

kind of freight, vegetable food, which happens to be the one for which our canals are chiefly competitors. In that year, what the canals carried is expressed by 1,833,339, and what the railways carried by 4,353,617. On the great alteration which these figures show as compared with the year 1878, Commissioner Brunel remarks: "It appears that notwithstanding the modification of the Erie Canal tolls, the proportion of the volume of freight of the description mentioned (vegetable food) carried by the railways, has increased from 659 per cent. in 1878 to 704 per cent. in 1879." Eleven years ago, the canals carried more of this description of freight than the railways, the proportions being, canals 1,302,613, railways 1,087,809.

These figures show that the railways have gained on the canals in a ratio that has given them a complete victory. The period of time during which they have been making their conquest shows that the result is not merely accidental or fortuitous, but that it is owing to causes which not only persist but which acquire increased force with time. The theory that the railways have been carrying at a loss breaks down in face of the fact that they thrive under this competition. It is not surprising that the special advocates of the Erie Canal interest should call upon the Legislature to abolish the canal tolls altogether; but it is even doubtful whether even this measure would restore the lost traffic to the canal. The State, as owner of the canal, is deeply interested, but its interest lies in getting a return upon capital expended. It can have no interest in abolishing the tolls. If it were to do so, its pecuniary interest in the canals would cease; and all that would remain to it of its enormous expenditure would be the burden of keeping up these works.

It is evident from these figures that what Canada, as a carrying country, has to fear, is not the competition of the Erie canal, but the competition of the railways leading from the Western States to the seaboard. Our canals are not long and shallow, like the Erie; they are links in a great chain of lake and river navigation. The revenue of our canals fell off last year \$14,965.30, or about 4.48 per cent. But on all the principal canals except the Welland, on which repairs are going on, there was an increase, amounting in the aggregate to \$18,157.63. The decrease on the Welland canal was therefore greater than the total decrease; showing that the trade of the St. Lawrence canals was in a progressive state.

The Erie canal tolls were lowered in 1870, since which period it is important to see whether that canal or the Welland has

suffered most from railway competition. The comparison to be made is always with the year 1869, the year before the reduction of the Erie canal tolls. In 1870, there was, compared with the year previous, a fractional decrease on the New York canals and an increase on the Welland of 28.43 per cent.; in 1871, N. Y. canals showed an increase of 42.03 and the Welland of 32.59; next year, the N. Y. canals showed 28.53 increase against 23.73 on the Welland; in 1873, the N. Y. canals increase was 33.97, Welland 7.18; in 1874, N. Y. canals increase 35.69, Welland 23.55; 1875, N. Y. canals 0.22, Welland 1.61; 1876, N. Y. canals 18.29, Welland 9.69; 1872, N. Y. canals, 15.07 increase, Welland 19.3 decrease; 1878, N. Y. canals, 46.83 increase, Welland 12.89; 1879, N. Y. canals, 40.75 increase, Welland 16.10. These figures embrace the tonnage on flour, wheat, barley, corn, oats, rye and other vegetable food; and they show that the Welland canal had made a greater loss than the canals of the State of New York. Each of the last four years shows a decrease, as compared with the traffic of 1869. Something may be due to the interruption to traffic caused by the enlargement; but the progressive decline, compared with the N. Y. canals, must be due to some other cause. That cause would appear to be the reduction of the tolls on the N. Y. State canals. But if this be taken as demonstrated, it does not follow that we ought to throw away the tolls which our canals now yield. Still, the existing state of things demands the serious consideration of the government.

#### BUILDING AND LOAN SOCIETIES.

Building Societies have undergone so many changes, since the first of them was formed by the Earl of Selkirk, in 1815, that it would not be surprising if some anomalies were found in some of them after the lapse of sixty-five years. They were first started, and long continued, in Great Britain, as Benefit Societies. A number of persons put their monthly contributions into a common fund, out of which some of them, from time to time, borrowed enough to enable them each to buy a homestead. But as only some of the members became borrowers, the contributors were divided into two classes, borrowing members and non-borrowing, or, as they were sometimes called, investing members. As both classes were members, the borrowers had a voice in the management equally with the non-borrowers, and as the object of the formation of the Societies was to benefit the borrowers, the rules were often made in favor of the latter

class, and did not secure equal benefits to the investors. For instance, a rate of monthly payment was fixed, which, if always paid at the moment and the money invested without an hour's loss of interest, would reproduce the sum borrowed at the end of the term. But unless each monthly payment were always made on the day when it became due, it is obvious that there would be a loss, which would fall wholly on the investing members. To secure punctuality of payment became an important object; and for that purpose fines were invented. Unless fines had been exacted, one class of the members—the borrowers—would have got more than their fair share, and the other class—the lenders—would have got less. Under these circumstances, fines were necessary to restore the equipoise between the two classes of members.

Borrowers are still, in some Canadian Building Societies, called members; but they are not so, except in name. That the fiction is kept up is a proof of the persistency of forms, which often survive the spirit and original meaning. These Societies have now become ordinary joint stock associations, for the purpose of lending on the security of real estate. They are governed by a Board of Directors. The borrowers have no longer any voice in the making of the rules. They are not necessarily members previous to becoming borrowers, and generally they are not. The management is directed from a stand-point exactly the opposite of that from which the early Building Societies in Great Britain were directed.

Building Societies multiplied with such rapidity that, in 1850, there were no less than 2,000 in England alone. They had then for fourteen years been under "An Act for the regulation of Benefit Building Societies." As their institution had a benevolent purpose, Parliament indulged them with many exceptional privileges. They were partially exempted from the operation of the income tax; they were relieved from certain stamp duties, and they were not subject to the penalties then usually inflicted for usury. The last provision enabled the societies to take such bonuses for sums in their hands as any of the members were willing to give. But complaints came in time to be made that this privilege was, in other respects, abused. The bonus was a matter of bargain, in which buyer and seller were on equal terms. It was different, however, when the borrower desired to clear off the balance of the loan before it was due, at a single payment. In societies which were limited in point of time, as many were, a larger sum had to be exacted than would theoretically have been sufficient; because