with mortgages at that time. The repeal of the law caused an immediate fall in the rate, which in the next two years went down to fifteen per cent., and has been steadily descending ever since, until now it is about seven or eight per cent., the lowest, we believe, ever reached in the Province. This enormous difference is almost altogether owing to the repeal of the law, and in particular to the large additional capital which has been thrown into the loan market in consequence. In a country like ours, where capital is comparatively scarce, any restriction upon its circulation will inevitably give rise to far more disastrous consequences than in countries where it is comparatively plentiful.

The absurdity of fixing a limit to a thing so fluctuating as the rate of interest, is further shewn by the extremely wide variations which have taken place in it at different times and places. In ancient Athens, by the laws of Solon (B.C. 594). the rate of interest was not restricted. It varied from about ten per cent. to sixty. The average was about eighteen, which it was in the time of Demosthenes. Twelve per cent. was always considered a low rate. At Rome, by the laws of the Twelve Tables (B.C. 450), the rate was fixed at twelve. Far higher rates, however, were paid in practice, and the law was so ill observed that it became obsolete, and in less than one hundred years had to be re-enacted. In 347 B.C., the limit was reduced to five, and a few years afterwards the receipt of any interest whatever was prohibited by a law which was, of course, completely set at naught. By Justinian, the taking of interest was again legalised up to four per cent. In the Middle Ages, in spite of legal penalties, of spiritual censure, and of popular odium, usury was everywhere practised, and, as a consequence of the restrictions upon it, at extremely high rates. In England the Common Law, supplemented by various statutes, prohib ted the taking of any interest. This was first legalised, as one of the consequences of the Reformation, by the Act 37 Henry VIII., c. 9 (1541), which fixed the limit at ten per cent. This Act was repealed, and the receipt of interest again made illegal, by 5 and 6 Ed. VI., c. 20 (1552.) Eighteen years' experience of this Act was enough. Accordingly it was, in its turn, repealed. and the Act of Henry revived, the rate being again fixed at ten per cent. This was done by 13 Elizabeth, c. 8 (1570.) The preamble to this Act is instructive. Speaking of the Act of Edward VI., it says :—

"Which said latter Act hath not done so "much good as was hoped it should, but "rather the said vice of usury, an l specially "by way of sale of wares and shifts of interest, hath much more exceedingly abound-"ed, to the utter undoing of many gentle-"men, merchants, occupiers, and others, and "to the importable hurt of the Common-"wealth." By 21 James I., c. 17 (1623), the rate was lowered from ten per cent. to eight. During the Commonwealth it was reduced to six, which was confirmed by 12 Charles II., c. 13 (1660.) In Scotland, in like manner, before the Reformation, no interest was allowed. After that event, and in 1587, the restriction was removed, and the rate fixed at ten per cent. In 1633 it was reduced to eight, and in 1661 to six. After the union of the two kingdoms, the Act 12 Anne, c. 16, fixed the rate at five. No alteration was made in the law till Wm. IV., when it was somewhat relaxed; and finally, in 1854, by 17 and 18 Vic., c. 90, the usury laws were totally abolished. The natural fluctuation of interest is also shown by the Bank of England rates. Within the last few years they have varied from less than two per cent. to upwards of ten. The average rate, however, has been considerably less than before the Act of abolition. It seems, therefore, that, in the old country at least, it is at last recognized, even by politicians, that the true and only way by which to reduce the rate of interest to its lowest point, is to leave capital and borrowers and lenders to the free and unrestricted operation of the natural laws which govern them.

Another mischief which is to be charged against usury laws, being of a very serious character, must not fail to be noticed. We refer to their effect in retarding the development and industrial progress of a country. The main element of progress in a new country is the opening of new branches of industry and of new channels of trade. These, because new, and therefore untried and unknown, are necessarily more hazardous than the old and well-tried ones. Now, capitalists will not lend their money for the purpose of investment in enterprises of extra hazard without an inducement in the shape of extra interest, which, being prevented by law, the consequence is that new branches of industry languish for want of the necessary support. We have not the slightest doubt that to our former usury laws is to be attributed much of the want of energy and enterprise with which we have been so often twitted by our American neighbors. If there is no such connection as this, it is certainly a very remarkable coincidence that the rapid development of such hazardous enterprises as those connected with petroleum, salt, and mining for gold and other minerals, should follow so closely on the heels of the repeal of our usury laws. Again, look at other countries, where the religious prejudice against usury still exists. In Mohammedan nations this prejudice is still as strong as ever, their religion absolutely forbidding the receiving of any interest. In Roman Catholic countries the same feeling still has some vitality, and though not so strong as formerly, yet is much stronger than in Protestant countries. Compare, then, the industrial and commercial torpor of such countries as Turkey (the sick man), Spain, and Italy, with the life and activity of England and the United States. We have seen what, during the Middle Ages, was the popular doctrine in regard to interest. There is no need to shew further, how, during that long night, and while the doctrine reigned supreme, the whole frame of industry, trade and commerce shrivelled up and withered beneath the curse of its blighting influence, and was paralysed into a stillness as of death. From facts such as these we may form some notion of the evil in these respects which usury laws occasion.

Another charge which we have to bring against these laws, is that they are an infringement upon the rights of property, being an attempt to dictate the terms upon which a man shall deal with his own.

In short, in whatever aspect usury laws are regarded, they are seen to be productive of mischief, and mischief only. They belong to the same class with those which were frequently passed in times gone by, to regulate wages and the price of food. The same evils and the same inherent absurdity belong to both.

As we said before, we are unwilling to impugn the motives of those who are moving in this matter; but the facts and arguments which we have given are so indisputable, that it is impossible to do other than ascribe to these men, one of two things, either that they are grossly ignorant of all that has been written on the subject about which they propose to legislate, or that, for reasons best known to themselves, they wish to raise the rate of interest throughout the country. We hope that there is, in the Dominion, sufficient intelligence and public spirit to prevent the intended wrong.

THE ROYAL CANADIAN BANK.

On the 21st this bank suspended specie payments. We were aware prior to last week's issue of this journal that such a step was contemplated, but as negotiations were in progress which might have prevented it, we did not feel justified in contributing in any way to such an undesirable result. A glance at the returns for the last two months was sufficient to show that the process of depletion was going on steadily. Between the 1st March and 15th May, the reduction was as follows :—