

## CONDITION OF THE BANKS.

THE condition of the Banks, as exhibited by the monthly statement in Saturday's *Gazette*, was as follows, at the close of January, as compared with the same period last year:

CAPITAL.			
	1864.	1865.	
Authorized Capital.....	\$33,686,666	\$43,166,666	
Paid-up Capital.....	27,074,562	29,952,137	
LIABILITIES.			
Notes in circulation.....	\$10,982,726	\$ 8,761,829	
Due other Banks.....	672,671	1,885,107	
Deposits without Interest.....	10,874,883	9,692,867	
Deposits with Interest.....	11,234,172	14,362,411	
Total Liabilities.....	\$33,764,452	\$34,707,716	
ASSETS.			
Specie.....	\$ 5,831,994	\$ 5,772,752	
Landed or other Property....	2,195,795	2,896,307	
Government Securities.....	5,384,067	5,974,482	
Notes of other Banks.....	1,190,818	1,265,326	
Balance due from other Banks	2,345,280	1,407,142	
Notes discounted.....	43,021,202	44,927,202	
Other Debts.....	3,302,213	3,493,682	
Total Assets.....	\$63,221,419	\$65,736,844	

The increase or decrease of the leading items as compared with same month last year, and also during January of 1865, will be seen by the following:

	In the Year.	In Jan., '65.	
Circulation—declined....	\$2,220,895	Increased.	\$6,369
Due other Bks—increased	1,212,498	"	508,922
Deposits—	1,048,223	"	53,190
Specie—	59,242	"	190,416
Govt. Securities—	640,815	Declined.	833,700
Discounts—	1,905,940	Increased	186,258

The change most marked in the above comparison is in the item of the greatest interest to the country, namely, the circulation. A scarcity or plenitude of currency more immediately affects a far greater number of people than the contraction or expansion of any other part of the financial fabric. The above indicates that the Bank bills now afloat are less by nearly two and a quarter millions of dollars than they were at this time last year. It is therefore not singular, in a community by no means wealthy, that a diminution of its currency one-fifth should render collections difficult, and cause a universal complaint of hard times. True, a large amount of silver has taken the place of Bank bills; but while it cannot certainly reach over one-third of the above deficiency, its bulk, its inconvenience, and, above all, its depreciation, make it a slow medium of interchange, and for the most part it lies idle until accumulations render it impossible to hold it longer. Reports from all sections of the country agree as to the scarcity of money, and there can be no doubt that, owing to the slow movement of grain throughout the autumn, and the low prices which have prevailed during the winter, there is less money now afloat than there has been during the winter for many years past. This assertion is borne out by the following comparison, which shows that though the banking capital has increased from \$23,000,000 in 1860 to \$29,000,000 in 1865, the deposits from \$12,000,000 to \$24,000,000, and the discount from \$41,000,000 to \$44,000,000, the circulation has materially declined.

Circulation in	Less in Jan., 1865, by
January, 1860.....	\$10,660,000      \$1,899,000
“ 1861.....	12,832,000      4,071,000
“ 1862.....	12,630,000      3,861,000
“ 1863.....	9,814,000      1,053,000
“ 1864.....	10,982,000      2,221,000
“ 1865.....	8,761,000      .....

So that not only is the circulation less, but it is considerably less than at any similar period during the past six years. As compared with 1861, there are less bills now afloat by ten millions of dollars. The silver in general circulation cannot be over a million,—we say in general circulation. Large amounts, no doubt, are held by brokers, and the deposits are, no doubt, considerable; but the amount actually taking the place of bills in the country is much less than is generally supposed. The banks appear to experience unusual difficulty in keeping their circulation out, and this is accounted for by the fact that any accumulation or hoarding that does take place, consists mainly of silver; and the small amount of the currency required for a larger business, have quick transmission from one hand to another, and very speedily find their way back to the Bank.

\* This includes 7,300,000 dollars subscribed capital of the International Bank (Limited).

The increase in the circulation during January was very insignificant. Considering the fine sleighing over the country, the large amount of produce and pork moved, and the general activity which is usually displayed in that month, the amount is a good deal below expectation. As compared with previous years, it is as follows:

Increase of circulation in January, 1865.....	\$ 6,369
" " " 1864.....	467,586
" " " 1863.....	76,354
" " " 1861.....	300,259

In January of 1862 the circulation declined over a million (\$1,082,072), but that was owing to the return of the large amount afloat in the United States for gold, and not the result of any local cause.

As compared with last year the deposits show an increase of nearly \$2,000,000, but the amount now held by the Banks is less by over \$1,000,000 than held in July last, when the highest point was touched, the amount then being \$25,124,996. The figures are at present \$24,061,279. The distribution of these deposits in January of the two years was as follows:

	1864.	1865.
Not bearing interest.....	\$10,874,883	9,692,867
Bearing interest.....	11,234,172	14,362,411

It will be seen that their character has changed to a considerable degree, the proportion now under interest being much larger than last year. This fact implies that the greater portion is foreign money sent hither for safe keeping in our Banks, and not of a nature to be employed or invested by its owners in the legitimate trade of the country. The Banks agreed for the most part to pay four per cent. per annum for it, with a condition that fifteen days' notice should be given of its intended withdrawal. The Banks, we presume, have employed it profitably, in a variety of ways. Certainly the gold—for the deposits have almost invariably been made in gold,—has not been retained here, for the amount of specie has not at any time recently averaged over one dollar to every four dollars on deposit. Balances in New York and London for the purposes of Exchange, an increased investment in government securities—now nearly six millions—and an increase in the discounts, which have grown from \$41,000,000 at the commencement of 1864 to \$44,900,000 in 1865—account for its employment. Recent events have pointed to the desirability of having these deposits in a more realizable shape than in loans over the country, and a contraction of this item is inevitable, especially in view of a restricted circulation.

The amount of specie at present held is larger in proportion to circulation and deposits than at any time during the whole of last year. The proportion to circulation is now \$1 in gold for every \$1.51 in paper,—the proportion to deposits is \$1 in gold to every \$4.16 in bank. This proportion is likely to be increased during the present month.

The Banks, with a paid up capital of nearly \$30,000,000, have out on loan nearly \$45,000,000—an excess of \$15,000,000 over value of their capital. In ordinary times, with a circulation of \$10,000,000—the average of the past five years,—and an average deposit of say \$15,000,000,—which it had reached before we had any foreign gold here at all,—this proportion is not excessive. The deposits and circulation are an "adventitious capital" of twenty-five millions, of which they only loan fifteen, the balance being employed in balances between the banks, specie, government securities and premises. At present, however, and with a large amount of temporary deposits on hand the loans, though not large in proportion, are likely to be lessened, and something more available substituted.

The following will exhibit the condition of the most interesting items of each Bank at the close of last month.

Name.	Circulation.	Deposits.	Specie.	Loans.
Bk of Montreal.....	\$ 2,519,007	\$ 9,378,002	\$ 2,011,060	\$11,855,617
Quebec Bank.....	443,277	873,676	288,005	2,030,126
Bk of U. Canada.....	1,023,291	3,875,451	490,498	8,764,701
Commercial Bk.....	968,465	2,879,877	486,089	6,315,561
City Bank.....	330,354	699,583	323,008	1,693,324
Gore Bank.....	455,872	596,960	215,509	1,356,511
Bk of B. N. Am.....	787,762	2,065,781	520,294	5,266,358
Banq. du Peuple.....	91,187	498,047	100,107	1,971,515
Niagara Dis. Bk.....	124,362	148,989	86,846	404,864
Molson's Bank.....	102,496	864,148	124,845	1,852,779
Bank of Toronto.....	661,419	717,122	271,568	1,846,334
Ontario Bank.....	810,025	1,768,282	515,056	3,385,518
East. Town. Bk.....	61,702	94,837	31,933	361,812
Banq. Nationale.....	205,182	287,986	89,737	1,258,380
Banq. Jac. Cartier.....	65,528	358,750	43,553	1,060,513
Merchants Bank.....	51,500	432,594	135,021	582,684
International Bk.....	.....	26,236	33,638	129,597
Totals.....	\$ 8,761,329	\$ 24,061,279	\$ 7,772,752	\$ 44,927,202

## NEED OF PLUCK.

A CERTAIN courageous philosopher exclaimed, "O the pleasure of opposing great odds!" This is a bold sentiment, a manly feeling, and one that pays for indulgence and cultivation. To face difficulty, to meet it squarely, and overcome it, adds to life, and equips for further acquisition and greater conquests. Many a Canadian merchant at the present time—we speak more particularly of the retailer—wants encouragement. Nay more: he wants to feel that it is in him to surmount obstacles, and that he must do it. The wholesale man "opens the ball," but the heavier duty falls upon the retailer, of winding up the business of the season—of gathering in the value of the yearly products of the country to liquidate national obligations. Crowded by competition, the country is filled with goods. The business season passes, and many of these goods become unsaleable for a time, augmenting interest accounts. Collections come in slowly, and outstanding debts become reduced in value; on the other hand notes are fatally sure of maturing, and the balance in hand is miserably small to meet heavy engagements. To one so circumspect, and no doubt there are many such, character is everything; there must be something at the back to stand the strain. Character after all is the backbone of the merchant. It gives value to his business, to his goods, to his outstanding debts; in short, it increases the value of his assets, and lessens his formidable liabilities. If he lacks character, he loses all and pays nothing.

What we want in Canada is a more courageous morality, a disposition not to be easily frightened, a determination to see the bottom of a difficulty, and compare it in all its relations. If we would be honest, we must be thorough. A man that procrastinates, or is inclined to give way to every discouragement, is not suited for these times, when keen competition is everywhere making the sparks fly.

The retailer, we say, requires encouragement, and he deserves it. He is a man the country cannot do without. It is his sphere to come in contact with the thousand-and-one daily wants that must be supplied. The wholesale jobber turns over more goods, makes a greater display, and possibly receives more consideration, and in many cases feels bigger, than the man he sells to, but their relative importance we do not pretend to decide. Every man in fact has his place; and we cannot do without the retailer. The present year is one of difficulty, and to him more than any does the country look for relief. Balances must be paid; if not in full, they must be reduced. The responsibility is laid upon the prudent energetic and practical man of business, and requires him to be up to the mark. We are strong advocates for the cash system, and would like to see it carried out; but it must be confessed there are difficulties. If there were more money in the country, the experiment would stand a better chance. Competition necessarily increases credit, and we must take things as they are, in this every-day working world; and we say persistent energy and tact accomplishes much, and is a great source of profit and mercantile strength. March and April are approaching; they are usually trying seasons. The wholesale men are acquainted with it, the Banks know it, and the country must answer for it: and what cannot be done for lack of money, may be accomplished by straightforward dealing and good sense.

## Wine Culture in California.

California possesses no less than 20,000,000 acres of the very best kind of land for vineyards. It has been found, after experience, that four feet apart, or 2723 plants to the acre, do best. A vine which costs no more than one cent to plant will certainly grow and bear four pounds of grapes the same year. Take a branch of old vine, dig a ditch eighteen inches deep, lay the vine in, bend the end to project from the ground two buds, fill the hole full, and your vine will bear three or four pounds of grapes the same year. Next Fall, you cut the branches from the old stem, and your vineyard of 680 vines is multiplied to 2723 vines. If vines eight feet apart are made to 25 lbs., the grapes will not ripen well, have too little saccharine matter, remain pale, and have not the dark-blue color necessary to make good claret. And if pruned to bear six or eight pounds, they produce so little to the acre, that labor is wasted. If four feet apart, and pruned only to four pounds, the acre will bear double the quantity. The wine produced in 1864 throughout the State will not fall short of 4,000,000 gallons.