

the Board, that "the same rates were charged "by the Grand Trunk for flour from Chicago "to Boston and New York, as to Montreal." This statement is successfully rebutted by Mr. Brydges, who shows that there is a difference of 20c. per barrel. Two years ago when gold was at a very high premium, the statement may have been substantially correct, but it is not now.

Vehement complaints of an exactly similar character are constantly being made of the railway lines in the United States; and it is because every pound of freight carried from Chicago to Boston on the Grand Trunk has to be taken in the face of keen competition with shorter routes of railway, that these low through rates have always prevailed. Any attempt to force upon the Company, the adoption of a *pro rata* tariff, or anything approximating to it, implies a complete abandonment of the American through traffic. It rests then upon the fault-finders to show that it is possible to operate the Company's lines with better results, by relying solely on local traffic. One thing is manifest, that with such a policy, long sections of the road would do next to no business at all, while the track, stations and general outfit would have to be maintained in a state of efficiency. If it were possible to close these non-paying portions of the line—in winter at least—and limit the traffic to the profitable sections, no doubt the local traffic would prove ample and profitable, and the percentage of working expenses would soon show an important reduction. But there are the best of public reasons why such a step cannot be taken. It is therefore, idle to compare through with local rates; and worse than idle to excite the popular prejudice against the Grand Trunk by alleging that rates are charged which show a "preference for foreigners."

Many facts might be added to those adduced by Mr. Brydges, showing that such a thing as a close approximation to the *pro rata* principle is not adopted anywhere on the continent. The discrepancy in rates is a result of the legitimate operation of the principle which largely regulates all our commercial operations—that of competition—and of the powers granted to railway companies to regulate their rates (within certain limits) their own interests dictate. There is no doubt but the possession of this power may work a degree of hardship in particular cases, but it is questionable if any serious attempt to curtail it would not go far to deter capitalists from investing in railway property at all.

Mr. Brydges next deals with the general charges made to the effect that the freight train service is slow, irregular, and inefficient. He shows that at the present season, at least, there is nothing in reason to complain of.

The severe weather of January seems to have greatly embarrassed the working of the rolling stock, and caused occasional long delays. We do not think that will ever be otherwise. With the thermometer at 15 below zero, and snow banks burying up the track to the depth of many feet in a few hours, it will always be impossible to maintain the train service either for freight or passengers, with regularity in midwinter.

Some interesting facts are cited in the concluding part of Mr. Brydges letter. Eighty-five miles of steel rails are to be laid this year; 900 freight cars were added to the stock of cars last year; 20 Pullman palace cars will be run in 1871; 12 new passenger cars, and a large number of engines have been placed on the road. The traffic is largely increasing, as appears from the following statement:

	1867	1870
Passengers carried; No.	1,417,440	1,642,807
Freight carried,....tons.	1,016,874	1,302,848
Being an increase in three years of	225,000 passengers, and	286,000 tons of freight.

To show the course of the weekly traffic receipts, in the weeks ending January 1st and January 7th, for a series of years, we append the following:—

Week ending.	£	Miles.	£
Dec. 31, 1870	26,500	1,377	Jan. 7, 1871 28,400
Jan. 1, 1870	26,800	1,377	" 1870 24,900
" 1869	24,519	1,377	" 1869 27,533
" 1868	22,701	1,377	" 1868 24,412
" 1867	21,312	1,377	" 1867 23,729
" 1866	20,560	1,377	" 1866 23,287

The Grand Trunk is not by any means what we would like to see it; but captious fault-finding can do it no possible good. And when criticism is debased into calling nicknames, and to the low level of personal abuse—as in the case of a certain daily newspaper—the instrument of it becomes decidedly an object of disgust—a "seeming fair" pretence of regard for the public interest, is but a thin veil through which are plainly discernible other, and unworthy motives.

CANADA PERMANENT BUILDING SOCIETY.

The operations of this Society continue to extend in the remarkable manner indicated by the annual report, to be found elsewhere. It would be impossible to offer a more pointed comment on its position and importance than by reciting the fact that the cash receipts last year, were \$1,200,000. A point raised in the President's speech, respecting the Society's reserve is one of some interest, which it may be necessary to refer to hereafter. The report is worthy of a careful perusal.

—Notice is given of application to Parliament for an Act incorporating the Bank of Liverpool Nova Scotia.

BUILDING SOCIETIES.

Editor Monetary Times.

DEAR SIR,—I perused with interest, some time since, an article in your valuable paper on the subject of Building Societies, and noted your reference to the fact that of late numbers of these institutions have been springing up all over this Province. Since then my attention to the general Act in force relative to their incorporation has been called, and I am much surprised at the easy manner in which charters can be obtained. This Act enables any twenty persons signing and filing a declaration in the office of the Clerk of the Peace in the county in which they reside, paying him the small sum of *fifty cents*, to become a corporate body. The tempting dividends declared by old societies form such inducements that subscriptions for stock can with ease be obtained to a large amount. Money is plenty, and investments paying regularly more than a very small rate of interest are scarce. The Legislature has omitted from the Act the wise protection to the public in the shape of periodical published returns to Government required from banks, and investors are thus unable to judge with correctness of the real worth and standing of each Building Society, a fact much to be regretted.

One great source from which these institutions obtain means for investment is derived from deposits at call or on short notice, and the high rates of interest allowed induce deposits which otherwise would be made with banks.

The only security for these deposits in the case of Building Societies consists of the unpaid stock subscriptions and the mortgages taken to secure loans—loans, made in many instances upon unproductive or unsaleable property, and when made in times of "high prices," often, on sale, do not realize more than the money advanced; and when we recollect that large dividends and high rates of interest declared and paid on the strength of punctuality in repayments of loans or realization of securities in itself is all that the strongest can pay and give, we see how soon the loss on a few loans will bring the weaker to the ground. My object in calling your attention to this subject is not to throw doubt on the stability of any of the Building Societies now doing business in our city, but merely as a word of warning to those who, either for investment or for deposit, may be tempted by the high premium at which the stock now stands. It should be recollected that the annual publication of a favourable report by directors or the declaration of large dividends do not always show either strength or stability. For the very securities upon which this dividend is declared, in case of a reverse, may prove next to valueless, and a slight reverse sweep away more than the actual capital.

I cannot but think that some further legislation in the matter of Building Societies and their formation should take place when they are allowed to carry on that part of banking which is so profitable, viz., receiving deposits. The public should have surer means of knowing their true position; surer safeguards should be created whereby the public, and particularly the small depositors, should be protected. Either the societies should be required to hold, deposited with the Government, some productive securities, bearing a certain proportion to the deposits received, and, as security therefor, make periodical sworn returns; or perhaps an officer should be appointed whose duty it would be to investigate their affairs and make known in some way the result.

May I hope you will take this subject up and give some valuable suggestions, upon which future action may be based?

I am, your obedient servant,

D. M. McD.

Toronto, Feb. 6, 1871.