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Usury and Interest

Forgotten Contributions to the Thomistic Tradition

Matthew J. Advent
PhD Candidate in Philosophy,
The Catholic University of America

There has been a recent increase in Catholic authors concerned about usury. However, these authors generally misunderstand later Thomistic teaching on this subject. This article uses the writings of Saint Alphonsus Liguori, Cardinal Juan de Lugo, and Cardinal Jozef-Ernest van Roey to explain how later Thomists approach extrinsic titles (particularly *lucrum cessans*) and explain how this tradition was able to develop Aquinas's usury theory in a way that allowed a universal right to charge interest on a loan given the proper intention. Finally, it deals with several recent objections to this and finds them lacking.[1]

Introduction

In recent years there has been an uptick among Catholic intellectuals seriously concerned about usury. Indeed, in the last several years a number of works on the subject have appeared in prominent Catholic intellectual journals and in books published by Catholic presses.[2] Whatever the merits of these works, they all primarily focus directly on Aquinas and engage with the tradition of usury analysis in later Thomists only indirectly, if at all.[3] This leads to persistent misunderstandings of later Scholastic teaching on usury and can lead to the impression that at some point Thomists, and Catholics more generally, simply forgot Aquinas's understanding of usury as a sin.[4] This, however, could not be further from the truth.

When we look at later Thomistic discussions of lending, we see thoughtful debates about how Thomas's teaching applies in different circumstances. These

authors, to a man, all accept Aquinas's arguments against usury and use it in their attempts to understand what forms of credit and charges for a loan are consistent with natural law. What they disagree with Aquinas about are the details concerning whether particular charges by a lender constitute usury or should be judged to be legitimate interest.[5] Since these charges and their application appear to be widely misunderstood in current discussions, my task in this article is to give a doctrinal account of later Thomistic teaching on when a lender may ask a borrower to pay him interest, particularly the case of *lucrum cessans*.[6] I will do this in four sections: First, I briefly outline Aquinas's argument against usury and give a short discussion of his position on extrinsic titles. Second, I proceed on and explain the attitude toward *lucrum cessans* in later authors, focusing on Cardinal Juan de Lugo, St. Alphonsus Liguori, and Cardinal Jozef-Ernest van Roey.[7] Third, I outline Cardinal Roey's argument that modern capitalism gives everyone with the requisite intention to profit justly the opportunity to claim *lucrum cessans*. Finally, I consider several objections to positions like Roey's and find these objections wanting.[8]

Aquinas and the Thomists

Aquinas gives his most famous argument against usury in the *Summa theologiae*, where he articulates the view that because money is consumed in its use, one cannot charge both for the money itself and for the use of money as well. Or to quote St. Thomas,

> To take usury for money lent is unjust in itself, because this is to sell what does not exist, and this evidently leads to inequality which is contrary to justice. In order to make this evident, we must observe that there are certain things the use of which consists in their consumption: thus we consume wine when we use it for drink and we consume wheat when we use it for food. Wherefore in such like things the use of the thing must not be reckoned apart from the thing itself, and whoever is granted the use of the thing, is granted the thing itself and for this reason, to lend things of this kind is to transfer the ownership. Accordingly if a man wanted to sell wine separately from the use of the wine, he would be selling the same thing twice, or he would be selling what does not exist, wherefore he would evidently commit a sin of injustice. In like manner he commits an injustice who lends wine or wheat, and asks for double payment, viz. one, the return of the thing in equal measure, the other, the price of the use, which is called *usury*.[9]

Thus, Aquinas thinks it is unjust to charge more than a loan's face value because this violates the equality required for justice, that is, that things exchanged should

be of equal value. I do not wish to belabor this argument, but it is significant because it is the first attempt in the Paris theological tradition to offer a natural law argument against usury.[10] Before this, many authors only gave circular arguments that relied on the definition of a *mutuum* as derived from Roman law or invoked the alleged etymology of the word *mutuum* and its relationship to the words *meum* and *tuum*.[11]

It is, however, important in understanding Aquinas's innovation to realize his reliance on a principle derived from *Nicomachean Ethics* V.5, namely that justice in exchange requires that there be equality in the things exchanged.[12] Hence, for Thomas, the injustice of usury has its foundation in the fact that when one charges for a loan the value of what is given and what is received are made unequal.[13] This Aristotelian doctrine opens the possibility of charging more than the face value of a loan if it burdens the lender in a special way. These charges are known as extrinsic titles because they are extrinsic to the nature of the *mutuum* and therefore are not considered usurious, since "one does not commit usury unless something is given or received as a price of a loan or as something owed from justice."[14] Of the extrinsic titles, there are two that are particularly important here.[15] The first, *damnum emergens* allows the lender to be compensated for damages arising from the loan.[16] For example, if the borrower fails to repay the loan on time and the lender is unable to meet his own financial obligations. The second of these titles, *lucrum cessans*, is a special application of *damnum emergens* and allows the lender to charge for income he gives up because he has lent his money instead of doing business with it, since this can be considered a loss. Indeed, it is titles like this that form the basis for what in Roman Law was known as *interesse*, from which the English word *interest* derives.[17]

Turning to how these titles develop among Thomists, the first thing to note is that St. Thomas himself does not seem entirely consistent in his application of them.[18] For example, when discussing in *De malo* the kind of compensation due to a lender because of damages resulting from a loan, Aquinas remarks,

> A lender by reason of money lent can in two ways incur the loss of something already possessed. The lender incurs loss in one way because the borrower does not return the money lent at the specified date, and then the borrower is obliged to pay compensation. The lender incurs loss in a second way when the borrower returns the money lent within the specified time, and then the borrower is not obliged to pay compensation, since the lender ought to have taken precautions against loss to self, and the borrower ought not incur loss regarding the lender's stupidity. And it is similar regarding buying, for the buyer of something justly pays for it as much as it is worth and not as much as the seller is hurt by its privation.[19]

At least here then, the lender is only due compensation when he suffers loss because the borrower failed to repay the loan on time.[20] However, there can be no compensation for losses incurred during the loan term, because the lender should foresee them and take steps to prevent these damages. As Aquinas points out here, this is similar to ordinary market exchanges where the buyer is only required to pay the going market rate for a good—to preserve the equality necessary for a just exchange—and it is the responsibility of the seller to ensure that the sale will not cause him disproportionate harm.

To clarify just how strong Thomas's position on charging for a loan is in this text though, consider the following example: Imagine I need a surgery and my condition is deteriorating over time such that it will be dramatically more expensive if I wait a year.[21] At the same time, you have a condition that will kill you if surgery is not performed within six months, but you will not be able to afford it for another year. According to Aquinas's criteria above, if I lend you the money for your procedure on the condition that next year you will pay it back plus the additional cost now needed for mine, I have acted unjustly. Indeed, if we take Aquinas at his word, it would be foolish for me to do this because I "ought to have taken precautions against loss to self."

This, however, is not the only place Aquinas addresses this topic, and in the *Summa theologiae* he seems to be more permissive about charging for *damnum emergens*.[22] Here he says,

> A lender may without sin enter an agreement with the borrower for compensation for the loss he incurs of something he ought to have, for this is not to sell the use of money but to avoid a loss. It may also happen that the borrower avoids a greater loss than the lender incurs, wherefore the borrower may repay the lender with what he has gained.[23]

Thus, although this passage is ambiguous, it seems here as if Aquinas may be willing to countenance the possibility of charging a borrower for an expected loss where the borrower may be protected from a greater loss by reimbursing the lender.[24] Regardless of the correct interpretation, this passage is important because it makes a connection between Thomas's conception of just prices and his treatment of usury that will be significant for the later tradition.[25]

This connection becomes plain when we examine Aquinas's treatment of the just price in cases where the object sold holds special value to the seller. While normally an item's just price is its fair market value, if something holds a spe-cial value to the seller, he deserves to be indemnified for the loss that selling the object causes so that commutative justice is preserved.[26] Thomas therefore concludes that,

> we may speak of buying and selling, considered as accidentally tending to the advantage of one party, and to the disadvantage of the other: for instance, when a man has great need of a certain thing, while another man will suffer if he be without it. In such a case the just price will depend not only on the thing sold, but on the loss which the sale brings on the seller. And thus it will be lawful to sell a thing for more than it is worth in itself, though the price paid be not more than it is worth to the owner.[27]

The application of this principle to cases of *damnum emergens* should be clear. For example, in the medical case above, the lender places a special value on the money he needs for surgery and thus it seems reasonable that he exchange it for as much as this surgery will cost one year from now.[28] This would not be usury despite involving a charge greater than the loan's face value because this charge is extrinsic to the nature of the *mutuum*. Instead, because of a special circumstance, the lender is simply compensated for the damage caused by lending, just as in the case of the seller harmed by having to part with an especially important good.

Moving on to Aquinas' treatment of *lucrum cessans*, we once again find discussions that seem to be in tension. When Thomas directly treats the matter in the *Summa theologiae*, he gives a straightforward rejection. To quote him, "the lender cannot enter an agreement for compensation, through the fact that he makes no profit out of his money: because he must not sell that which he has not yet and may be prevented in many ways from having."[29] Thus, Thomas clearly rejects the idea of compensation for foregone profit. Earlier in the *Summa* though, in the context of dealing with someone who steals seeds sown in a field or fails to pay back his creditors on time, Aquinas says,

> Now a man suffers a loss in two ways. First, by being deprived of what he actually has; and a loss of this kind is always to be made good by repayment in equivalent: for instance if a man damnifies another by destroying his house he is bound to pay him the value of the house. Second, a man may damnify another by preventing him from obtaining what he was on the way to obtain. A loss of this kind need not be made good in equivalent; because to have a thing virtually is less than to have it actually, and to be on the way to obtain a thing is to have it merely virtually or potentially, and so were he to be indemnified by receiving the thing actually, he would be paid, not the exact value taken from him, but more, and this is not necessary for salvation, as stated above. However he is bound to make some compensation, according to the condition of persons and things.[30]

In this text then, Aquinas is willing to grant that deprivation of a future good is of *some* value and therefore justice requires that it be compensated. As will be

shown below, this seems to grant the principles necessary for *lucrum cessans* which later Thomists are then able to develop into a fuller doctrine.[31]

Returning our attention to the Thomistic principle that the seller should be indemnified for his loss, it is straightforward to see how the principles needed to develop a more permissive attitude toward *lucrum cessans* are available in St. Thomas for later thinkers. Consider the case of a medieval merchant holding wheat in the fall to sell in the spring, when its value will have risen.[32] Since it is expected to fetch a higher price when it is sold, its value to the merchant will be higher than the lower Fall price of wheat.[33] If someone induces him to sell it early, it seems likely that Thomas would allow him to charge a higher price than the going rate of wheat, because "the price paid be not more than it is worth to the owner,"[34] even if—like in the case of profit foregone in a loan—this additional profit from the wheat is something "which he has not yet and may be prevented in many ways from having."[35]

Lucrum Cessans among Later Thomists

With this, it is possible to move on to how the later Thomistic tradition conceptualizes when a lender may claim *lucrum cessans*.[36] Cardinal Juan de Lugo, whom Alphonsus Liguori says was the greatest theologian after St. Thomas,[37] gives three conditions in his treatment of the issue:

> The first condition is that the loan be the true cause of foregone profit; that is, that profit is foregone by you because you give in lending and will not cease for other reasons. The second condition commonly and properly required is that nothing be demanded beyond the principle of the loan except as much as the profit forgone is able to be valued. The third condition principally required for the justice of *lucrum cessans* is that the money given as reimbursement not be given immediately by the borrower but later.[38]

This first condition—that loaning money is the true cause of foregone profit—is satisfied whenever someone misses some licit way of making money in order to make a loan. The second, that in the name of *lucrum cessans* nothing beyond the profit that could be reasonably foreseen is asked, is implied by the Aristotelian doctrine that justice requires equality in exchange, since the borrower only needs to reimburse his creditor for the loss suffered from the loan.[39] And the third is that *lucrum cessans* must not be paid at the beginning of the loan, because if I lend you $1,000 at the same time as you give me $100, I have really only lent you $900 while charging you $1,000.[40]

However, there is significant difficulty within the tradition about how exactly to apply this title in practice, with a particularly vexing issue being the kind of intention needed to claim that one has missed out on profit because of lending. As both St. Alphonsus and Cardinal Roey point out, the mere possibility of making a profit is not enough to secure a claim to *lucrum cessans*.[41] Someone who, for example, has decided that they will lock their money away or lend it out for a price is unequivocally guilty of usury, even if there were real opportunities for profitable investment available.[42] However, this does not mean that an absolute intention to do business with the money is required. Rather, the person only needs to have a sort of virtual intention to profit justly, or as Cardinal Roey explains,

> Now when I, at any rate, hand over money, I want to make a profit from my money: however, I'm able, if I want, to make a profit from many productive contracts—indeed, there are inconveniences in these contracts (consider the effort, the uncertainty of profit, the dangers of loss) which, although they are to be feared, I may, nevertheless, want to undertake if they might be brought to a justly acquired profit; but at the same time, an opportunity for lending money is available to me. Although these two possibilities are available to me, I simply prefer to offer the money by a loan with the title "*lucrum cessans*."[43]

Thus, only a virtual intention to profit justly is needed, such that, if someone was not loaning out his money he would be investing it in a licit business that gave a return.[44]

A few examples will clarify this: First, consider someone who has definitively set aside money to invest without deciding on a particular venture. This person qualifies to charge *lucrum cessans* at what the community determines as the morally certain rate of profit, since we would expect him to receive this if he did not lend.

Second, imagine the case of someone who is only considering whether he should invest but instead lends his money. It cannot be said that lending deprives him of profit he is morally certain of having, but nevertheless he is justified in seeking an extrinsic title for two reasons: One, the probability that he will invest—not the simple potential to invest available to all—is estimable by a just price and therefore deserves compensation.[45] Two, the simple faculty of being able to decide to invest is also worth something and similarly deserves compensation if it is given up.[46] While this may seem counter-intuitive, St. Alphonsus argues that depriving someone of the ability to carry out an investment should be reimbursed, "as if someone was in a difficulty about whether they were able

or wanted to fish tomorrow. They would properly be able to require some kind of payment if they obligated themselves not to fish for your benefit."[47]

The third case for consideration is someone who thinks, "I wish to do commerce, except for the many seeking loans."[48] This person has no plans to invest in something other than lending and may even make their living entirely from it. However, they would be doing licit business with their money if it were not consumed by lending, so it is therefore true that lending is why they are not profiting through ordinary business and thus they can claim *lucrum cessans*.[49] To the skeptic, this might seem outrageous. How can the lender claim to intend to make his money through investments other than loans if he only engages in lending? St. Alphonsus responds:

> But you say: This person commits usury, because he has an efficacious will to profit from a loan and an inefficacious will to profit from commerce. But to this it is possible to respond: Although he has an inefficacious will for commerce, nevertheless this person has an efficacious will to profit justly. And because it is already possible for him to justly profit from commerce, therefore he justly profits from the loan, since the loan is here the true and effective cause of his foregone profit from commerce.[50]

Thus, even the professional lender can claim *lucrum cessans* as long as he intends to profit justly, and it is true that he would engage in other business if not engaged in lending.

Importantly, this is the case even if the professional lender prefers lending for some reason such as convenience or talent over other legitimate occupations. As Cardinal Lugo says,

> But if someone prefers it [money made from lending] not because he values profit given by a borrower more than what is hoped for from commerce, but because this mode of profiting is more in accord with his tastes and inborn talents and he avoids some other troubles, which nevertheless he would not redeem for a price but he prefers to earn a greater profit with these troubles than to earn less without them, then I think this view might be truly affirmed. For just as an artisan, who would not wish to buy leisure from work at some price but prefers his entire profit with labor rather than less without it, is able to demand his entire profit from him who invites him to recreation, even though he truly prefers to have his entire profit without labor and with recreation than with labor.[51]

Thus, someone who prefers lending for legitimate reasons such as those outlined here can claim the full amount of profit he has foregone by becoming a lender

instead of something else.[52] This is important since it means that the lending business itself is legitimate in principle and arguably that in a modern context someone might be perfectly justified in working at a bank or similar institution.

Universal Claims to Interest

From the above, it is apparent that at least by the time St. Alphonsus—"the prince of moral theologians"—wrote in the eighteenth century, Catholic moral theology generally recognized the existence of widespread extrinsic titles, but nevertheless there was still concern that individual actors should have a concrete claim to them.[53] Thus, up to St. Alphonsus the tradition generally does not grant that everyone might have a claim to any extrinsic title, even though authors such as Lugo and Liguori are relatively generous about applying them. However, not much later we find the Vatican issuing decrees that those earning money in ways previously suspected of being usurious should not be stopped and Thomistic theologians such as Dominic Prümmer—and indeed the vast majority of the manualist tradition—asserting that usury poses "almost no practical difficulty for the confessor."[54]

How did Thomists transition between these positions in less than 200 years without fundamentally altering how they evaluated loans? This, of course, is a complicated story, but it is helpful to examine it through the lens proposed by Jozef-Ernest van Roey, later made a Cardinal and primate of Belgium from 1926–1961.[55] In his 1903 dissertation *De justo auctario ex contractu crediti*, "one of the ablest presentations of the old theory ever made,"[56] Roey extends the analysis given by earlier Thomists showing that, at least in principle, extrinsic titles are available to every person with the intention to profit justly in modern capitalist economies. Indeed, what makes Roey's work particularly interesting is that he was an arch-conservative,[57] writing against many of his contemporaries who wanted to dispose of the traditional Scholastic view that money was sterile.[58] In order to defend the Scholastic theory of usury, Roey enlists the work of important modern economists—especially Eugen von Böhm-Bawerk—who he believes are allies in defending the Scholastic understanding of money.[59]

According to Cardinal Roey, the key to understanding why it is now generally permissible for lenders to charge interest is to remember that one of Lugo's conditions to claim *lucrum cessans* is that the act of lending must be the cause of not profiting. In a world where profit opportunities are rare, it will make sense to require some evidence that a profit was possible when *lucrum cessans* is claimed.[60] This is plain when we examine discussions by Scholastic authors;

for example, Lessius is concerned whether a loan is the cause of missed profit if the opportunity in question elapses while the businessman considers lending.[61]

However, in a modern economy, this will no longer be the case. For every missed opportunity for profiting there will be many others available, or as Cardinal Roey explains,

> This [the correct notion of *lucrum cessans*] being properly seen, contributes much to explaining the present-day universal practice of profiting by credit. For, in the first place, because of the intensity of economic life, because of the great ease in circulating goods, even immobile ones, because of the marvelous communication between all the regions of the world, reasonable doubt scarcely still exists about the possibility for everyone, at home and abroad, to apply money by some way for commerce. Hence, a general probability of profiting from money is able to be presumed in such a way that it is truly presumed by the common estimation. Therefore, if at the same time an efficacious will is presupposed for profiting justly from money, by that very fact, in any loan of money, the title of *lucrum cessans* is properly presumed. Therefore, it is not at all necessary now that *lucrum cessans* be proved in a singular case, nor is it necessary that there be express stipulation about the same.[62]

Thus, it is the marvelous productivity of modern economies that explains why it is no longer necessary to justify *lucrum cessans* in particular cases.[63] These cases are so numerous that it is morally certain that they always exist and therefore they may be presumed for anyone with an intention to profit justly.[64]

From here, it is now possible to see how Thomists were able to progress from Aquinas's near total prohibition on charges for a loan to the acknowledgment of a potentially universal title to interest in a way that the members of this tradition considered generally consistent. This occurred not by rejecting Thomas's arguments against usury but rather by developing his principles and applying them to the concrete reality of the modern economy. As Cardinal Roey argues, this process did not require the rejection of doctrine but "only the progress of economic life itself."[65]

Importantly, this does not mean that for thinkers such as Roey the sin of usury—or any other sin associated with money—does not exist in modern economies. It merely means that there is a just title available *de facto* to anyone who intends to act justly in economic matters. Those who lend simply out of a disordered desire for money still sin, just as anyone pursuing money out of avarice sins, regardless of the validity of the contract involved.[66] Thus, we only

have a universal presumption in favor of *lucrum cessans* that those with evil intentions will fail to meet.[67]

Objections

I will now examine several attempts to utilize St. Thomas in arguing that usury remains a prominent problem and therefore reject the developments within the later tradition that I have outlined above.

Jeremy Bell, for example, argues that there cannot be a universal claim to *lucrum cessans*, because doing so requires that an investor have the necessary knowledge and actually intend to do so. In arguing this, Bell mentions Cardinal Roey, saying,

> In a 1903 dissertation setting forth what Noonan describes as "one of the ablest presentations of the old theory ever made," the Belgian theologian Joseph Ernest Van Roey defended "the universal claiming of *lucrum cessans*" by lenders, on the grounds that "in today's economy every holder of money *can* employ it profitably, and to forego money's use in a loan gives *every* lender a right to interest." The words I have italicized contain what Aquinas would surely regard as the fallacy in this reasoning. While every holder of money *can* employ it profitably, *not* every holder of money has the know-how to do so or actually intends to do so. Consequently, the right to claim compensation for *lucrum cessans* upon lending is certainly not "universal."[68]

As a point of simple logic, Bell is correct. The problem is that he mischaracterizes Roey. Indeed, Bell shows no evidence of having read Roey and never bothers to cite him directly. As shown above, Roey follows St. Alphonsus in explicitly repudiating the fallacy that Bell attributes to him. Instead, the relevant sense of intention is that of a virtual intention to acquire a just profit. Similarly, one does not need to be a sophisticated financier to deploy money profitably in modern economies. Almost no one stores money in chests or under their mattresses anymore, since bonds, generally available retirement plans, and other highly dependable investment platforms are well within the reach of ordinary people.[69]

This same mistake undermines Bell's attempt to argue that a professional lender is necessarily a usurer, where he argues that it "would be absurd for someone who makes loans for a living to claim that, every time he has made a loan, he was 'on the way to having' profits from some investment that he would have made but for this loan."[70] As pointed out above by Cardinal Lugo and St. Alphonsus, this is simply incorrect. Thus, if a banker would have justly intended to profit with a business loan using the same money—which Bell concedes for

the sake of argument is reducible to the triple contract—or would have used it in some other legitimate business way, then he has a title to *lucrum cessans*.[71]

A more interesting claim regarding usury is sometimes made about consumption loans like mortgages. Money charged on these loans is sometimes considered usurious because *lucrum cessans* implies a kind of opportunity cost, since if the loan itself is not why profit is foregone, then there can be no title to *lucrum cessans*. The allegation is sometimes made then that consumption loans in the modern banking system cannot fulfill this requirement because money for them is created "out of thin air."[72] Therefore, since this money would not exist without the loan, there can be no opportunity cost. For example, Brian McCall argues,

> [M]odern banking law permits banks to lend money they do not have. They merely create the money by book entry as a deposit in the account of the borrower. We might legitimately ask, what loss does such a lender incur when he lends money that would not exist but for the loan and ceases to exist once the loan is repaid? Even if the purchasing power of a dollar declines by 6% over a two-year loan period, has the lender suffered a loss if the loaned money is destroyed upon repayment? The money only exists for the extension of the loan.[73]

This claim, however, misconstrues the relevant issues since it is not the case that fractional reserve banking allows ordinary banks to create money *ex nihilo*. Instead, banks create money by loaning out deposits.[74] If the bank can legitimately use deposited money for business—something McCall does not dispute—then the bank will have a claim to *lucrum cessans*, since we can presume they would do so if they did not lend.[75]

Trying a different tack against widely available extrinsic titles, Thomas Storck claims that in an economic downturn "a lack of consumer demand makes spending on productive investment unprofitable, so it is likely that someone putting money out at *mutuum* is not truly forgoing investment profit, because no profit is to be had for the time being."[76] This argument, however, is problematic for two reasons: One, even during the worst economic depressions, it is not true that economic productivity grinds entirely to a halt. There is necessarily some amount of profit to be made and those who forgo it in order to loan deserve compensation. Two, while the average rate of profit declines in bad economic conditions, the ability of those holding cash to profit may increase since asset prices—including the prices of productive assets such as machines—generally fall during a downturn and can be bought at a relative bargain compared to their cost at the peak of an economic boom.[77] If this is true, then Storck may have the matter backwards and during an economic downturn *lucrum cessans* may be higher than times of

economic expansion. However, it is impossible to speak with any confidence about this in the abstract, "since," Roey notes, "so many and so various are the conditions of time and place that must be attended to. . . ."[78] This makes it foolish to second guess the value of foregone profit from the vantage point necessary for writing philosophical texts.[79]

Conclusion

In conclusion, later Thomists working in the tradition develop a much more sophisticated understanding of usury and interest than is often supposed. As I have shown, they do this by taking principles they find in Aquinas and applying them to different circumstances. This leads these authors to allow the possibility of broad interest titles, even to argue, as Roey does, that such titles are universally available to those with the correct intention.

In stark contrast to this, more recent authors have tried to move in the opposite direction, arguing that modern economies are vitiated by usury. However, in their haste to do so these authors have arguably misunderstood later Thomistic teaching or misapplied it. In doing so, they appear to have fallen into the same trap that Cardinal Roey concludes some earlier authors also fell into:

> For although many of the earlier theologians accepted the tradition and advocated the true principles of reason, nevertheless in practice they did not apply these with a generous or truly scientific spirit. Instead, they acted as if their sole intention was to prove that the sin of usury ought not to be abolished even though economic life had changed.[80]

Notes

1. I would like to thank Brian Killackey, Dr. Peter Lehmann, Dr. Alexander Skufca, and Dr. Clara Piano for their helpful comments on earlier drafts of this article.

2. For examples, see Thomas Storck, “Is Usury Still a Sin?” *Communio* 36 (Fall 2009); Christopher A. Franks, “The Usury Prohibition and Natural Law: A Reappraisal,” *The Thomist: A Speculative Quarterly Review* 72, no. 4 (2008): 625–60; Jeremy Bell, “Thomas Aquinas, John Noonan, and the Usury Prohibition,” *Nova et Vetera* 19, no. 2 (2021): 469–530; Michael Humpherys, “Lend Hoping for Nothing: Usury and Modern Economies,” in *Restoring Ancient Beauty: The Revival of Thomistic Theology*, ed. James F. Keating (Washington, DC: American Maritain Association, 2023); Brian McCall, *The Church and the Usurers: Unprofitable Lending for the Modern Economy* (Ave Maria, FL: Sapientia Press, 2013).

3. These writers almost always treat the later Scholastics through John T. Noonan, *The Scholastic Analysis of Usury* (Cambridge: Harvard University Press, 1957).

4. As Odd Langholm notes, the heavy focus on Aquinas frequently leads to misunderstandings of both medieval economic thought more generally and Aquinas in particular, since few take the time to understand the context he is working in. See Odd Langholm, *Economics in the Medieval Schools: Wealth, Exchange, Value, Money and Usury According to the Paris Theological Tradition, 1200–1350* (Leiden, NL: Brill, 1992), 12–13.

5. By stipulation, “usury” in this article refers to an illegitimate charge on a loan. “Interest” here means a legitimate charge on a loan through an extrinsic title. This is in accord with the etymologies of these two terms, as I explain below, and seems to be in accordance with the broader tradition among Catholic English speakers. For example, Bishop George Hay writing in 1774 argues, “Usury is a gain extorted precisely for the use of the loan, by way of reward for granting it, when there is neither loss nor hazard to the lender. Interest is a just and equitable compensation for loss sustained, or danger incurred, by the loan.” See *Letters on Usury, and Interest; Shewing the Advantage of Loans for the Support of Trade & Commerce* (London: J. P. Coghlan, 1774), 90–91. See also George Hay, *The Devout Christian*, vol. 2, in *Works of the Right Rev. Bishop Hay*, ed. John Strain, vol. 4 (Edinburgh: William Blackwood and Sons, 1871), 287–89.

6. In what follows, I restrict myself exclusively to the natural law analysis of usury in Thomas and his followers, since considerable confusion has resulted from attempts to treat the philosophical and theological issues together.

7. I have chosen to focus on these three thinkers for different reasons. Cardinal Juan de Lugo is useful because he arguably represents the culmination of the School of Salamanca’s economic thought. He also is more conservative than some of his prede-

cessors on questions of usury—since he is concerned that some innovations threaten the foundations of the prohibition—and so represents an important rebalancing of the theory. See Murray N. Rothbard, *An Austrian Perpective on the History of Economic Thought: Economic Thought before Adam Smith*, vol. 1 (Cheltenham, UK: Edward Elgar Publishing, 2005), 126–27; Toon Van Houdt and Fabio Monsalve, "Usury and Interest," in *A Companion to the Spanish Scholastic*s (Leiden, NL: Brill, 2021), 493. St. Alphonsus Liguori has been chosen because of his unrivaled importance as a systematizer of Catholic moral theology (discussed below), and because he is widely regarded as "the most respected interpreter of the late scholastic tradition." Noonan, *The Scholastic Analysis of Usury*, 267. Finally, I use Cardinal Jozef-Ernest van Roey because of his unparalleled knowledge of the tradition and because he is an arch-conservative on the theoretical questions involved in usury theory (also discussed below).

8. To be clear, I reject the Thomistic account of usury. However, in this article I make no attempt to critique Aquinas and his followers and instead simply seek to give a clear explanation of how this tradition developed to broadly allow interest charges, since I think it is largely misunderstood. This makes my work different from that of other writers, who frame this development as inconsistent or as a way of circumventing the Church's laws against usury. For examples, see Thomas E. Woods, *The Church and the Market: A Catholic Defense of the Free Economy* (Lanham, MD: Lexington Books, 2005), 113; Marjorie Grice-Hutchinson, *Early Economic Thought in Spain, 1177–1740* (Indianapolis: Liberty Fund Inc., 2015), 27; Alejandro A. Chafuen, *Faith and Liberty: The Economic Thought of the Late Scholastics* (Lanham, MD: Lexington Books, 2003), 121–23.

9. Thomas Aquinas, *Summa Theologica* (henceforth *ST*) II-II Q. 78, A. 1, *Resp. Respondeo in Opera Omnia of St. Thomas Aquinas*, Latin text based on the Leonine Edition, rev. Enrique Alarcón et al., trans. Laurence Shapcote, OP (Lander, WY: The Aquinas Institute, 2012).

10. The arguments of the theologians were derived from those of the canonists, although the canonists were substantially more generous about the application of extrinsic titles such as *lucrum cessans* than theologians such as St. Thomas. See Noonan, *The Scholastic Analysis of Usury*, 48–51, 118; John Gilchrist, *The Church and Economic Activity in the Middle Ages* (New York: St. Martin's Press, 1969), 64–70. There is also some evidence that St. Bonaventure and St. Albert the Great were aware that relying on the definition of the *mutuum* to argue against usury involved circular reasoning. See Langholm, *Economics in the Medieval Schools*, 163–66, 196.

11. For example, see Langholm, *Economics in the Medieval Schools*, 48. Despite its clear weakness, this appears to be a very old argument. See McCall, *The Church and the Usurers*, 51n40.

12. *Nichomachean Ethics* V.5 1131b25–1134a16. In construing the issue this way, I side with Langholm against Noonan, since Noonan takes pains to argue that Scholastic just price theory and usury theory are fundamentally unrelated. See Odd Langholm, *The Aristotelian Analysis of Usury* (Oslo, NO: Scandinavian University Press, 1984), 51–53. For Noonan's view see Noonan, *The Scholastic Analysis of Usury*, 89–99.

13. This is made much clearer in later Scholastic treatments of usury, for example, Gerardo of Siena's excellent argument against usury. See Langholm, *Economics in the Medieval Schools*, 549–60; Langholm, *The Aristotelian Analysis of Usury*, 118–28. For examples of how Gerardo's argument is incorporated into Aquinas's by later Thomists, see Joannis de Lugo, *De justitia et jure*, in *Disputationes scholasticae et morales*, vol. 7, ed. J. B. Fournials (Parisiis: Ludovicum Vivès, 1893), Disp. 25, Sect. 2, nn. 10–11; Ernestus van Roey, *De justo auctario ex contractu crediti* (Lovanii, NL: J. Van Linthout, Universitatis Catholicae Typographus, 1903), 230–38.

14. Lugo, *De justitia et jure*, Disp. 25, Sec. 4, n. 35. "non committi usuram, nisi detur vel accipiatur ut pretium mutui, vel tanquam debitum ex justitia." All translations of Juan de Lugo are my own.

15. There are several other extrinsic titles debated within the Thomistic tradition as well. I limit myself to these two for convenience.

16. Space prevents me from giving a full defense of either *damnum emergens* or *lucrum cessans*. For this, see Lugo, *De justitia et jure*, Disp. 25, Sect. 6, nn. 71–72, 86–87; Alphonsus Liguori, *Theologia moralis*, in *Opera moralia Sancti Alphonsi Mariae de Ligorio*, vol. 2, ed. P. Leonardi Gaudé (Romae: Typographia Vaticana, 1907), Lib. 3, Tract. 5, Cap. 3, Dub. 7, n. 768. On the historical development of these titles, see Noonan, *The Scholastic Analysis of Usury*, 115–28, 249–68; Toon Van Houdt, "Implicit Intention and the Conceptual Shift from Interesse to Interest: An Underestimated Chapter from the History of Scholastic Economic Thought," *Lias* 33, no. 1 (January 1, 2006): 42–48; Van Houdt and Monsalve, "Usury and Interest," 487–89.

17. Van Houdt, "Implicit Intention and the Conceptual Shift from Interesse to Interest," 42–43; Noonan, *The Scholastic Analysis of Usury*, 105–09; Gilchrist, *The Church and Economic Activity*, 68–70. The distinction between usury and *interesse* is unfortunately often ignored in discussions of usury. As Gilchrist remarks, "It is the failure of modern historians to understand this [the distinction between usury and interest or *interesse*] that leads them to make such bald, unqualified statements as the taking of interest was forbidden in the Middle Ages or that the Church came later to change its doctrine" (65). On the process through which the modern concept of interest emerged, see Van Houdt, "Implicit Intention and the Conceptual Shift from Interesse to Interest," 42–55.

18. My goal in discussing Thomas here is not to offer a consistent interpretation of him, but only to show the various apparent tensions in Aquinas's thought that are then picked up by later thinkers.

19. Thomas Aquinas, *On Evil*, ed. Brian Davies, trans. Richard Regan (Oxford: Oxford University Press, 2003), Q. 13, A. 4, ad 14.

20. It is important to note that even here, Aquinas—following his teacher Albertus Magnus—is more permissive than other theologians of his time, such as Peter Cantor, who held that charging for harm done by late payment was usury because it was equivalent to selling time. See Gilchrist, *The Church and Economic Activity*, 69–70; Samuel Gregg, *For God and Profit: How Banking and Finance Can Serve the Common Good* (Spring Valley, NY: Crossroad Publishing, 2016), 57.

21. Cardinal Juan de Lugo has a similar example at *De justitia et jure*, Disp. 25, Sec. 6, n. 72.

22. There is significant dispute about the dating of *De malo*, but according to Torrell they are written at roughly the same time. See Jean Pierre Torrell, OP, *Saint Thomas Aquinas: The Person and His Work*, trans. Robert Royal, vol. 1 (Washington, DC: Catholic University of America Press, 2005), 201, 328–29.

23. *ST* II-II Q. 78, A. 2, ad 1.

24. Interpretations of this text are controversial. Many modern interpreters think it should be understood as only allowing reimbursement in cases where the lender must undergo charges in order to make the loan. For discussion, see Langholm, *Economics in the Medieval Schools*, 245–46; John Finnis, *Aquinas: Moral, Political, and Legal Theory* (Oxford: Oxford University Press, 1998), 205; Humpherys, "Lend Hoping for Nothing: Usury and Modern Economies," 296–97.

25. Langholm, 246; Van Houdt, "Implicit Intention and the Conceptual Shift from Interesse to Interest," 43.

26. Thomas's just price theory is often misunderstood because most fail to recognize that it generally only applies in exceptional circumstances, i.e., when there is no clear market price. This is the key to reconciling the passage here with the above text from *De malo*. See Langholm, *The Aristotelian Analysis of Usury*, 33–48; Langholm, *Economics in the Medieval Schools*, 229–36.

27. *ST* II-II Q. 77, A. 1, *Resp.*

28. Some recent thinkers have attempted to argue that extrinsic titles in situations like the medical case discussed here should generally be prohibited on the ground that anyone intending to loan necessarily intends to alienate their money from other possible uses. See, e.g., Humpherys, "Lend Hoping for Nothing: Usury and Modern Economies," 296–301. Already in the fifteenth century though, important Thomistic

theologians such as St. Antoninus of Florence were willing to allow *damnum emergens* and *lucrum cessans* in some circumstances. They speak of the lender being "compelled" by the need of the borrower and therefore only voluntarily withdrawing his money from other uses in a weak sense. Later thinkers, such as St. Alphonsus Liguori, deal with similar cases by arguing that it is possible for the lender to only consent to lending on the condition that the borrower repay him for the loss suffered as a result of the loan. On Antoninus, see Van Houdt and Monsalve, "Usury and Interest," 488; Gregg, *For God and Profit*, 48. For Alphonsus' view, see *Theologia moralis*, Lib. 3, Tract. 5, Cap. 3, Dub. 7, n. 769.

29. *ST* II-II Q. 78, A. 2, ad 1.

30. *ST* II-II Q. 62, A. 4, *Resp*.

31. Exactly how to understand Thomas's two treatments of *lucrum cessans* in the *Summa* is beyond the scope of this article. However, the most plausible theory I have encountered is that Aquinas is willing to grant *lucrum cessans* only in the case of delayed payment. See John Finnis, Aquinas, 208–10; Humpherys, "Lend Hoping for Nothing: Usury and Modern Economies," 299–301. For examples of how later Thomists interpret these two texts to be in harmony, see Lugo, *De justitia et jure*, Disp. 25, Sec. 6, n. 87; Alphonsus Liguori, *Theologia moralis*, Lib. 3, Tract. 5, Cap. 3, Dub. 7, n. 768; Roey, *De justo auctario*, 265–67n1.

32. This case is taken from an example discussed by Peter John Olivi, who—in accord with medieval canon law—allows the merchant to charge the higher spring price, minus the cost of storage. Olivi likely takes this case from *Naviganti*, the famous letter of Pope Gregory IX to St. Raymond of Peñafort. See Langholm, *Economics in the Medieval Schools*, 361–62; Heinrich Denzinger, *Enchiridion symbolorum definitionum et declarationem de rebus fidei et morum*, ed. Peter Hünermann, 43rd ed. (San Francisco: Ignatius Press, 2012), no. 828.

33. If this were not the case, the merchant would simply sell the wheat in the fall.

34. *ST* II-II Q. 77, A. 1, *Resp*.

35. *ST* II-II Q. 78, A. 2, ad 1.

36. When I speak of the "Thomistic tradition," I only refer to the general trend of the tradition of usury analysis that follows St. Thomas. Of course, I do not mean that there was no disagreement among Thomists or that the position I attribute to the tradition below was universally held. St. Alphonsus Liguori and Cardinal Juan de Lugo give good summaries of the Scholastic authorities that opposed or favored the title of *lucrum cessans* and show that the majority of authors were in favor of it. Thus, Lugo is able to call it a "common teaching (*sententia communis*)." See Lugo, *De justitia et jure*, Disp. 25, Sec. 6, n. 87; Liguori, *Theologia moralis*, Lib. 3, Tract. 5, Cap. 3, Dub. 7, n. 768.

37. Liguori, Theologia moralis, Lib. 3, Tract. 5, Cap. 2, Dub. 1, n. 552.
38. Lugo, *De justitia et jure*, Disp. 25, Sec. 6, n. 88, 96, 106. This collation of quotes is taken from Roey, *De justo auctario*, 267–68: "prima est quod mutuum vera sit causa lucri cessantis, hoc est, ideo tibi lucrum cesset quia mutuo das, alias non cessaturum; … secunda conditio communiter et merito requisita, est ut non exigatur ultra sortem, nisi quantum lucrum illud cessans valere potest; … tertia conditio principaliter requisita ad justitiam de lucro cessante est, ut id quod pro lucro solvitur, non solvatur statim a mutuatario, sed postea."
39. This condition does not rule out the possibility that other extrinsic titles could apply.
40. Lugo, *De justitia et jure*, Disp. 25, Sec. 6, n. 106; Liguori, *Theologia moralis*, Lib. 3, Tract. 5, Cap. 3, Dub. 7, n. 770.
41. Liguori, *Theologia moralis*, Lib. 3, Tract. 5, Cap. 3, Dub. 7, n. 770; Roey, *De justo auctario*, 270–71.
42. Roey, *De justo auctario*, 270. This case abstracts away from the possibility that there might be other applicable extrinsic titles.
43. Roey, *De justo auctario*, 270–71: "volo, nunc saltem cum pecuniam trado, ex pecunia mea lucrari; possem autem, si vellem, ex eadem lucrari contractibus multis frugiferis; verum contractibus illis insunt incommoda, puta labores, lucri incertitudines, damni pericula, quae tamen, quamvis pertimescenda, subire vellem si ad justum lucrum percipiendum subeunda essent; simul vero cum illa facultate occurrit mihi occasio pecuniae mutuandae. Cum duplex illa possibilitas mihi sit obvia, simpliciter praefero pecuniam cum titulo lucri cessantis mutuo offerre." All translations of Cardinal Roey are my own.
44. A full treatment of virtual intentions and the application of them by the Scholastics to debates about usury is beyond the scope of this article. This is especially the case since, as Toon Van Houdt notes, virtual intentions have largely been neglected in recent scholarship. See Van Houdt, "Implicit Intention and the Conceptual Shift from Interesse to Interest," 53n40. However, it is helpful to note that—as Cardinal Roey points out—while earlier Scholastics thought that the desire to profit on a loan was itself evidence of usurious intent, later Scholastics rejected this as unnecessary because the objective equality of things exchanged is not effected by the intent of the lender. See Roey, *De justo auctario*, 268–72. On the historical background of this change, see Noonan, *The Scholastic Analysis of Usury*, 249–68; Van Houdt and Monsalve, "Usury and Interest," 487–90; Van Houdt, "Implicit Intention and the Conceptual Shift from Interesse to Interest," 46–50. One might object that St. Alphonsus seems to reject this development—despite the fact that he seems happy to endorse most of the other later developments to usury theory—however, it is not entirely clear to me that he intends to do so, since, as Noonan remarks, "With

St. Alphonsus, we find *lucrum cessans* acknowledged as profit which a lender may, under a just title, legitimately seek upon a loan" (*The Scholastic Analysis of Usury*, 268). See Liguori, *Theologia moralis*, Lib. 3, Tract. 5, Cap. 3, Dub. 7, 762.

45. Lugo, *De justitia et jure*, Disp. 25, Sec. 6, n. 95; Liguori, *Theologia moralis*, Lib. 3, Tract. 5, Cap. 3, Dub. 7, n. 770.

46. Lugo, *De justitia et jure*, Disp. 25, Sec. 6, n. 95; Liguori, *Theologia moralis*, Lib. 3, Tract. 5, Cap. 3, Dub. 7, n. 770; Roey, *De justo auctario*, 271–72.

47. Liguori, *Theologia moralis*, Lib. 3, Tract. 5, Cap. 3, Dub. 7, n. 770. "Prout si quis haereat, an cras possit aut velit vel ne piscari, bene potest aliquid exigere, si in gratiam tui se obligat ad non piscandum." All translations of St. Alphonsus Liguori are my own.

48. Liguori, *Theologia Moralis*, Lib. 3, Tract. 5, Cap. 3, Dub. 7, n. 772. "vellem negotiari, nisi multi peterent mutuum."

49. This case is perhaps analogous to the one considered by St. Thomas in the case of someone who seeks sexual pleasure. If his desire is such that he would have sex with any woman, but he happens to do this with his wife, he commits a mortal sin. If, however, this desire is such that he would reject any woman other than his wife, he does not. See Thomas Aquinas, *De malo* Q. 15, A. 1, *Resp*. I would like to thank Logan Weir for pointing this parallel out to me in conversation.

50. Liguori, *Theologia moralis*, Lib. 3, Tract. 5, Cap. 3, Dub. 7, n. 772. "Sed dices: Iste usuram committit, quia efficaciter vult lucrari ex mutuo, et inefficaciter ex negotiatione. At responderi potest: Iste, quamvis habeat voluntatem inefficacem negotiandi, vult tamen efficaciter juste lucrari; et quia jam potest juste lucrari ex negotiatione, ideo juste lucratur ex mutuo, cum mutuum sit huic vera et efficax causa, ut lucrum ex negotiatione ipsi cesset." It is worth noting that immediately after this passage, Liguori warns that the lender should act out of charity, not out of a preference for lending "because of danger of disguised usury (ob periculum palliandi usuras)." However, as will be shown below, this view is substantially qualified by Lugo's claim that one is justified in preferring lending if it matches one's talents or character.

51. Lugo, *De justitia et jure*, Disp. 25, Sec. 6, n. 107.

> Si vero praeelectio illa non sit quia plus valeat lucrum quod a mutuatario datur, quam quod ex negotiatione sperabat, sed quia modus ille lucrandi sit magis juxta genium et indolem suam, et vitat aliquam molestiam quam tamen non redimeret pretio, sed vellet potius cum illa molestia plus lucrari quam minus sine illa: tunc veram esse puto secundam sententiam affirmantem. Sic enim artifex, qui nollet pretio aliquo emere otium a labore, sed totum suum lucrum integrum cum labore potius vellet quam minus sine labore: potest totum lucrum laboris exigere ab eo a quo invitatur ad recreationem, licet revera malit totum illud lucrum sine labore et cum recreatione habere, quam cum labore.

McCall cites Lugo out of context to make this passage mean nearly the opposite of what it does at McCall, *The Church and the Usurers*, 124. For the discussion cited by McCall, see Noonan, *The Scholastic Analysis of Usury*, 266.

52. Note that Lugo's claims here contradict those of McCall, who thinks that *lucrum cessans* should be lower than general rate of profit to discourage consumer loans. See McCall, *The Church and the Usurers*, 168–69.

53. On the importance of St. Alphonsus and the honors bestowed on him by the Church, see Harold Castle, "St. Alphonsus Liguori," in *The Catholic Encyclopedia* (New York: Robert Appleton Company, 1907).

54. Dominicus Prümmer, OP, *Manuale theologiae moralis secundem principia S. Thomae Aquinatis*, vol. 2 (Friburgi Brisgoviae: B. Herder, 1915), 233: "fere nullam difficultatem practicam pro confessario habet." Similarly, Fr. Victor Cathrein, S.J., remarks that while the old authors and the Church once largely condemned charging for a loan, today "the Church approves this and nearly all affirm it" (approbante eadem ecclesia, fere omnes eandem affirmant). See Victore Cathrein, SJ, *Philosophia moralis* (Freiburgi Brisgoviae: Herder, 1893), 247. For examples of other Thomistic manuals on usury, see Joseph Rickaby, *Moral Philosophy: Ethics, Deontology and Natural Law*, 4th ed. (London: Longmans, Green & Co., 1923), 255–61; H. Noldin, SJ, and A. Schmitt, SJ, *Summa theologiae moralis: De praeceptis Dei et ecclesiae*, 28th ed., vol. 2 (Heidelberg: F. H. Kerle Monachii, 1944), 531–35; Michael Cronin, *The Science of Ethics: Special Ethics*, vol. 2 (London: Longmans, Green & Co., 1917), 328–34. For more, see Noonan, *The Scholastic Analysis of Usury*, 377–93. For the Vatican's decrees on activities that might previously have been suspected of usury, see Noonan, *The Scholastic Analysis of Usury*, 378–82; Thomas F. Divine, SJ, *Interest: An Historical and Analytical Study in Economics and Modern Ethics* (Milwaukee: Marquette University Press, 1959), 109–10.

55. Roey, known as the "iron bishop," was also an important figure in Belgian resistance to Hitler during World War II and saved many Jewish Belgians from extermination during the Holocaust. See "Cardinal van Roey Dead at 87; Primate of Belgium for 30 Years," *New York Times*, August 7, 1961; Henry Smith Leiper, "Churchmen Who Defy Hitler V: Cardinal van Roey of Belgium," *New York Times*, June 12, 1942. On Roey's efforts to save Jews, see Martin Gilbert, *The Righteous: The Unsung Heroes of the Holocaust* (New York: Henry Holt and Company, 2003), 300–301.

56. Noonan, *The Scholastic Analysis of Usury*, 389.

57. Indeed, Roey is so conservative that he rejects many of the extrinsic titles well established in the earlier tradition. For examples, see Roey, *De justo auctario*, 248–58.

58. Roey is particularly concerned to defend the Scholastic view that money is sterile against the view advocated by thinkers such as Calvin that money can be fruitful

because it is exchangeable for fruitful capital goods. Many Thomists of Roey's day thought that the Scholastic view should be rejected to account for the Church's apparent allowance of charges for a loan. See Roey, *De justo auctario*, 227–33, 242. On the background of Roey's work, see Noonan, *The Scholastic Analysis of Usury*, 377–90. On the Scholastic conception of the sterility of money, see Langholm, *The Aristotelian Analysis of Usury*, 124–28. For later analyses of the relationship of Scholastic usury theory to modern economics—which are largely in harmony with Roey's argument—see Bernard Dempsey, *Interest and Usury* (Washington, DC: American Council on Public Affairs, 1943), 186–15; Langholm, *The Aristotelian Analysis of Usury*, 186–215.

59. Roey, *De justo auctario*, 58–62, 231–32, 240–41. For later analyses of the relationship of Scholastic usury theory to modern economics—which are largely in harmony with Roey's argument—see Bernard Dempsey, *Interest and Usury* (Washington, DC: American Council on Public Affairs, 1943), 186–215; Langholm, *The Aristotelian Analysis of Usury*, 129–35.

60. Roey, *De justo auctario*, 274–75.

61. Roey, *De justo auctario*, 275. Lugo is similarly concerned at *De justitia et jure*, Disp. 25, Sect. 6, n. 91.

62. Roey, *De justo auctario*, 280–81.

> Haec, rite perspecta, ad praxim crediti hodiedum universim lucrativi explicandam multum conferunt. Etenim imprimis, ob intensitatem vitae oeconomicae, ob facillimam bonorum, etiam immobilium, circulationem, ob miram inter omnes totius orbis regiones communicationem, vix adhuc dubium superest rationabile de possibilitate omnibus propinqua et expedita pecuniam negotiationi aliquo modo applicandi. Deinde, praesumi potest probabilitas generalis tali modo ex pecunia lucrandi, quod revera communi aestimatione hodiedum praesumitur. Proinde, si praesupponitur simul voluntas efficax juste ex pecunia lucrandi, eo ipso, quovis in mutuo pecuniae, titulus lucri cessantis merito praesumitur: ideoque nullatenus jam oportet ut *lucrum cessans* singulo in casu probetur, nec oportet ut expresse de eodem stipulati sint.

For context, St. Alphonsus had argued: (1) that the title of *lucrum cessans* should be proved in particular cases and (2) that charges for extrinsic titles should be stipulated beforehand to the borrower in case he believes the contract is usurious and therefore hopes to be able to recover the amount paid for an extrinsic title. (Here Liguori disagreed with Lugo, although the saint was willing to make some exceptions.) Cardinal Roey is arguing that these are now unreasonable, since capitalism makes such opportunities so widely available that they can be presumed to exist universally, and it therefore would not make sense for the borrower to hope to regain whatever he paid above the loan's principle. For the positions of St. Alphonsus and Cardinal Lugo, see Liguori, *Theologia moralis*, Lib. 3, Tract. 5, Cap. 3, Dub. 7, n. 773; Lugo, *De justitia et jure*, Disp. 25, Sect. 9, n. 182.

63. As Roey himself points out, his position here is very close to one articulated centuries earlier by Lessius (although Lessius restricts himself to claiming the general availability of *lucrum cessans* for the merchants of Antwerp). See Roey, *De justo auctario*, 283; Van Houdt, "Implicit Intention and the Conceptual Shift from Interesse to Interest," 54.

64. Of recent authors, Finnis probably comes closest to this position. See Finnis, *Aquinas*, 209–10.

65. Roey, *De justo auctario*, 264.

66. *De malo* Q. 15, A. 1, *Resp*.

67. Roey, *De justo auctario*, 280–81.

68. Bell, "Thomas Aquinas, John Noonan, and the Usury Prohibition," 523–24. Thomas Storck arguably makes this same mistake at Storck, "Is Usury Still a Sin?" 469.

69. Some may be puzzled by the assertion that interest paid on bonds could give a title to *lucrum cessans*. I say this because I agree with Michael Humpherys that bonds are closer to the medieval census contract than a *mutuum* (although I find the attempt to map modern contracts on to medieval ones to be anachronistic). See Humpherys, "Lend Hoping for Nothing: Usury and Modern Economies," 307. On the origins of the census contract—possibly as a Jewish device for circumventing usury laws—see Noonan, *The Scholastic Analysis of Usury*, 154–70, 230–48; Grice-Hutchinson, *Early Economic Thought in Spain, 1177–1740*, 38. Roey makes a point like the one I make against Bell here in criticism of Heinrich Pesch's misunderstandings of Scholastic usury theory at Roey, *De justo auctario*, 279n1.

70. Bell, "Thomas Aquinas, John Noonan, and the Usury Prohibition," 525.

71. Bell, "Thomas Aquinas, John Noonan, and the Usury Prohibition," 522.

72. McCall, *The Church and the Usurers*, 32. McCall cites Fr. Bernard Dempsey, SJ, as a forerunner of his view, however, this may rest on a misunderstanding, since Dempsey is primarily concerned with the redistribution of income caused by the creation of money (also known as Cantillon effects or *seigniorage*). While this may be analogous to usury, it is not usury in the strict sense used here. See McCall, *The Church and the Usurers*, 170–71; Dempsey, *Interest and Usury*, 216–28.

73. McCall, *The Church and the Usurers*, 169–70. Or as McCall continues a few lines later, "As to foregone profit (*lucrum cessans*), it would seem that the bank foregoes no profit on capital since the money loaned to a consumer is created only for this purpose. But for the loan, the money would not exist to invest in a business." There are similar arguments at Bell, "Thomas Aquinas, John Noonan, and the Usury Prohibition," 527; Storck, "Is Usury Still a Sin?" 472n59.

74. On the mechanics of fractional reserve banking, see Dorothy M. Nichols, *Modern Money Mechanics: A Workbook on Bank Reserves and Deposit Expansion*, rev. Anne Marie L. Gonczy (Chicago: Federal Reserve Bank of Chicago, 1994).

75. McCall hints that he does not like fractional reserve banking, but never calls it fraud outright. See McCall, *The Church and the Usurers*, 32–35, 169–71. Similarly, Bell is also clearly skeptical of fractional reserve banking, but nevertheless concedes its legitimacy for the sake of argument. See Bell, "Thomas Aquinas, John Noonan, and the Usury Prohibition," 526–27.

76. Storck, "Is Usury Still a Sin?" 469.

77. This makes perfect sense if we realize that one of the distinguishing features of an economic downturn is a shortage of cash, hence why an inverted yield curve is generally thought a helpful indicator of looming economic trouble. See Ryan Griggs and Robert Murphy, "The Inverted Yield Curve, Austrian Business Cycle Theory, and the True Money Supply," *The Quarterly Journal of Austrian Economics* 24, no. 4 (December 15, 2021): 523–41. Relatedly, Milton Friedman argued that the severity of the Great Depression is at least partly explained by the strong decline of monetary stock (33 percent!) between 1929 and 1933. See Milton Friedman and Anna Jacobson Schwartz, *A Monetary History of the United States, 1867–960* (Princeton: Princeton University Press, 1963), 301–5; Lawrence H. White, *The Clash of Economic Ideas: The Great Policy Debates and Experiments of the Last Hundred Years* (Cambridge: Cambridge University Press, 2012), 311–12.

78. Roey, *De justo auctario*, 299: "cum tot ac tam variae conditiones temporum ac locorum sint attendendae, attendae.…"

79. Roey, *De justo auctario*, 299–300.

80. Roey, *De justo auctario*, 264–65: "quamvis enim plerique tunc theologi, traditioni consentientes, genuina rationis principia propugnarent, tamen eadem practice nullo generoso animo nec vere scientifico applicabant, unice quasi intenti ut probarent peccatum usurae, vita oeconomica quamvis mutata, nullatenus esse abolendum."