QUESTION 78

Usury, or Interest on Money Lent

Next we have to consider the sin of usury (*usura*), i.e., the sin of charging interest or a user's fee, which is perpetrated in connection with loans (*quod committitur in mutuis*). And on this topic there are four questions: (1) Is it a sin to receive money as the price for money lent, i.e., to receive interest or a user's fee for money lent? (2) Is one permitted to receive anything of usefulness for money lent, in compensation for the loan? (3) Is one obligated to make restitution of the just profits he has made from money gained through interest? (4) Is one permitted to receive money through a loan that is subject to usury, i.e., subject to interest or a user's fee?

Article 1

Is it a sin to receive usury, i.e., interest or a user's fee, for money lent?

It seems that it is not a sin to receive usury, i.e., interest or a user's fee, for money lent (*videtur quod accipere usuram pro pecunia mutuata non sit peccatum*):

Objection 1: No one sins by following Christ's example. But in Luke 19:23 our Lord says of Himself, "... that at my coming I might have exacted it—viz., the money lent—with interest." Therefore, it is not a sin to accept interest for loaning money.

Objection 2: As Psalm 18:8 says, "The law of the Lord is unspotted"—since, namely, it forbids sin. But some sort of usury is permitted in divine law—this according to Deuteronomy 23:19-20 ("You shall not lend your brother money or corn or any other thing at interest (*non faenerabis*), but [only] the alien"). And, what's more, usury is likewise promised as a reward for keeping the law—this according to Deuteronomy 28:12 ("You shall lend at interest to many nations (*faenerabis gentis multis*) and shall not borrow from anyone at interest"). Therefore, it is not a sin to receive usury.

Objection 3: In human affairs justice is determined by civil laws. But those laws permit one to receive user's fees. Therefore, it seems that this is not illicit.

Objection 4: Omitting the counsels does not bind one to a sin. But in Luke 6:35 one counsel posited among others is, "Grant a loan, hoping for nothing in return." Therefore, receiving interest is not a sin.

Objection 5: It does not seem to be a sin in its own right (*secundum se*) to receive a fee (*pretium*) for something that one is not obligated to do. But one is not in every instance obligated to make a loan to his neighbor. Therefore, one is sometimes permitted to receive a fee for a loan.

Objection 6: Silver money does not differ in species from silver formed into vessels. But it is licit to accept a fee for lending silver vessels. Therefore, it is likewise licit to accept a fee for lending silver money. Hence, usury is not a sin in its own right (*non est secundum se peccatum*).

Objection 7: Anyone can licitly receive an item that the owner of that item voluntarily hands over to him. But one who accepts a loan hands over the interest voluntarily. Therefore, one who makes a loan can licitly receive the interest.

But contrary to this: Exodus 22:25 says, "If you lend money to one of my poor people who dwells with you, you shall not press him like an extortioner or oppress him with interest."

I respond: To receive interest or a user's fee (*usura*) for money lent is, taken in its own right (*secundum se*) unjust, since what is being sold does not exist, and thereby an inequality or imbalance that is contrary to justice is manifestly created.

To make this evident, notice that certain items are such that the *use* of them is the *consumption* of the items themselves, in the way that we consume wine by making use of it for drink, and in the way that we consume wheat by making using of it for food. Hence, in such cases *the use* of the item should not be counted as something separate from *the item itself*. Instead, *the use* of the item is granted to someone by

the very fact that *the item itself* is granted to him. For this reason, in such cases ownership (*dominium*) is transferred by a loan. Therefore, if someone wanted to sell *the wine* separately and then to sell *the use of the wine* separately, he would be selling the same item twice or, alternatively, he would be selling something that does not exist. Hence, he would obviously be committing a sin of injustice. And, for a similar reason, one commits an injustice if he lends wine or wheat to someone while asking for twofold compensation, the first being *the restitution of an equal item* and the other being *a user's fee* (*pretium usus*), which is called usury or interest (*usura*).

By contrast, there are some items such that the *use* of them is *not* the very *consumption* of the item itself, in the way that the use of a house is to inhabit it and not to use it up (*non autem dissipatio*). And so in such cases the two things can be granted separately—as, for instance, when someone grants to another the ownership of a house, but reserves the use of the house to himself for some period of time, or conversely, when someone grants the use of a house while reserving to himself the ownership of the house. For this reason, a man can licitly receive a fee for the use of the house and, beyond this, ask for the leased house back, as is clear in the case of the letting and renting of a house.

Now according to the Philosopher in *Ethics* 5 and *Politics* 1, money was invented mainly for conducting exchanges, and so the proper and principal use of money is the consuming or exchanging of it, in the sense that it is spent in exchanges. And for this reason, it is illicit in its own right to receive a fee, called 'interest' or 'usury'(*usura*), for money lent. And just as a man is obligated to make restitution for other unjustly acquired things, so he is obligated to make restitution for the money that he receives through usury.

Reply to objection 1: 'Interest' is being taken metaphorically in this passage for the excess growth of spiritual goods that God demands, since He wills that we always be making progress in the gifts that we receive from Him. This is to our advantage, and not to His.

Reply to objection 2: The Jews were forbidden to receive interest from their brothers, viz., Jews, and from this one understands that it is bad, absolutely speaking, to receive interest from anyone; for we ought to treat every man as a neighbor and a brother—especially under the dispensation of the Gospel, to which all are called. Hence, Psalm 14:5 says without qualification (*absolute*), "... he who has not given his money for interest (*qui pecuniam suam non dedit ad usuram*)," and Ezechiel 18:17 says, "... who has not received interest (*qui usuram non acceperit*).

Now the fact that they might receive interest from strangers was not conceded to them as something licit, but was instead permitted in order to avoid a greater evil, viz., in order that they not receive interest, out of the avarice to which (as Isaiah 56:11 points out) they were given, from Jews who worshiped God.

Now in what is promised as a reward ("You shall lend with interest to many nations (*faenerabis gentis multis*)"), *faenus* is being used broadly for any loan—just as Ecclesiasticus 29:10 says, "Many have refused to lend, not out of wickedness (*multi non causa nequitiae non faenerati sunt*), i.e., they did not make loans. Therefore, what is promised to the Jews as a reward is an abundance of riches, in light of which it will happen that they are in a position to lend to others.

Reply to objection 3: Human laws leave some sins unpunished because of the condition of imperfect men, among whom many benefits would be impeded if all sins were strictly forbidden with penalties applied. And so human law makes a concession with respect to usury, not in the sense that it thinks it to be in accord with justice, but in order that advantages to the many might not be impeded.

Hence, in the civil law itself it is said that "items that are consumed by their use should not by either natural reason or civil reason admit of separate fruits of their use" (*neque ratione naturali neque civili recipiunt usumfructum*)," and that "the Senate did not establish separate fruits of use for these things, nor indeed could it have (*senatus non fecit earum rerum usumfructum, nec enim poterat*), though it did set up something like separate fruits of use," viz., by allowing usury.

Moreover, in *Politics* 1 the Philosopher, led by natural reason, said, "The usurious acquisition of money is especially out of line with nature."

Reply to objection 4: A man is not always obligated to make a loan, and so, in this regard, lending is posited among the *counsels*. However, it falls under the character of a *precept* that a man not seek to profit from a loan. Still, this could be called a *counsel* in comparison to the dictates of the Pharisees, who thought that some instances of usury were licit—just as love of one's enemies could likewise be a counsel.

An alternative reply is that in the passage in question our Lord is talking about a hope that is posited in a man and not about the hope for usurious profit. For we ought to make a loan—or do any other good deed—because of our hope in God and not because of our hope in a man.

Reply to objection 5: One who is not obligated to make a loan can receive compensation for what he does, but he should not demand any more than that. Now he is compensated in accord with the balance of justice if what is rendered to him is as much as he lent. Hence, if he demands more for the separate fruits of the use of an item which does not have any use other than the substance's being consumed (*si amplius exigat pro usufructu rei quae alium usum non habet nisi consumptionem substantiae*), he is demanding a fee for what does not exist. And so the demand is unjust.

Reply to objection 6: The principal use of silver vessels is not their very consumption, and so one can licitly sell their use while maintaining ownership of them. By contrast, the principal use of silver money is the dispersal of the money in exchanges. Hence, it is not licit for someone to sell the use of silver money in addition to wanting repayment of what he gave in the loan.

However, notice that there could be a secondary use of silver vessels for exchanges, and it would not be licit to sell such use of them. By the same token, there could be another and secondary use of silver money—as, for instance, if someone turned over stamped coins for showing or for making a security deposit. And a man can licitly sell such a use of silver money.

Reply to objection 7: Someone who pays interest does not pay it voluntarily in the absolute sense; instead, he pays it out of necessity, insofar as he needs a loan to receive money whose possessor does not want to lend it without a user's fee.

Article 2

Can one request some other commodity for money lent?

It seems that one can request some other commodity for money lent:

Objection 1: Each individual can licitly look after his own indemnification. But sometimes one suffers a loss because he lends money. Therefore, it is licit for him to request, or even to demand, something else, in addition to the money lent, to cover his loss (*pro damno*).

Objection 2: As *Ethics* 6 points out, each individual is obligated by a sort of 'debt of honesty'(*ex quodam debito honestatis*) to repay someone who does him a favor. But an individual who lends money to someone in need does him a favor, and thanks is owed to him. Therefore, the one who receives the money is obligated by a natural debt to make some compensation. But it does not seem illicit for him to obligate himself to something which he is obligated to by the natural right. Therefore, it does not seem illicit if someone, in lending money to another, takes some compensation in light of this obligation.

Objection 3: As a Gloss on Isaiah 33:15 ("Blessed is he who empties his hand of every remuneration (*ab omni munere*)") says, just as there are "certain remunerations via the *hand*, so there are remunerations via the *tongue* and remunerations via *service*." But it is licit to accept service, or praise as well, from an individual to whom one has lent money. Therefore, by parity of reasoning, it is licit to accept any other gift whatsoever.

Objection 4: The relation of what is given to what is given is the same as the relation of what is borrowed to what is borrowed. But it is licit to receive money for some other money that has been given.

Therefore, it is licit to receive compensation of another loan for money that has been borrowed.

Objection 5: Someone who makes a loan and transfers ownership of his money places his money at a greater distance from himself than someone who commits his money to a merchant or a craftsman. But it is licit to receive a profit from money that is committed to a merchant or a craftsman. Therefore, it is likewise licit to receive a profit from money that is lent.

Objection 6: For money that is lent a man can accept a security deposit (*pignus*), the use of which could be sold for some price, as when a field or a house that is inhabited is accepted as a security deposit. Therefore, it is licit to realize some gain from lent money.

Objection 7: It sometimes happens because of a loan that one sells his items for a higher price, or that he buys something that belongs to another for a lower price, or, again, that the price increases because of a delay, or that the price decreases because things speed up—and in all these cases there seems to be, as it were, some compensation made for the loan. Therefore, it seems licit to expect, or even to demand, some commodity for money lent.

But contrary to this: Ezechiel 18:17 lists, among other things that are required for being a just man, "He has not received interest and excessive abundance (*usuram et superabundantiam non acceperit*)."

I respond: According to the Philosopher in *Ethics* 6, what is treated as money is anything "whose value can be measured by money." And so in the same way that, as has been explained (a. 1), if someone, by an implicit or explicit agreement, receives money for money lent (or for any other thing that is consumed by being used), then he sins against justice, so, too, if someone, by an implicit or explicit agreement, receives any other sort of thing whose value can be measured by money, then he commits a similar sin.

However, if he receives something of the sort in question as a gratuitous gift without, as it were, demanding it and in the absence of any sort of implicit or explicit obligation, then he does not sin, because (a) even before he had lent the money, he could have licitly accepted a gift free of charge, and because (b) he has not been put in a worse position by the fact that he has made the loan.

By contrast, it is licit to demand as compensation for a loan things that are not measured by money, e.g., good will toward and love for the one who has made the loan, and other things of this sort.

Reply to objection 1: Someone who makes a loan can without sin enter into an agreement with the individual who receives the loan as regards compensation for a loss by which something that the lender ought to have is taken away. For this is to avoid a loss and not to sell the use of the money. What's more, it is possible that the individual who receives the loan avoids a greater loss than the one making the loan incurs, and so it is to the advantage of the one who receives the loan to compensate for the other's loss.

However, one cannot enter into an agreement as regards compensation for a loss that consists in his not profiting from the money lent, since he ought not to sell what he does not yet have and what he can be prevented from having in many ways.

Reply to objection 2: There are two possible ways in which compensation can be made for a favor.

In one way, *out of a debt of justice*, to which an individual is obligated by a fixed agreement. And this sort of debt takes into account the magnitude of the favor that one has received. And so an individual who receives a loan of money (or of any similar item the use of which is its consumption) is not obligated to pay back more than he received in the loan. Hence, it is contrary to justice if he is obliged to pay back more.

In the second way, an individual is obligated to make compensation for the favor *out of a debt of friendship*, in which the affection (*affectus*) with which someone bestowed the favor counts for more than even the magnitude of what he has done. And this sort of debt does not involve a civil obligation, which induces a certain necessity, so that the compensation is not spontaneous.

Reply to objection 3: If, because of money lent, someone were to expect or demand, as if through

an obligation imposed by an implicit or explicit agreement, compensation in the form of a remuneration via service or via the tongue, this is altogether the same as expecting or demanding a remuneration via the hand, since both of them can be evaluated in terms of money, as is clear in the case of those who hire out works that they perform with their hands or with their tongue.

By contrast, if someone renders a remuneration via service or via the tongue out of benevolence, which does not fall under an evaluation in terms of money, and not out of a real obligation (*non quasi ex obligatione rei exhibeat*), then it is licit to receive it, as well as to demand it and expect it.

Reply to objection 4: Money cannot be sold for more money than the amount of the borrowed money that has to be repaid. Nor is there anything to be demanded or expected here except the sentiment of benevolence (*benevolentiae affectus*), which does not fall under an evaluation in terms of money and from which a voluntary borrowing can proceed.

However, an obligation to make a loan in the future is incompatible with this, since such a loan would be able to be evaluated in terms of money. And so it is licit for someone who is borrowing one thing to borrow something else at the same time, but it is not licit to obligate him to make a loan in the future.

Reply to objection 5: One who lends money transfers ownership of the money to the individual to whom he makes the loan. Hence, the individual to whom the money is lent holds it at his own risk and is obligated to repay it in full. This is why the one who has made the loan should not demand any more money than this.

By contrast, one who commits his money to either a merchant or a craftsman by way of a partnership does not transfer ownership of his money to the latter; instead, the money remains his, so that it is with his money—and at his risk—that the merchant carries on business or the tradesman works. And so he licitly seeks part of the profit that results therefrom as his own.

Reply to objection 6: If someone, in return for money lent to him, pledges some item whose use can be assigned a price, then the one who made the loan should count the use of that thing as a payment for what he lent. Otherwise, if he wants the use of that item to be granted to him for free, this is the same as accepting money for the loan, which is usurious—unless, perhaps, it is an item such that its use is normally granted among friends without a fee, as is clear in the case of a book that is loaned.

Reply to objection 7: If someone wants to put his items up for sale at a higher price than is just, so that he might wait for the buyer to pay the money, then the sin of usury is obviously being committed. For this waiting period for the price to be paid has the character of a loan. Hence, whatever is being exacted over and above a just price is, as it were, the price of the loan—and this pertains to the character of usury.

Similarly, if a buyer wants to buy an item for a price lower than the just price, because he is willing to pay his money before the item can be delivered to him, this is a sin of usury. For this sort of anticipatory payment of the money has the character of a loan, the price of which is a reduction in the just price of the item being bought. On the other hand, if some [seller] is willing to lower the price from a just price [simply] in order to have his money sooner, then [the buyer] does not sin by a sin of usury.

Article 3

Is one obligated to return whatever profit he has made from money obtained by charging interest?

It seems that one is obligated to return whatever profit he has made from money obtained by charging interest (*quidquid aliquis de pecunia usuraria lucratus fuerit reddere teneatur*):

Objection 1: In Romans 11:16 the Apostle says, “If the root is holy, so are the branches.”

Therefore, by the same line of reasoning, if the root is infected, so are the branches. But the root was usurious. Therefore, whatever is acquired from it is usurious. Therefore, one is obligated to return it.

Objection 2: As it says in *Extra de usuris*, decretal *Cum tu sicut asseris*, "Possessions accruing from usury must be sold, and the price for them must be repaid to those from whom they were wrested." Therefore, by the same line of reasoning, anything else that is acquired from usurious money must be repaid.

Objection 3: What an individual buys with usurious money is owed to him by reason of the money that he handed over. Therefore, he has no more right to the thing he has acquired than he has to the money that he handed over. But he was obligated to repay the usurious money. Therefore, he is likewise obligated to repay what he acquired with it.

But contrary to this: Anyone is able to hold licitly what he has legitimately acquired. But what is acquired by means of usurious money is sometimes legitimately acquired. Therefore, it can be licitly held on to.

I respond: As was explained above (a. 1), there are certain items whose use is the consumption of the items themselves and which do not have separate fruits of their use (*non habent usumfructum*), according to the laws. And so if such items—e.g., money, wheat, wine, etc.—are extorted by a man's being charged a user's fee (*si talia ferint per usuram extorta*), he is obligated to pay back only what he has received, since what is acquired from such an item is not a fruit of the item itself, but is instead a fruit of human diligence—unless, perhaps, the other individual suffers a loss by being deprived of the item and loses something of his own goods, since in that case one is obligated to compensate him for his loss.

By contrast, there are certain items whose use is not their consumption, and such items do have separate fruits of their use (*talia habent usumfructum*), e.g., a house or a field, etc. And so if someone had extorted another's house or field through usury, then he would be obligated to repay not only the house or the field, but also the fruits that had been received from them, since they are fruits of items that someone else owns, and so the fruits are owed to him.

Reply to objection 1: A root not only has the character of *matter*, e.g., usurious money, but also has the character of an *active cause*, insofar as it directs the nourishment. And so there is no parallel.

Reply to objection 2: Possessions accruing from user's fees belong not to the ones whose user's fees they were, but rather to those who bought the things. However, those possessions are still tied to those from whom the user's fees were received, just like the usurer's other goods are (*sicut et alia bona usurarii*).

And so it is not commanded that the possessions in question to assigned to those from whom the user's fees were received, since it might be that the possessions are worth more than the user's fees that they paid. Instead, it is commanded that the possessions be sold and that their value be restored in accord with the magnitude of the user's fees that have been received.

Reply to objection 3: What is acquired through usurious money is owed, to be sure, to the one who acquired it, and this because of the usurious money paid to him as an instrumental cause, but also because of his own diligence as a principal cause. And so he has more of a right to the item acquired with the usurious money than he does to the usurious money itself.

Article 4

Is it licit to accept money by a loan made subject to a user's fee?

It seems that it is not licit to accept money by a loan subject to a user's fee (*non liceat pecuniam accipere mutuo sub usura*):

Objection 1: In Romans 1:32 the Apostle says, "It is not only those who commit the sins

that are worthy of death, but also those who consent to those who commit the sins." But whoever accepts money by a loan subject to a user's fee consents to the usurer in his sin and presents him with an occasion for sinning. Therefore, he himself likewise sins.

Objection 2: One individual should not, for any temporal advantage, present another individual with any sort of occasion for sinning. For this has the character of active scandal, which, as was explained above (q. 43, a. 2), is always a sin. But one who asks for a loan from a usurer is expressly presenting him with an occasion for sinning. Therefore, there is no temporal advantage in light of which he is excused.

Objection 3: There is sometimes no less need to deposit money with a usurer than to receive money from him. But to deposit money with a usurer seems to be altogether illicit, just as it is illicit to deposit a sword with a furious man, or to commit a virgin to a lustful man, or to deposit food with a gluttonous man. Therefore, neither is it licit to receive a loan from a usurer.

But contrary to this: According to the Philosopher in *Ethics* 5, an individual who suffers an injury does not sin, and this is why, as he explains in the same place, justice is not a mean between two vices. But the usurer sins insofar as he does an injustice to the one who receives a loan subject to a user's fee. Therefore, one who accepts a loan subject to a user's fee does not sin.

I respond: It is in no way licit to induce a man to sin, but it is licit to use the sin of another for the good; for God likewise makes use of all sins for something good, since, as [Augustine] explains in *Enchiridion*, from every evil He draws forth some good. And so in response to Publicola's question whether it is licit to make use of the oath of someone who swears by false gods, in which he manifestly sins by giving them divine reverence, Augustine says, "An individual who *uses*, not for evil but for the good, the faith of someone who swears by false gods does not associate himself with the sin by which the man swore by demons, but instead associates himself with his good intention, by which he serves the Faith." However, if he were to *induce* the man to swear by false gods, then he would sin.

So, too, in the case under discussion, one should reply that it is in no way licit to induce someone, for the sake of some good, to make a loan subject to a user's fee, but it is licit to accept a loan from someone who is prepared to make the loan and who charges a user's fee, and this for the sake of some good, i.e., taking care of one's own need or that of another, in the same way that it is licit for someone who is waylaid by robbers to display the goods which he has and which the robbers sin by stealing, in order that he not be killed—using as an example the ten men who, as reported in Jeremiah 41:8, said to Ismahel, "Do not kill us, for we have storehouses in the field."

Reply to objection 1: One who accepts money by a loan subject to a user's fee does not *consent to* the usurer's sin but instead *uses* that sin. And it is receiving the loan, which is good, that pleases him, and not the collection of the user's fee.

Reply to objection 2: One who receives money by a loan subject to a user's fee gives the usurer an occasion for making a loan and not an occasion for receiving a user's fee, whereas the usurer himself takes the occasion to sin out of the malice of his own heart. Hence, there is passive scandal on his part but not active scandal on the part of the one who asks for the loan. However, it is not the case that because of passive scandal of this sort another individual should desist from asking for a loan if he needs one, since passive scandal of this sort proceeds not from weakness or ignorance, but from malice.

Reply to objection 3: If someone committed his money to a usurer who did not have other money on which he might charge user's fees, or if he committed his money with the intention of making more profit through the usury, then he would be providing matter to a sinner. Hence, he himself would be a participant in the sin.

However, if, in order to preserve his money more securely, someone commits it to a usurer who has other money with which to make usurious loans, then he does not sin but instead uses a sinning man for the good.