

Hon. Elias Carr
Gov. of North Carolina

Baltimore July 2nd 1843

Dear Sir

I see the Legislature of your state is again agitating the rate of interest. It would be deliberate suicide to reduce the rate by ~~it~~ from 8% to 6% ~~now~~ by special agreement. Have your people more money than they can use? Evidently not, for if they had the rate would adjust itself, by reason of Competition among lenders, & be lower. New York the rate is 7%. while we see money actually loaned at $1\frac{1}{2} + 2\%$ per Annum. And at another time $40.00 + 75\%$ per Annum — this is on Call & Collateral. Time Paper is now $4\frac{1}{2}\%$. Why do we see $1\frac{1}{2} + 4\frac{1}{2}\%$ the same day in the same place. It is because a lender can change his money the next day, to another investment when loaned on Call. When loaned on 4 mos. he must take the chances that no better transaction will occur within 4 mos. N.Y. is the great money centre of this Country. Those people ~~know~~ know how to handle money as your people know how to handle a plow. Why is N.Y. in a position to get money so cheap? Simply because, while the agricultural interest has dominated the Legislatures of the south, N.Y. has given an equal chance to its Commercial interest; & the Farmers have not been allowed to cut their own throats. Look at the Early representation in

Congress of my own native state Va + then that of N.Y.
 See the great preponderance in that of Va. Look to day
 + you find N.Y. 3 times as great as Va. This representation
 is based as you know on population, + population Comes
 with the march of improvement. Should we not learn
 a lesson from N.Y. where practically they have
 no usury law. Don't put me among the stock gamblers
 of N.Y. or in sympathy with them. But I am willing to
 learn from any one. As I wrote you before I have sent
 thousands of Dols. as loans on Deed Trust to Winston, which
 have assisted the place in its wonderful growth, + the
 people have grown rich paying 8%. They came to Winston
 with one Exception poor men. Why could they borrow
 because they are working men + paid their debts, + because
your laws protected the lender. While the interest gained
 was an inducement to investors. Don't Class me a
 money broker. I never got one Cent, nor do I want it,
 for the thousands of Dols. I have sent there. I like those
 people + they like me. I own some of the dirt they
 + have taken pleasure in seeing it advance, and
 willingly add my mite to the improvement of
 the town, that I may not be a Drone.

Why don't I work for Va the place of my birth?
 The laws are such that I cannot Consciencefully
 advise any one to loan there. With the exception
 of the mineral region of Va which has unexceptional

advantages, how much faster has N. C. progressed than va. It is owing to the Collection laws, & this very 80% by special agreement. Your 6% Bonds are 123 on the market and you 4% 98%. Why is this?

Because your security is considered good. When the individual credit stands as high; the individual citizen will be able to get money as cheap as the state; no matter if you had no usury law. It is the risk that governs the rate. Interest is 2% (regular Bank of England rate) in England. Why don't they lend their surplus money to the U.S.? It is because they are afraid we will pay them in depreciated silver, want of confidence is the root of the evil.

What will be the result if you make more than 6% usury? People will not loan you, (I mean ~~to~~ outside Capital) Money becomes tighter, your home sharks; under way that are dark, wade the law, & the people actually pay; no one can tell how much interest.

We are going through, (but I hope near the end) of a great monetary stringency. The Cause in the U.S. is the wilful waste of money, An pensions, the Sherman silver bill, the McKinley tariff. With Cleveland at the helm. Both houses of Congress, democratic, if they will carry out the Chicago Platform, you will see prosperity in the Country.

Yours Truly Wm D. Floyd