

as the investor has the great advantage of withdrawing his money at any time when it is likely to prove most useful, and he can then take new Shares and begin to save again. It has been said that every young person, who can by any means afford to do so, should insure his life as a future provision for his family when they are deprived of his assistance. This observation may be enforced with even greater reason, in a majority of cases, with reference to these Societies; because a person who becomes a member, accumulates a sum for the benefit of his family in the event of his death; and, if he lives, he secures the means of advancing them in life to a much more satisfactory extent than he could otherwise have accomplished.

Those persons who have not taken the trouble to inquire into the nature of these Societies are quite at a loss to understand how it is possible, that Investors and Borrowers should *both* benefit to the extent asserted by their promoters. It appears to them unreasonable to suppose that an Investor realizes a higher rate of interest than in any other mode of accumulating money, and that a Borrower, at the same time, obtains equal advantages. Now this, at first sight, appears to be very feasible, and to a certain extent it is true; but there are many other considerations which enter into the question, besides the mere amount of interest paid on the principal money borrowed. A number of persons, anxious to save money, agree to join a society for that purpose, and they are called Investors. They contribute small sums periodically, which, from time to time, form a fund large enough to be advanced to a borrower, who can make use of it in some undertaking which he believes will be beneficial to him, by realizing a high per centage or profit. The borrower, on receiving principal money accumulated in this manner, re-pays it with interest by periodical subscriptions. These re-payments, in conjunction with the contributions of the Investors, produce *fresh capital* for a further advance; and by these means *the funds of the Society are constantly made reproductive* during the whole course of its progress, or as nearly so as circumstances will permit. A large profit is made by this continual *reproduction*, at compound interest, for several years. It must be manifest to every one, that without the combination just explained, the investing members on the one hand could not make use of the small sums gradually accumulated by them, in the same advantageous manner; and on the other hand, the borrower could in no other manner raise money on the security of his property, so as to redeem it by small periodical instalments within a reasonable period. But inasmuch as the half yearly payments of interest on a private mortgage are less than the re-payments to a Building Society, the amount of compound interest would be considerably in favor of the private mortgage, if it were assumed that the borrower could make compound interest on the small instalments paid to the Society; but this cannot be fairly assumed; on the contrary, it may reasonably be supposed that such small sums of money would, from time to time, lie idle and unproductive, and at the best could only be made