

sovereign of the country [passed over] is just to charge both in repairing ways, and in securing passages. This is true of our canals, which are built at government expense; but it is not true of the railroads by which Canadians reach the seaboard over American territory, and which are the property of private companies, who charge tolls to reimburse their outlay.

To repeal the Bonding Act would be a roundabout way of denying right of way for Canadian merchandize over American territory; and if accompanied by an interdict against the vessels of the Dominion to trade in American ports, it would prove little, if at all, less injurious to the citizens of the Republic than to ourselves.

The complaint that American fishing vessels are not allowed to trade except in certain necessary supplies, with the Dominion, for to carry more supplies than they require, has nothing in it in the nature of a partial interdict. It is obvious that a vast number of small vessels, which can run into little creeks and bays, which vessels engaged in ordinary commerce cannot enter, possess most dangerous facilities for smuggling, against which it is necessary to guard. But any precaution taken against such an abuse, cannot afford any real excuse for the extreme measures of retaliation threatened.

SUBSIDIES TO RAILWAYS.

THE friends of railway enterprise will have read with satisfaction that portion at least of the Lieut.-Governor's speech, which indicates the determination of the Ontario Government to devote a portion of the surplus in the treasury in aid of railways to open up the unsettled territory of the Province. We think there can be but little diversity of opinion as to the wisdom of this policy. Every railway extended into the new territory to the north of us opens up a new highway for the inroads of population and improvements. It cannot be supposed, however, that direct aid in cash can be extended except sparingly; but the immense public domain that forms a part of the patrimony of Ontario, ought to be made available for the encouragement of railways to a liberal extent. This is the most economical and effective way of filling up the country with population, and of increasing its tax-paying power. These lands are now worthless and useless; but once extend cheap colonization railways through them and the timber, minerals and other products will pour into market, and such portions as are fit for settlement will soon be peopled. By this increase of population the revenue from customs and excise will be rapidly increased; and though the lands are given away, the country is in

every respect the gainer. Cheap railways, is the solution to the difficult problem of how to turn the tide of emigration and develop our unsettled territory. We hope no parsimonious policy will be adopted in this matter. The feeling of the country is in favor of an energetic effort to develop our resources and promote public improvements; and we very much mistake the quality of the Ontario Ministry if they do not correctly interpret the views of the people on the railway question, and give effect to them by decided, speedy and vigorous action.

NEW BUILDING SOCIETIES—A PROFITLESS PROSPECT.

Several new societies of this class have been organized in Ontario within the past year, and three or four others are now being promoted. The facility with which they may be formed under the Building Society Act (Con. Stat. U. C., cap. LIII.) is one of the assignable reasons for the increase of their numbers. Their convenience and advantages to the residents of towns, as savings banks, and the ready opening they afford for needy placemen, supply further inducements for the multiplication of these societies. But we doubt the possibility of floating them in most cases, were it not for the popular notion that building society shares give an exceedingly safe and profitable investment. This notion owes its origin to the decided success which has attended a few of the oldest and best managed metropolitan societies, resulting in handsome dividends and high quotations for their shares. But it is worth while to enquire whether this opinion rests on a sound basis, and to ascertain if there is a reasonable prospect that those who invest in this way are likely to realize their anticipations.

Building societies in Canada have not been invariably successful. Unsatisfactory attempts have been made to establish them in Port Hope, Stratford, Goderich, Guelph, Sarnia, St. Catharines, and Hamilton—the most egregious failure occurring in the latter city. The Farmers' and Mechanics' was probably the most successful of the terminating societies; the shareholders were paid in full, which was the exception, and not the general rule. Besides, it does not follow, that because one, two, or three institutions of a certain class are successful, that others must necessarily be so, and especially when the conditions of success are wanting. There are many reasons why these new societies cannot compete with wealthy and established institutions, such as the Canada Permanent, the Western Canada, and the Freehold.

(1.) They cannot command the rates of interest on loans that were obtained by these old societies when their money was chiefly

made, although the expenses of management, commissions, &c., are rather greater now than then. The effect of this is seen in the fact that the monthly payment on a loan for \$1,000 for ten years, negotiated in 1861, was \$14.70, whereas now it is only \$12.60, making a difference of \$2.10 per month, or \$252 for the whole term. This reduction is quite sufficient to account for the difference between a profitable and a losing business, and might involve the necessity of failure.

(2.) Most of the mortgages held by the old societies were made at the old rates of interest, which they are still yielding—an advantage which no new society can participate in.

(3.) The established societies have large deposits, which they obtain at an average of say five per cent., which are loaned to yield about nine per cent. Every society must have \$100,000 subscribed and \$40,000 paid up before it dare take deposits, and these, with the other funds of a new institution for a considerable period in its early history, cannot, owing to their small amount, be readily invested.

(4.) The old societies have large reserve funds for which no interest is paid, and which help, with the deposits, to earn a dividend on the capital stock. Taking the Canada Permanent, for instance, they have about two dollars with which to earn a dividend on every dollar of the capital.

(5.) The larger societies are worked at a lower per centage of expense than the smaller ones. This appears from the following figures, which show the expenses and per centage of expenses to the business of 1866, the only return we have at hand:—

	Expenses. 1866.	Per cent. of Expenses to Total business.
Canada Permanent.....	\$10,776	·0007
Frontenac L. & I.....	1,916	·0011
Freehold.....	5,622	·0012
Huron and Erie.....	2,833	·0012
Kingston.....	930	·0055
Montreal.....	2,735	·0013
Montreal District.....	4,214	·0012
Metropolitan.....	1,230	·0019
Oxford.....	463	·0095
Provincial.....	1,956	·0033
Quebec.....	1,966	·0014
Western Canada.....	3,407	·0010
Commercial B. & I.....	977	·0086
Union.....	1,560	·0030
Average.....		·0012

(6.) The lack of that experience in the working of these concerns which is as necessary as in any other department of finance, and the difficulty of getting good, reliable agents and adjusters. Upon this very much depends. A badly managed agency system