power at four to six, an industrial corporation at five to seven, —all on bond issues. The variation is mainly a risk premium. Varying expenses of administration may also produce differences in gross interest, as in small country branches of the chartered banks in undeveloped districts, where the cost of administration must be spread over a relatively small amount of business: to borrow a term from insurance, the expense loading is high.

It is surprising to note within what narrow limits interest rates fluctuate through the years and the centuries. In advanced industrial countries like England and Holland, in the middle of the eighteenth century, three per cent. was the average rate of pure interest. Since that time it has rarely risen above six, on long-term, permanent loans of good security. In new countries it has averaged more than in old, and in times of prosperity, when everyone is seeking to enlarge his business and enter upon new speculations, it is, of course, higher than in times of depression. Throughout the second half, and particularly the last quarter, of the nineteenth century, there was a noteworthy decline in interest rates, the United Kingdom, for example, being able to refund great part of its debt at 2½ per cent. Many financiers concluded that this decline would continue indefinitely, that accumulation had outrun improvement, that the great opportunities had already been seized, the new countries staked out, the most productive railways built, the most essential inventions exploited. There seemed no reason why the decline should not go on until negative interest was established, until capitalists would be willing to pay banks compensation for keeping their money safe, as was done in earlier days. This argument laid too much stress, however, on the tendencies of one generation or so: that experience did not give sufficient ground for believing that new fields of productive enterprise would not be opened or that governments would not be able to find or make larger holes to sink millions in. And the turn of the tide with the opening of the twentieth century made it clear that the prophecy was premature. The development of Canada and other lands, the establishment of new industries such as motor car manufacture, the rising standard of living the world over, the fever of speculation that accompanies rising prices, the thousands of millions spent in wars and preparation for wars, put such a premium on capital that interest rates rapidly returned to the old high level.

The relative steadiness of the interest rate seems to show that the amount of saving which depends upon attractively high rates of interest is a large and important share of the total. The high rate induces saving which would not otherwise have been made, and this additional supply of capital brings down the rate of interest until, again, accumulation