

In the management of a Bank, in all its transactions, its own interest is of the first importance; the Bank consults its own interest with as much nicety as any first class merchant in his daily transactions; any other course would be either unbusiness-like or favouring an individual at the expense of the Bank. Now a Usury Law which compels the Bank (in carrying out the principle of doing business to favour one class of men to the injury of another, must be bad. I will endeavour to show how the Law is detrimental to a certain class, and how it has the effect of holding up establishments opposed to the best interests of the country. As I stated before, the Banks have other means of making money besides discounting paper, that is, in selling exchange. Nearly the whole amount of our exports, with the exception of what is shipped against contra accounts, passes through the Banks in the form of exchange purchased from the shippers. The banks sell upon these, drafts at from $1\frac{1}{2}$ to $2\frac{1}{2}$ per cent. profit, as the Bank guarantee is considered equal to that difference between private and Bank exchange; now the Bank which has the largest number of exchange customers generally makes the most money. We have an instance of this in the Bank of Montreal, the most prosperous institution in the Province; its customers have been almost exclusively importing houses. The importers are generally men of good credit here and at home, the nature of the business requiring a fair amount of capital and credit. In purchasing exchange they generally do so with paper, so that when the Banks sell an importer £1000 in exchange on London it makes say $1\frac{1}{2}$ per cent. on the Exchange, and $1\frac{1}{2}$ on the 90 day paper, making 3 per cent. on the transaction, so that on all exchange transactions they make double the amount made in the ordinary mode of discounting. Now as the Banks have always been limited by law to 6 per cent., and as money has generally been worth more than that rate, the Banks to pay dividends that would be satisfactory to the stockholders, and offer inducements for further investments have made it their particular business and interest to build up importing houses, on account of this business being so much more profitable to them; now this is the way in which the manufacturing interest suffers; by restricting the Banks in the rate of interest they may charge. The entire funds of the Banks are not absorbed by the importing customers of course, but the manufacturers have to wait till they are served and take the balance. Let us take an example,—it is discount day, the directors meet; the cashier presents his statement of the day's business, showing £10,000 the amount they have to loan that day; then applications amount to £20,000, out of this amount £15,000 is first class paper, acknowledged so by the Bank and considered by them as undoubted security, if £10,000 of the amount is from exchange customers and the £5,000 from manufacturers, the latter gets his full complement of notes returned him, while the importer sweeps the whole; if there is exchange customers for only £8,000, the manufacturer then gets £2,000 out of £10,000, while the importers get all they ask. Now if the laws of Usury were such that the Bank could always, when there was a competition for their funds between the importer and the manufacturer, charge the manufacturer an equivalent equal to what he makes by his exchange customer, then both would be equally served; but the law never permitted that, and the present one, in these cases, is little or no improvement on the old law. If the Usury Laws were unconditionally repealed with reference to the Banks, it would be