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# XXII.19 On loans at interest

- The Spirit of Law - Book XXII. On laws in their relation to the use of money -

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Money is the sign of values. It is clear that whoever needs this sign must hire it, as he does all the things he may need. The whole difference is that other things can be either hired or purchased, whereas money, which is the price of things, can be hired but not purchased. [1]

It is, to be sure, a worthy deed to lend one's money to someone else without interest, but clearly it can only be a counsel of religion and not a civil law.

For commerce to work well, money must have a price, but that price must be moderate. If it is too high, the dealer, who sees that it would cost him more in interest than he could gain in his trading, undertakes nothing ; if money has no price, no one lends any, and again the dealer undertakes nothing.

I am wrong to say that no one lends any. The business of society must in any case go forward ; usury comes into play, but with the disorders that people have experienced in all times.

Mohammed's law conflates usury with lending at interest. In Mohammedan countries, usury increases in proportion to the severity of the prohibition ; the lender indemnifies himself for the risk of the infraction.

In eastern countries, most men have nothing secured ; there is almost no relation between the present possession of a sum and the expectation of getting it back once it has been loaned : usury thus increases in proportion to the risk of insolvency.

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[1] We are not speaking of cases where gold and silver are considered as merchandise.