

can receive the most profitable investment, it is going just as surely, just as certainly as that water will run down hill. If in the State of Pennsylvania a higher rate of interest were allowed than in the State of Maryland, as a consequence capital would be lent where the owner could make the most out of it. I know that in my own county \$6,000 have absolutely gone to Ogle county, Illinois, to seek investment there at ten per cent. Seven per cent. is the legal interest, and they are allowed by private contract to run it up to ten. This capital never would have gone there if the parties had been allowed to make such a bargain here. It would have remained in the county. So in Baltimore city, I have no doubt that thousands upon thousands of dollars go out of the city to seek investment, where the money receives a higher rate of interest.

You do not avoid the very thing which you aim to avoid. It is utterly useless by any legislative means to attempt to prevent the obtaining of more than six per cent. I know hundreds of cases; I know cases in my own county. What do the parties do? A wants money, and B has got it. Here is a constitutional provision that A shall not pay more than six per cent. But they go into a room and make a contract. A gives B his note for \$1,000 at the legal rate of interest payable six months after date, and B hands him \$950. If you would allow A to go out in the street and contract for himself; if you would allow him to go openly and above board, and make inquiry, and make an open, fair, legal contract, he would not have been asked, and would not have been compelled to pay those \$50. This is done continually. I know one of the wealthiest men in the county of Washington, who loans out the most of his property, and he never loans it at six per cent. He always gets more; but he gets it in advance, and he manages in this way. There is the note. The parties are by themselves. How can you get it?

Why not leave this open? Why impose a restriction? It has a bad effect. It demoralizes the public. It holds out inducements to men to do that clandestinely and illegally which the law does not permit them to do. It has a bad effect upon the public morals.

I am in favor of this section as reported by the committee to let the legal rate of interest be six per cent.; but then, in God's name, allow a man the liberty of making a bargain for himself. Why do you insert six per cent.? Why is there a necessity for the insertion of any amount at all? Simply because if there were no stipulation in the contract, and a question were to go before the jury, it would be necessary to adduce testimony to show how much money was worth at the time; and it would lead to interminable litigation, and a great deal of cost in adjusting

the rate of interest. Hence it is always better that a legal rate of interest should be fixed to apply to all cases where the parties leave it a blank. Then when they come into court and introduce testimony, the rate will be according to the instrument itself, or if no rate is mentioned, the legal rate. Beyond that, let this question be open as you let everything else be open. Let me, if I want money go and contract for it, just as you allow me to go and contract for a horse. I know something of my county, and if these rebel invasions continue much longer they will want horses infinitely more than they want money, and they will be more likely to be imposed upon in the purchase of horses than in borrowing money; and therefore I respectfully recommend to this convention, if they will restrain my ability to borrow money, that they should put the same limitation upon the men who come to Washington county to sell our people horses, that they shall not charge more than such a price for them. They have an equal right to do it, and can do it with just as much propriety.

The history of the world, and the history of the age, shows that this species of legislation is the very worst kind. The curse of over-legislation is infinitely worse than the curse of under-legislation. Too much legislation is infinitely worse than too little.— This is one of those delicate questions of political economy, that the price of money is governed by the same law that governs everything else. If this convention acts wisely it will do as our sister States have done; it will leave this question open. It will fix a legal rate of interest; and after fixing that, it will allow parties privately to contract at least up to a certain amount, say 10 per cent.— You may put on that limit if you think proper; but there is no harm in leaving it open to any extent, I conceive. If a man chooses to squander his property he will do it. A young man who has a disposition to waste his estate will do it, not by borrowing money at larger rates than 6 per cent, but will do it in every possible way in which men do spend money, going to restaurants and having magnificent dinners, calling for wines of extravagant price, and inviting his friends in.

It will not do to pass laws to hedge in men in their rights in this way. You must leave men free. You must provide in your schools to make moral men. Teach them their duty, that when they grow up they may be a law unto themselves. That is the way to rule these things, and not by legislation; not by cutting off one branch and leaving the others to flourish in undisturbed luxuriance.

Therefore, sir, I am opposed to this amendment for 7 per cent. Yet I do not conceive that we should lose by it. New York allows 7 per cent, and I think Pennsylvania allows 6.

Mr. DANIEL. Many of the States allow more than 7.