

Official Return of the Banks of Ontario and Quebec for 31st December, 1870.

Authorized Capital.....\$39,466,656
Paid up Capital.....30,500,430

LIABILITIES.

Circulation.....\$17,829,414
Due to other Banks.....1,780,430
Deposits not bearing interest.....\$18,413,938
Deposits bearing interest.....31,798,260
Total deposits.....\$50,211,198
Total liabilities.....\$69,821,042

ASSETS.

Specie and Provincial Notes.....\$13,629,598
Landed or other property.....1,668,834
Government securities.....5,162,748
Notes of other Banks.....2,409,779
Due from other Banks.....9,774,919
Notes discounted.....72,430,690
Other debts.....2,043,971

Total assets.....\$107,120,539

To the amount of circulation as above must be added \$7,407,974 of provincial notes, making a total of \$25,237,388 of notes stated to be in circulation. It should be remembered, however, that of the legal tenders, the whole is not in circulation, a large amount being held by the banks as a reserve.

For the first time, the discounts at the close of the year are heavier than at any earlier date, the maximum being usually in September or October. Last year, although these fall months showed much more than the usual expansion, they fell below the amount of December discounts by as much as the increase from the lowest point in preceding years to the highest. The lowest figures under this head appear in January—\$56,800,000. This was increased by \$10,000,000 in September, and from that point the rise was close upon \$6,000,000 more at the end of the year, showing a total increase of \$15,100,000, or over 25 per cent. beyond the same date in 1869. A comparison of the amount of discounts at the end of each month last year will show how exceedingly active the last half year has been:

	1870
January.....	\$56,830,000
February.....	57,927,000
March, April, May.....	58,400,000
June.....	61,348,000
July.....	62,924,000
August.....	64,444,000
September.....	66,770,000
October.....	70,466,000
November.....	72,250,000
December.....	72,430,000

Although reports reach us from some country districts that merchants complain bitterly of hard times and shortness of money, arising in too many cases from their holding too heavy stocks, we see in the enormous growth of deposits held by banks undoubted evidence of an increase of general pecuniary strength. At no preceding period have the spare funds of the country been anything

near the amount now stored; indeed, the expansion this year is very great, the more noticeable from the great activity of trade, which tends to absorb the class of funds placed at interest in the banks. The total deposits at the close of the year were equal to those held at the period of the greatest quietude of trading operations, midsummer. They were \$7,000,000 in excess of the same period in 1869, and nearly \$9,000,000 beyond the amount in January. Of this increase over the same period of 1869, \$5,500,000 is of deposits at interest, which have reached close upon \$32,000,000, showing that since 1863 the spare funds placed in this form of investment alone have grown \$21,000,000—a result which, in view of the conditions under which the country has been working in that period, is a most surprising evidence of the thrift of our population.

The prospect for the coming year is, on the whole, encouraging. The desolating war still raging has rendered whole regions barren which have been hitherto rich with harvests. Regretting the cause, we still look to reaping no small advantage therefrom, in the increased value of stocks, of which we held of wheat in Montreal 359,400 bushels on 1st January, as against 519,500, same date, 1870; and of flour, some 45,000 barrels in excess of same date a year ago.

Our lumber exports are likely to be heavy in the coming year, as the advantages of our water communication with the ocean is likely to draw a large share of the lumber from the Western States to this outlet for shipment to South America and Australia.

It seems to us, in view of the enormous and rapid development of our railway system, which is being pushed into districts only just opened out to settlers, that there exists an opening for the profitable employment of considerable capital in providing the companies and the public with freight cars. There is no more reason why a railroad corporation should supply cars than a body of turnpike trustees, except to facilitate traffic over their track.

Here, where necessarily new roads are built with considerable difficulty, it would greatly ease the enterprise were the vast bulk of the rolling stock raised by an entirely distinct effort, which would tap another source of pecuniary aid, and utilize capital and employ labor vastly to the advantage of the country. This form of auxiliary railway enterprise is found elsewhere to pay well, and large freight dispatchers find it to their interest to own their own cars or rent them. There is, however, little fear but that capital will find necessary outlets, and we trust that the great work of developing and consolidating the financial interests and position of the Provin-

ces may progress in the current year in the ratio of the past, that in quietness and confidence the country will possess itself, and find enlarged strength and prosperity.

BRANCH STORES, AND THEIR CONSEQUENCES.

We are strong in the belief that, in the present state of trade in the Dominion, branch stores, opened in most cases for a temporary relief to the proprietor, prove a permanent oppression, and a direct or indirect loss. The running expenses, depreciation of stock, and bad debts attached to these concerns, far outweigh any advantage gained by purchasing large stocks at low rates, and pushing them off rapidly and at close profits.

Experiences are not wanting to show the folly of any one merchant attempting by these means to "do all the trade" in his county or his neighbourhood. It is fresh in the memory of many wholesalers how a certain trader in Peterboro', doing a fair and healthy business in retail dry goods, was seized with an ambition to sweep the trade of his own and the neighboring county; how he opened a dozen stores, surmounted them with brooms, and flags, and triumphal arches; hired bell-men, runners, peddlers, travelling advertisers; and employed all the devices that Yankee ever invented or tyro practised to bring grists to his mill, and what a miserable end it all came to two short years ago. A firm in Eastern Canada, in good standing, for ability, integrity, and capital, as manufacturers in Montreal and merchants in several villages up the Ottawa, lost all they had in 1869 by their branch stores, which were either mismanaged or worse by their employees in these outlying posts, and showed an amount of outstandings which swept away a large portion of their means. Another startling instance of the effects of such expansion comes to us from a lake town in Ontario this very month, and is found in another column, where an estimable, honest, and, up to a certain point, successful merchant, who opened a number of branches some three years ago, has just found it necessary to stop payment, and an investigation of his position, so far as it has gone, shows a serious loss at the branches.

In the first of these instances, the object was not so much relief from the pressure of too much stock, as a foolish desire to force a big business, by selling at next to no profit without regard to expenses. In the last, the expansion was the natural result of overstocking, only scattering the overstock instead of concentrating it. But in all three cases, however different the men or the circumstances, the result was disastrous, and the