

fatal to it at the outset: the dividend is to be rigidly limited, at all times, to five per cent. The temptation of such a rate of dividend would not induce persons to invest half a million dollars—the minimum amount of the proposed stock—in an Agricultural Bank in each county.

Mr. Thompson denies that the commercial crises which periodically disturb the commercial world, are due to over-manufacturing, over-trading, or personal extravagance, or all combined. His explanation of what he considers to be the causes is not very intelligible; but it seems to amount to this, that, in these days of steam, there has come about, somehow, an inadequate supply of currency. If steam accelerates the movement of the currency, the contrary result would be produced; a less amount of currency would suffice to do any given amount of business. Mr. Thompson assumes that the actual banking facilities and the present volume of currency are only sufficient for mercantile purposes, and that farmers are left out in the cold without any provision for their wants. He proposes to supply the defect by giving each county an Agricultural Bank, with a capital of not less than \$500,000. No bank is to commence business till all the capital is paid up; and when it is paid it is to be handed over to the Government, by way of loan, at three per cent. per annum, and the bank is to receive in return an equivalent amount of Dominion notes. The deposits are to be dealt with in the same way. The banks to issue no notes of their own. The redemption of the Dominion notes would, of course, rest with the Government; but no details of how this is to be done are given. The banks are to lend to farmers only, but not on the security of real estate. Two bondsmen are to be required for every loan; and loans may be for the fatal term of one year.

It does not appear what would ultimately be done with the profits over and above five per cent. Enough would be set apart to form a ten per cent. rest or reserve to equalize dividends, if the earnings should in any year fall short of five per cent. Five per cent. is to be the maximum rate of interest charged by the bank.

The scheme may be described as a plan for making money artificially cheap, when it happens to be scarce; for contravening a natural law, in favor of a particular class. In introducing the resolutions, Mr. Thompson said "the system of protection which he favored was cheap money." To farmers, manufacturers, or any others engaged in active operations, cheap money is one of the conditions of success; but the fallacy is to suppose that there is any artificial way of making it cheap. Mr. Thompson com-

plains that, at present, farmers can borrow only on mortgage; and if a shorter date than one year cannot accommodate them, we doubt if any system of banking can be devised that would meet their case. If a farmer required a loan for the term of three or four months, in anticipation of his crop, there is no reason why he should not get it from a bank. The average quality of farmers' paper, under such circumstances, ought to be better than the average of merchants. If farmers cannot now get bank loans, the reason is that they are not prepared to repay in a reasonable time.

Mr. Thompson makes the startling statement that farmers who borrow on mortgage generally get on the road to ruin. We trust this is not an accurate picture of what is actually going on. As to the high rates at which they borrow, and of which Mr. Thompson complains, it is certain that those rates have been gradually diminishing. Farmers who have good security to offer can now borrow at about eight per cent., though higher rates are sometimes exacted; but if they generally knew where to borrow, they need not pay more than this rate. The exception would be in new settlements, where lands might not readily find purchasers at a forced sale. Rates are still considerably higher here than in the State of New York; and a more abundant supply of capital, which is constantly coming in, will reduce them still further. In this way, we think, the evil of dear capital, of which Mr. Thompson complains, in the name of the farmer, will be cured.

Mr. Thompson's scheme must fail because it has no attraction for capitalists; because people who can get eight per cent. will not take stock in a company whose dividends are restricted to five. The second object to which he would apply surplus earnings would be to reducing the rate of discount. That there is a want of currency or banking capital, for any legitimate purpose, it would be impossible to prove. Any great increase of the currency inflates prices; and the result of farmers borrowing large sums of money, in the way proposed, would be to compel them to pay much more for everything they had to purchase. This has been found to be the case, even when the addition consisted of specie. When during the disturbances of the first French Revolution, some fifty millions of dollars in specie emigrated from the French West Indies to the United States, doubling the stock of specie in the latter country, the effect was to double the prices of commodities in the States. In a country of any commercial activity, every dollar, probably, does duty not less than fifteen times a year, so that one million of currency will move fifteen

million dollars worth of commodities. An inflation of the currency, such as Mr. Thompson proposes, would prove a calamity from which the country may well pray to be spared.

A QUESTION OF JURISDICTION.

We lately referred, under this heading, to an important decision of Mr. Justice Gwynne, holding that the Local Legislature of the Province of Ontario had exceeded its jurisdiction in making provision for the prosecution and conviction of persons charged with tampering with witnesses in liquor cases. The case was that of one Richard Lawrence, who had been convicted, under the Statute, of having tampered with a witness against him on a charge of selling liquor without a license. There were, however, a number of other cases in which the same question was involved, and as the point was considered one of the very first importance, the county attorney at once brought this as a test case before the full Court of Queen's Bench, by way of appeal from the decision of Mr. Justice Gwynne.

After having had the question fully argued, and taking time to consider, the Court of Queen's Bench has now delivered judgment affirming His Lordship's decision. Chief Justice Harrison, in delivering the unanimous decision of the Court, remarks upon the paramount importance in the estimation of the English law of the liberty of the subject and the safeguards which are calculated to ensure that liberty, and then refers to the necessity that there should be no possibility of conflict on such a subject between the jurisdictions of the different Parliaments of the Federated Provinces. It is then pointed out that tampering with witnesses is a *crime* at common law, and as such can be dealt with, so far as Canada is concerned, only by the Dominion Legislature, under the terms of the British North America Act. Also, that even if it had not been a crime at common law, the effect of this enactment would be to make it a crime, which, the Court lays down, it is beyond the power of the Local Legislature to do.

There is, perhaps, nothing in the practical working out of the Act of Confederation that has given, and is likely for a long time to come to give, more trouble than questions as to the respective jurisdictions of the Dominion and Provincial Parliaments; and every judicial utterance on such questions is, in consequence, sure to receive attention. The Temperance party, particularly, has been sadly at a loss to know what quarter should be applied to for the relief they seek.