



## Repaying Borrowed Gold - 4 /Feb/ 2020

**question!** I borrowed a few pieces of gold several years ago from someone, and their value back then was, say, \$200. Now, in virtue of inflation they are worth, say, \$300. Do I owe the price they were worth when I borrowed them or their current price?

**answer!** If you borrowed gold, you must return the same amount of gold as you borrowed, regardless of whether the price has risen or fallen. If, however, the creditor sells the gold and lends the money to you, he cannot legitimately demand the value that the gold is worth on the date that the repayment of the debt is due, though he is allowed to demand, when offering you the loan, that you compensate for the devaluation of the loaned money on account of inflation.