

THE USURY LAWS.

INTEREST being the price paid for the use of money. It is evident that any legislative enactment which determines a fixed rate, must be detrimental to the interests of trade, and injurious to the general prosperity of the country. Money is the standard value by which other values are estimated, but the amount of interest paid for the use of money is a different matter, and is continually changing in accordance with the requirements of the people, whether for commercial or other purposes. One of our contemporaries has recently expressed an opinion with regard to the great public injury sustained by the operation of the Usury Laws in their application to our banking institutions, with which we entirely agree.

It is evident that whilst a higher price is paid for the use of money in the United States and in England than the law allows our chartered banks to receive, capital, instead of being attracted to Canada, will be withdrawn from it: consequently those needing the use of money will be forced to pay a higher rate of interest outside of the banks than that which money could be obtained for inside of those institutions, if the law allowed capital to be attracted to this country, and a fair competition exercised by its owners.

The law should of course protect minors. A fixed rate of interest is necessary in all cases where the contract is not voluntary—on debts due by estates in process of liquidation, on amount of claims in suit, and on judgments rendered, &c., &c. But where a party agrees to pay a certain amount of interest for the use of a certain sum of money for a given time the matter is altogether of a different character; and one with which legislation should have no more to do than with a contract for building a house, or the rate of exchange which a bank demands upon its draft payable in England.

To whom are the Usury Laws beneficial? Certainly not to the agriculturist, who, if he need to borrow money, must seek it outside of the banks, and pay high rates, they being prevented from receiving his real estate as security for the payment of the amount at maturity. And yet a bank being the holder of a farmer's note past due, can get judgment upon it, attach his real estate, and sell it under execution to satisfy the claim which arises out of the possession of the note. The benefit the farmer receives by the protection of the Usury Laws consists in this: he is shut out from bank accommodation in consequence of their existence, and he pays Mr. A or B a very high rate of interest in one shape or another for the use of money for which he gives his note. Mr. A or B endorses the farmer's note, gets it discounted at the bank, and is ready to shave another farmer with the proceeds. It may be asked why did not the bank discount for the farmer. Simply because the security offered was not as good before the note was endorsed by Mr. A or B as after it received the endorsement.

Is it the merchant, then, who is benefited by the Usury Laws? A very broad smile would come over the face of any merchant who should be asked this simple question. Certainly he is not the man. The law operates in a peculiar fashion on his interests. The banks being unable to discount at seven per cent., and declare dividends at eight, are obliged to resort to a system of discounting disagreeable to them, and quite detrimental to the merchant, and demoralizing in trade. When the banks have an excess of exchange on England, bought perhaps in New York, they compel the merchant to receive exchange for a portion, if not the whole, of the proceeds of his discounted note, and they charge him 1 to 1½ per cent. higher for the exchange than he could buy it for if he were a cash customer. This is what is meant by the difference which we see in the quoted rates of exchange for cash and for discounts. The merchant receives the exchange which is generally drawn to the order of one of the clerks of the bank to prevent the transaction being known as connected with any particular person. The exchange is handed to a broker and sold for the best which can be obtained. The interest which is paid on the net amount received under such a transaction as this, after deducting the loss in exchange, and brokerage is seldom below twelve or fifteen per cent. per annum. Nothing can be more injurious than such a system of banking. It is injurious to credit. The secret manner in which it is conducted shows that it is in disfavour, and damaging in its consequences; and if it were general to any very large extent for a long time the banks would ultimately lose in the embarrassment which would be produced. Thus it appears that the Usury Laws are not beneficial to any class of the community nor to the banks. There may be found some solitary exceptions amongst those who make it a business to shave notes and lend money at exorbitant rates. They are the only party protected and benefited by the Usury Laws.

STATE OF BUSINESS AT THE WEST.

PERIODS of national excitement are generally injurious to business, which is very sensitive to disturbing influences. Such has been the world's experience, and such was felt throughout Western Canada, to some extent, during the past two or three weeks. The threatened Fenian invasion seriously alarmed nobody—as nothing beyond a plundering raid was deemed possible—but it had a disturbing influence upon trade, and in conjunction with forebodings as to the abrogation of the Reciprocity Treaty, slightly unsettled business for a short time.

Coming just at a period when the retail merchants were about to purchase their spring stocks, the danger of an attack, however hopeless, by a horde of plundering ruffians from the purlious of Chicago, Buffalo, New York, and other cities, could not fail to have some effect. Those traders doing business on the frontiers, in particular, felt it to be very necessary to purchase moderately; and until the arrival of the volunteers business men and property holders believed themselves to be in great danger of a plundering raid. During last year, our frontier merchants were among the largest purchasers from our importers, a large portion of their sales being made to Americans who came across the line to get cheap goods. Under the fears of any trouble over the frontier, therefore, it was natural that business would be more or less affected.

The excitement did not affect transactions in Real Estate very much. We heard, however, of a few cases where parties about to invest in manufacturing pursuits, declined to complete negotiations until they saw what was likely to be the result. Such instances were doubtless quite rare.

The prompt action of the Government in calling out the volunteers, and the hearty response made to the call, together with the assurances of the American Government to Sir FREDERICK BROU, have calmed the public mind. The vapourings of SWEENEY or O'MANON now receive very little attention, and the wheels of business are revolving again with their accustomed regularity. Considering the excitement incident to calling out the militia, and the hasty manner in which they were sent to the frontiers, the people of Western Canada may congratulate themselves that, upon the whole, their trade has been so little disturbed.

We are also glad to be in a position to state, that the close of the Reciprocity Treaty has in no way depressed Western business. A temporary fall in the prices of produce and live stock might reasonably have been anticipated, simply from the immense quantities which poured across the lines at every point, during the last week the Treaty existed. The Suspension Bridge was, during that time, crowded almost day and night, with passing trains, filled to repletion. An eye-witness informs us that the quantity of grain and flour, and the number of horses, cattle, sheep, pigs, &c., were so great as to make a person wonder where they could possibly all have come from. At Fort Erie, at Prescott, and other frontier points, the rush of freight was also unusually large. Had a temporary glut occurred in the American markets on the frontier, from such an invasion as this, it would not have been surprising. But no such result has taken place. Buffalo, Rochester, Albany, New York, and other cities, have absorbed the whole without difficulty, and, like Oliver Twist, are already crying for more. This fact affords the best of evidence that the Eastern States must purchase our produce and live stock, and that the greater portion of the duties they have imposed will fall upon themselves.

Many persons anticipated that as soon as duties had to be paid to the American Customs Officers, there would be a fall throughout Western Canada in prices. This idea has proved incorrect. The prices of produce remain as before, and we learn that American millers and grain-dealers have sent over word that they are quite willing to take our white wheat at present prices, and pay the duties themselves. In Albany there has been a rise in the price of our white wheat of some 15c per bushel since the close of the Treaty, so that the American dealers will be quite justified in paying the duties themselves. Of course the duties will affect the trade in inferior grains more, but up to this time, at least, it may safely be said that the abolition of the Treaty has not injured Western Canada, and has only had the effect of making our American friends pay "a little more" for their breadstuffs.

This fortunate state of things as regards our great staple, will, we are confident, prove true as regards our lumber. The Americans must buy it, because

they cannot supply themselves; and we won't sell unless we can make it pay. Our long woods occupy a similar position to wheat and lumber; and, for some time at least, we believe our live stock will also command prices which will make it profitable for us to export, whether they impose duties or not.

The business of Upper Canada—which is principally with the neighbouring States—does not yet seem to be influenced injuriously in the least by the new state of things. Everything goes on as smoothly as before the Treaty expired, and every article for export to the Republic is in as good demand as ever. Of course, there is not much of last year's crop unsold, nor have we yet had much experience of the working of the hostile tariff. But it is exceedingly gratifying to know, that the indications up to this time point to no serious injury to Canada from the narrow and selfish commercial policy adopted by our neighbours.

Taking it all in all, the spring business of Western Canada is opening favourably. The temporary unsettlement, alluded to above, may be said to have passed away; and with entire confidence in the power of the Government to repel any plundering raid which the Fenians may attempt, a prosperous season may be reasonably anticipated.

INDUSTRIAL AND MANUFACTURING ASSOCIATION OF NOVA SCOTIA.

AN association under the above title has been organized recently at Halifax, to take measures for the fostering and development of the industrial and manufacturing interests of the Province. At the first meeting, resolutions were adopted advocating free trade between the British North American Provinces, but protection from foreign competition, in order to foster "labour and industry, which will thus necessarily tend to encourage immigration, the introduction and expenditure of capital, and to develop the internal resources of the country." The association sends "greetings" to the industrial and manufacturing people of the British North American Provinces, with hopes for co-operation in the objects and designs of the Association. We trust that whether the comprehensive scheme of Confederation fail or not, we shall at least see free trade established between the Provinces to the fullest extent, but we are quite unprepared to advocate a system of protection, which, while it raises the apparent standard of wages, does not increase their purchasing power to the labourer, but by increasing to the producer—whether manufacturer or farmer—the cost of labour, places him at a palpable disadvantage in the world's markets. Let our policy be rather, by reducing the cost of living, to increase the real instead of money value of wages, thereby lessening the cost of production and fostering to the very best advantage the important interests of our country. Cheap labour, with a moderate tariff, will, we are of opinion, attract capital quite as surely as a protective policy (which in its very essence is an uncertain one) and in a manner securing much greater ultimate benefits.

Meat Packing in Chicago.

From Henry Milward & Co.'s circular of the 19th, we learn that during the packing season of 1865-66, there were packed 501,462 hogs, of an average net weight of 226 73 lbs., against 759,147 hogs for the previous season, averaging 178 lbs. Of cattle, there were packed 23,728 head, against 32,459 head last season. The highest prices of the season for live hogs were paid last November, being \$12.50 gross weight, and for dressed hogs, in December, being \$11.50 net weight. The average price during the season, for the former was \$10 11 and for the latter \$10 97. The stocks remaining on hand consisted of cut meats, 9,636,605 lbs.; pork, 42,013 barrels; S P hams, 25,213 tierces; lard, 16,614 tierces. The stock of pork at corresponding period last year was 169,000 barrels, and of lard, about 19,000 tierces. Receipts of produce from 1st October, 1865, to 15th March, 1866, were: Cut meats, 6,863,564 lbs.; pork, 23,316 barrels; lard, 4,189,081 lbs.; and the shipments, cut meats, 30,205,463 lbs.; pork, 82,738 barrels; lard, 14,377,396 lbs.; showing as having been supplied from the city packing, 33,311,904 lbs. cut meats; 63,392 brls pork, and 10,183,225 lbs. of lard. For the corresponding period of 1865 the receipts were: cut meats, 7,878,823 lbs.; pork, 21,209 brls.; lard, 4,941,405 lbs.; and the shipments, cut meats, 27,119,915 lbs.; pork, 125,472 brls.; lard, 13,079,461 lbs.; showing as having been supplied by the city packers, cut meats, 19,240,987 lbs.; pork, 104,263 brls.; lard, 8,135,056 lbs.