

N O T E

of the Commission of Codification
re: Sections 654 and 655 Civil Code.

Sections 654 and 655 of the Draft are
both rules concerning the interest of money.

Section 654

The first section provides for the rate of interest. I remind that interest may be fixed by law and automatically, when the parties have fixed no interest: the rate is then 7½% (Section 22). But when the parties have themselves fixed a rate of interest (then called conventional interest), Section 654 says that in no case such interest shall be higher than 15% per year.

Of course, this is a mere question of policy. It involves the whole controversies concerning the rate of interest for money lent, which seems to be as old as the human societies. Books could be written in the matter, but, for the practical decision to be reached by the Revising Committee, the question can be shortly summed up as follows.

There has been a clear evolution in the ideas of economists and politicians in this matter. The evolution consists of having, in the oldest time, prohibited interest of money, whilst in the most recent times there