

## LEGAL RATE OF INTEREST.

The convention proceeded to the consideration of the report of the committee on interest and the usury laws, as follows:

Section —. The legal rate of interest in this State shall be six per centum per annum, except in cases where a different rate may be agreed upon between contracting parties; and in all cases of private contract, the rate of interest agreed on, or contracted for, shall be recoverable; and the general assembly shall pass all laws that may be necessary to carry this section into effect.

The pending question was on the adoption of the amendment submitted by Mr. DANIEL, as follows:

Strike out the word "six," in the first line, and insert the word "seven."

Mr. PURNELL gave notice that at the proper time, he would submit the following amendment:

Section —. The rate of interest in this State shall not exceed six per centum per annum, and no higher rate shall be taken or demanded; and the general assembly shall provide by law all necessary forfeitures and penalties against usury.

Mr. CUSHING. The question before the convention is one of finance alone; not to be argued upon the old ground of Jewish enactments, or old prejudices against usury and money lenders; not to be declaimed against by representing all men of means, and all individuals connected with banking institutions as Shylocks; not to be rejected for the benefit of a few borrowers in the rural localities, nor upon the ground that an increased rate of interest or an unrestricted ability to make contracts to any amount may be the cause of financial ruin to a few spendthrifts anxious to procure the means to indulge in their extravagance, and foolish enough to pay any amount of interest necessary to secure the gratification of their present desires.

It is a question affecting the future welfare of our State; a question whether our mercantile classes and laboring men shall receive at your hands due protection, or whether you will, on the other hand, go again to the old superstitious and old world fables, and come here and raise the cry so popular among demagogues, of the antagonism between the rich and the poor. It is a question whether you desire to protect in your State, men of means, or whether, when means have been brought here, you will allow capital to be employed in the State of Maryland on an equality with the neighboring States, so as to give the lender a fair compensation for the use the borrower makes of his money.

It is to-day a notorious fact that but a small part of your banking capital remains in the city of Baltimore. More of it is used to-day in discounting New York paper by

land paper. Your banks, for instance, having \$500,000 to loan this morning, do notoriously loan by telegraph some \$400,000 of that in New York; and when their boards meet at 10 o'clock in the morning, there is but \$100,000 left to divide among the customers of the bank, with applications possibly for the loan of the whole amount of \$500,000. Why is that? It is because New York banks can discount paper at seven per cent., and in Maryland, they are restricted to six.

Who borrow from your banks? The commercial classes in your State; the very class referred to by the gentleman from Howard (Mr. Sands,) the men of small means, but of good reputation, who desire money which they can use profitably at a fair rate of interest. They come to your banks; and the money which under the provision of the amendment would be loaned to them at seven per cent. by the banks of the city of Baltimore, has been transferred to New York, to be used at the rate of seven per cent., and these poor men have no chance left them. The men who stand high in your banks, and whose necessities are imperative, get all the money that is left in the banks to be used for purposes of discount at home; and the men of moderate means, whatever their necessities, are thrown out.

The national banks in the State of Maryland, that are now or may hereafter be created, are by law, and in fact not on an equality with those in New York, because by the terms of the law under which they exist, they are allowed only to charge the rate of interest that is the legal rate in the State in which they are located. So that while in Maryland they can only use their money at six per cent., they have not the means of transferring it to New York, and using it at seven. It is notorious to gentlemen of the convention acquainted with mercantile usages—among whom I do not count the gentleman from Howard—that the merchants from your State are now putting nearly the whole of their surplus means on deposit in New York city. The extra rate of one per cent. interest is a sufficient inducement to them to pay one-half of one per cent. exchange and transfer their money to New York, and keep it there on deposit.

That the question of the increased rate of per centage of interest allowed to be asked, is against your poor men and in favor of the rich, is, with all due deference to the gentlemen who advocated it, merely an absurdity. The rich men who want to use their money at seven per cent., can use it to-day in New York city; and they will not lend it to your poor men in the State of Maryland, at six. The question resolves itself into this, whether your poor men shall have any money at all, and not whether rich men shall receive more or less, because they can make their extra one