a serious reflection upon the policy which proposes to increase the pumping capacity to only 50,000,000 gallons a day. This month the requirements of the city have amounted to 37,680,850 gallons a day! To deliberately adopt a scheme which (if nothing breaks) will give us 50,000,000 gallons per diem, is not settling the water problem, it is simply postponing it for a very few years. Not only so, but the frazil and other problems should be most carefully considered and the very best expert evidence taken before the expenditure of $2,000,000 is embarked upon. The first and most pressing need to-day is the installation of that additional pump which it has taken over two years we believe to get, and the enlargement of the mains in the congested districts for fire purposes.

Esquimalt. Great Britain is, it is announced, about to re-establish a great naval station at Esquimalt. THE CHRONICLE has always held that the withdrawal of the Imperial forces, naval and military, from Esquimalt and Halifax was a blunder from both the Imperial and the Canadian points of view, which could not too soon be rectified.

A Royal Royalty. On Wednesday the Ontario Government received as royalty on the O'Brien Mine, at Cobalt, on the output of the last three months, $116,546 equal to twenty-five per cent. on the earnings. The royalty system is unquestionably the right principle for the disposal of government mining lands.

Insurance Items

DEFALCATIONS throughout the United States have been unusually prevalent during the past months of depreciation in securities and monetary stringency. The experience of the American Surety Company of New York gives some indication of this. During the past half-year this institution has been called upon to pay claims on bonds of defaulting employees in banks to the number of twenty-one with an aggregate loss of $110,000.

THE MINNESOTA DEPARTMENT has sent fidelity and casualty companies a letter of inquiry as to the treatment in their annual statements of the unearned premium and loss reserve on policies which have expired, but on which the liability still attaches. Although on certain fidelity bonds insuring, the companies' liability does not cease until a period of six months after expiration of bond, some companies in making up their annual statements disregard any such liability.

THE CONTINENTAL LIFE INSURANCE COMPANY has removed to its new head office building at the corner of Richmond and Bay streets, Toronto. The building is a substantial eight-storey structure.

THE RUMOUR REGARDING the amalgamation of the Phœnix of London and Pelican and British Empire Life has been verified—official details will be given in next week's CHRONICLE.

In The Financial Realm

JAPAN'S TOTAL NATIONAL DEBT was greater by about $165,000,000 at the close of the fiscal year ending March 31, 1907, than at the corresponding date a year ago.

The principal changes which were made during the year in internal and external loans may be summarized as follows:

Internal Loans.	Yen.
Hereditary pension bonds dec.	16,361,640
Exchequer bonds, dec	139,738,014
Extraordinary military expenditure, loan inc.	310,394,550
Loan for consolidated debts of purchased railway companies inc.	2,773,700
External loans.	
Four per cent. loan inc.	171,860,690

The Japanese yen is worth about 50 cents in Canadian currency.

NEW BRITISH CAPITAL applications for 1907 compare as below with those for 1906:

	1907.	1906.
First quarter	£49,428,600	£30,264,800
Second quarter	40,304,600	55,059,800
Third quarter	....	10,835,800
Fourth quarter	....	24,012,800
Total	£89,733,200	£120,173,200

The falling off during the second quarter of the year was due to the absence of government borrowing. British dependencies are responsible for a total of nearly £13,000,000 during the half-year, the principal issues being £3,500,000 India 3½ p.c. stock and £3,000,000 4 p.c. five-year bonds issued by the Straits Settlements.

THE WEST INDIA ELECTRIC CO., LTD., shows the following traffic receipts for the month of June and for the half-year:

June, 1907	$15,225.27
June, 1906	11,787.28
Increase	$3,437.99
1st Jan to 1st July, 1907	$81,253.97
1st Jan to 1st July, 1906	77,434.68
Increase	$3,819.29

WORK AT COBALT has been resumed on a number of mines, the directors of companies having in some instances dicided to grant the union scale, despite the signing by the managers of the mine-owners' agreement. Last week's shipments were about as usual, totalling 320 tons. The output for the first six months of 1907 was 6,431 tons, valued at $4,890,017. The figures show an increased tonnage of over 1,000, and increase in values of nearly $1,000,000 over the entire year 1906.

THE HON. C. W. ROBINSON, Premier of New Brunswick, is in Montreal, accompanied by Mr. Babbit, Deputy Receiver General of the Province. Their principal object is to raise money for the immediate necessities of the government, which we understand they have succeeded in accomplishing.

INCREASE IN ORIENTAL TRADE has so affected United States ports that during the past year Pacific ports have increased their imports 40 p.c., while Atlantic ports have shown an increase of but 17 p.c.