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THE JANUARY BANK STATEMENT.

The significance of the movements in the banks' deposits during January and the relation of those movements to the recent War Loan are discussed in another article. Apart from the sharp decline in deposits, the January bank statement is chiefly noteworthy for its record of the seasonal restriction of business commonly experienced in the first month of the year.

Circulation decreased during the month by over \$11 millions to \$111,029,572, but at this figure it is \$13,836,873 higher than at the corresponding date of 1915. Canadian call loans decreased by \$1,643,496 to \$82,584,659—nearly \$16½ millions higher than a year previously. Foreign call loans decreased nearly \$3 millions to \$134,248,552, but are higher by nearly \$48½ millions than at the close of January, 1915. Foreign current loans increased \$3½ millions to \$61,986,845—representing a growth of about \$18 millions in the year. There was a considerable decline in Canadian current loans and discounts, which are down on the month by \$17,017,455 to \$758,500,492, at which level they are \$11,618,419 lower than a year since. In January last year, there was a similar decline and the movement appears to be a seasonal one, following the expansion incidental to the Christmas trade. In connection with the loan accounts, attention should be called to the relatively large recent decrease in the loans to the provinces which at \$3,231,040 at the end of January, are no more than 25 per cent. of their amount at the close of January, 1915. Evidently provincial finances are being got into considerably better shape.

GAINS IN SECURITY HOLDINGS.

With the decrease in circulation, there was a lowering in the Central Gold Reserve deposits of \$5½ millions, this movement having its reflection in an increase of \$1½ millions in the banks' own specie holdings and of \$6,400,000 in their holdings of Dominion notes. The effect of the War Loan is further seen in the important gains in the banks' security holdings, which at the close of January totalled \$139,541,237 compared with \$122,495,227 at December 31st, and \$107,535,745 at January 31st, 1915. Holdings classified as Dominion and provincial securities were almost doubled in January, increasing from \$15,747,625 to \$30,098,441, while there was also a gain approaching two millions in Canadian municipal and foreign public securities, and an advance of nearly a million in railway bonds and stocks.

The banks maintained during January their high

standard of reserves of the previous month. Immediately available reserves of specie and Dominion notes, deposits in the Central Gold Reserve and to secure the note issues, net bank balances abroad and foreign call loans at the end of January were in the proportion of 31.8 per cent. to the note circulation and deposits of all kinds. The end of December figures were 31.9 per cent.

THE NEW PRIVY COUNCIL DECISION.

(Continued from front page).

of those other provinces. The effect of this is to place provincially incorporated companies on the same basis as Dominion incorporated companies in regard to transaction of business throughout Canada, provided that the provinces are willing to give the business to provincial companies, and with the exception that these companies would have to pay provincial licenses and registration fees which the Dominion incorporated companies escape. Under these circumstances, it does not appear likely that there will be any attraction for a new insurance company in provincial incorporation, except in cases where it is desired to confine operations to one province only.

* * *

The reply of the Privy Council to the second question contains several important points. The second question, their lordships say, is in substance whether the Dominion Parliament has jurisdiction to require a foreign company to take out a license from the Dominion Minister even in a case where a company desires to carry on business only within the limits of a single Province.

To this question their Lordships reply that in such case, it would be within the power of the Parliament of Canada, by properly framed Legislation, to impose such restriction. It appears that such power is given by the heads of section 91 (British North America Act) which refer to regulation of trade and commerce and to aliens.

The effect of this is that the Dominion Government has power, by new legislation, to bring all the foreign companies transacting business in Canada ("foreign" presumably in this connection including British) under its control. It is not clear whether this involves the sweeping away of the necessity for provincial registration and license but it seems likely. If such is the case, the big British fire and other companies transacting business all over Canada would be freed, were the necessary legislation passed by the Dominion Government, from a considerable amount of vexatious and useless regulation and relieved of the necessity of paying quite a tidy sum in license and registration fees. Though the provinces would probably enough speedily make up for the loss of the latter by the imposition of additional income taxes!

The ground on which this power is said to belong to the Dominion, it will be noticed, is stated by the Privy Council to be the fact that the British North America Act gives the regulation of trade and commerce and of aliens to the Dominion.

Possibly study of the text of the judgment, when it becomes available, will show that some of the conclusions here drawn are not quite justified. What has been said is, however, sufficient to indicate that if the cabled summaries are correct, insurance interests have some reason to consider the decision of the Privy Council fairly satisfactory.