The adjustment of the financial affairs of a group of States that have enjoyed absolute independence for many years when they are consolidated under a form of Federal Government is a matter of extreme complexity. The differences which arose when the Dominion was organized by the union of the Provinces of Canada (that is, Quebec and Ontario), Nova Scotia and New Brunswick are still unsettled and constitute a bone of contention between the several provinces and the Federal Government.

In Australia the debts of the several States do not appear to have been assumed by the Commonwealth at the time of their federation. Owing to these debts existing and the States continuing to exercise borrowing powers there is a competition amongst them which is alleged to be injurious to the Commonwealth.

The leading feature of the Australian Budget was a proposal to bring the several State debts into one account, by combining their total with the debt of the Commonwealth.

In view of the agitation to secure larger annual grants to several provinces out of the Federal revenue of Canada, the situation in Australia is full of interest.

The Commonwealth's constitution reads:

"The Parliament may take over from the States their public debts as existing at the establishment of the Commonwealth or a proportion thereof, according to the respective numbers of their people as shown by the latest statistics, and may convert, renew or consolidate such debts, and the States shall indemnify the Commonwealth in respect of the debts taken over, and thereafter the interest payable in respect of the debts shall be deducted from the portions of the surplus revenue payable to the several States, or if such surplus is insufficient, or there is no surplus, then the deficiency of the whole amount shall be paid by the several States."

This clause restricts the power of the Federal Government to taking over only such State debts as existed at the time of federation. The proposal, however, is for the Commonwealth to assume all existing debts of the States which is the same as the Ottawa Government assuming the debt of this province and all other provincial debts. The scheme involves the restriction of borrowing power to the Federal Government which is strongly objected to by the State authorities. It also involves the control of State revenues from railways which is unpopular.

The aggregate of the State debts in Australia is stated to be $1,170,000,000, which enormous sum accounts for 7 11ths of the total Federal revenue having to be paid to the States.

Those who are engaged, or who take an interest in the movement to secure larger provincial subsidies from the Dominion Government may study the financial situation in Australia with profit.

UNITED STATES LIFE ASSURANCE, 1894-1904.

The development of life assurance in the last ten years, most of which have been years of plenty and prosperity, has a remarkable exhibit in the record of American companies, which, as given below, was published by "The Spectator."

	1904.	Increase in 10 years, (1895-1904).
Number of companies	93	37
Capital stock	$16,919,930	$5,224,940
INCOME.		
New premiums	84,628,120	48,206,291
Renewal premiums†	392,520,531	221,887,873
Received for annuities	11,104,523	8,517,285
Total premium income	488,253,174	278,611,449
Dividends, interest, etc	92,606,846	48,443,627
Received for rents	10,388,886	5,687,067
All other receipts†	7,832,976	4,380,628
Total interest and other income.	110,828,708	58,511,322
Total income	599,081,882	337,122,771
EXPENDITURES.		
Paid for death losses	144,511,539	75,210,864
Paid for matured endowments	25,313,205	16,971,007
Annuities paid	6,249,611	3,909,313
Paid for surrender, lapsed and purchased policies	37,399,456	13,771,161
Dividends to policy holders	33,579,020	18,767,239
Total payments to policy-holders.	247,052,831	128,629,584
Dividends to stockholders	916,824	100,296
Commissions, salaries and traveling expenses of agents	91,329,569	50,483,609
Medical fees, salaries and other charges of employees	19,511,864	10,638,028
All other expenditures†	33,017,503	19 686,478
Total expenses of management.	144,775,760	80,908,411
Total expenditures	391,828,591	209,737,995
Exc. of inc. over expenditures	207,253,201	127,584,776
ASSETS.		
Real estate owned	180,875,035	63,830,350
Bond and mortgage loans	671,577,813	277,801,784
Bonds owned*	1,067,027,851	819,813,098
Stocks owned*	172,582,975	
Collateral loans	42,715,261	12,207,185
Premium notes and loans	189,738,779	158,899,052
Cash in office and banks	104,027,134	56,037,330
Net deferred and unpaid prems	45,879,455	24,074,731
All other assets	24,636,705	13,315,034
Total admitted assets	2,498,960,968	1,425,804,289
Items not admitted	19,130,814	8,118,555
LIABILITIES.		
Reserve	2,101,052 593	1,186,433,3'0
Losses and claims not paid	13,183,767	6,937,003
Claims resisted	879,788	−224,335
Dividends unpaid	4,231 189	2,116,374
All other liabilities†	49,121,204	42,268,434
Total liabilities	2,168,468,541	1,237,530 786
Surplus to policy-holders	330,492,427	188,273,503
POLICY ACCOUNT.		
New business written	1,990,205,121	975,629.294
New business not taken	193,872,133	−35,662,929
New business actually paid for	1,796,332,988	1,011,292,223
Whole life policies in force	6,767,197,991	3,422,126,475
Endowment policies in force	2,726,479,127	1,654,411,845
All other policies in force†	918,401,220	572,440,949
Total insurance in force.	10,512,078,338	5,648,979,269
Industrial business written	613'404,546	39,732,151
Industrial insurance in force	2,135,859,103	1,332,791,508

*Prior to 1901 figures represent United States bonds and other stocks and bonds.

†Where the various items of a few companies' statements have not been classified the total amounts have been included in these aggregates.