

The reasons for which limitation to the rate of interest have been given up are the greater advantage of liberty for all kind of transactions (especially commercial ones); and perhaps chiefly that experience has proved that limitation is always so easily disregarded in practice, especially by money-lenders who are well known to have many combinations and contrivances to defeat law.

Section 654, when providing for a specified limitation, was drafted a number of years ago after the French law then still in force for civil contracts. From the above explanations, it follows that section 654, even when specifying a rather high rate of interest of 15%, remains still more restrictive than foreign legislations in the matter, where the present policy is "no limitation". The question is merely governed by local policy and customs, and I hope that the above explanations will allow the Revising Committee to more easily decide upon the point. ✓

Section 655

This section governs what is known in law as the "anatocism" (from a Greek word), that is to say the interests to be paid, no longer for a capital lent, but for the interests themselves of this capital when they remain unpaid by the debtor.