

without guarantees of any kind, and the payment or non-payment of claims depended upon the promptitude or perhaps the credulity of outside members. There are another class of mutual associations however, whose success in many instances prove their practicability of working. In such a guarantee by the insurer, in lieu of the paid up capital of a stock company, while the association in every other respect is conducted upon the mutual principal. The fact that such concerns have no stock on which to pay dividends is a proof that their expenses of management must be less than of old line companies, provided they are economically and judiciously managed, while the guarantee fund supplies a portion of, if not all the safety of a regular paid up capital. Such associations are practically a compromise between the old stock system and the reckless style of institutions, which have brought the mutual principle into so much disrepute, and experience of their working power, that they are really worthy of the serious consideration of those desiring to secure cheap and reliable insurance against fire loss.

There is nothing which tends more towards making a field for these mutual associations than the unfair discrimination which stock companies frequently make in their premium rates. For instance manufacturing concerns where steam power is used invariably pay a very high premium, while mercantile stocks are taken in at very low rates. So far as danger is concerned this principal is correct, but if precaution against fire is taken into consideration, it is radically wrong, as no class are more careful to guard against fire than manufacturers. Then the temptation to incendiarism is nothing with manufacturers, though often great to mercantile men. A manufacturer if paid the last dollar of his loss by fire, must lose many weeks or even months before he can again have his business running, while mercantile concerns can be reorganized in a few days or weeks at the farthest. The moral risk in manufacturing insurance is therefore nothing, and this fact we fear is not fully recognized by insurance companies generally. Among such classes of business men therefore mutual insurance associations have sprung up and in almost every case have proved successful. In other branches of business, therefore, mutual insurance is worth a trial.

BUILDING AND LOAN SOCIETIES.

What has now become the Province of Manitoba has a strange connection with the early history of building societies. Though the death of Lord Selkirk undoubtedly took place in 1820, and Brabrook gives 1825 as the date of the founding by Lord Selkirk at Kircudbright, in Scotland, of the first "menage," or building society, there is little doubt that the intrepid philanthropist who found a new home for the victims of the Highland clearances was one and the same man as he who first taught his fellow-countrymen the value of co-operation in the erection of houses and the promotion of improvements upon their lands.

The year 1846, which saw the engrafting of the investment idea upon the co-operative principle in England also saw the first legislative acknowledgment of building societies in Canada. In that year, what was then called the old Province of Canada passed a general Act under which any twenty persons could constitute themselves a building society "for the purpose of raising by small periodical subscriptions a fund to enable the members thereof to obtain unencumbered freehold or leasehold property." This general Act was suggested by the incorporation during the previous year of "certain persons for such purposes in the city of Montreal," as is stated in the preamble of the old Act, a curious provision of which was that a society might receive from any member by way of bonus on any share, a sum of money, without being subject to the penalties imposed by the usury laws. Shortly after this Lower Canada also passed a general Act. New Brunswick followed in 1847 and two years later the canny Nova Scotians made up their minds that their province should not be behind the age. These Acts were all similar in the provisions which they made, and are the Acts under which, especially in the Maritime Provinces, building societies seem to have been incorporated; at least such is the opinion of Mr. Garland, Clerk of Statistics in the Finance Department, through whose hands have passed the returns rendered to the Dominion Government. The Acts passed since then, except the Consolidating Act of the Province of Canada, have continued the original principle with few amendments and additions.

In 1865 the legislature of the late

Province of Canada passed an Act calling for returns, but in 1863, for some reason or another, the municipal returns included returns of the building societies. In that year there were eleven societies with an aggregate capital of \$1,208,072.26. Then, as now, the Canada Permanent was the largest of these institutions, its capital being \$664,428. The Freehold was second on the list with a capital of \$133,570.82, or about thirteen thousand dollars more than the Montreal society, as far as can be ascertained, the original company in Canada. At that period, eighteen fiscal years ago, the assets of those eleven societies were \$1,846,956.39. The returns showed that four of the eleven companies carried on a savings bank business and had \$365,825.46 on deposit. The balance of profits on hand was \$179,366.52, the proportion of which to the capital shows that the business of the companies must have been far from unprofitable. These eleven societies were all "permanent," and in addition to them there were "terminable" societies, similar to the parent institutions in England, whose capital amounted to \$873,872.45. The allied capital, therefore, of the societies, permanent and terminable, amounted to \$2,720,828.84, or about one-twelfth part of the capital alone possessed by the companies operating in 1881.

Up till the year 1873 building societies in Canada had not been invested with the privilege of issuing debentures, the Act for this purpose having been passed in 1874, or the same year as that in which the English Act was promoted. In the decade 1863-73 the companies had increased to twenty-three in number with a capital of \$6,376,281.58; deposits, \$2,869,381.51; balance of profits of the year last past, \$340,660.85; balance of profits of previous years, \$916,962.26. Among the total assets amounting to \$10,54,482.16 were mortgages of \$9,224,160.91. The impetus given to building societies by the power to issue debentures can only be estimated by statistics. In 1880 there were in the Dominion eighty companies with a capital stock of \$24,495,975.26, and other liabilities to shareholders making a total of liabilities to stockholders of \$31,942,406.47. Besides these, there were the ordinary liabilities, such as deposits, \$11,713,633.37, debentures payable in Britain \$22,968,108.74, the total of such liabilities being \$36,575,062.04; making a grand total indebtedness of \$68,517,-