

FETTERS WHICH SHOULD BE BROKEN.

THE Usury Laws have engaged much of the attention of the Legislature of Canada of late years, but without effecting much in the way of results. Indeed, the "collective wisdom" of Canada has appeared to greater disadvantage on this question than almost any other. Nearly every Session witnesses the introduction of a shoal of Usury Bills. In many cases, the propositions contained in these measures, and invariably the discussions upon them, show great ignorance of the principles of monetary science, and manifest a narrowness of view worthy only of past ages.

We dare say that those who so persistently endeavour to fix the rate of interest at 6 or 7 per cent. are quite candid and disinterested. But it is very evident that their views are quite behind the spirit of the age. Such opinions do not prevail in Great Britain, in the United States, or in France. They have been set aside as unreasonable—and in addition, it is quite impracticable to carry them out. It is time that those of our Legislators who cling to such antiquated views should learn that money, like any other article, is a marketable commodity, that its price rises and falls according to the usual law of supply and demand, and that you might as well prescribe that wheat should always be \$1 per bushel, as to enact that a man should loan his capital at any certain rate of interest.

The time has arrived when the Parliament of Canada should take some decided action on this important question. At the present moment, money is free, except as regards one very important class of our institutions, private individuals, building societies, and other bodies, are at liberty to loan their capital at whatever its market value for the time being may be. The general effect of this policy has been, we believe, to lower the rate of interest below what it used to be when it was illegal to charge above a certain rate. There may be some exceptions, and we have heard complaints of one society in Upper Canada which has charged rates very injurious to the borrower—being extremely and unfairly high. But the general effect, we repeat, has been to make money cheaper and more easily procured.

The only institutions excepted from "free trade" in money, are those most directly concerned—the banking-houses of the country. Whilst others are allowed to take whatever interest the borrower may agree to pay, they are prevented by law from charging more than 7 per cent. The effect of this state of matters undoubtedly is, to prevent that steady increase of our banking capital, which is necessary for the ever-increasing requirements of trade. For many men of wealth will not invest their surplus means in institutions which can only legally exact 7 per cent. interest, when they can personally loan it out on undoubted security at 8, 9, and even 10 per cent.

In Great Britain the case is different. The Banks are allowed, when necessity requires it, to raise their rates; and it not infrequently happens, that the Bank of England enhances its rate to 9 and 10 per cent. We never go very far astray in following in the wake of Imperial legislation, and might act well to do so in this case. But if our Legislature will not go so far as to place the Banks in the same position as private companies, they should at least give them power to make a moderate increase on 7 per cent.

The necessity of such legislation has been well illustrated by several suits in our higher courts, which have taken place during the year just closed. It is well known that although the Banks can only legally charge 7 per cent. for discounts, they generally manage by making the discounted bill payable at another agency of their institution, and charging a certain commission for the draft, which has to be sent to meet it when due, to net about 1 per cent. more. In two or three cases of this kind, which occurred during 1865, the borrower turned round and repudiated the whole debt on the plea of usury. Two of these cases occurred between Sheriff Reynolds and the Bank of Montreal, at Whitby. In one case, the Jury, under the influence of a strong charge from the presiding Judge, found a verdict for the Bank, but in the other, the Jury found for the Defendant. Another case was tried before Mr. Justice HAGARTY, at Toronto—the defendant being one Walter Scott, of Peterborough, who refused to pay a note of \$5,000 because it was made payable at a discount when drawn at Peterborough—the plea being that of usury, as in the Reynolds case. In this suit the Jury failed to agree, so that the question is left in as great a state of uncertainty and doubt as it is possible to conceive of.

This state of matters demands a remedy. In justice to such valuable and necessary institutions as our Banks, it can no longer be allowed to continue. It is to be hoped, therefore, that at the approaching Session of the Legislature, our Government will be prepared to rectify such an anomalous state of things.

We are not insensible to the fact that the business of a country suffers from fluctuations in the Bank rate of interest. This point is beginning to attract much attention in England, where the rapid changes made by the Bank of England are injuriously affecting trade. But there is no sense in our blindly clinging to the other extreme. Rather ought we to pursue a policy which would attract capital to our Bank, not one which tends to drive it into other and less useful channels.

One of the main wants of Canada at the present time, the writer believes to be, an increase of its circulating medium. We have not a circulation commensurate with our wealth and our annually increasing commerce; and to continue a system which repels capital from our principal monetary institutions is therefore doubly indiscreet under existing circumstances.

As regards the efforts annually made in Parliament to place the same fetters on the public that rest upon the Banks, it is to be hoped that they will no longer be tolerated. These efforts have already been a scandal to Parliament. They annually exhibit to the world that many of our public men hold opinions favouring strongly of the middle ages, and bring suspicion upon our character for intelligence. Our Legislation should go forward—not backward—upon the Usury question; and every person who has given even a moderate study to the principles of monetary science, knows in what direction that will lead.

WHICH SHALL PREVAIL?

MR JAMES BRIGHT recently said in England, that he believed the next great question which would excite the Politics of the great Republic, would be its Commercial policy. Signs are not wanting all through the Union to give force and point to this remark. In the Eastern or New England States, we find the Manufacturers clamouring for Protection more loudly than ever, whilst at the West, the farming community are beginning to see their own interests, and are demanding that Free Trade principles shall prevail. Whilst the writer holds that it is quite proper for a nation to encourage its Manufacturing interests—in fact, that it is its interest and duty to do so, still nothing could be more absurd, than the extreme to which protectionist tariffs are carried in the United States. Not a few Manufacturing Companies in Massachusetts have lately divided profits as high as thirty, forty, and even fifty per cent, and yet they are begging at the door of Congress for further protection! The great mass of the people have, in some cases, to pay prices for articles, which, without the insane scale of duties enacted, could be obtained for one-half their present price. The heavy taxation caused by the war has, no doubt, done much to oppress the agricultural classes in the States, but their position would be very much improved, were it not that all kinds of manufactures are costing two and three prices. This state of things is causing its natural fruit, and hence we find "Free Trade" leagues rapidly springing into existence in various quarters.

There is no section of the American People who feel the present state of things more than the Western farmers. Their position is becoming intolerable. We often hear comparisons made between the position of the Canadian agriculturist, and those who, in current phraseology, settle on the fertile, rolling prairies. The position of the latter is painted in the brightest colours—the former in the darkest hues. But the farmers of the Western States tell a different story. They have recently held many meetings, and at nearly all of these, the great difficulties which surround them have been loudly declaimed against. Their soil is rich, and they generally raise good crops, particularly of corn, but what price can they obtain for it? Often not more than 10c or 15c per bushel! The means of transportation by rail and water are inadequate to carry the crop to market quick enough, and consequently three-fourths of their crop has to be paid away to get the other fourth carried to market! At the present time, not a few of them are using corn for fuel, as it is cheaper than cordwood, which is very scarce. In addition to this, the greatly augmented cost of all manufactured goods, caused by their absurd commercial policy, presses sorely upon the farmer, whose

position is very disheartening. At a recent farmer's meeting held in Illinois, a Mr. HORACE STARKER spoke as follows:—

"We must do something or go under. I believe we have the power to rectify these abuses. I believe that farmers the coming season should cultivate but one-half their usual area. Instead of paying \$20 for help, let the farmers do what they can individually, with such assistance as their family affords, and they will be better off than to make all their lands pay tribute to hirelings. It is asked, can the labourer afford to work for \$13? We have nothing to do with this. Is it in our means to pay more? Labouring men's wages keep up the exorbitant prices in clothing and manufactured goods. Manufacturers regulate their tariffs by it. Let us stop shipping our products, if the sheriff pounces on a neighbour farmer, let us combine to relieve him. The greatest blessing this North-west ever reaped was from the great frost of 1864—half a crop is better than a whole one. Let men stand around the corners; let them stick it out; this obstinacy will bring down the prices and freight."

Such statements as these evidence a very bad state of matters. The late rebellion is, no doubt, the main cause of the farmer's troubles; but these are greatly aggravated by the enormous profits which Congress enables Eastern manufacturers to grind out of the masses of the people, and the want of sufficient means of communication for sending their produce to the seaboard. Under these circumstances, one would naturally suppose that the Government would seek to afford them all the relief in its power. But instead of this being the case, it is greatly to be feared that Congress is as madly protectionist as ever, and that the cry of the manufacturers for "more protection" may be granted, and legislation adopted to enable them to scrow still higher profits out of the unfortunate public. And as to means of transportation, we find the Government abolishing the Reciprocity Treaty by which our St. Lawrence and other canals may be closed against the Western farmer. This would set him entirely at the mercy of the Buffalo monopolists, and leave him no chance but the " Erie ditch " by which to forward his produce. The Canadian farmer has a colder climate and harder work than those of the Western States, but in all other respects his position is preferable.

The Tariff question must soon become an important one in American politics. So soon as the South is restored, we may expect it to range itself with the West on this question. Their interests demand a different policy from the Eastern States, and the battle between them will soon wax warm. We think the result can hardly be doubted. When the public mind is closely directed to their commercial policy it would be singular, indeed, if the friends of prohibitory tariffs and the enemies of reciprocity treaties always carry the day. It may be that the Government will continue to foster home industry, and it may be their interest to do so moderately. But it will be a happy day for the masses of the Republic when the extreme protective tariffs and illiberal systems at present in vogue gives place to a commercial policy more in harmony with the enlightened spirit of the age.

Farming in Canada.

The "Genesee Farmer" gives to the agriculturists of the Upper Province credit for superiority over the wheat growers of the Genesee Valley. It says:—

You may think it strange, but I question if the best farmers in America are not to be found in Upper Canada. They beat us in raising wheat; their barley is certainly superior to ours in quality, and I think the same is true of oats. In the cultivation of root crops we are nowhere. Don't get angry. We beat them in raising corn, and in all crops which partake rather of a commercial than a strictly agricultural character. We are willing to raise small crops if we can get large profits, while a Canadian farmer, partaking largely of the Scotch and English conservative character, continues on in the even tenor of his way. He is not so constantly looking for some easier method of earning a living. He is a farmer, and his father was a farmer before him, and he intends to live and die a farmer. If the midge destroys his wheat, he does not, as we did in this section, propose to turn the whole country into one grand pear and apple orchard. He looks out for some variety that will ripen sufficiently early to escape the ravages of the insect.

The entries of wheat at the Provincial Show are three times more numerous than at our own State Fair, even when held in the centre of the wheat-growing districts, and the number of people who crowd around the samples shows the interest which is felt in the matter. The Dicht wheat attracted at once the notice of Canadian farmers, and one of their agricultural societies sent a delegation to Indiana to inquire into its merits. They were so well pleased with it that they purchased 500 bushels for seed. Such enterprise is commendable. No wonder they beat us at raising wheat.

We hope our farmers will continue to deserve such commendation, coming as it does from at least an impartial, if not an unfriendly source.