

a direction the converse of this, will generally end in failure sooner or later. We must learn to walk before we can run, and may advantageously remember the fable of the bull and the frog. We maintain that, for a company with a small capital and assets to attempt to transact as extended a business as one four or five times as wealthy, is not sound underwriting, but the reverse. And this is not altogether a question of the relative size of the lines on each risk, as some might suppose, but depends in a great measure upon surplus reserve and assets of each company not locked up. By the latter we mean assets absolutely and immediately available without affecting the credit or standing of the office, and in this light we cannot consider the deposits required from foreign companies doing business in the United States. Those deposits are practically "locked up," and unless the company can afford so to view them, its extension into that field of business must be regarded as a weakness rather than a source of strength.

The above is merely given as an illustration of our meaning that the expansion of a Fire Company's business should be guided by its capacity for that expansion. On the other hand, it does not necessarily follow, as the New York *Spectator* would appear to think, that because a company does not transact an extended business it must be weak or unsound. Strength may be said to be relative as regards what it is required to bear: and when we hear people talking of the superior strength of the English as compared to some, if not all, our Canadian companies, we reply that this alone does not in the least prove that the former are more deserving of confidence than the latter. An ocean steamer may be, and undoubtedly is, a far more powerful craft than a ferry boat; yet the latter under good management is just as useful in its sphere.

In what we have written respecting the extended field of fire underwriting, do not let it be understood that in claiming this to be absolutely needful for strength or security, we are advocating any doctrine of the kind as regards the classes of risks. In any field, large or small, a general business is in our opinion decidedly better than that confined to one or two particular classes of hazards; but inasmuch as there are offices in Great Britain like the "County Fire," established in 1806, and others which have been eminently successful while transacting no foreign business, so we believe that a like result can be attained by our own companies, even solely within the Dominion, always provided that they have a competent man at the helm.

BANKING REVIEW.

Below we print the return of the Banks to the Government for the month ending May 31st, as compared with that of the month preceding:

LIABILITIES.	Apr. 30, '79.	May 31, '70.
Capital authorised...	\$63,966,666	\$62,966,666
" Paid up....	58,127,425	57,972,911
Circulation.....	16,122,138	15,393,592
Gov't Deposits.	7,436,007	5,515,594
Public Deposits on Demand.....	30,102,128	30,360,284
Public Deposits at Notice.....	25,847,543	25,854,711
Due B'ks in Canada	1,666,467	1,820,898
" " U. States..	37,825	58,274
" " Gt. Britain	1,991,458	1,950,707
Sundries.....	99,814	160,933
	83,303,380	\$81,114,993
ASSETS.		
Specie & Dom. notes	13,354,611	13,139,793
Notes and Cheques of other banks..	3,027,064	2,834,631
Due from other B'ks in Canada.....	3,170,385	3,659,963
Due from other B'ks in Gt. Britain....	480,618	305,176
Due from other B'ks (Foreign).....	5,419,983	4,578,256
Tot. available assets	\$25,452,665	\$24,517,799
Government Stocks	2,155,701	2,155,701
Loans to Gov't	76,090	107,463
" on Bk. Stocks	1,232,220	1,204,577
" on Bonds, &c..	6,214,876	5,658,687
" to Corporations	3,061,014	3,412,812
Discounts current..	104,869,260	102,916,997
Notes overdue (unsecured).....	2,732,345	2,278,773
Notes overdue (secured).....	3,474,273	3,152,274
Real Estate.....	2,097,847	2,228,861
Bank Premises....	3,200,278	3,093,488
Other Assets.....	1,418,527	1,325,658
	\$155,994,103	\$152,053,160

The return of the suspended Mechanics Bank is absent from this month's statement, a circumstance which makes some difference when comparing last month's figures. A comparison indicates a continuance of the downward tendency which has prevailed in the commercial world so long; a tendency we are led by the annual declarations of our leading bankers, to expect to continue for a long season yet, unless the new enterprises, ventured upon under the new tariff, shall assist to awaken new life.

During May both liabilities and assets decreased, the former by \$2,188,400, and the latter by \$3,941,400. Circulation diminished by \$729,000, while the Dominion and Provincial governments together have drawn to the extent of \$1,820,300. In the statement of assets there are shown decreases in Notes Discounted \$1,952,300; over-due paper, unsecured, \$454,000. Bank premises are reduced \$114,000, but Real estate is increased \$131,000. Many of these changes are to be accounted for by

the large amounts written off as bad, and the new disposition of figures which invariably takes place at the time of preparing annual statements for the edification of shareholders.

In a previous issue we referred to the fact that the charters of our banks will very soon require renewal. It will be for Parliament then to amend the banking Act in several important particulars. The establishment of a bank audit department has been advocated in some quarters, while others have thought that an efficient and all alive directorate with a shareholders' inspector, would be accepted as satisfactory. Certain it is that directors should be intimately acquainted with the affairs of their institutions, otherwise their position would be purely nominal.

THE TORONTO LOAN.

The refunding of the city debt of Toronto implies a loan of \$6,000,000; and it appears unfortunate that it has to be made in instalments. If circumstances had made it possible to put the whole loan on the market at once, we have no doubt better terms could have been obtained than can be had by negotiating small sums at a time.

Two amounts have been offered and taken at fair terms. Messrs. Morton, Bliss & Co., of New York and London, bid 97½ for \$784,837 consolidated loan, and Messrs. James & Philip Browne, of Toronto, offered 56½ cents above par for \$45,000 out of \$83,991 of the local improvement issue. The first tender was accepted, and the other conditionally on the whole amount being taken by the Messrs. Brown, they having expressed the desire that in case their tender were accepted they should have the option of taking the balance.

After all the tenders were in, enquiry was made by a Toronto broker, whether 98 would be accepted for what Messrs. Morton, Bliss & Co had offered 97½ for; but of course the question of tenders could not be re-opened. The incident may serve to show, however, that higher bids may possibly be received for the balance of the consolidated loan. If the six millions were all required at once, which is not the case, a better bargain could no doubt be made. Still, these tests of the credit of Toronto cannot be said to be unsatisfactory. A loan bearing 5 per cent. interest, and bringing nearly par is an advantageous loan.

It is the opinion of some experienced people that better could have been done for the city by boldly offering the loan on the London market under the auspices of, say Morton, Rose & Co., or the Bank of Montreal. The prediction is made that it would