

Bank of France—which only this week took another \$2,500,000 from the open market.

Taking all factors into consideration, it would certainly not appear from the foregoing that Canada's falling-off in trade activity during 1908 had been relatively larger than that of other countries. Indeed, so far as can be judged from showings so variously arrived at, business activity in the Dominion has kept up remarkably well as compared with that abroad. The Bank of England's showing, it will be noted, is some 9 per cent. lower than a year ago. That the position of the London clearing house banks has been scarcely altered by the reaction in trade is, of course, due to the fact that their falling-off in trade loans has been replaced, and more than replaced, by advances to stock brokers, bill brokers, and other borrowers; which assumption, as The Economist points out, fits in with the view that London has taken up credits called in by Paris from Berlin and New York, and by Berlin from Northern Europe. Both London and New York—but more especially the latter—would face something of a money market dilemma in the case of sudden trade revival making large commercial demands upon funds now devoted to stock market purposes. But the likelihood of more than a very gradual trade recovery in either country is not now considered by those versed in the signs of the times financial.

#### AN IMPORTANT IMPERIAL MOVE.

There has recently become law a measure introduced by the Lord Chancellor with a view to removing certain faults in the constitution and working of the Judicial Committee of the Privy Council. While approving of the changes made as steps in the right direction, the London Times sees a weakness, in that they are attempts to create a court of very varied composition without paying the full price for it. Never, it holds, was the need of a strong final court so great as it is now. The conflict between the opinion of the Judicial Committee in "Webb vs. Outtrim" and that of the High Court of the Commonwealth of Australia in regard to the same question is only a type of disputes which must increase. The High Court declined in a subsequent case to follow the ruling of the Judicial Committee, and the matter, notwithstanding recent legislation, is left in an unsatisfactory state.

The main change introduced by the Lord Chancellor recognizes the drawback there has been because questions requiring knowledge of the intricacies of legal systems unlike that of England often come before the committee; so that the members of the committee may be largely dependent on the arguments of counsel, which are not necessarily exhaustive. And even if most of the authorities are brought before it, the court may not be fully

informed of the trend of decisions, legislation and opinion—the atmosphere, so to speak—of the colony or dependency. With a view to overcoming somewhat these undoubted difficulties, power is now taken to appoint as an assessor any available judge of the colonial court from which there is an appeal. While unlikely that such a plan will be often followed, it is thought that it may be occasionally put in operation with good results in cases where an unusually knotty overseas problem comes before the committee.

#### THE NEW YEAR FINANCIAL SITUATION AND OUTLOOK.

All the big international money markets this week give some marked indications of what is perhaps to be the prevailing tendency in rates for credits. Everywhere market rates are softer; in some of the principal capitals material reductions occurred. The Bank of England did not change its 2 1-2 per cent. rate; and the probabilities now are that in the present month, the big institution will be able to make such substantial additions to its gold reserve as to do away with all necessity for a rise. This seems to be ensured by the general declines in interest at the other centres, signifying that for the time they are sated with funds.

Call money in the London market has again fallen to the one per cent. level—the quotations being 1 to 1 1-4; short bills are 2 per cent., and three months' bills 2 1-16 to 2 1-8.

In Paris, though the Bank of France continues at 3, the market has fallen 3-8 per cent. to 2 3-8; and in Berlin the market goes down from last week's 3 per cent. to 2 1/8. The inference from all this is that the end-of-the-year financing is accomplished, and that the Russian and other impending loans are fully provided for.

Call loans locally in Canada are unchanged at 4 1/2.

In New York, too, a softening of the money market occurred, in spite of the heavy dividend and coupon payments. Call money is 2 to 2 1/4, with the latter figure, the ruling rate. Both 60 and 90 days are quoted at 2 1-2 to 3; while 6 months' paper is 3 1-4 to 3 1-2. It has already been noted that borrowers were holding off in expectation of lower rates. This week a more general disposition has been seen among lenders to accede to borrowers' terms.

The statement of the Clearing House Banks last Saturday again showed remarkably heavy changes. Loans increased \$28,000,000, and deposits \$37,000,000; so that, notwithstanding a gain of nearly \$6,000,000 in cash, the surplus reserve came down again to the neighborhood of two weeks before. It now stands at \$14,704,000.

State banks and trust companies combined