fact, a mortgage under which a certain per centage is paid for interest and a certain amount towards a sinking fund—the sinking fund gradually but surely extinguishing the principal. Accordingly there is hardly an instance in which a "Permanent" is distinguished from a "Terminable" Building Society, has failed to yield a handsome return to the investors, and to be satisfactory to the majority of borrowers. At the date of the last return to Parliament (1866) the capital in the hands of "Terminable Building Societies" was only $612,399, while that under the control of "Permanent" ones was $3,233,985. Of the 17 Permanent Building societies, by far the largest was the above mentioned Canada Permanent, which wielded the enormous money power of $1,443,128. Mr. Mason, the able, careful, and industrious manager of this institution, appears to have thought the amount quite sufficient, and by the report now before us, it is stated that the capital stock has been somewhat reduced by the repurchase of the Society's own shares, while the increase in the assets and liabilities has only been about $100,000 in the year. We have no doubt, however, that other societies have increased, so that the aggregate in their hands is 20 per cent. larger now than it has been at any previous time.

Before proceeding to make any further remarks on this subject, we will present a statement of the localities in which the capital of these Permanent Building Societies is held, and we may fairly say, used.

Quebec	$ 132,629
Montreal	508,948
Kingston	148,704
Ottawa	7,656
Toronto	2,198,869
Guelph	20,137
London, C. W	217,243
	$3,233,985

Since these returns were made, a "Permanent" Society has been established at Hamilton, and another at Ottawa. From these figures we may see that the capital is not evenly distributed. We think that if two millions find profitable employment in Toronto, more than half a million should be necessary for Montreal. And if a society can exist in Guelph, why should there not be others at such points as Cobourg, Chatham, Brantford, Goderich? No doubt the operations of the Canada Permanent extend to all parts of Upper Canada, but we are sure that the difficulties of transacting business through agents, of getting reliable valuators' reports from a distance, &c., &c., must be a serious hindrance to the ready flow of capital from the centre to the rim of the monetary wheel, and that local institutions would find scope for their operations.

The Canada Permanent claims credit in its report for doing much towards reducing the rate of interest on money in Canada. We willingly accord it the honour; it has done and is doing great good. It is often the fashion to declaim against associations which lend money as the ruin of farmers, and of the community generally, but really this is most absurd. We have known of many cases in which private lenders have exacted 20 per cent, while 15 and 12½ per cent. are still common rates. Now when powerful institutions, governed by printed rules, come into the money market, the private usurer must abandon his grip of his victims. The Trust and Loan Company, the Canada Permanent, and many other Building societies have often stepped in between the oppressor and the oppressed, and by substituting a moderate for an enormous rate of interest, have preserved their farms to farmers, their houses to mechanics; while they have often dealt far more liberally to ecclesiastical bodies and school and church builders than private individuals could do. They deserve thanks, not obloquy.

But the Canada Permanent has not yet played out its part in this particular. The easy method in which Building societies are able to accept repayment of the principal sums lent makes them popular among borrowers, but it is idle to conceal that the rates at which they lend are high. We question if there be a single Building society which really lends at less than 11 per cent., while the tables of several are so constructed as to yield 6 to 6½ per cent. half yearly.

We know that this is not a high rate of interest for Canada. We see that even the banks, among whom competition may be supposed to have reached its full extent, exact in reality from 10 to 14 per cent. from their customers; it being an understood thing that he to whom a large 7 per cent. discount line is allowed must keep a considerable balance to his credit, so as to leave the bank a margin to operate upon. But it is a high rate for British capital, and we think that so large and well established an institution as the Canada Permanent might take the lead—place its shares, as repurchased from Canadians, upon the English market, in the hands of well informed and trusty agents, and thus introduce into the operations of Building societies in Canada, capital that would be satisfied, and a less dividend than 10 per cent., which is now regularly paid by this and several other Montreal and Toronto institutions.

We are led to make one other suggestion, which may perhaps fructify, viz., that the term for which loans are usually made by Building societies should be extended in certain cases. Obviously, it is unsafe to lend for more than ten years on perishable wooden or lath and plaster buildings. But when capital is wanting to build a substantial stone barn upon a farm, to underdrain a hill-side or river bottom, or for lasting improvements of this kind, loans might well be made for twenty years—re-payable, of course, by the operation of a sinking fund, as is now the case in Building Society mortgages. If Mr. Mason would turn his attention in this direction, we are sure he would increase the great usefulness of his society, and, as he has before done, take a lead in this particular too which others would speedily follow.

MUCH ADO ABOUT NOTHING!

UNCLE Samuel across the lines, is just now acting in a very silly manner about our British American Union. He seems as cross as a bear with a sore head. Nothing seems to please him. He seems to be out of humour with himself and everybody else. The vexed questions of Reconstruction—Taxation—and an inflated currency, sorely disturb his internal peace, and when he looks northwards and sees British America uniting under one Government, his peace external is placed in the same box. Uncle Samuel is, indeed, sorely tried.

Badinage apart, we cannot see for the life of us, why the United States should feel aggrieved at these Colonies becoming united. In joining together, we interfere in no way with our neighbours. We are no more British or monarchical than before—and if we were, it is none of Uncle Samuel's business. Great Britain held possession of America before their Republic was thought of, and they have no right to dictate to us in any way as to our political movements. How silly, then, are the resolutions recently passed in Maine, asking Congress to interfere to prevent Confederation; of Mr. Raymond, with regard to the name "Kingdom of Canada;" and of Gen. Banks, with regard to the building up of a Monarchy on their Northern frontier. As to the recent resolution of that arch-demagogue Fernando Wood, with regard to Fenianism in Ireland, that is simply beneath contempt.

The whole of these motions are simply "buncombe," indicating nothing but Uncle Samuel's chagrin at our establishing a new Confederacy, instead of accepting the loving embrace which he has so long offered to us, in season and out of season. Their only effect on this country is, to make us regard Uncle Sam as rather bilious, jealous, and overbearing, and to render us more hostile than ever to Annexation in any possible shape.

It is time our American neighbours learned, that Great Britain and Canada act as regards Confederation quite irrespective of their opinion. We are under no obligations to them. We have lived together in peace and friendship for half a century; we desire to do still. But we are determined to choose our own political institutions quite irrespective of their likes and dislikes. We cannot, as a young Nation, give up the glorious privilege of being independent. When we have ceased to act as we please, we will no longer be an independent country but an appendage of the United States, and we will never be that so long as our people are able to resist.

Whilst writing thus boldly, we would caution our readers against accepting the clap-trap of Congressional demagogues, as the deliberate opinion of the American people. There is so much humbug played off in Congress, to affect the next elections, that you seldom know when members are in earnest or not, and there are thousands of Americans who laugh at and despise such precious resolutions as those of the Maine wiseacres, as much as we do. We doubt much if the sober, second thought of the American people approves of the petty system of annoyance, which some of their Representatives have adopted towards us. But whatever may be Uncle Samuel's views, the people of British America are determined to be united into one Dominion, and to maintain a distinct and separate political existence.

RECIPROCITY PROSPECTS.

THE "assembled wisdom" of Congress appears to be fond of official reports. Some time ago, we had the report of Mr. David Wells, showing the evil effects produced on the U S foreign and internal trade by their almost prohibitive tariffs; then we had the report of Mr. Hatch, of Buffalo, who ran down all transportation routes but the Erie ditch; and, more recently, Mr. E. H. Derby presented his report to Congress, regarding "the practicability of establishing equal Reciprocal relations between the United States, and the different British Provinces of North America." Mr. Hatch's report was a very partial bit of special pleading in favor of Buffalo interests but both Mr. Wells and Mr. Derby discharged their tasks in a very candid manner, although we by no means agree with all the conclusions at which they have arrived.

The report of Mr Wells has already been commented at length by us and we shall now glance briefly at that of Mr. Derby, who recommends Congress to enter into a new treaty with these Provinces on certain conditions which he states.

From his investigations of the subject, Mr Derby comes to the following conclusions:—First. That the late Reciprocity Treaty, *quintripled* trade between the two countries, and established the fact that the natural market of the Provinces was the United States Second. That since the treaty was abolished, a decay of International commerce has set in; he calculates the *decrease* in trade to equal the *increase* which took place under the treaty, which was from 15 to 25 per cent. per annum! If correct, this shows an enormous falling off. Third: That not only the duty on Canadian lumber comes out of American pockets, but that it compels them to pay 20 per cent. more for that of Maine and the Western States. Fifth: That their duties have increased the direct trade between Canada and Europe, to the loss of their railways and canals.

Having proven these positions by statistics and otherwise, Mr. Derby goes on to enquire what shall be done? He then endeavours to show that prohibitory tariffs are not wise, and takes pretty much the same views as Mr. Wells, that it would be better to lower the duties on articles of general consumption. As regards British America, he argues that such moderate duties only should be laid on as "would place their farmers, miners, and fishermen, while taxed for the war, on the same footing as their Provincial brethren."

Mr. Derby comes out boldly for a new Reciprocity treaty. All difficulties, he thinks, could best be removed by "the union of all parts of the continent into one harmonious whole." This first means Annexation, and of course is utterly out of the question. A zollverein, Mr. Derby considers the second best plan; this is also impracticable. Even Mr Derby understands the hopelessness of either of those plans being adopted, so he propounds a new treaty, which is unfolded in the following words:—

"There is reason to believe that a commercial "treaty will, eventually, prove the most simple and "effective mode to revive our commerce, and a year's "reflection and frequent conferences with our mer-"chants and the leading men of the Provinces con-"vince me that a treaty can be made free from the "defects of the former."

This is a wise conclusion on the part of Mr. Derby, and there can be no doubt that the Parliament of Canada would readily agree to any fair and impartial treaty.

We greatly fear, however, that the recommendation made by Mr. Derby as to the form of the treaty, would hardly be agreed to. He has drawn up three schedules—a. b. and c. The first gives a list of articles upon which certain duties are to be levied by both countries. The second gives a "free list" of articles which we can send into the States, and the third, a "free list" of articles which the latter can export to this country. For the dutiable schedule, there are animals, barley, and other farm products. This is objectionable, but by no means all that Canada would object to, for there are many changes which would require to be made in Mr Derby's schedules before they would prove acceptable to us. The present is not, however, the proper time to point these out. When a real movement is made by the American Government towards negociating a new treaty then will be the right time to enter into a discussion of the details.

Mr. Derby's report, taken as a whole, is a very creditable production, and must do much to brighten