it remains his possession; so that at his [the lender's] risk, the merchant trades or the craftsman works with it; and he can thus licitly seek a part of the profit as coming from his own property. (*Summa Theologica*, IIa-IIae, q.78, a.2, obj.5)

The importance of risk for assessing the legitimacy of a transaction appeared clearly in the debates concerning the sea loan, the *foenus nauticum*, especially through the interpretation of the well-known decretal *Naviganti* by Pope Gregory IX:

Somebody lending a certain quantity of money to one sailing or going to a fair in order to receive something beyond the capital, for he takes the risk upon himself, is to be thought a usurer. Also the one who gives ten shillings to receive after a certain time the same measure of grain, wine or oil, though it is then worth more, when one really doubts whether it will be worth more or less at the date of delivery, must not, for that, be considered a usurer. Because of this doubt again, the one who sells bread, grain, wine, oil or other commodities so that he receives after a certain period of time more than they are worth then, is excused if, in lack of a forward contract, they would not have been sold. (*Decretales*, 15, tit. 19, c. 19, *Naviganti*)

This decretal is highly questionable (see Mc Laughlin 1939, pp. 103–4 or Noonan 1957, pp. 137 *sqq*). At first glance, it seems to adopt successively two opposite positions concerning the effects of risk: the first sentence condemns the sea loan while the concluding sentences allow a reduction in price in the case of anticipated payment – and an increase in the case of a credit sale – if the future value of the sold commodity is uncertain.

However, a careful examination suggests more consistent interpretations. The first rests on the expression “is to be thought a usurer” (*usurarius est censendus*). Usury being a sin of intention, this means that, in the *foenus nauticum*, receiving an income is not in itself usurious, but an external observer will be far from certain that the lender is not overestimating the risk of the operation to disguise a usurious benefit as a legitimate income.

Besides this “moral hazard” interpretation of *Naviganti*, it may also be noticed that the *foenus nauticum* is not such a simple operation, where only two possibilities can occur – the freight arrives safe and sound or perishes at sea. Actually, if the freight is intact, the merchant will run another risk when selling it. This last risk is not taken into account in the contract

between the lender and his borrower. So that, in the event of the ship not sinking, one party has to assume the entire responsibility if a loss occurs. As the possibility of selling overseas is submitted to the advance of capital which belongs to the lender for the duration of the crossing, there is no reason for this ownership to be transferred to the borrower during the second phase of the operation. In spite of its name, the *foenus nauticum* is clearly not a loan, but rather similar to a kind of partnership (a *societas*) which allows common ownership of money invested in a presumably profitable operation. This strictly forbids any partner from escaping, at any moment, from the risk of loss.

This shows the utmost importance of risk-bearing as sign of a lender's continuous property during an intertemporal operation, therefore allowing the payment of a non-usurious income. Nonetheless, this did not nullify the suspicion concerning the lender's intention, and it justifies the typical medieval solution of the resort to an expert, a wise man, already advocated by William of Auxerre in the *Summa Aurea (De Usura, c.3, q.2)*.

## **6. Conclusion: An economic theorist's view on what happened**

The general context of the treatment of interest loan, exemplified by authors like Thomas Aquinas in his *Summa Theologica*, can be regarded as a special application of a theory of justice. This has an outstanding and obvious consequence: understanding interest rests on the coexistence of a norm which satisfies the requirements of justice, and of a departure from this norm which explains actual behaviour. The outcome is a rather sophisticated device in which explanations of interest are interwoven with moral assessments and policy choices. This device might be accounted for as a construction whose steps make sense from an economic theorist viewpoint. It is described hereafter and it is deliberately that historical evidence which gives support to it, as shown in this paper, is left aside.

The five first steps correspond to the developments of section 2 above:

1. The basis is the understanding of intertemporal transactions as giving birth to a surplus, potentially advantageous for both the lender and the borrower. Interest, as an income of the lender, depends on the way such surplus is allocated.

2. The loan is perceived through a bilateral relation, so that the amount of the interest perceived by the lender depends on the respective negotiation power of the lender and the borrower.

3. Now, the loan is usually viewed as a consumption loan, in which the negotiation power of the lender and the borrower is asymmetric, at the benefit of the first and at the expense of the latter. In such case, interest is viewed as usurious and gives rise to a clear condemnation.

4. A special difficulty depends on the non-observability, in general, of the respective negotiation powers of the lender and of the borrower – such information remaining private and unavailable to the moralist.

5. In case the moralist has a strong aversion against usury, it is consistent to forbid any interest: not because it is necessarily usurious, but because it might be and this very possibility should be avoided. But if the moralist's aversion is weaker or if what he thinks should be avoided is the condemnation of non-usurious transactions along with usurious ones, a reliable criterion to separate licit from usurious loans is required.

The following four steps are related to section 3 and constitute the classical argument against usury. They are the result from attempts to find a clear criterion for non-usurious loans; that is, to give a solution to the problem open at step 5. As a consequence of an analysis of the relations between stock and flow, it is argued that property might be such criterion:

6. Any stock is clearly understood as able, in principle, to give birth to a flow of income, either through produces which are to be sold or through services which are to be rent. This might of course concern a stock of money.

7. But, from a normative viewpoint, the right to sell a flow of services generated by a stock rests on the property of this stock at the very moment when it is generating such flow. And because of the nature of money, property is interrupted during the loan.

8. Therefore, a money loan cannot give birth to a non-usurious income for the lender *in reason of the loan itself*.

9. An immediate consequence is that asking for an income for no other reason than the loan itself cannot be supported by reason. Claiming the opposite is therefore the sign of a usurious intention which shows that the lender is abusing his negotiation power. But this doesn't cancel out every possibility of obtaining an income on the occasion of a loan: the

analytically and morally acceptable allocation of the surplus of the intertemporal exchange between the lender and the borrower is not “nothing for the first and the whole surplus for the second”.

The two following steps, related to section 4, explore the ways harm, and the corresponding opportunity cost, might be compensated:

10. Whereas a money loan cannot generate a flow of income for the lender because of itself, it can do so indirectly, because of the opportunity cost of the loan. A lender is entitled to ask for a compensation of a non-consumption or (to a lesser degree) of a non-investment during the duration of the loan or if it is not repaid at maturity.

11. Yet, the harm suffered by the lender because of the loan is also widely private information. And this casts doubt on the legitimacy of interest resting on an extrinsic title.

The last four steps are related to section 5 and aim at finding conditions which might help distinguishing licit and usurious loans, thus showing when interest is both analytically understandable and morally acceptable.

12. An appropriate response from the lender to the prohibition of usury is to resort to some close substitute for a money loan: a transaction involving the productivity of non-money stocks. In such case, the question is again of knowing whether this transaction is licit or usurious.

13. A first solution is again to resort to propriety as a criterion: if the lender remains the owner of the productive stock which stands for a substitute to a money loan, then the income he might receive would be non-usurious.

14. But ownership in turn appears as private information, possibly different from what is legally argued.

15. In this case, risk becomes the criterion for propriety, which stands for the criterion for a licit substitute to a simple money loan. And risk-bearing is much more observable, since it involves the possibility of a material, visible loss from the lender.

Concealed behind seemingly contradictory statements about the moral acceptability of such money loan or of such of its substitutes, the device described above shows how Schoolmen had come to an intellectual construction in which we find the ingredients of a sophisticated conception of interest:

- It allows identifying the origin of interest in the surplus from intertemporal exchange;

- it leads us to view its amount as depending on the allocation of this surplus between a lender and a borrower;
- it acknowledges the role of the respective power of negotiation of the lender and the borrower, in order to determine the share of the surplus which might be presented as interest on a loan;
- it shows what kind of explanation of interest should be dismissed – a monetary one, in which interest arises from the loan itself;
- symmetrically, it shows what kind of explanation is admissible, on both analytical and moral grounds – interest as the compensation for the cost of opportunity of giving up consumption or investment;
- it makes obvious the existence of close substitutes for money loans;
- it draws the consequences from the usually private character of relevant information on the possibility of a usurious intention for a loan;
- it finds successively in property and in risk-bearing a way to make concealing this information less obvious.

We could discuss over and over again on the question of knowing whether interest on money loans was actually restricted and on the consequences of this possible restriction on the development of trade and on the emergence of new financial instruments. But it remains that all the elements allowing the construction of a genuine theory of interest were already present as from the 13<sup>th</sup> century, in the writings of the Schoolmen.

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