

THE INTEREST QUESTION.

If we remember, it was the late Vanderbilt who said "ten per cent. for money would ruin any man," and "if three persons having ten thousand dollars each, and one of them lend his share to the other two at ten per cent. per annum, he will in time become possessor of the whole \$30,000," because the profits of capital fall short of that rate.

Honest business men and manufacturers may know a good deal, but if they do not understand the interest question, they cannot comprehend why they are ruined, nor how to avoid calamity. The banker knows it to his advantage and is well aware of the prevailing ignorance on this point. The average rate of interest in this country is decided by the banks, because they are the largest lenders. A bank account should pay ten per cent. Bankers may discount to you at seven, which is over eight per cent per annum; and they require a flush account—a good balance lying at your credit without interest, which makes up the ten per cent. Every renewed note bears compound interest, as also most of matured and unpaid debts. Compound interest advances as the Russian upon the Turk, with fatal celerity.

A thousand dollars at five per cent. simple interest for fifty years would be \$2,500—at compound interest for the same time amounts to \$11,467.40; whereas at nine per cent. for the same period is \$74,154.92, and at ten per cent. the enormous sum of \$117,391.00! The uninitiated are not prepared to expect ten per cent. compound interest to amount to over ten-fold that of five; nor that the difference of one—say between nine and ten—should cause the extraordinary difference of \$43,000 during fifty years. But then laws have to be respected, or the transgressors will certainly suffer. If a capitalist having \$10,000 lets it out at ten per cent. and keeps the annual increase constantly invested for seventeen years, it will accumulate to \$50,000 or so, principal and interest!

But although the average rate in Canada is ten, a vast deal of money is loaned at far higher rates. It is customary when a retail merchant fails to meet his notes, which have been discounted at the bank by the creditor, to renew at double interest. Indeed the law allows the creditor to make the best bargain he can, and the debtor, in such a strait, is not in a position to withhold compliance. This affords great latitude of action to the usurer, or note shaver, who may exact in proportion to the necessities and ignorance of his hapless customers. Thus Sir Giles Over-reach lies in wait for the unwary. With small advances in money and skilful legal manœuvres he absorbs the lands and property around him, as the Octopus makes havoc among the stupid crabs of the aquarium. The combined wealth of the Rothschild's family was stated two years ago by Emile Burnouf, the publicist, at \$3,400,000,000, equal to the funded debt of Great Britain. A single century, or the possible span of a man's life, has sufficed for its accumulation, and the rise of its authors, from a shabby rookery in Frankfurt to the financial dominion of Europe, through calculating the advantages of interest. Had enlightened commercial legislation prevailed, such a phenomenon never would have made its appearance in the financial horizon of the nineteenth century, to oppress the industry of nations. The great capitalists of the day, the Rothschilds and Vanderbilts, through high interest, have become powers in the world, whose influence has to be observed and calculated upon as affecting the well-being or misery of millions of our race.

In the foregoing remarks we have seen how the rate of interest advances upon individuals of the same community, how it magically transfers capital from the keeping and strong box of one, to that of another without materially affecting the wealth of the people as a whole. We may now consider how our country is built up at the expense of another, which it as certainly impoverishes and brings to grief and ruin, by the action of interest.

If a \$1,000 is borrowed of a capitalist of another country and is renewed annually for 14 years at the low rate of five per cent; the sum of \$2,000 will have to be exported to pay the debt. The first loan effected in London by Mr. Cartwright on behalf of the Government was \$20,000,000, at a shave of nearly two and a half millions. Only \$17,500,000 net proceeds reached this country. For the latter sum of hard cash we promise to pay during the term of the loan—30 years, somewhere about \$44,000,000! And if that be taken as a fair average of all loans effected, for every \$17.50 we undertake to pay \$44 during the term. Whether more is made by the use of the money is questionable, but the debt is certain. But the point to be noted is the difference between borrowing in the country and out of it—a difference of twenty-six and a half million dollars on the transaction!

If paying ten per cent. for money kills off individual industry, it tells with equal force against that of the people as a whole. And in no possible way can you get over the difficulty by tariff legislation; for if the British manufacturer has money at 2½ per cent., he commands fourfold the capital for the same amount of money that the Canadian can. The community with the cheapest capital will of necessity do the manufacturing—other things equal.

High interest attracts foreign capital, but it does not get leave to stay long enough to be of much service. As the importer can afford to pay double the rate of the manufacturer, because the operation is quicker and at less risk and outlay. Imports are therefore stimulated, and the cash capital leaves the country to pay for goods that remain with us to depreciate.

Petroleum producers have a difficulty in retaining their oil in ground tanks. If the water gets in it forces the oil over the top to waste—the less valuable forces out the more valuable element. The remedy is not to raise the sides which would double the cost of tankage, but to stop the leak. This may serve to illustrate our wasteful economy. All the cash capital is forced out of the country by the income of other people's productions. The high tariff men would elevate the sides of the tank and double the expense; imagining they were doubling industry, while they were merely doubling its cost. The statesman, on the contrary, perceiving the difficulty to be lower down, looks to the rate of interest and legislates accordingly.

ALPHA.

ATTEMPT NOT THE IMPOSSIBLE.—Man is born, not to solve the problems of the universe, but to find out where the problem begins, and then to restrain himself within the limits of the comprehensible.—Gathe.

THE PROVINCIAL RAILWAY.

To the Editor of the Canadian Spectator:

The petition of a Quebec Company for leave to bring in a bill to build the Terrebonne and St. Therese section of the Provincial Railway having been thrown out as too late in the session for private measures, the object should now be promoted by the citizens of Montreal, so as to get a public bill passed through this session—as otherwise there is every fear that Montreal will be shut out from the Quebec and Three Rivers connexion during the winter of 1878-9, on account of the heaviness of the bridging on the other line which is to be commenced out of hand. The infliction in question is one that Quebec has shown no desire to impose upon her sister city. In the event apprehended, the entire Ottawa district will also lose, for the winter, its Quebec and Lower Province connexions per North Shore.

COMMERCE.

BELLA! HORRIDA BELLA!

We well remember our youthful enthusiasm about the Peace Congress held in Paris in 1850; and the then confidence of Quakerdom and philanthropists that Colt's factories, and armouries and armies, were from thenceforth to be things of the past. But hardly had their pæans upon the fulfilment of the second chapter of Isaiah closed, when Europe was aroused by the signal gun of battle on the field of Alma. The ink of the Treaty of Paris, which terminated the Crimean campaign, was scarcely dry, when war was waged by Sardinia, aided by France, against Austria. Only two or three years later, a similar conflict arose about Schleswig-Holstein between Prussia and Denmark, the most cowardly and the least excusable on the part of the former of any in modern times. Scarcely had this closed when Austria and Prussia renewed their quarrel, and therein Austria found another Solferino on the field of Königgrätz. And as soon as Germany could cement her conquests, she accepted the wager of battle against France, and revenged Austerlitz at Gravelotte and Sedan. After an interval of six years of peace, Russia and Turkey again present themselves in battle array, and though the terms of peace may or may not be signed, the end of the strife thus opened is not yet reached. Thus within a quarter of a century, every first class power in Europe, has been more than once engaged in war. Italy has become again a united nation, and has ceased to be what Metternich contemptuously called her, "a mere geographical expression." The kingdom of Prussia (only a century and a half since represented by the little duchy of Brandenburg) has become the Empire of Germany. France has lost Alsace and Lorraine; and Turkey, as a European power, has ceased to exist! The map of Europe has been, during this short period, almost re-written! Nor were these bloody conflicts confined to Europe. For within these twenty years we had that terrible mutiny in India, and the internecine struggle in the United States, together with the customary weekly revolutions in the Spanish American republics.

These occurrences, are rather sad commentaries upon the expectations of many good people, of an early conversion of swords into ploughshares. The frequency of our efforts recently to substitute might for right, and revolvers and repeating rifles for reason and argument, should make us doubt whether we are very much more humane than our ancestors, and whether we are really making such rapid upward strides in civilization of which we are so prone to boast about. If the experience of the past is to be the prophet of the future, we may be justified in believing with Burke that "War, if it be the means of wrong and violence, is the sole means of obtaining justice among nations, and nothing can banish it from the world." At least, it may be assumed that not till the advent of the millenium will men "learn war no more" from motives of justice and humanity, though they may abandon because of its terribly increasing destructiveness. And therefore, every improvement in the effectiveness of fire-arms, every discovery of a deadlier explosive than ever known before, should be hailed by all friends of humanity with joy and rejoicing. In this light, we ought to regard the Mitrailleur and the Gatling gun as olive branches in disguise, and welcome Whitehead torpedoes as heralds of peace and good will.

In the meantime, war between Russia and Turkey is suspended. While in operation, we regarded both of the combatants to be alike unworthy of an Englishman's sympathy. We hoped they would both meet with the fate of the Kilkenny cats, without even sparing their caudal appendages, if they have any. We have as little admiration for Russian Government as for Moslem; and we fail to perceive any great difference between Bulgarian atrocities (it is now admitted the statements published at the time were greatly exaggerated) and the Russian ladies and gentlemen to Siberia for daring to think, and aspiring to be free. It is at best a grim joke to see the most despotic of all Christian governments, assume the role of a liberator, and the most reckless of all repudiators of Treaty obligations, profess a pious indignation of the same vice in another.

At the time of our writing (25th February) there are fears of a renewal of strife, with other combatants in the arena. If these fears be realized, it may be safe to predict that all the first-class powers will be, sooner or later, involved. The Russian conditions, as they appeared in this morning's papers, are such, as not even "a Manchester man" would tolerate. Were they permitted in their entirety by Great Britain, her Indian empire and her Asiatic trade would be quickly at the feet of Russia; and the prediction of the First Napoleon to Dr. O'Meara, at St. Helena would be literally fulfilled. To permit the Cossack to hold, in addition to the greater part of European Turkey, a Black Sea a Russian lake, and to command the shortest highway from Europe to Asia, by the Suez Canal. Therefore it may, we think, be assumed that these conditions cannot at present be enforced. On the other hand, Russia dares not retreat very far from her present vantage ground. Though, despotic, she is not altogether insensible to the will of her people. She can muzzle the press, and not always control the assassin. The Russians, as a class, are as zealous for the interests of their church, as the Roman Catholic for his. We all know, that Constantinople was the cradle of the Greek Church, as an organization, and was their ecclesiastical head quarters, until the 16th century. Only since then, has