

absurd to suppose that they would demand a rate higher than the ordinary value of money. The advantage to the public of putting no restriction upon them is only for particular cases, such as I have stated, and during a panic or a revulsion in trade, when the risks are great and money becomes in great demand. One of the principal causes of the late attempt to abolish the Usury Laws altogether was their disastrous effect during the last commercial panic; and it is only during periods of this description that the good effects of an unrestricted law would be felt. The rate of interest being generally from 2 to 4 per cent. less in England than here, it is of great advantage to a Bank to have a large credit, as it is like so much capital borrowed at a low rate. This is done by the exchange account, but when there is a pressure in the money market at home, and the rate exceeds the rate limited by law here, it becomes the interest of the Bank to reduce this account. This and the withdrawal or reduction of the ordinary deposits, the extra risk caused by a coming revulsion, the tardiness with which their bills receivable are liquidated, and many other causes, all these things coming together reduces their facilities to accommodate their customers, and when money commands 20 per cent. in the street they must lend at 6 and 7. Now the extra risk on occasions of this kind makes lending the money at 6 and 7 per cent. a very poor business, and compels them to take a decided stand against it. The consequence is, the Merchant whose capital is ample for the emergency and whose standing the Bank knows well, is driven to the wall or else to brokers, and submits to much higher rates than the Banks would charge him were they not restricted.

The Editor of the *Commercial Montreal Advertiser* in his leader of the 14th April last, says:

"Those who are in favour of allowing our Banks to charge any rate of interest they please upon loans, without in any manner restricting their monopoly of creating money out of paper and printing ink, can have little idea of the result which they are assisting to prepare. It would be perfectly right that these institutions should be placed upon an equality with other corporations and individuals, if all possessed the same privileges in other respects, but to give to the monopolists of a fictitious conventional coinage the power which they will not be slow to exercise of combining to exaggregate its hire and to increase its issue, is to squander upon them privileges possessed by no others, to which they are not entitled, and which cannot be conferred without danger to the Banks themselves, the certainty of the oppression of the mercantile community, and the probability of great financial disasters.

"The first effect of such a concession will be an abundance of what the Banks call money when they issue it, but which is in reality a promise to pay which they mean to take all means to evade; all sort of rash speculations and questionable enterprises will be encouraged to force the coinage of the printing press into circulation, a false prosperity will be created and an insatiable appetite for the stimulant of it. Then the action of the screw will commence, men who have been encouraged by the ease and abundance of Bank accommodation to traffic far beyond their real means, will be put into the Bank press, and subjected to a gradually increasing pressure, until nothing but a worthless husk is left.

"Banks have no other souls beyond their profits, and he is the cleverest manager who can divide the largest annual percentage; those who imagine