THE CENTRE REPORTER,

FRED. KURTZ.....Editor.

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About Whitewashing.

Old-time housekeepers were want to do their white-washing in the spring, when vegetation puts on its new coat and the air is fragrant with new born blossoms, but our late radical congress, has upset the good old custom—as it has upset a good many things—and has done all its white-washing in mid-winter. The reason why house-keepers do that kind of work in spring-time, is because it will then "stick" for the summer, hence the white-washing done by congress, on Pomeroy, Caldwell, Patterson, Colfax, Wilson, Bingham, Kelley, Harlan, and the rest of the radical bribers and Mobilierites although no lime was spared, and the wash was daubed on thick, yet it will not stick, but scales off as soon as the brush is removed, and no amount of glue or other sticking matter, added to the mixture, would avail, the sharp eye of an outraged, insulted, and plundered people can see through it.

What was done by the late congress all this winter? Nothing, all the time, but investigate fraud, bribery, corruption and plundering committed by its own high and shining lights, from Vice President Colfax on down to the saintly and hypocritical Harlan and Pomeroy. And did it punish any of these worthies? Not one—but its committee of investigation sat, like a chemist in his laboratory, to compound a white-wash that would hide the sins of these scoundrels. They have failed in their attempt, in the eyes of every honest American they have utterly failed, and the subjects they attempted to white-wash are held guilty by an outraged people.

The Credit Mobilier crew was whitewashed wholesale but the gloss of corruption was too firmly rooted, the white wash will not stick.

Pomeroy, who was proven guilty of buying members of legislature of Kansas, to vote for his re-election to the U. S. Senator, upon whom the crime was fastened by the oath of senator York, to whom he paid $7000 for his vote, to Pomeroy the committee applied a coat of thick white-wash, but the rancid grease of a corrupt senatorial career will not affiliate with the white-wash, and the people hold old subsidy Pom guilty nevertheless.

Caldwell, another senatorial briber of Kansas legislators, who bought up the almost entire legislature of his state, as the evidence clearly showed, he was smeared all over with the committee's white-wash, to which was added a copious proportion of a new ingredient, discovered by the committee, called "stranger-to-political-ways-and inexperienced". We like this latter stuff, it comes in so nice to whip the devil around the stump, when the culprit is proven guilty. But this is too thin, too.

Thus might we lead the readers of the Reporter on, through the entire long list, of radical rogues, upon whom lakes of white-wash have been brushed by the radical committees of investigation of this radical congress, bu why need we enumerate farther, our readers know all—the people know all—and the scoundrels are condemned in the eyes of all honest men—democrats and republicans.

The Evans Case.

The Evans embezzlement case was tried before Judge Pearson, at Harrisburg, last week. On the 6th the jury entered the court with their verdict, which is that they allow Geo. O. Evans, the defaulting State agent, five per cent. on the suspended and disallowed claims, amounting to $199,000 and ten per cent. on the vouchers forwarded by Auditor General Hartranft, amounting to $800,000, Evans claimed $291,000 on the collections, and allowed himself that sum, but the jury are of the opinion that he is entitled to only $142,000, and accordingly returned a verdict in favor of the State for $136,000. The first and second counts of the indictment, charging Evans with embezzlement were stricken out by Judge Pearson because Evans was not a State officer, and he was tried as an agent for the collection of money, &c. The case may be carried up to the Supreme Court.

The 42 Congress.

The Congress which has just ended its career, is one of the most infamous of all the infamous congresses that we have had. It winked at every species of wrong, outrage and corruption to which its attention has been called. The *Sun* aptly remarks of it:

The Forty-second Congress! As its members sneak home with the money of the people lining their pockets, even boys at their marbles in the streets will point to them, one saying to his comrade, "There goes a member of the Forty-second Congress!" and the comrade, not deigning to raise his eyes from his play, will respond, "And of course, a thief!"

This has been Secor Robeson's Congress.

This has been brother-in-law Casey's Congress.

This has been brazen-browed Pinchback's Congress.

This has been drunken Judge Durell's Congress.

This has been the Congress of the French arms swindle.

This has been the Congress of Grant's New York Custom House whitewashing.

This is the Congress which looked approvingly upon Harlan's acceptance of Durant's checks for $10,000 to aid him in purchasing his Senatorial seat.

This is the Congress which saw Ben Butler overawe one of its committees because it allowed it to be proven that Ben took $10,000 from the Union Pacific Railroad for drawing up a contract.

This is the Congress which has condoned Colfax's perjury.

This is the Congress which let Pomeroy put at the back door of the Independence bank dodge.

This is the Congress which furnished Patterson with a coating of white wash to go home in—but very thin, though.

This is the Congress which, in the face of the damning proofs of Senator Clayton's frauds, said to that shameless scoundrel, "Well done, good and faithful servant!"

This is the Congress which dared not turn out Caldwell for buying his seat in the Senate because the Senate feared that in response to nearly every vote in the affirmative the culprit would rise up and say, "You're another!"

This is the Congress which bound the sins and iniquties of Colfax, Patterson, Allison, Logan, Wilson, Kelley, Dawes, Blaine, Bingham, Garfield, Schofield, and we know not how many other tainted Senators and Representatives, upon the shoulders of Oakes Ames and James Brooks, with intent to send them as scapegoats into the wilderness, but failed to do so because it turned out that there were not enough virtuous members in the house to expel the corrupt ones.

This is the Congress which great railway corporations owned and used as their needs required, and which a venal lobby bought and sold day by day.

This is the Congress which some Macaulay of the next century will describe as more infamous than that Parliament which originated Law's celebrated Mississippi scheme, and more corrupt than their Parliaments which Walpole used to purchase as he bought Merino sheep and Flanders mares to stock his estate in Sussex.

In fine, this is the Congress which the American people yesterday, as the clock struck twelve, hooted out of the Capitol!

The rate of interest in this Commonwealth is at present attracting the attention of our Legislature The following is part of an act now under consideration in that body:

That from and after the passage of this act it shall and may be lawful for any person or corporation within this Commonwealth to contract to pay or reserve discount at any rate and to contract for payment and receipt of any rrte of interest not exceeding twelve per cent. per annum. *Provided*, however, tnat no greater rate of interest than six per cent. per annum shall be recovered in any action except when the agreements to pay such greater rate of interest shall be in writing.

Mr. Orvis made a speech upon this bill, which will be found in another column. The Watchman, we see, is strongly in favor of the above bill.

Forgeries have been practiced against the Bank of England to the amount of 2 million dollars, which has caused considerable excitement in financial circles. The names forged were those of the Rothchilds, and the work was so well done that the Rothchilds themselves only detected it by the different shade of the ink used.

We are pleased to notice that the valuable services that our member, *Mr.* Orvis, is rendering the people in opposing legislative jobs, is bringing him the thanks of the press. The *Patriot* copies our recent article, relative to *Mr.* Orvis, and warmly endorses it all. The *Age*, of 6th inst., has the following:

Mr. Orvis, the member of the house from Centre county, recently objected off the private calendar bill exempting a large amount of property, in this city, from taxation. Why was it necessary that this duty should be performed by a member from the interior? Were none of the Representatives from the city present to act for the property-holders and tax-payers? Did they not know that more than fifty-four million dollars worth of property in the city is already exempt from taxation, while the balance of five dollars and twenty cents on the hundred dollars of full valuation? These are facts known to all our representatives in the House, and yet they report bills to swell the volume of untaxed property, and increase the burdens upon other real estate. These bills are put upon the private calendar, and run through without any notice. But *Mr.* Orvis has taken certain of these bills from off the special list. They will now have to be called up by a member, and defended upon some pretext. This will enable the people of this city to see who is decreasing the basis of taxation and adding to the burdens of the masses. We regret that a stranger had to interpose a shield between improper legislation and the people of Philadelphia. But it was a proper, manly act, and he has our thanks and that of every taxpayer in the city. We will now see if the House will pass all the bills objected to by Mr. Orvis.

Gov. Hartranft has vetoed the act incorporating the new Mifflinburg Bank.

The Boston Herald's Washington correspondent, in order to acquaint the public with the most approved methods of pronouncing the name of the famous Credit Mobilier, sends the following as trustworthy guide. You pays your money and you takes your choice:

J. B. Alley—Credit Mo-beel-yia.
Judge Polan—Credit *Mo*-bil-air.
Oakes Ames—Credit Mo-bil-ay.
Gen. Banks—Credit Mo-bil-ly-a.
S. Dillon—Credit Mo-bil-eer.
Stevenson—Cred-dy Mo-bill-ee.
[Colfax can't pronounce it.

Obituary.

PITTSBURG, March 5.—Col. Wm. Hopkins, of Washington county, a member of the Constitutional Convention, and for many years an active leader of the Democracy, died to-day in the Union Depot Hotel in this city.

Mr Hopkins was a member of the Legislature during the Buckshot war, and was speaker of the House, called the Hopkins house.

None but Protestants can hold office in New Hampshire.

Mr. Orvis opposes the bill appropriating $500,000 to the centennial celebration, to be held in Philadelphia in 1876.

Riot in New Orleans.

The Militia Versus the Police.

New Orleans, March 5.—Between 9 and 10 o'clock to-night the McEnery militia attacked the Third precinct police station. They commenced the attack by firing into the building. The firing was returned by the police. Soon after Gen. Badger, Chief of the Metropolitan police, moved down Charles street from Canal with about two hundred men and one piece of artillery. Quite a large crowd had by this time collected about Jackson square and on the streets leading there. When near the crowd Gen. Badger ordered them to disperse. The militia refused to give way, when the police fired a blank cartridge, and soon after another shot was fired. This time the gun was loaded with grape. By this, one man was killed and several wounded. Another charge of grape was fired on Starr street. Some ten or twelve are reported wounded, but only one man is reported killed. As far as known only one policeman was wounded during the entire fight.

At 10 a. m. the city was perfectly quiet this morning. No trouble is apprehended to-day. It is now stated that Gov. McEnery did not authorize the movement made by the militia last night. The Metropolitans are in quiet possession, with the United States troops in the rear supporting their stations. The militia have all dispersed. The citizens generally seem to regard the attack last night as premature. The object of the Fusionists in making it does not clearly appear, but it is supposed to have been with the view of showing that the people would not quietly submit to the Kellogg government.

Colfax as Nebitt's Lawyer.

Discovery of an Argument, Signed by the Vice-President, in the Post Office Department in Favor of Nesbitt's Contract.

Washington, March 2.—The discovery in the Post-Office Department of a long written argument in favor of the continuance of Nesbitt's envelope contract for the benefit of his heirs, signed by Schuyler Colfax, naturally makes some sensation here. Very little suprise is expressed, however. Doubtless there are some simple-minded people who believed the Vice-President's story about the disinterested generosity of his unknown friend who regularly mailed him a $1,000 check every quarter and wanted no favor in return, but such people don't live in Washington.

The disinterested friend Nesbitt, it appears, did not lavish money on his favorite statesman without purpose. His contract was about to run out, and he wanted a friend at Court. He took Mr. Colfax into his pay, and in due time, though after the death of *Mr.* Nesbitt, the Vice-President earned his $4,000 by securing the continuance of the contract. That is the whole story in brief.

Postmaster-General Creswell says that he is not responsible for the publicity of the fact of the existence of Mr. Colfax's written argument in his department. He has known that such a document was on file, but has done nothing either to make it public or to keep it secret.

The Republican Party Responsible.

The people should not forget, says the N. Y. Sun, that the Republican party has a large majority in both Houses of Congress. The President is also the representative of that party; and the Republicans are thus responsible for what is not done by both the legislative and executive branches of the Government.

By the action of the House of Representatives on Thursday the Republican party assumed the full responsibility of the Credit Mobilier bribery, prevarication, and perjury. The offences were proved; the guilty parties were known; all but one of them were Republicans; and the Republican majority in the House decided that they should not be punished. The Republicans thus took upon their own shoulders the burden of the whole mass of crime and corruption.

In the same way the Republican party, through its President and its majority in Congress, is responsible for the unparalleled outrage upon law and liberty that have been committed in Louisanna.

Corruption without parallel, usurpation such as was never before imagined in this country—these are the work of the Republican party, and these its protects and perpetuates.

The great question is whether there is still virtue enough in the people to put away this corruption and to defend and preserve their liberties against the power of the Republican party. The case is desperate and the result seems doubtful.

Colfax's Deposits.

We suggested the other day that Colfax's second deposit might as well contain Nesbitt's money as the deposit which was nearest in time to his receipt of Oakes Ames's $1,200. The Poland Committee took the hint, looked in at the bank, and now Colfax, hearing of it, comes out with an explanation that a gift from Nesbitt did make up the second deposit, but that it was another gift, and that all the same he had received $1,000 in a greenback, from a man now dead, in a letter now lost, and all the rest of it. So it turns out that Nesbitt, the contractor for Government envelopes, was in the habit of sending the Speaker a thousand dollars in checks, every now and then, and his letters were preserved and are now published by Colfax, all except that particular letter which contained the $1,000 greenback guarded by a three-cent postage stamp—and that, alas, is lost!

So Colfax stands bribed worse than ever, once by Ames and all the while by Nesbitt, but as a mere liar he is becoming uninteresting. Next week he will probably feign insanity from over-smoking, move to a lunatic asylum for the summer months, and next fall re-enter his usual round of temperance societies and young men's Christian associations.—World.

The New York Financier prints a tabular statement of the number of miles of road controlled by the Pennsylvania Railroad Company, either by lease or by ownership of a majority of the stock. The list embraces sixty-three railroads, including those now being constructed. These are all made tributary to the main line from Philadelphia to Pittsburg, and their termini are distributed in every State in the Union. Including the Union Central, and Texas Pacific the total extent of lines will be nearly sixteen thousand miles, and the grand aggregate of capital invested in them will be at least $670,000,000. Besides these there are two hundred and fifty miles of canal and a line of four steamships now building to run between Philadelphia and Liverpool. The total capital invested in these means or transportation, controlled by one organization, will scarcely fall short of $750,000,000. It will thus be seen that nearly one-third of the railroads of the United States are under the control of one corporation.

The inauguration was great in display, but the West Point cadets had to stand the cold and storm without overcoats all day and without any thing to eat.

USURY LAWS.

SPEECH OF JOHN H. ORVIS, IN THE HOUSE, FEB., 27th

Mr. Chairman, when this bill was under consideration before the General Judiciary Committee, I thought I was very clear as to the propriety of its enactment; but when it was considered some three weeks ago in the committee of the whole, and there was an almost unanimous expression of opinion from the gentlemen representing the rich agricultural counties against it, I felt constrained to review my opinions upon this subject, and to reconsider the facts and arguments upon which I had predicated those opinions. Although I entertain the profoundest respect for the opinions of my friends sitting around me, I have been forced to the same conclusions I had reached when this bill was first under consideration. I propose now to submit to this committee some few of the many reasons which have led my mind to the conclusion that the time has come when we should repeal all laws against usury; that is, all laws attempting to regulate the price which may be paid annually for the use of money.

In order to properly understand a question of this character, it is necessary to keep in view the history of legislation in civilized countries on this subject. The principles sought to be expunged from the statute books of Pennsylvania by this bill has been recognized and enforced in this State for a hundred and fifty years, and in the country from which we derived our common law ever since the twenty-seventh year of the reign of Henry VIII, when the first usury law was enacted in England. It is therefore incumbent upon those who support this bill to show that the laws which have been in existence for so long a period of time had originally no foundation in the reason or nature of things, or that such fundamental changes have occurred in the constitution and habits of society as to make such laws no longer applicable.

What is the principle underlying all usury laws? That it is the duty of government to prescribe the rate of compensation which money should yield the owner of money or accumulated capital for its use when loaned or hired to others. Had this proposition any real or substantial foundation in the nature of things? That the use of capital or money is valuable no one will now deny. That where the owner of accumulated capital chooses to loan or hire it to another rather than use it himself, he should be compensated by the borrower for the use of it is a proposition of almost universal acception. The idea once maintained that it was sinful to take money for the use of money no longer prevails to any extent in Christendom, or any other country. No country is predicated upon it, and the members of the few sects who teach it in theory do not always carry it out in practice.

It being conceded that the owner of accumulated capital or money, is entitled to receive *some* compensation for its use when loaned or hired, the next question is *how much* compensation may he rightfully receive? If this compensation is fixed by the laws of nature; if there is a natural and uniform relation between capital and its annual earnings, human enactments should conform to this natural law. It will not, however, be pretended by the opponents of this bill there is any *natural* rate of interest; the entire legislation of the world is against such an idea. By the act of 27, Henry VIII, before referred to, the legal rate of interest in England was fixed at ten per cent. It was subsequently reduced to eight, six, and then five per cent. In our own country the same want of uniformity in the legal rate of interest has always existed. In Louisiana the rate has been fixed at five per cent., in Pennsylvania and a large number of other States at six, in New York and other States at seven, in Texas and other States at eight, while in California and other States at ten. That it is just as moral and proper to borrow money at seven per cent. in New York, at eight per cent. in Texas, or at ten per cent in California as it is at six per cent. in Pennsylvania, no one will pretend to deny. Why, then, should our law establish six per cent. or any other fixed rate of interest when there is none established in or by the law of nature? If it is right to take compensation at all for the use of money, it is right to take as much as that use was worth to the borrower, or as much as the money would have earned for the owner, had he retained and used it himself. Is there then anything in the experience of business men throughout the world to prove that money is worth six per cent., and no more? No, millions of dollars are invested that bring the owner but two, three or four per cent., while millions more are invested which bring ten, twenty, thirty, and even fifty per cent., while that invested by enterprising members of Congress in Credit Mobilier stock returned seven and eight hundred per cent. The annual earnings of capital being so widely different under different circumstances, it must be apparent that any law establishing an inflexible rate of interest can only be defended upon the supposition that some public good of paramount importance will be secured thereby. Upon this ground I believe all laws against usury have been upheld and defended in times past. It is alleged there are certain interests in every community which the Legislature is bound to protect, and of which it is the proper guardian, which might be injured or endangered if capitalists were permitted to contract for more than a given rate of compensation for the use of their capital.

Let us examine this proposition and see if it has any substantial foundation. That it belongs to the ordinary rights and liberties of citizens to contract concerning his own property, unrestrained by law, is too clear for doubt. Why then should this right or liberty be restrained or abridged in the single case of a contract for a loan or hire of money when the same parties are left unrestrained to make contracts concerning all other kinds of property? It is contended that there are several classes in every community, who, if they were permitted to make contracts for the use of money, would make such unwise and improvident bargains as would bring not only bankruptcy and ruin upon themselves, but great injury upon the public at large, and therefore their own and the public good require that they should be restrained from making such contracts. The classes of persons usually named as being incompetent to exercise this right of making contracts for themselves on this subject are the young and inexperienced, the inexperienced, the indigent and necessitous, the prodigal and the visionary speculator. Persons belonging to these several classes, it is believed, if left unrestrained, would make improvident and extravagant bargains, would contract to pay a higher rate of interest, for the use of money, than any business in which they invested it could afford, and this ultimately brings bankruptcy and ruin upon themselves, and thereby indirectly injure the public. It will be observed that the law does not propose to act as the guardians for these same persons in regard to any other subject; they are permitted to make provident or improvident bargains, wise or foolish contracts for the purchase, sale, loan, or hire of every imaginable kind of property other than money. That the legitimate business of the county cannot afford more than six per cent. for the use of money, and therefore persons should be limited to that rate in making bargains is an idea put forward in many forms by the gentlemen who are opposed to this bill. Let us illustrate their idea.

A desires to engage in agriculture and proposes to invest in a farm worth ten thousand dollars. He has but nine thousand dollars, which he can spare for that purpose, and wishes to borrow the other one thousand dollars. He can obtain it from B, at seven per cent. Now, this Legislature says, "we cannot permit that; agriculture does not pay more than six per cent. on the money invested in it; it would therefore be injurious for A to borrow any capital at a higher rate than that to invest in land; but, if for the want of ready money, he chooses to agree to pay the former owner five hundred dollars or one thousand dollars additional for his farm, that is a matter of his own, which the law has and should have no control over." Or, if A chose to pay fifteen or twenty thousand dollars for a farm which all his neighbors agree was worth but ten, no one would propose to declare the contract void because it was improvident.

A young man may not borrow two hundred dollars at eight per cent, with which to buy a horse, because it is improvident and foolish, but he may buy the same horse on credit at five hundred dollars and the bargain will be enforced. He may not borrow money at more than six per cent to invest in a legitimate and profitable business, because our wise legislators think he cannot afford it, but he may contract debts without limit for fine clothing, jewelry, rich furniture and high living, and all the debts are recognized as legal and binding. The poor man may not borrow money at seven or eight per cent to pay off an incumbrance upon his little home, because we, his guardians, know that money is worth but six per cent; but to raise the money he may sell that same little home at less than half its value, and the title of the purchaser will be unquestionable. He may not borrow money at more than six per cent with which to purchase the necessaries for his wife and children, but may purchase the same necessaries on credit at twice this value.

We say to the enterprising man of business, whom we call a speculator, "You shall not borrow money at more than six per cent to invest in mining, manufacturing, or other enterprise by which wealth is created, because we know you cannot afford it; but you may embark in the same enterprise without capital, and do a ruinous business upon credit although all your customers are injured thereby. You may not pay eight per cent for money invested in town or city lots, although you are well assured they will double in value within a year, but you may purchase the same lots on credit at so high a price that you must necessarily lose by the bargain. You may not borrow at more than six per cent the smallest proportions of capital you need in the most safe and profitable business; but all you have of your own and all you can borrow from your neighbors at six per cent you may venture and lose in the most visionary enterprise, and the law will not charge you with improvidence." Need I cite more examples to demonstrate the absurdity of the proposition that the Legislature is, or ought to be, the guardian in this respect of those classes of people?

Whenever the Legislature arrogates to itself the right to control individuals in the making of contracts because the interest of the individuals requires it, it must be upon the assumption that the Legislature possesses more knowledge and information upon the subject than the individuals interested. Take an illustration. The gentleman from Allegheny desires to embark in the bituminous coal business. From long experience in the business, and a thorough and intimate knowledge of the advantages of the location, he is well assured he can make fifteen or twenty per cent. annually upon all the capital he employs. Not having enough of his own he is anxious to borrow at reasonable rates. But the gentlemen from Berks and Lehigh, who may have never seen a bituminous coal mine, and know nothing about the business or its profits, say "no, you shall not be permitted to borrow any capital at seven, eight, or nine per cent. to invest in the business in which you are about to embark, for your business will not afford it, and if you are permitted to do this unwise thing your business will finally end in bankruptcy and ruin; we therefore, being wiser than you, will restrain you.

This idea, however, they carry no farther, for if the same gentleman would propose to invest his entire capital in a dry oil well they would not attempt to restrain him by law. Every one knows that it is not profitable to pay twenty-five thousand or thirty thousand dollars for a fast trotting horse, as is frequently done by wealthy gentlemen. Dexter can never legitimately be received by the owner of fifty thousand dollars, the price at which he is held by his owner. Yet no one proposes to prohibit the payment of these exorbitant and extravagant prices on the ground that it is unwise and improvident.

Why should the Legislature act as the guardian of individuals when they deal in money, and not when they deal in horses, or land, or other property? Is there more danger of persons making foolish and improper bargains in regard to the compensation for the use of money than for the purchase or sale of property? Are the principles which control and regulate the value of money more complicated and harder to understand than those which control and regulate the value of every thing else, so that none but wise legislators can comprehend and appreciate the dangers which attend the operations? Are they more difficult to understand than those which should be considered in forming a proper judgment as to the rate of interest which one can afford to pay for the use of money, are so few and simple as to be within the comprehension of any one of ordinary business capacity. The rate of interest when uncontrolled by law varies and fluctuates no more in any community than does the general bulk of real and personal property in the same community and of course much less than any particular item of property. The average or ruling rate of interest is always publicly known and easily remembered. Each individual ought to be the best judge whether his circumstances and necessities justify his paying more or less than the average rate.

If A desires to borrow one thousand dollars in money, in order to make a prudent contract as to the compensation he shall pay for its use, it is only necessary for him to inquire what money in generals is worth, but in order to enable him to make an equally prudent contract for the purchase of a piece of land, he must not only have the same knowledge as to the general value of real estate, but must inquire into a hundred circumstances affecting the present and prospective value of this particular piece. Each hundred dollars he borrows is of equal values but each horse or other item of property he buys has an individual value of its own which he must ascertain separate and apart from the value of the class to which it belongs. A woman or child is as competent to make a prudent bargain concerning the rate of interest as the average man of business is to make a prudent investment in real or personal property. In fact, the causes which tend to increase or lessen the profits of an investment are so numerous that even the most experienced and sagacious men are frequently mistaken, and an investment which promises the best often turns out the most disastrous. There can therefore be no good reason why the judgment and discretion of the citizen should be controlled by the legislation in the one class of bargains and left free in the other.

I have thus far attempted to show that laws against usury had no foundation in those enduring principles which should underlie all legislation. That such laws cannot produce the results claimed for them by their supporters, a few illustrations will show. A has an accumulated capital of ten thousand dollars which he does not desire to use in active business, but is willing to loan to B, a man of energy and enterprise, who has his fortune yet to make. B desires to embark in a certain business which he is well assured will yield him twenty per cent. upon the capital he invests, and is therefore willing to pay A ten per cent for the use of his money, but under our law he is not permitted to do this, but may take A in as a special partner with his liability limited to the amount of capital he advances, and permit him to take the first of the profits until it amounts to ten per cent on his capital.

Again, C desires to purchase real estate to the amount of twenty thousand dollars, but in order to do so must borrow one-half the sum, for which he is willing to pay eight or ten per cent. D would loan him the money, but the law forbids the contract, and therefore C and D purchase the real estate together, and immediately D sells his interest to C at twelve thousand or fifteen thousand dollars, and secures the purchase money by a mortgage upon the whole. We might, by any number of similar illustrations, show that laws against usury can never restrain men from engaging in new enterprises which promise large profits, whether they result profitably or not. But why should we attempt to restrain the enterprise of our citizens? The one great distinguishing characteristic of the American people is, that they enter upon and pursue new and untried paths to wealth. Our new inventions and enterprises are innumerable, and although many prove failures, upon the whole our people are undoubtedly benefited and not injured by them. The legislation of our country should tend to encourage and not repress this spirit of enterprise.

Gentlemen who are opposed to this bill will say all this is very fine, but our fathers, the wise legislators who lived in Pennsylvania during past generations and the statesmen of other countries for two or three centuries, thought differently, and we prefer to be guided by their wisdom rather than by opinions of would-be reformers of this day. There is something in this. Well considered and long received opinions and principles should not ordinarily be set aside for light and trivial causes. But is it true that the laws of trade and of finance were better understood centuries ago than now? If the opinion of members of the English Parliament in the reign of Henry VIII is valuable as a guide for us, is not the experience of the law-makers of England from that time down to the present worth more? And when the experience of those centuries was such as to coerce the British Parliament in 1854 to repeal all the usury laws of that realm, that fact to my mind is stronger authority than the act of those who lived centuries ago when the principles of liberty and free government were not as well understood nor as fully practised as now.

The policy incorporated in the bill under consideration I assert is being pursued by every enlightened nation on the globe. In the legislation of no country is usury regarded in the same light, or punished with as severe penalties as it was one or two hundred years ago. Within the last century every State and nation has moderated and mitigated its laws against usury, and I believe no one of them has re-enacted any of its older or more stringent laws. Experience has not required any of them to retrace their steps in this particular. Then why should Pennsylvania alone stand still in the position she occupied a hundred years ago, and refuse to progress with her sister States and other nations of the globe? It is not true, however, that we are standing still in this regard. The usury laws now in force in this State bear little resemblance to those first enacted here, and which were enforced for many generations. The fact that we have modified those old laws and mitigated the rigor of the penalties imposed on those who violated them show the general sentiment of the State to be in accord with the policy of this bill.

This is not all. But two years ago the Legislature enacted a general law empowering the courts to authorize the school directors to borrow money to the extent of five per cent of the adjusted valuation of the property of such district, at *eight per cent* per annum, being an increase of thirty-three per cent on the common legal rate of interest. This Legislature has also authorized railroad companies and all other kinds of corporations to borrow money at seven, eight, nine and ten per cent. If it is right and proper for a school board to borrow money at eight per cent with which to build a school house, why should I be restrained from going into the market and offering eight per cent for the same money with which to build a house or engage in active business? If there are no moral or legal considerations which should restrain a man acting in the capacity of school director from paying more than six per cent for money, why should the same man acting for himself be restrained from doing the same thing?

We have shown by our legislation in Pennsylvania for a generation or more that we do not recognize the binding force in morals of our laws upon the subject of usury. The laws do not bind the consciences of a majority of our people. A law that is a dead letter to the majority, and is only respected and obeyed by a minority, should no longer remain upon the statute book. The continued existence of a law which few respect and the majority constantly disobey begets a kind of political licentiousness, a contempt for the laws of the land, the general effect of which is pernicious. A man may publish in this place or elsewhere that he takes seven or eight per cent for the use of money, and no one considers him a criminal or guilty even of an impropriety. There are a few persons who will not take a higher rate of interest than that fixed by law. They are our most honest and conscientious capitalists. Of course they are injured by usury laws whenever money is worth more than the legal rate. While their neighbors are fairly and honestly receiving seven, eight, and nine per cent for their money, these men are contented to receive but six per cent because they cannot conscientiously violate a law of their State. The borrowers, also, are injured by it because these conscientious capitalists are prevented by the law from competing with their less scrupulous neighbors in making loans, and thus giving the latter a monopoly of the business.

I have stated that all the States of the Union were pursuing a policy in accord with the principles of this bill. Some have already abolished all usury laws, while others are progressing slowly towards the same end. In support of this statement I present a bill now pending before the Legislature of New York, being Senate bill No. 125, introduced on January 9, 1873, referred to the Committee on the Judiciary, and reported from said committee for the consideration of the Senate, which provides among other things—"12. It shall be lawful to agree to pay or reserve discount at any rate, and to agree for the payments or receipt of interest at any rate: *Provided, however*, That no greater rate of interest than seven per cent per annum shall be recovered in any action." I have also a bill now pending before the Legislature of Ohio, being Senate bill No. 28, the first section of which is as follows: "The parties to any bond, bill, promissory note or other instrument of writing for the forbearance or payment of money at any rate of interest, may stipulate therein the rate of interest per centum per annum agreed upon, upon the amount of such bond, bill, promissory note or other instrument of writing." I also present the act of Parliament to which I referred as having in 1854 repealed all the usury laws of England, being stat. 17 and 18 Victoria, chapter 94, page 854.

"An Act to repeal the laws relating to usury and to the enrollment of annuities [10 August 1855].

"Whereas, It is expedient to repeal the laws at present in force relating to usury: Be it enacted by the Queen's most Excellent Majesty, by and with the Advice and Consent of the Lords Spiritual and Temporal, and Commons, in this present parliament assembled, and by the Authority of the same, as follows:

"I. The several Acts and Parts of Acts made in the Parliaments of England and Scotland, Great Britain and Ireland, mentioned in the Schedule hereto, and existing Laws against Usury, shall be repealed.

II. Provided always, That nothing herein contained shall prejudice or affect the Rights or Remedies of any Person, or diminish or alter the Liabilities of any Person, in respect of any Act done previously to the passing of this Act.

"III. Where Interest is now payable upon any Contract, expressed or implied, for Payment of the legal current Rate of Interest, or where upon any Debt or Sum of Money Interest is now payable by any Rule of Law the same Rate of Interest shall be recoverable as if this Act had not been passed.

"IV. Provided always, That nothing herein contained shall extend or be constructed to extend to repeal or affect any Statute relating to Pawnbrokers, but that all Laws touching and concerning Pawnbrokers shall remain in full Force and Effect, to all Intents and Purposes whatsoever, as if this Act had not been passed.

In addition to the cases stated by the gentleman from Erie [Mr. Brown], where millions of dollars belonging to the great Reed and Huldekoper estate have been taken from Pennsylvania to New York and Ohio for investment, in consequence of our law restricting the rate of interest, I have just been furnished with another. The agent of the Union mutual insurance company of Boston has just informed me that his company has within a year sent three hundred thousand dollars of insurance money collected in Pennsylvania to the west for investment where the company receives seven or eight per cent., because the money could not be lawfully invested here at those rates. It is believed that, should this bill pass, many millions of dollars collected from our people by life and fire insurance companies would be brought back and invested here, thereby increasing to that extent the working capital of our State.

The objection urged most persistently and strongly against this bill is that its passage will increase the present rates of interest and thereby oppress the debtor classes, that portion of our people which have been and are now labouring under burdens. This result can follow only in case our borrowers are now paying less than the average rate of interest throughout the country. If they are, they are using the money of others without paying what it is really worth, and have no right to complain if the law which enables them to take what belongs to another without making adequate compensation should be repealed. Certainly the Legislature has no right to say to the owner of property or money, "you shall not receive for the use of your capital as much as it is reasonably worth, as evidenced by the experience of business men everywhere."

I deny, however, that the consequences of this legislation will be as alleged. I believe the passage of this act will reduce the average rate of interest below that now being paid throughout the Commonwealth. This is one, though not a principal one, of the reasons for supporting this bill. In addition to calling home all our Pennsylvania capital, which has heretofore gone abroad for more profitable investment, the passage of this act will, I believe, tend to reduce the rate of interest for another reason. All the capitalists of the State may be divided into two classes, the one comprises all those who have a conscientious respect for any legal enactment they find upon the statute book, and when they find a law prohibiting the taking of more than six per cent interest, they are constrained to obey it. The other, and by far larger class, are not trammeled by any such conscientious convictions. They will take for the use of their money all they can get, and not having the other class, whose money is generally loaned for a long period on real estate, to compete with them, are thus enabled to exact and receive a greater rate of interest than they could obtain if all the capital to be loaned came into general competition.

I can perhaps better illustrate this by stating facts existing in my own county. In the borough of Bellefonte are three banks which have on deposit an average of about eight hundred thousand dollars, belonging to the farmers and business men of the county. Upon a large portion of this money the banks are paying four, five and even six per cent., according to the length of time for which the deposit is made. A farmer who has one thousand dollars, which he does not want for a year, can deposit it in any of these banks and receive six per cent interest, the full legal rate now allowed by law. If he is conscientiously opposed to taking more than the law authorizes he will always thus deposit his money, instead of loaning it to a neighboring farmer or business man at the same rate, for by putting it in bank, he secures himself against delay, and possible expense in collecting. Our banks loan this same money to the men in business at from ten to twelve per cent., an average of at least double what the real owners receive for it.

If the owners of this money were not restrained by law from making such contract as they chose, a great part of this money would be loaned by them to the persons who need it in their business at an average of eight or nine per cent., they thereby receiving from two to three per cent. more than they now do for the use of their money, and the business men obtaining the money they need at from two to three per cent. less than they now have to pay. The only parties it seems to me who will be injured by the passage of this bill are banks and individuals who, in disregard of the present law, are loaning money at exorbitant rates of interest in consequence of having a monopoly of the business. I believe therefore the passage of this act will tend rather to lower than raise the rate of interest which is now paid by the business men throughout the country.

I might continue this line of argument to almost any extent, and show by other facts and reasons that usury laws are never founded on correct principles, that they do not promote the welfare of business communities, and never protect the interests of those peculiar classes sought to be protected by them; but it is necessary to do so, as many of the members of this House are equally competent with myself to understand and illustrate this subject.

I am sorry I cannot agree with the gentleman from Erie [Mr. Brown] when he says he believes a large majority of the members of this House are in favor of the purpose of this bill. I doubt very much from the expressions I have heard around me whether this bill can be passed at this session. But of one thing I am well assured, the principles contained in it will finally prevail, and if this Legislature is not sufficiently imbued with liberal ideas to enact this measure, some future legislature will have the honor of doing so, and Pennsylvania will not be found lagging behind her sister States in the great race of progress by retaining upon her statute books a law so unjust and burdensome; a mere relic of by-gone centuries, if not of barbarism.

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