quired, since each paid-up capital increase carries with it the right to an equal expansion in the authorized note issue. A lack of currency has not been one of the troubles. The chief difficulty is rather that there is not enough capital to permit the banks to meet the proper demands of their customers for accommodation, and at the same time keep cash, call loans, and other first-class quick assets, at the proper level. With regard to some part of the issues of capital stock it might be urged that they result rather in decreasing the bank's deposits than in increasing its cash resources. But even when this happens the proportion of cash reserves to liabilities is improved, since the cash remains the same while liabilities are decreased. When the capital increases of the individual banks are made gradually, with an interval between each, the shareholders have a better opportunity to accumulate the funds necessary to take up their allotments, and in quite a number of cases they are doubtless able to take up their new shares with their income or "profit" funds instead of having to draw on their fixed deposit funds. But when subscriptions to new stock issues are received from abroad the new capital represents a more direct addition to our banking resources. Quite probably there may be announced more of such deals as that by which the Royal Bank of Canada placed a block of its stock with foreign capitalists and as that by which the Sovereign Bank effected the same purpose. Names of foreign holders are rather plentifully scattered through the stock lists of the banks, and in the ordinary course they would contribute a share of pretty nearly every new accession of capital received from this source.

## SURPLUS REVENUE OF UNITED STATES AND CANADA.

The remarkable trade activity and business growth of past months upon this continent find their reflection in the public accounts both of the United States and Canada. The United States Treasury Department has published the revenue and expenditure statement for the month of June and for the fiscal year 1907. The twelve months revenue is shown to have aggregated $665,306,000, the heaviest, by many millions, on record; expenditures reached $578,360,000. The net results of the year's operations is a surplus of $86,946,000.

Of marked interest is a comparison of the Dominion's showing for the fiscal period of nine months ending March 31, last. During that period the aggregate public revenue of Canada was $67,-969,328, and the expenditure from consolidated fund $51,542,161, leaving a surplus of $16,427,167. The expenditure on capital account—an asset-producing expenditure—was $14,234,625, leaving a net surplus for debt reduction of $2,192,542.

The piling up of an increasing Treasury surplus is considered an outstanding grievance by active financiers in the United States. True, the Treasury comes to the public's assistance when money is unduly scarce. But it is more and more widely being agitated that there should be a reversal of the present process by which the Treasury puts out its doles to the banks in time of special need. Instead, the plan is advocated whereby the Treasury shall normally keep its funds in the banks—as is the case in Canada—withdrawing them only as the country's expenditures require. Regarding the present system ,bankers and the general public complain that it "puts away in Uncle Sam's big stocking" money which should be actively engaged through banking channels in aiding the country's business activities.

## LIFE COMPANY ASSETS AND LIABILITIES.

According to the Dominion Insurance Department's abstract of companies' statements, the assets of the Canadian life offices increased during 1906 from $102,438,414 to $114,573,703, while their aggregate liabilities (excluding capital) increased from $92,982,284 to $103,065,321. Surplus to policy-holders, therefore, showed a growth from $9,456,130 to $11,508,382 during the year. Reinsurance reserves increased, from $91,272,164 to $101,040,479. The tabulated details of assets, liabilities, etc., are set forth on the opposite page. Space prevents inserting at the end of the table certain foot-notes there appearing in the Government statement. These read as follows:

*In this item is included a special deposit of $49,807.67 representing the balance in account of sums advanced by one of the Directors under certain agreements with the company by which he is to be paid in settlement for said advances a certain percentage of the renewal premiums as they fall due. The moneys so advanced were applied as a reduction of the initial expenses incurred by the company in securing business and organizing new territory. The company was advised by a well known consulting actuary that the advances made under said agreements did not constitute a liability against the company and in good faith did not treat them as such in the statement. The department, however, is of the opinion that the moneys so advanced constitute a liability against the company and that the liabilities of the company as shown on page 37 of the abstract should be increased by said sum.

††The total liabilities here shown do not include the present value of the contract made by the company with R. K. McCutcheon, known as the McCutcheon Commission contract referred to in the report of the Royal Commission on Life Insurance, amounting to $73,269, nor that between the company and the Peoples Life Insurance Company, amounting to $45,900, also referred to by said Royal Commission. These two sums considered as liabilities would increase the total liabilities of the company shown above by the sum of $119,169. The company, however, contend, that neither of these items on a proper construction of the contracts constitutes a liability against the company.