

as an economist and general politician we consider him much under the average of the generality of our public men. Hence, as we have said, we expect but little from him.

But from Mr. Moffatt, we confess, we look for better things, and particularly for sound economical views; and on this ground we feel bound to declare, that the vote which he gave in the last session of parliament upon the question now under review, caused us much pain, and raised doubts in our mind where we previously felt confidence.

The Usury Laws we regard as oppressive to the poor, needy borrower, whilst as respects the rich they are nearly inoperative. The latter can always borrow money on the best of terms, and it is conceded on all hands that he requires no Usury Laws to protect him,—that so far as he is concerned such laws are but a mockery. It is as respects the needy borrower, therefore, that we must endeavor chiefly to show their pernicious effects, for if we can establish that such effects flow from them, we presume it will be allowed on all hands, that in that case they may not only be safely but advantageously dispensed with. Let us then enquire how they operate as regards this class of persons, let them be merchants—mechanics—landowners—tradesmen—no matter what—provided they be borrowers. In ordinary times all these persons, we will suppose, have no great difficulty in borrowing all the money they require at the legal rate of interest; but a pressure arises—cash becomes scarce—and, under such circumstances, the banker or capitalist very naturally will lend his money upon nothing but the most undoubted securities. How are these persons, then, situated at such a crisis? They present themselves before their bankers with the usual description of securities, which, in ordinary times, are considered quite sufficient, to obtain a loan at six per cent. per annum, there being in the banker's estimation little or no risk. But now the case is altered; the banker sees a risk in lending upon such securities—and what is the consequence? He cannot say to the borrower—"I will lend you money upon these securities provided you allow me one or two per cent. per annum extra interest to cover the extra risk which I must incur of their non-payment at maturity."—he cannot say that because, according to law, he would thereby jeopardize the whole debt. But he exercises the alternative which is left to him, that of telling the borrower that he must decline lending money upon such securities, upon any terms whatever.

What then becomes of the borrower? He must either forfeit his credit, or resort to an inferior class of money-lenders for a loan—and the latter alternative, of course, is that which is generally adopted. How then does he fare in this case?—He finds the money-lender disposed to accommodate him. Money is worth we will suppose six per cent. on the very best securities, and two per cent. more to cover the risk of the inferior securities, now in question; but there is another risk still which this description of money-lender for his own safety is under the necessity of covering, that is, the risk of being detected in a usurious transaction,—and this risk involving as it does the loss of the whole capital lent, is one which it obviously requires a large premium to cover. But yet the needy borrower must submit to it, whatever it may be, or forfeit his credit, and be reduced to poverty, because the law which professes to be his friend,—although it evidently is his worst enemy,—denies him the liberty of bargaining with an honorable capitalist who would have but one risk to cover!

The question, however, may be viewed in another light to show how unreasonable it is to prevent a man by law from paying more than a fixed rate of interest for money, and yet leave him free in all other respects to injure or ruin himself as he sees fit.

A borrower for instance owns a thousand barrels of flour, worth, we will suppose, £1000; and a promissory note besides, having three months to run, for £1000 more. He is obviously the possessor equally of both, and should exercise the same power over both, yet the law says he may dispose of the one, the flour, as he pleases—sell it for a shilling a barrel, if he likes, though it be worth twenty—but over the other, the promissory note, he has no discretion save at a discount of six per cent, or less, per an.

Does this limitation of a man's right over his own property not appear monstrous? Can there be sense or reason in allowing a man to do as he pleases with a thousand barrels of flour and yet prescribe to him exactly what he shall do with the promissory note which he may receive for that flour? A may sell to C, 1000 barrels of flour at any price that may be mutually agreed upon, but if he prefer selling it to B and taking a promissory note for it, then the law steps in and says you shall not sell that note to C except at a discount of six per cent. per annum, or less. How any man of common sense can support such a principle of law surpasses our humble comprehension.

But it is said by some that they would like to see the Usury Laws suspended, provided their provisions and penalties were continued as respects Banks. Now we can see no object to be gained by limiting Banks to six per cent. per annum, any more than individuals. Competition among Banks is just as keen as among individuals, and wherever this principle has free play, as we trust it always will have in this colony as well as in every other part of the British dominions, there need be no fear of Banks

any more than individual capitalists being able to maintain their rate of interest permanently above the market rate, that is, what the average rate of profits will afford.

But supposing the Usury Laws to be maintained as regards Banks, and abolished in all other respects—would the community be thereby benefitted? Certainly not, for the reasons already fully stated, as well as for the following additional reasons: they would merely have to lend their money through a broker at the market rate, or they would carry out on a large what they now practice on a smaller scale—that is, they would discount paper for bills on London or drafts on New York only—charging for them an extra premium of one or two per cent. above the market cash rate—from which it must be plain that nothing is to be gained by maintaining the Usury Laws as respects Banks any more than individuals, provided the principle of competition is allowed free play.

We intended at the outset to have carried this article to a greater length, but we find we must close for the present with a promise to recur to the subject in a future number.

NIAGARA DISTRICT.

We observe some remarks in the *St. Catherines Journal* of the 6th inst., drawn forth by the comments which we felt it our duty to make, in our paper of the 23rd ultimo, on the Report read and the Resolutions adopted at the late Agricultural Convention at Port Robinson. It was with regret that we made those strictures; but when the attention of the intelligent farmers of the country is withdrawn from practicable reforms to schemes, which if not exactly visionary, are only capable of realization at a distant period of time, we cannot remain silent. The editor says our objects are not at variance with those of the petition: perhaps not, so far as intentions go; that is to say, we are perfectly willing to admit that the future prosperity of the country is the desire of both; but the mode by which it can best be secured is the point of departure. Whilst the framers of the Report and Petition of the Niagara District speak of treaties with Foreign Powers, and negotiations with the British Government, the former of which we still hold to be unavailing, and the latter unnecessary, and both of which will cause delays, and probably be attended with insuperable difficulties, we propose simple measures capable of immediate realization.

The Niagara District Petition proposes remission of taxes on British products and manufactures here, in consideration of a similar advantage to be conceded to our products and manufactures there. This certainly bears a plausible appearance, and is calculated to carry along with it persons who know nothing of the fact that there are at present no duties worth mentioning on our products in the British markets, and that more than one-half, we believe, of our revenue from the Customs is derived from the duty on British goods. The *St. Catherines Journal* demurs to our statement, as to the almost entire freedom of our Province from taxation in the British markets, because there is a duty there of £4 10s. per ton on hops: an important article certainly for which to sacrifice half of our Customs Revenue! We wonder that he did not add Tobacco, on which the duty in Britain operates as a prohibition, and which may hereafter become, perhaps, a considerable article of commerce—which Hops are not likely to be, since the quantity grown is not equal to the quantity required for consumption here. Without any action of ours, the petitioners may rest satisfied, however, that all protective duties will, ere long, be taken off in Britain; and we only wish that there was an equal certainty that they would use their influence, that such should be the case here.

We are fully aware that our Legislature, by an unanimous vote last session, suspended their rules to petition the Imperial Parliament to take the duty off all our products; and if the writer of the *St. Catherines Journal* should happen to recollect the proceedings at the Free Trade Meeting at Montreal, which took place about the same time, he will recollect that the absurdity of that solemn farce of the Houses of Parliament was there held up to deserved ridicule.

As to the negotiations with the United States, there can be no objection made in this country to their remitting their duties on our products, but for us to wait until they make the move, we fear will defer, until the Greek Kalends, the remission of the Agricultural Duties, which we now urge, not to benefit them, but ourselves.

We must again apologize to our friend of the *Hamilton Commercial Advertiser* for leaving him unanswered until next week. We have prepared an article, but a press of other matter prevents its insertion in this number.