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The "Nationalization" of the Bank of Nova Scotia, 1880-1910

Surprisingly little attention has been paid to the role of capital in the economic history of the Maritimes. Some general information may be gleaned from the official histories of the Bank of Nova Scotia, the Royal Bank of Canada, and the Canadian Bank of Commerce,¹ and several recent studies have provided insight into the fortunes of some of the region's smaller banks.² The significance of finance capital in regional development has been most forcefully underlined by T.W. Acheson and R.T. Naylor, who have advanced some provocative generalizations about the role of the banks in the industrialization of the Maritimes. Acheson has argued that the Maritimes lacked institutions prepared to finance large-scale industrialization, and as a result the responsibility for undertaking industrial investment was thrown largely on the shoulders of individual entrepreneurs. Industrialization therefore took place in the smaller towns of the region, with only limited involvement by Halifax and Saint John businessmen and banks.³ Similarly, Naylor has argued that the larger banks retained a "commercial" orientation and that while the financing of industrialization was undertaken by smaller local banks, the major banks promoted the flow of capital out of the Maritimes and into the Canadian west and the Caribbean, thereby starving local industry of needed capital.⁴

For most of the critical years in the industrialization of the Maritimes, the three decades from 1880 to 1910, the Bank of Nova Scotia was the largest and most influential banking institution in the region. A close examination of the bank's lending practices during this period casts doubt on the conclusion that the

- 1 Adam Shortt, *History of the Bank of Nova Scotia* (Halifax, 1900); Bank of Nova Scotia, *The Bank of Nova Scotia, 1832-1932* (Toronto, 1932); Victor Ross, *The Canadian Bank of Commerce*, 2 vols., (Toronto, 1920); Royal Bank of Canada, *Fiftieth Anniversary of the Royal Bank of Canada* (Montreal, 1919). For the history of Canadian banking, see R.M. Breckenridge, *The Canadian Banking System* (New York, 1895), B.E. Walker, *A History of Banking in Canada* (Toronto, 1909), B.H. Beckert, *The Banking System of Canada* (New York, 1929) and E.P. Neufeld, *The Financial System of Canada* (Toronto, 1972). Also useful is Merrill Denison, *Canada's First Bank: A History of the Bank of Montreal*, 2 vols., (Montreal, 1966).
- 2 James M. Cameron, "The Pictou Bank", *Nova Scotia Historical Quarterly*, 6 (June 1976), pp. 119-42; J.T. Croteau, "The Farmers' Bank of Rustico", *Dalhousie Review*, Vol. 36 (Summer 1956); W.A. Harrison, "The Maritime Bank of the Dominion of Canada, 1872-1887", M.A. thesis, University of New Brunswick, 1970.
- 3 T.W. Acheson, "The National Policy and the Industrialization of the Maritimes, 1880-1910", *Acadiensis*, I (Spring 1972), pp. 3-28.
- 4 R.T. Naylor, *The History of Canadian Business, 1867-1914* (Toronto, 1975), Vol. I, pp. 118-25, 149-50, 156-64, 178-80.

4 *Acadiensis*

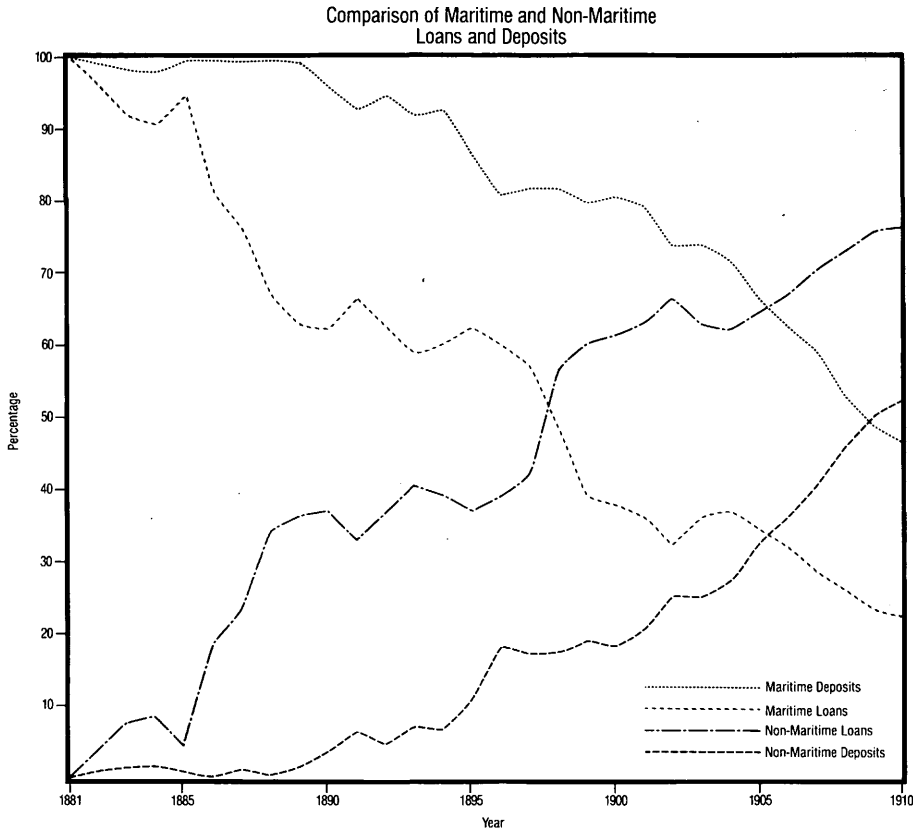
large Maritime banks failed to support industrial enterprises in the region. The Bank of Nova Scotia had no special hostility towards industrial investments. In the 1880s the Bank of Nova Scotia was a significant participant in attempts to industrialize the Maritimes and appeared to support the grand design which was aiming to make Nova Scotia one of Canada's industrial heartlands. Nevertheless, it is also clear that the Bank of Nova Scotia became increasingly interested to explore business opportunities beyond the region. By the end of the 1890s the shift of attention away from the Maritimes was reflected in the opening of new branches outside the region and in the flow of funds out of the region. In 1900 the general manager's office was removed to Toronto, and by 1910 the the Bank of Nova Scotia had been effectively transformed from a regional bank into a national financial institution.⁵

The decision to concentrate on building up business outside of the Maritimes was based on a variety of considerations. A little-examined commercial depression during the mid-1880s had a large impact on the thinking of the bank's general manager and board of directors, who began to look for more stable investments than could be found in the Maritimes. At first, the forays beyond the region were experimental in nature, and the bank continued to make large sums of capital available to borrowers in the booming industrial and resource districts of the Maritimes. However, the opening of branches in the American mid-west and in central Canada quickly began to have substantial effects on the bank's profitability, and after 1900 every effort was made to expand the bank's branch system in Ontario and the Canadian west. While new branches were opened in the Maritimes after 1900, they were primarily intended to gather deposits to support expansion elsewhere. For the Bank of Nova Scotia the Maritimes became an area of "surplus savings", where deposits exceeded loans, and in the years after 1897 enormous sums of money were drained away from the region.

Formed in 1832 as part of a challenge to the monopoly position of the Halifax Banking Company, the Bank of Nova Scotia enjoyed slow growth and modest success in its early years. Branches were established in Windsor, Pictou, Yarmouth, Annapolis Royal and Liverpool in the 1830s, but from 1842 to 1870 the bank's paid-up capital remained stable at \$560,000 and total assets grew slowly from \$1.2 million to \$2 million. Fortunes fluctuated with the business cycle, but the bank's financial statements suggest that the Golden Age, Reciprocity, and the U.S. Civil War brought no great prosperity to the bank, a

5 The present study focuses on the "flow of funds" through the Bank of Nova Scotia's branch system, an approach made possible by the existence of a very complete set of statistical records for each of the bank's branches. I would like to thank the Bank of Nova Scotia Archives, Toronto, for permitting me to examine these records for the period of this study. A more extended report on this research is contained in the author's "Principles of Interest: The Bank of Nova Scotia and the Industrialization of the Maritimes, 1880-1910", M.A. thesis, Queen's University, 1978.

The Bank of Nova Scotia 5



result which may be attributed in part to the rise of rival banks and in part to poor management (including fraudulent book-keeping) on the part of the bank's chief official. The discovery of the Cashier's defalcation in 1870 marked a turning point in the history of the bank, and after changes in the board of directors and the appointment of a new Cashier, a flurry of expansionary activity followed. By 1880 the bank's paid-up capital was increased to \$1 million and total assets had reached more than \$4.3 million. In addition to the older branches (two of which had closed and then reopened) new branches had been opened in New Glasgow (1866), North Sydney (1867), Kentville (1870), Amherst (1871), Saint John (1874), Bridgetown (1877), Digby (1877), Moncton (1880) and Woodstock (1880).⁶

While the directors maintained tight control over the bank's affairs in these years, the bank's operations were increasingly influenced by Thomas Fyshe,

6 Shortt, *History of the Bank of Nova Scotia*; historical abstracts, Bank of Nova Scotia Archives [BNSA].

6 *Acadiensis*

who was appointed to the position of Cashier, or general manager, in 1877. A native of Haddingtonshire, Scotland, Fyshe had received his training as a banker from the Bank of Scotland in the town of Leith. When Fyshe arrived in Halifax, the Bank of Nova Scotia had no systematic lending policy, but under his tutelage the bank gradually acquired an extremely efficient and highly coherent lending policy. The philosophy which Fyshe brought from Scotland was beautifully simple: "the main consideration of success in banking is not large profits but small losses".⁷ Under Fyshe's regime agents, or branch managers, were encouraged to avoid accommodation paper, renewals, past due bills, and unsecured overdrafts. Loans were extended for terms of 30, 60 or 90 days. But while the bank was not prepared to provide financing for longer terms than this, it is important to note that as long as the loan was paid back as it fell due, the bank was prepared to renew as desired. Nevertheless, the Bank of Nova Scotia was by no means prejudiced in favour of mercantile investments. Under Fyshe's direction, the bank was prepared to supply short-term working capital to any customer, whether dry goods merchant, factory owner, West Indies trader, or coal mine operator. Lending decisions depended exclusively on the quality of endorsements, the amount of security provided, and the prospect of success in each venture.⁸

It is also significant to note that although all of the members of the bank's board of directors in the 1880s had begun business as merchants of one kind or another, the directors were also themselves active participants in the industrialization of the Maritimes in the 1880s. Three of the bank's directors were directors of the Nova Scotia Cotton Company in Halifax, and two directors sat on the board of the Nova Scotia Steel Company of New Glasgow. The bank's directors were sizeable shareholders in a variety of Maritime businesses. At his death in 1889 J.S. MacLean held shares in the Nova Scotia Sugar Refinery (\$12,000), Nova Scotia Cotton (\$2,500), and Scotia Steel (\$2,200). S.A. White had invested in the Nova Scotia Cotton Company (\$1,250), Moncton Sugar Refinery (\$250) and Truro Consolidated Milk Company (\$1,050). Daniel Cronan's investments were mostly in municipal bonds, banks and insurance companies, but also included a \$5,000 subscription of Halifax

7 "Circular 483", 15 January 1892, "Rules and Regulations", 1885, 1898, 1902, BNSA.

8 Both Acheson and Naylor imply that the region's industrial development would have been considerably enhanced if the larger Halifax banks had engaged in longer-term lending. However, this conclusion appears to ignore findings about the structure of industrial finance in Britain and the United States, and also to considerably underestimate the importance of short-term lending or working capital in industrial finance. Historians of the Industrial Revolution have come to recognize that working capital normally constituted one half, and frequently much more, of the total capital of industrial enterprises. Working capital paid for raw materials, wages and the transportation of goods to market, thus freeing up the shareholders' equity for further investment. See Rondo Cameron et al., *Banking in the Early Stages of Industrialization: A Study in Comparative Economic History* (London, 1967), and Sidney Pollard, "Fixed Capital in the Industrial Revolution in Britain", *Journal of Economic History*, XXIV (1964), pp. 299-314.

The Bank of Nova Scotia 7

Cotton Company stock. John Doull's investments included Dominion Coal Company (\$5,650), Eastern Trust Company, Halifax Tramway Company, Commercial Cable Company (\$6,460) and National Salt Company (\$7,400). Adam Burns, who joined the board in 1883, was a Halifax dry goods merchant, but he had extensive investments in Nova Scotia Cotton, Eastern Trust, Scotia Steel (\$25,000) and Dominion Coal (\$9,000). Jairus Hart was another West Indies trader whose holdings included Scotia Steel (\$10,000) and Dominion Coal (\$7,000).⁹

Fyshe's policy towards industrial investments and the directors' own interests were reflected in the expansion of the bank's branch system. Between December 1880 and October 1883 new branches were added in 14 locations: Moncton, Woodstock, Newcastle, Winnipeg (closed 1885), Chatham, St. Stephen, Charlottetown, Richibucto (closed 1889), Campbellton, Sussex, Fredericton, Canning (closed 1886), Summerside and Montague (closed 1885). Far from being reluctant to support the region's industrial aspirations, the Bank of Nova Scotia willingly endorsed such plans by advancing necessary capital. Drawing on the capital which came to it in the form of deposits, the Bank of Nova Scotia through its branch system advanced loans for investments in areas undergoing industrial expansion. While the bank did not play the role of the individual entrepreneur or direct investor, its role in mobilizing the capital resources of the region for the use of the business community was a significant contribution to the industrialization of the Maritimes.

In Halifax, where the bank's directors were closely linked to the Nova Scotia Cotton Company, the bank provided the company's working capital, which amounted to more than \$80,000 by August 1883.¹⁰ In Saint John the principal account was that of William Parks and Son's cotton mill.¹¹ The opening of a Bank of Nova Scotia agency in Moncton in 1880 coincided with the construction of a sugar refinery, a cotton mill and a gas light and power plant. While these were largely financed by the Harris family and by a prominent local private banker, Josiah Woods, the Bank of Nova Scotia supplied working capital of \$62,000 for the Moncton Sugar Refining Company, and more than \$30,000 for the Moncton Cotton Company.¹² Before opening at Fredericton, the bank's agent was instructed to solicit the lumber and cotton business of

9 Information compiled from G.A. White, *Halifax and Its Business* (Halifax, 1876), Phyllis Blakeley, *Glimpses of Halifax, 1867-1900* (Halifax, 1949), H.J. Morgan, *Canadian Men and Women of the Time* (Toronto, 1912), Probate Court Records, Halifax, and Biography Files, Public Archives of Nova Scotia.

10 *Morning Herald* (Halifax), 2 August 1883.

11 Cashier's Correspondence Book, 8 December 1883, BNSA.

12 Acheson, "Industrialization of the Maritimes", pp. 8-9; Naylor, *History of Canadian Business*, Vol. I, p. 162; Directors' Minute Book, abstract, 17 November 1880, Cashier's Correspondence Book, 8 November, 19 January 1884, BNSA.

8 *Acadiensis*

Alexander Gibson and the lumber and rolling mill accounts of Isaac Burpee.¹³ Similarly, the bank expanded to St. Stephen in May 1882, and one year later it was supplying working capital for the St. Croix Cotton Manufacturing Company.¹⁴ In Amherst, the bank acquired the accounts of the Amherst Boot and Shoe Company and that of the growing manufacturing concern of Rhodes, Curry and Company.¹⁵ At New Glasgow the bank's accounts included the Nova Scotia Steel Company and the Nova Scotia Glass Company.¹⁶ In areas where industrialization was less extensive, there were other important accounts. In Pictou, the bank obtained the accounts of the Pictou Iron Foundry, the Pictou Boot and Shoe Company and the Hopewell Woollen Mills, to which \$10,000 of working capital was advanced.¹⁷ In Newcastle, the most important account was that of J.J. Miller and Company, tanners, who were advanced at least \$25,000 for their operations, while at Woodstock, another important link with the region's tanning industry was formed with the acquisition of the account of a hemlock bark extract plant.¹⁸

The demand for capital in the industrializing towns of the Maritimes in the early 1880s had a major impact on the flow of funds through the branches of the Bank of Nova Scotia. By 1884 the group of branches in the eight principal industrializing towns amounted to \$3.1 million per annum and accounted for almost 70 per cent of the bank's lending activity in the Maritimes. While most of these funds were generated from local deposits, more than \$550,000 of "surplus" savings was marshalled from elsewhere.¹⁹ The most active lending areas were Halifax and Saint John. In 1884 average loans at Halifax were more than \$1.3 million, while deposits amounted to only \$861,358. At Saint John loans averaged more than \$800,000 in 1882 and 1883 and more than \$750,000 in 1884; in all of these years loans exceeded deposits. The Bank of Nova Scotia was perhaps most optimistic about sugar, cotton and railways-related industrial activities in Moncton, where loans in 1884 amounted to \$462,889 against deposits of only \$54,461. While not extensive, the Bank of Nova Scotia also played a significant role in the industrialization of St. Stephen, Amherst, New Glasgow, and to a lesser extent Yarmouth and Fredericton. At St. Stephen, the St. Croix Cotton Manufacturing Company accounted for about 40 per cent of the loans; the

13 Thomas Fyshe to J.B. Forgan, 28 July 1882, BNSA.

14 Cashier's Correspondence Book, 19 November 1883, BNSA. See also Peter DeLottinville, "The St. Croix Cotton Manufacturing Company and Its Influence on the St. Croix Community, 1880-1892", M.A. thesis, Dalhousie University, 1979.

15 Cashier's Correspondence Book, 9 November 1883, BNSA.

16 *Ibid.*, 24 February 1884. See also Acheson, "Industrialization of the Maritimes" and James M. Cameron, *Industrial History of New Glasgow District* (New Glasgow, 1961).

17 Cashier's Correspondence Book, 25 February 1884, BNSA.

18 *Ibid.*, 31 September, 4 March 1883; J.B. Forgan, *Recollections of a Busy Life* (New York, 1924), p. 55.

19 Statistical Records, 1881-1914, BNSA [BNS Statistics], calculations by the author.

The Bank of Nova Scotia 9

branch's lending amounted to almost \$150,000 in 1884, against deposits of only \$37,751. In Amherst, where industrial activity was only beginning to make an impact, loans had exceeded deposits by about \$50,000 during the three years 1881-1883, though in 1884 the situation was reversed and deposits amounted to almost \$160,000, against loans of about \$150,000. The situation at New Glasgow was similar: in 1884 loans amounted to \$114,261, while deposits exceeded \$150,000. At Yarmouth the lending activity had increased from \$35,088 to \$208,991. At Fredericton the amount of activity was minimal, but in 1884 loans amounted to \$43,663 against deposits of only \$20,168.²⁰

A critical turning point in the attitude of the bank to the industrialization of the Maritimes came during the economic crisis of 1882-1884.²¹ As early as February 1883 Thomas Fyshe began to predict that the next three to four years would be difficult. He was worried by the lack of liquidity which came with the enormous amounts of money tied up in "permanent investment", the growing number of commercial failures, and the lack of protection under the Insolvency Act of 1875, which had been repealed in 1880.²² By the end of 1883 the amount of "undesirable" paper in the Bank of Nova Scotia's books had reached epidemic proportions. "Notes and Bills Overdue" had increased by 383 per cent over the previous year and "Authorized Overdrafts not Specially Secured" were up 158 per cent. In 1882 Fyshe had listed seven major business failures in his records but at the end of 1883 his list had grown to more than 130.²³ Probably the worst single failure affecting the bank's business in the Maritimes in 1883 was the collapse of F. Shaw and Brothers of Boston, reputed to have been the largest tanners in the world. This failure affected a wide range of tanneries and

20 The rest of the bank's Maritime lending activity up to 1884 took place in what might be referred to as staples-producing areas. This group included the bank's branches at Charlottetown and Summerside, Prince Edward Island, and they accounted for about 13 per cent of the bank's loans at this time. Of the other branches, the most important were located at Woodstock, Newcastle and Chatham, New Brunswick. All three branches were involved in the lumber trade and related activities in their vicinities and together they accounted for forty per cent of the loans in this group. Total average loans for these three branches in 1884 were \$346,818, deposits were only \$83,615, and the ratio of loans to deposits was 4.14: thus more than \$280,000 of unemployed funds had to be brought from elsewhere to meet local needs. "Woodstock", "Chatham", "Newcastle", BNS Statistics.

21 Edward J. Chambers, "Late Nineteenth Century Business Cycles in Canada", *Canadian Journal of Economics and Political Science*, XXX (1964), pp. 391-412, *Monetary Times*, 9 September 1881, p. 809, "Circular 59", 9 November 1881, "Circular 100", 30 November 1882, BNSA.

22 "Circular 110", 5 February 1883, BNSA. See also BNS Circulars 1880-1883, Fyshe to Edward Trout, 21 February 1884, Cashier's Correspondence Book, BNSA; Canada, *House of Commons Debates*, 1880, pp. 44, 102, 195, 217, 218, 284, 286.

23 "Annual Statement, 1882-1883", Cashier's Correspondence Book, 1883, BNSA. The list included a variety of businesses including grocers, dry goods merchants, booksellers, boot and shoe makers, printers, tailors, victuallers and druggists, from almost every town where the Bank of Nova Scotia maintained an agency.

10 *Acadiensis*

boot and shoe makers scattered throughout Maine, New Brunswick, Nova Scotia and Newfoundland, and also affected the St. Stephen Bank, the Bank of New Brunswick and the Bank of Nova Scotia, all creditors to the Boston firm. The failure involved the Bank of Nova Scotia in several ways. The bark extract plant in Woodstock, New Brunswick, the bank's main customer in the town, was a creditor for a substantial amount. The bank also had a claim of many 60 and 90 day drafts drawn by the various tanneries on the firm in Boston, amounting to about \$200,000.²⁴

During 1884, as the depression in the Maritimes worsened, Fyshe instructed his agents not to discount accommodation paper without head office approval, to avoid renewing loans without a substantial reduction and to get all paper strengthened with additional collateral if there was the slightest doubt about it. A week after these instructions were issued, Fyshe declared his willingness "to cut business down by one third, if necessary, in order to get it into a strictly legitimate shape".²⁵ By July 1884 Fyshe expected the year to be the worst in the bank's history because of a list of failures which included such important firms as the Halifax West Indies trading company, the firm of J.J. Bremmer, one of the bank's directors.²⁶ The bank's annual statement for 1884 showed a loss of \$46,000; \$130,000 was taken out of the Reserve fund, and total assets declined from \$6.7 million to \$5.6 million.²⁷

This crisis had a profound material and psychological effect on the Bank of Nova Scotia. One of the first steps taken by Fyshe was to attempt to systematize the bank's lending policy in order to minimize the possibility of future losses. In a circular containing "Special Instructions to Agents in lending the Bank's Money and Getting it Back Again", Fyshe required that loans must be secured by at least two good endorsements or one endorsement with approved collateral. Customers who did not punctually meet their notes or acceptances as they fell due were to be avoided in the future and no renewals were to be made without getting a substantial reduction on the paper. All loans or discounts which were expected to be paid out of profits, rather than revenue, were to be avoided "as you would the plague" and no transactions were to be entered into on a promise that the required security would be furnished later. "The Banker as a rule trusts too much to his Customer . . .", wrote Fyshe in his circular to branch members, "There are really very few men anywhere who can be trusted to handle prudently and safely unstinted loans of money. The proverb 'give him rope enough

24 Forgan, *Recollections*; Directors' Minute Book, abstract, 27 November 1883, Fyshe to Forgan, 21 January 1884, Fyshe to Robert Steven, 20 February 1884, BNSA.

25 For Fyshe's comments on "business conditions" in 1884, see Fyshe to Edward Trout, 21 February 1884, Fyshe to S.A. White, 29 September 1884, "Circular 160", 4 March 1884, Fyshe to George MacLeod, 11 March 1884, BNSA.

26 Fyshe to S.A. White, 29 September 1884, BNSA. For comments on the Bremner and Hart failure see *Acadian Recorder* (Halifax), 15, 16 July 1884, *Novascotian* (Halifax), 5 July 1884.

27 "Annual Statement", 31 December 1884, BNSA.

The Bank of Nova Scotia 11

and he will hang himself' fully illustrates the tendency of the average trader to get into difficulty when he is provided with unlimited supplies of money".²⁸

By mid-1886 Fyshe had pulled the Bank of Nova Scotia out of the crisis, but he remained extremely pessimistic about the general business climate of the Maritimes. He did not blame the poor economic outlook on entrepreneurial failure, transportation rates or a lack of resources, but, at least initially, pointed his finger at the Government Savings Banks. Forty-five out of 50 of these banks were located in the Maritime Provinces, with deposits amounting to more than \$15 million. Fyshe contended that these banks drained the Maritimes of banking capital, since per capita deposits in chartered banks in the region were only \$12, compared to \$35 in Ontario and Quebec, while deposits in Government Savings Banks were \$19 per capita in the Maritimes compared to \$6 in the upper provinces. Fyshe called for the abolition of Government Savings Banks or at least a marked reduction in the amount of interest paid out by them, which was 4 per cent, compared to the chartered banks' 3½ per cent.²⁹ The Minister of Finance responded with an Order-in-Council reducing the limit of deposits in the banks to a maximum of \$300 in one year, up to a total of \$1000, although the interest rate remained at 4 per cent.³⁰

Ironically, despite Fyshe's attack on the Government Savings Bank, he had already begun looking for safer uses for the Bank of Nova Scotia's "idle" money and had begun to explore the idea of investing in United States railroad bonds. His idea was to invest in safe railroad bonds yielding 5½ to 6 per cent interest. To guard against possible failures he proposed to limit each investment to \$10,000. By March 1885 the Bank of Nova Scotia had invested at least \$289,000 in these bonds.³¹ As Maritime business continued to slump, this activity was expanded, and by 31 December 1885, the bank's investment amounted to more than \$600,000. This represented 11.35 per cent of the bank's total assets, and based on an average yield of 5 per cent, accounted for about 40 per cent of the bank's profits.³²

A not unrelated development was the Bank of Nova Scotia's foray into the American mid-west. An ill-fated attempt to establish a branch in Winnipeg accidentally led the bank's full-time inspector, James B. Forgan, to scout the

28 "Circular 194", 7 April 1885, "Rules and Regulations", 1885, BNSA.

29 Fyshe to Charles Tupper, 20 April 1887, Records of the Department of Finance, Vol. 3038, No. 2893, Public Archives of Canada [PAC].

30 J.M. Courtney to Fyshe, 15 June 1887, Records of the Department of Finance, Vol. 2000, No. 591, PAC.

31 Fyshe wrote to several financial experts who had experience with this type of investment. See Fyshe to James Goldie, 7 January 1884, Fyshe to James Burnett, 21 January 1884, Fyshe to F.G. Webster, 24 March 1884. For a complete listing of these bonds see Fyshe to Adam Burns, 12 March 1885, BNSA.

32 Shortt, *History of the Bank of Nova Scotia*, author's calculations.

12 *Acadiensis*

business climate in neighbouring Minneapolis,³³ which was booming in 1885 but lacked the short-term credit required in the lumber and milling industries. To avoid the mistakes made in Winnipeg it was decided "not to do a general banking business . . . but to make loans to the best houses on good collateral security".³⁴ The Bank of Nova Scotia's Minneapolis business soon consisted of making collaterally secured loans, bank rediscounts, and foreign exchange transactions. The exchange business, which was extended to include supplying the smaller local banks with New York exchange at a small profit, soon became a significant part of the operation and arrangements were made with a Chicago broker to supply daily quotations on foreign and New York exchange. One of the bank's customers was the Washburn Mill Company. On 2 May 1886 the bank loaned the company \$150,000 at 6 per cent for 30 days. On 1 June 1886 the company applied for an extension on the loan plus an additional \$26,000, in effect agreeing to pay 12 per cent interest for a 60-day loan.³⁵ Before long Forgan had built up quite a substantial lending business in Minneapolis. By 1886 these loans averaged \$872,474, or 18.6 per cent of all the bank's lending activity, while deposits amounted to just \$3,266. The demand for money was so great that Forgan frequently requested additional funds from Fyshe.³⁶

Before the end of the decade, the Bank of Nova Scotia also extended its operations to Montreal and to Kingston, Jamaica. As early as 1883 Fyshe had seen Montreal as a possible outlet for surplus funds. In 1887 Fyshe and the bank's directors were embarrassed when their rivals, the Merchants' Bank of Halifax, preceded them to Montreal and in 1889 they opened a branch of their own in Montreal. This new branch was not intended as another outlet for surplus funds, but to negate the effects of having the bank's notes discounted at less than par value in Montreal. Prior to 1888, the Merchants' Bank of Canada had collected Bank of Nova Scotia notes in Montreal at a $\frac{1}{8}$ per cent discount, but the increase of trade between the Maritimes and the rest of Canada had begun to make this arrangement very costly.³⁷ Fyshe also hoped to cultivate a good proportion of the sterling exchange business of Montreal by taking advantage of the bank's connections with Kidder, Peabody and Company of Boston, John Paton and Company of New York, and the Royal Bank of Scotland, all of whom were among the bank's correspondents. While the bank's comparatively late arrival in Montreal made it difficult for the inexperienced agent to get "in

33 "Annual General Meeting, Report", 18 February 1885, Cashier's Correspondence Book, 26 August 1885, BNSA.

34 See D.L.C. Galles, "The Bank of Nova Scotia in Minneapolis, 1885-1892", *Minnesota History* (Fall 1971), p. 271, Directors' Minute Book, abstract, 17 February 1886, BNSA.

35 J.B. Forgan to Fyshe, 1 June 1886, BNSA.

36 "Minneapolis", BNS Statistics, Fyshe to T.V. Macdonald, 7 September 1888, Cashier's Correspondence Book, BNSA.

37 Fyshe to James Burnett, 20 May 1886, Fyshe to John S. MacLean, 10 August 1887, "Circular 62", 12 January 1882, BNSA.

The Bank of Nova Scotia 13

touch with the real exchange business of the place", by the end of the decade this branch was also becoming an important outlet for surplus funds, with more than \$500,000 in loans against only \$90,000 in deposits.³⁸

The move to Jamaica arose out of the suggestion from an American stock broker that the Bank of Nova Scotia might take advantage of the potential exchange business arising from the construction of a railway on the island. Aside from this exchange business the Bank of Nova Scotia was soon handling Canadian government business in Jamaica as well as providing the mercantile houses with short-term capital to finance their sugar, rum, cocoa and coffee exports.³⁹

Fyshe's strategy for the recovery of the Bank of Nova Scotia had important implications for the Maritimes. The branches most seriously affected by the depression were those which had been closely linked to the Maritimes cotton industry, which was beset by problems of overcapacity and American dumping. Late in 1883, the Saint John Cotton Company, headed by William Parks, was denied further credit after some of its notes fell past due, and the company was told to seek financing elsewhere. Between 1884 and 1885, the bank's loans in Saint John dropped from more than \$750,000 to about \$450,000, and by 1888 they had plummeted to \$185,000.⁴⁰ Similarly in St. Stephen, when the St. Croix Cotton Company got into difficulties, in January 1884 Fyshe instructed his agent to collect all of the company's paper as it fell due. While this episode did not in itself lead to a severance of the account, Fyshe was not anxious to extend the bank's services to the company. When the company presented some improperly endorsed notes which it wanted to have discounted at 6 per cent without providing any collateral security, the request was refused and the company took its business elsewhere. Between 1884 and 1886 loans in St. Stephen declined from almost \$150,000 to only \$57,820, although a substantial recovery was made to \$147,000 by 1890.⁴¹ In Moncton, Fyshe had no quarrel with the management at the local cotton company, but his confidence in the industry had been badly shaken and he refused to make any new advances except for the purposes of selling existing stock. All past due bills were called in by December 1884. Loans at Moncton declined from a high of \$465,000 in 1884 to slightly more than \$200,000 in 1887. A partial recovery was made by 1890, to

38 Fyshe to T.V. Macdonald, 31 May 1888, 27 November 1888, 4 June 1889, Cashier's Correspondence Book, BNSA. "Montreal", BNS Statistics.

39 "Circular 266", 31 March 1887, Fyshe to John Paton, 12 March, 3 June 1889, BNSA; Records of the Department of Finance, Vol. 3074, No. 5241, PAC.

40 Cashier's Correspondence Book, 31 December 1883, Fyshe to Jim Robinson, 10 March 1884, Fyshe to S.A. White, 29 September 1884, Fyshe to J.M. Robinson, 8 January 1886, Cashier's Correspondence Book, BNSA, "Saint John", BNS Statistics.

41 DeLottinville, "The St. Croix Cotton Manufacturing Company", Cashier's Correspondence Book, 8 December 1883, 27 August 1885, Fyshe to S.A. White, 5 January 1884, "St. Stephen", BNS Statistics.

14 *Acadiensis*

about \$300,000, but at no time in the next 20 years did lending activity in Moncton reach its former level.⁴²

In 1888 Fyshe was appointed one of the auditors for the Nova Scotia Cotton Company in Halifax, which had paid dividends of only three per cent in the six years of its existence, a record which caused widespread dissatisfaction among the shareholders. After looking over the company's books, Fyshe became convinced that "it had never earned any money". Because it had been spending money on its capital account without first consulting the bank, which was supplying the working capital, Fyshe began a general agitation for a change in management, and the bank's vice-president, John Doull, and director Adam Burns, were ousted from their positions as president and director of the cotton company.⁴³ Fyshe's ability to bring about these changes without putting his own job in jeopardy says a great deal about the power he wielded after pulling the bank out of the depression. Moreover, while the bank continued to support the cotton company with working capital, it did not do so "unhesitatingly", as one director suggested it should, and the company continued to experience problems related to the depressed conditions of the industry. In 1889 it had its "worst year ever" and in 1890 it cut production to three days a week from mid-June to mid-September. The company's directors became convinced that "the only hope of improving the existing conditions of the mills is to place them under one management" and six months later the company's stock was transferred to the Dominion Cotton Mills Company headed by David Morrice and A.T. Gault.⁴⁴

Despite the problems experienced at Saint John, Moncton, St. Stephen and Halifax, the Bank of Nova Scotia continued to show an interest in developments in Amherst and New Glasgow. In Amherst capital investment in manufacturing increased from \$81,000 in 1881 to \$457,040 in 1891; the number of industrial employees jumped from 283 to 683; and the value of the town's output increased from \$283,000 to \$724,312. After the depression, the bank's loans increased rapidly, from \$150,000 in 1884 to \$480,836 in 1890. Because deposits grew more slowly, from \$159,000 in 1884 to \$344,842 in 1890, the branch had to borrow funds from Head Office to support this loan activity. By 1890 the branch at Amherst was doing the second largest lending business of all the Maritime branches.⁴⁵ New Glasgow experienced even greater industrial expansion; as capital investment in manufacturing increased from \$160,000 in 1881 to over \$1.0 million in 1891, the number of employees in industry grew from 360 to more

42 Cashier's Correspondence Book, 27 February 1885, 18, 27 December 1884, BNSA, "Moncton", BNS Statistics.

43 *Acadian Recorder*, 17 July, 2 August 1888; Fyshe to John Doull, 8 August 1888, Fyshe to T.V. Macdonald, 7 September 1888, BNSA.

44 Fyshe to S.M. Brookfield, 3 June 1889, Fyshe to B.H. Calkin, 31 July 1889, BNSA, *Morning Chronicle*, 7 August 1890, *Daily Echo* (Halifax), 13 January 1891.

45 *Census of Canada*, 1901, "Amherst", BNS Statistics.

The Bank of Nova Scotia 15

than 1000, and the value of the town's output increased from \$313,000 to more than \$1.5 million. The bank's loans in this area also increased rapidly from less than \$100,000 in 1894 to almost \$310,000 in 1888, and because local deposits were insufficient to meet local needs, from 1885 until 1889 this branch also had to borrow from Head Office.⁴⁶ Unfortunately, in June 1886 the bank's agent, J.W. Carmichael, granted the Nova Scotia Steel Company a \$25,000 unsecured overdraft. Mindful of what had happened in 1883-84, Fyshe wrote: "I do not expect anything but disaster to follow concessions of this kind". When Graham Fraser, the head of the steel company, insisted in November 1887 on a *carte blanche* — unlimited overdrafts without collateral security — Fyshe declared: "I have done all I could for your company consistent with the safety of the Bank . . . I think we have some reason to complain of the grasping and exacting disposition of some of our New Glasgow friends considering how we have endeavoured to serve them". The account was lost, and by 1890 the bank's loans in New Glasgow had dropped to \$150,000.⁴⁷

While the Bank of Nova Scotia continued to show an interest in regional development, Fyshe's policies did lead to a change in emphasis. Between 1886 and 1888 deposits in Maritime branches grew by \$1.2 million, but loans in the Maritimes increased by only \$200,000. Part of the rationalization of lending policy was undoubtedly designed to serve the agency in Minneapolis, where loans grew from \$872,000 in 1886 to more than \$1.6 million in 1888, with deposits of only \$3,200 and \$24,000 in these two years. Only Halifax and Amherst absorbed more of the bank's funds than Minneapolis. While the eight industrializing towns in the Maritimes accounted for almost 76 per cent of the Bank of Nova Scotia's Maritime loans in 1890, more than 50 per cent of the Maritime loans went to Halifax and Amherst. Clearly, the regional leadership which the Bank of Nova Scotia had provided during the early 1880s had been severely compromised both by the depression and by the prospect of enormous profits to be made elsewhere.

The pattern established during the 1880s continued in the following decade. By the end of the century the flow of funds within the branch system of the Bank of Nova Scotia had begun to drain money out of the Maritimes. In 1891 the bank's Maritime branches accounted for 95.2 per cent of all deposits and 66.6 per cent of all loans; by 1900 almost 50 per cent of deposits still came from the Maritimes, but only 32.5 per cent of all lending activity took place in the Maritimes, and more than \$5.3 million of "surplus" capital was leaving the region for employment elsewhere.⁴⁸ While the demand for money was cyclical, the bank's records suggest that there was distinct reluctance to build up the lending aspect of its Maritime business. In a circular in 1893, for instance, Fyshe admonished

⁴⁶ *Census of Canada*, 1901, "New Glasgow", BNS Statistics.

⁴⁷ Fyshe to Graham Fraser, 3 November 1887, BNSA, "New Glasgow", BNS Statistics.

⁴⁸ BNS Statistics, calculations by the author.

16 *Acadiensis*

his agents thus: "The bank's loans in the lower provinces have increased nearly \$400,000 since May 25. All this money has had to be brought here from Chicago where it might have been getting 10 per cent or more". And in 1896 Fyshe offered his branch managers similar counsel: "Judging from our own experience there has been a large expansion of loans in the Maritime Provinces during the last two years, an expansion altogether out of proportion to the healthy growth of trade".⁴⁹

A number of problems continued to undermine the bank's confidence in the region. One of these was the gradual collapse of a once thriving industrial and financial community in Yarmouth. The Bank of Nova Scotia attempted to assist in efforts to make the transition from the old sea-faring economy to the new industrialism, by lending working capital to the Yarmouth Cotton Duck and Yarn Company and the Burrill and Johnson Iron Company. But while the cotton company accounted for almost 45 per cent of the bank's loans in 1892, a large proportion of its remaining business was with companies or individuals who had not made the transition. By 1895 a dozen companies were listed as "bad accounts" with "excessive liabilities". The Cape Sable Packing Company, with \$7,800 capital had bills payable of \$5,800 on their books in September 1897.⁵⁰ E.K. Spinney, a local hardware merchant and entrepreneur, had liabilities owing to the Bank of Nova Scotia amounting to \$73,500 and about \$40,000 to the Exchange Bank of Yarmouth — altogether about \$113,000 of bank accommodation on a business aggregating total sales of about \$200,000 yearly.⁵¹ Another customer, Jacob Sweeney, a furniture manufacturer, had \$9,060 overdrawn on an average current account of \$69 and had to renew his bills payable of \$25 and up. "What a commentary on banking in Nova Scotia!" exclaimed H.C. McLeod, who succeeded Fyshe as general manager in 1897.⁵²

More serious was the situation in Saint John. Although average loans increased from almost \$250,000 in 1891 to more than \$850,000 in 1899, McLeod felt that many of the loans had been made at the expense of sound business practice, ignoring the dictum that "our sole desire . . . is to have you build up a good, safe business, the first consideration being safety, magnitude and profits being secondary". In 1898 McLeod initiated a general house-cleaning of the branch's bad accounts. They included the account of Blair and Company, bankers and relatives of the branch manager, who owed more than \$90,000 against collateral security of less than \$70,000; Whittaker and Company, who had failed in 1887 but for whom the manager was still discounting paper; and Rankin and

49 "Circular 535", 28 June 1893, "Circular 638", 4 April 1896, BNSA.

50 "Branches", Yarmouth #12, 1892, Agent to Fyshe, 7 April, 16 July 1892, Fyshe to Agent, 9 February 1895, McLeod to Agent, 21 September 1897, BNSA.

51 McLeod to Agent, 20 July 1897, BNSA.

52 McLeod to Agent, 23 February 1898, BNSA. Fyshe left to join the Merchants' Bank of Canada in Montreal, but little is known about this transition.

The Bank of Nova Scotia 17

Table I: Loans and Deposits, Maritimes Branches,
Bank of Nova Scotia, 1881-1910

Year	Loans (\$)	Average Rate of Interest on Loans (%)	Deposits (\$)	Ratio Loans/Deposits
1881	3,473,981	6.82	2,132,406	1.629
1882	4,251,802	6.74	2,769,408	1.535
1883	4,357,909	6.63	3,021,982	1.442
1884	4,571,670	6.56	3,275,416	1.395
1885	3,818,938	6.84	2,737,087	1.395
1886	3,737,437	6.91	2,837,864	1.317
1887	4,030,314	6.86	3,289,581	1.225
1888	3,937,310	6.97	4,655,745	.971
1889	4,310,288	7.18	4,610,545	.934
1890	4,545,940	6.93	4,934,039	.931
1891	5,323,962	7.00	5,156,692	1.032
1892	5,281,662	7.22	5,241,811	1.006
1893	5,062,173	7.32	6,201,596	.973
1894	5,654,287	7.22	5,464,430	1.035
1895	6,412,012	7.12	6,342,651	1.054
1896	5,658,204	7.07	6,594,592	1.046
1897	6,838,160	7.02	7,119,857	.952
1898	4,858,481	6.90	8,149,338	.572
1899	4,963,760	6.79	9,194,293	.540
1900	5,459,952	6.41	10,770,234	.506
1901	5,741,979	6.24	12,491,658	.460
1902	5,637,779	6.43	13,924,245	.398
1903	5,718,153	6.74	14,908,843	.454
1904	7,641,391	6.64	16,247,624	.462
1905	7,663,753	6.60	19,972,131	.472
1906	7,377,877	6.49	15,364,399	.450
1907	7,354,411	6.74	15,684,543	.469
1908	6,351,099	6.96	15,635,772	.406
1909	6,619,966	6.73	16,351,431	.405
1910	7,717,729	6.78	17,635,452	.438

Source: Compiled from Statistical Records, 1881-1914, Bank of Nova Scotia Archives.

18 *Acadiensis*

Moulson, grocers, who kept an average current account of \$1.00 and to whom the manager had loaned \$2,409. The clamp-down involved at least 27 firms, some of which had widespread influence in Saint John's business community.⁵³ To offset any ill-will, McLeod proposed to offer a seat on the bank's board to one of the partners of Manchester, Robertson and Allison, wholesale and retail dry goods, carpets and furniture dealers, whose business was "the most important in New Brunswick".⁵⁴ Nonetheless, by 1900 lending activity by the Bank of Nova Scotia had been severely curtailed in Saint John. Loans dropped by \$150,000 between 1900 and 1901, and by another \$200,000 the following year. Saint John became an area of "surplus savings", by 1900 exporting almost \$350,000 for employment elsewhere.⁵⁵

Similar conditions prevailed in New Glasgow, St. Stephen, Moncton and Halifax. In New Glasgow, industrial capital investment declined by almost 60 per cent, from slightly over \$1 million to about \$440,000, the number of industrial employees dropped from 1,117 to just 430, and the value of the town's output fell from \$1.5 million to \$438,767. These figures are difficult to explain, since New Glasgow was the centre of significant development in the coal, iron and steel industries, culminating in the formation of the Nova Scotia Steel and Coal Company in 1900. Yet the Bank of Nova Scotia's lending figures reflect the census data. Loans averaged \$185,000 per annum for the whole decade, rising as high as \$239,534 in 1897 and as low as \$143,588 in 1900. Contrary to what might be expected, New Glasgow was actually sending more than \$700,000 of "surplus" to Head Office for employment elsewhere in 1900 and only 16.9 per cent of the funds deposited there were going back into the community.⁵⁶

The only bright spot among the eight towns which had attempted industrialization in the 1880s was "Busy Amherst", which experienced remarkable growth throughout the 1890s. Industrial capital investment more than tripled, from \$457,040 in 1890 to more than \$1.4 million in 1900, the number of persons employed in industry almost doubled, from 683 to 1299, and the value of the town's output more than doubled, from \$724,312 to \$1.5 million. The bank's lending pattern reflected a great deal of confidence in the town and its accounts included the Hewson Woollen Mills, Amherst Boot and Shoe Company,

53 "Saint John", BNS Statistics, McLeod to Board, 28 May 1900, BNSA. (This letter refers to an inspection report filed on 7 April 1898).

54 McLeod did not expect Robertson to accept the seat; he wanted only to "bring the firm closer to the bank"; McLeod to Board, 19 September 1900, BNSA.

55 "Saint John", BNS Statistics.

56 *Census of Canada*, 1901, Acheson, "Industrialization of the Maritimes", Cameron, *Industrial History of New Glasgow*, "New Glasgow", BNS Statistics. It should be noted, however, that there is some difficulty in making direct comparisons of 1890 and 1900 census data as the definition of industrial establishments in 1900 excluded most enterprises employing less than five people. On New Glasgow, see also L.D. McCann, "The Mercantile - Industrial Transition in the Metal Towns of Pictou County, 1857-1931", *Acadiensis*, X (Spring 1981), pp. 29-64.

The Bank of Nova Scotia 19

Cumberland Packing Company, Amherst Lumbering Company, Amherst Foundry Company and Amherst Malleable Iron Company. Between 1891 and 1900, loans averaged \$472,623, ranging from \$368,000 in 1892 to \$548,000 in 1895. The branch was a net borrower of funds from Head Office throughout the period, since the amount on deposit was insufficient to meet local needs. But Amherst was very much the exception among the Maritime branches during the 1890s.⁵⁷

The drainage of funds away from the industrializing towns was offset to a certain degree by a sharp increase in lending activity in areas associated with staples-related industries. The best example of this phenomenon was the branch at Sussex, New Brunswick. Located on the Kennebecasis River in an agricultural and lumbering district, the village's hinterland of Kings and Albert Counties in 1901 accounted for industrial investments of \$754,986, mostly in log products, butter and cheese, mineral waters, flour and grist mills and two foundries. There was also a very active merchant class in the village, headed by the White family who owned the Sussex Mercantile Company and whose influence in the surrounding area was actively cultivated by the Bank of Nova Scotia. Between 1891 and 1900, loans at Sussex increased from \$115,047 to \$412,331. Because deposits grew at a slower rate, from \$62,190 to \$247,904, the branch had to borrow funds from Head Office. By 1900 the bank's business at Sussex had grown to such an extent that it was doing the fifth largest lending business of all the Maritime branches, behind only Halifax, Amherst, Saint John and Charlottetown.⁵⁸

At the same time, the bank's expansion beyond the Maritimes continued unabated. In 1892 the agency at Minneapolis was moved to Chicago to take advantage of foreign exchange business created by the Chicago Exhibition of 1893. As a financial and industrial centre, Minneapolis was rapidly losing ground to Chicago. By 1892 the Minneapolis-based industries required smaller amounts of local funds, for as consolidations took place in the lumber and milling industries, the new conglomerates sought financing in national money markets where credit could be obtained at cheaper rates. It is perhaps not a coincidence that when the newly created Pillsbury-Washburn Flour Mills Company moved its headquarters to Chicago, the Bank of Nova Scotia, one of the company's bankers, followed shortly after. The bank's activities in Chicago were extremely profitable. By 1900 annual loans at that branch amounted to more than \$3.7 million, or about 22 per cent of the bank's total lending activity. While there was a significant growth in deposits, from \$47,102 in 1892 to \$480,402 in

⁵⁷ *Census of Canada*, 1901. Evidence of these accounts can be found in H.C. McLeod to Board, 25 June 1906, BNSA, "Amherst", BNS Statistics. On the industrial development of Amherst, see Nolan Reilly, "The General Strike in Amherst, Nova Scotia, 1919", *Acadiensis*, IX (Spring 1980), pp. 56-77.

⁵⁸ *Census of Canada*, 1901, McLeod to Board, 10 October 1901, BNSA, "Sussex", BNS Statistics.

1900, about \$3.6 million had to be transferred from Head Office to meet the lending requirements of the Chicago branch.⁵⁹

The Montreal branch was also doing well by the end of the decade. Loans increased from about \$500,000 in 1890 to over \$2.1 million in 1900, while deposits increased from \$95,000 to \$375,000.⁶⁰ In Jamaica, however, the bank's deposit and lending activity remained very modest. Deposits grew from \$56,302 in 1890 to \$376,742 in 1900, while loans grew from \$41,940 to \$155,040. The ratio of loans to deposits averaged .660, which means that 66 per cent of all money deposited was finding its way back into the community. Since the interest rate for loans averaged 4.72 per cent, the rates prevailing in Jamaica made it relatively inexpensive to borrow money. Over the whole decade "only" \$424,407 was exported as "surplus", which means that on the whole Jamaica's interests were better served than those of many towns in the Maritimes. But the bank's Jamaican business up to 1900 was a disappointment to the directors and management, and further opportunities to expand in the West Indies were postponed.⁶¹

On the other hand, the Bank of Nova Scotia did expand into Newfoundland during this period. In 1892 both the Commercial Bank of Newfoundland and the Union Bank of Newfoundland collapsed. In the wake of this crisis, a scandal broke; it was discovered that the five directors of the Commercial Bank were in debt to that bank for \$1.8 million. Further enquiries revealed that the premier of the colony had been closely associated with the Commercial Bank, and that the government's borrowings for public expenditures had been so great that the bank had been left in a terminally weak position.⁶² Under these circumstances, the Newfoundlanders looked to the Canadian banks for assistance, and the Bank of Nova Scotia, the Merchants' Bank of Halifax and the Bank of Montreal obliged. In fact, the Bank of Nova Scotia would have gone to the island without an invitation, for the directors had already decided to "send two officers to that place to look after the interests of the bank, and to give what assistance we could to the banks and mercantile houses there".⁶³ While the Canadian banks may appear to have been merciless predators in this crisis, the resources of the Bank of Nova Scotia were severely strained by this decision, since, unlike the Merchants' Bank of Halifax, it did not increase its capital to

59 Galles, "The Bank of Nova Scotia in Minneapolis", Daniel Waters pro. H.C. McLeod to Board, 7 August 1908, BNSA, "Chicago", BNS Statistics.

60 "Montreal", BNS Statistics. In 1894 Fyshe sent W.E. Stavert, the agent in Kingston, to the Bahamas to look over the prospects there. He concluded that the limited trade of those islands offered the bank little incentive, unless all other banking competition was eliminated. See W.E. Stavert to Thomas Fyshe, 11 December 1894, BNSA.

61 "Kingston", BNS Statistics.

62 *Monetary Times*, 14 December 1894, p. 766, 21 December 1894, p. 797.

63 Directors' Minute Book, abstract, 12 December 1894, BNSA.

underwrite this expansion. Contrary to what one writer has suggested, Newfoundland was not an area where "surplus" funds were gleaned, at least not for the Bank of Nova Scotia. In 1900 loans at St. John's were \$658,155, against \$437,814 on deposit, and the agency borrowed \$398,331 from Head Office. These figures were offset, however, by another agency which was opened in Harbour Grace, Newfoundland in 1895. This branch was devoted mainly to gathering deposits, which amounted to \$168,683 in 1900, of which \$131,485 was transferred to the Head Office account.⁶⁴

Between 1900 and 1910 the Bank of Nova Scotia moved most dramatically to become a national financial institution. Sixty-two branches were added; these included 19 in the Maritimes, 28 elsewhere in the rest of Canada, nine in the Caribbean, five in Newfoundland and one in the United States. By 1910 the bank was operating a total of 98 branches: 44 in the Maritimes, 34 in other parts of Canada and 20 branches outside Canada. Though the bank's Head Office remained nominally in Halifax, in March 1900 the General Office was moved to Toronto, apparently in order to bring its administration closer to developments taking place in Ontario, the American mid-west and the Canadian west.⁶⁵ Ontario quickly became the main focus of the bank's activity, with 19 new branches being added after the General Office was moved, 11 in the Toronto area alone. During that decade total loans for all of Ontario increased from \$1.4 million, to \$9.1 million, or from about 10 per cent of all lending activity, to 28 per cent. This expansion was initially financed by savings from either the Maritimes or the West Indies, although Ontario began to supply some of its own "surplus" from outside Toronto and Hamilton. Total Ontario deposits grew from \$270,134 in 1900 to more than \$5.3 million in 1910, and by the end of the decade over \$1.4 million of "surplus" was being generated in Ontario.⁶⁶

In Montreal the bank also expanded its activities after 1900. It acquired such important accounts as the Wire and Cable Company, controlled by Bell Telephone, and A.E. Rea and Company, the second largest retail dry goods business in Canada. Overall, the bank's lending activity in Montreal fluctuated considerably from as low as \$1.7 million in 1905 to as high as \$3.6 million in 1910, but as in Ontario considerable growth in deposits took place, from \$371,452 in 1900 to more than \$1.7 million in 1910.⁶⁷ Elsewhere in Quebec, a branch was planned at Shawinigan Falls after an agreement was reached with the Belgo-Canadian Pulp Company to take on their account. While the deal

64 "St. John's", "Harbour Grace", BNS Statistics; Naylor, *History of Canadian Business*, Vol. II, p. 255.

65 Unfortunately, the official reason for moving the General Office, as recorded in the Directors' Minute Books, was not available. Before McLeod became General Manager in 1897 he had worked in Amherst, Minneapolis and Chicago, and it is conceivable that between 1897 and 1900 he began to find that Halifax was too distant from these important financial markets.

66 BNS Statistics, calculations by the author.

67 "Montreal", BNS Statistics.

22 *Acadiensis*

collapsed, this example illustrated the type of account which the Bank of Nova Scotia was interested to secure.⁶⁸

Additional branches were also added in western Canada after 1900. The board decided to open branches in Vancouver, Calgary, Edmonton, Fort Saskatchewan, Strathcona and Wetaskiwin, Alberta.⁶⁹ While these branches lost about \$10,000 in their first year of operation, by early 1905 the branch at Calgary was considered to be "self-sustaining". In Winnipeg there was also a growth in activity. For the first six years after reopening the branch in 1899, the bank concentrated on building up a good deposit business before committing itself to any commercial or industrial accounts. Between 1899 and 1905 loans increased from \$39,491 to \$271,762 while deposits grew from \$37,583 to \$441,409. From 1905 to 1910, however, loans at Winnipeg increased from \$271,461 to more than \$1.7 million, against a corresponding increase in deposits from \$441,409 to \$717,030.⁷⁰

The Bank of Nova Scotia's good business connections in Chicago led to an agreement with the newly-formed International Harvester Company to do its collections in western Canada, Ontario, and, when an office was opened in Saint John, the Maritime Provinces. International Harvester expanded rapidly and by 1901 the Bank of Nova Scotia was discounting more than \$325,000 of the company's paper in Saint John alone.⁷¹ This account provided a clear indication of the bank's emerging national and international stature. Indeed, despite some losses incurred by the failure of the Chicago National Bank and other companies controlled by A.G. Becker, as well as some worry caused by the suspension and reorganization of the Pillsbury Washburn Flour Mills, business in Chicago grew steadily. Annual loans fluctuated between \$2.9 million and \$4.3 million, while deposits grew from \$480,402 to more than \$1 million, and this branch boasted the second highest volume of loans in the whole bank in 1910.⁷²

In the Caribbean, nine new branches were added, six in Jamaica, two in Cuba, one in Puerto Rico and an ill-fated one in Trinidad. A hurricane in 1903 and an earthquake in 1907 resulted in disappointing profits in Jamaica, but the prospect of competition from the Bank of Montreal in 1906 led to a very aggressive policy through which the Bank of Nova Scotia hoped to become "The Bank" of Jamaica. The Jamaican government's account gave the bank a firm foundation on the island, and deposits increased from \$376,742 in 1900 to more

68 McLeod to Board, 24 September 1901, BNSA.

69 H.A. Flemming to McLeod, 23 October 1903, BNSA.

70 McLeod to Board, 2 January 1904, BNSA, "Winnipeg", BNS Statistics.

71 See N.S.B. Gras, *Business and Capitalism: An Introduction to Business History* (New York, 1939), pp. 268-9; "Circular 927", 23 November 1903, "Arrangements with Correspondents and Customers", August 1904, p. 135, Nos. 25-30, BNSA.

72 McLeod to Board, 18 December 1905, 30 March 1906, 7 August 1908-26 July 1909 (Nos. 242, 243, 250, 286, 401), BNSA, "Chicago", BNS Statistics.

The Bank of Nova Scotia 23

Table II: Loans and Deposits, Non-Maritimes Branches,
Bank of Nova Scotia, 1882-1910

Year	Loans (\$)	Average Rate of Interest on Loans (%)	Deposits (\$)	Ratio Loans/Deposits
1882	165,068	9.27	34,264	4.818
1883	377,502	8.54	54,143	6.972
1884	432,798	6.58	63,423	6.824
1885	173,378	5.27	27,335	5.906
1886	872,474	6.03	3,266	267.138
1887	1,245,237	6.98	53,774	23.211
1888	1,847,327	5.69	49,331	38.456
1889	2,456,277	5.91	44,785	28.971
1890	2,708,111	5.71	201,325	13.477
1891	2,656,676	5.85	259,668	10.255
1892	2,126,058	5.07	266,610	11.814
1893	3,511,446	6.63	418,690	8.391
1894	3,727,579	4.95	400,808	9.300
1895	3,827,240	5.53	906,044	4.224
1896	4,500,199	5.83	1,465,847	3.070
1897	4,957,126	5.54	1,535,408	3.235
1898	6,219,664	4.80	1,774,650	3.505
1899	7,636,064	5.84	2,121,351	3.434
1900	8,857,392	5.94	2,444,732	3.636
1901	10,040,819	5.49	3,316,756	3.027
1902	11,569,243	5.78	4,846,316	2.387
1903	11,678,673	6.90	5,187,686	2.276
1904	11,662,266	6.23	5,845,724	1.995
1905	13,160,139	6.32	7,334,880	1.782
1906	15,344,418	6.17	8,739,549	1.756
1907	17,990,339	6.65	10,818,095	1.649
1908	17,710,223	6.53	13,533,681	1.309
1909	21,098,330	6.14	16,909,643	1.248
1910	25,039,285	6.40	19,852,645	1.291

Source: Compiled from Statistical Records, 1881-1914, Bank of Nova Scotia Archives.

24 *Acadiensis*

than \$5.2 million in 1910. Lending activity was mainly confined to the United Fruit Company, loans did not keep pace with deposits, increasing from \$155,040 to \$865,277, and as a result Jamaica became an area of surplus savings.⁷³ In Cuba, the Bank of Nova Scotia purchased \$16,000 of Havana Central Railroad bonds in 1901, but a branch was not opened there until 1906. For the very short period until 1910, loans at the two Cuban branches exceeded the amount on deposit, and Cuban borrowers benefited from imported funds.⁷⁴

Changes in the membership of the bank's Board of Directors also reflected the bank's growing interest in developments outside the Maritimes. Between 1900 and 1910 eight new directors joined the board, and although most of them were Maritimers and all of them had strong interests in Maritime businesses, their other interests and holdings also indicated that they were alert to investment opportunities outside the region as well.⁷⁵

After 1900 the Bank of Nova Scotia continued to maintain an interest in the

73 McLeod to Board, 14 March 1901, 5 April 1906, 6 November 1906, BNSA, "Jamaican branches", BNS Statistics. For the bank's relationship with the United Fruit Company, see McLeod to Board, 6 November 1906, BNSA.

74 "Cuba", BNS Statistics.

75 Three of the new board members were lawyers. John Y. Payzant, president of the bank from 1899 to 1918, was also president of the Empire Trust Company and the Nova Scotia Fire Insurance Company, and vice-president of Stanfield's Woollens, Halifax Electric Tramway and the Nova Scotia Telephone Company; however his other interests also included Great West Life Insurance, Westinghouse Electric, General Electric, and some Trinidad utilities. Hector McInnes, who joined the board in 1900, was president of Eastern Trust and of the Nova Scotia Savings, Loan and Building Society; he was also at various times a director of Nova Scotia Car Works, Dominion Coal, North America Life Insurance, Hollingsworth and Whitney, and Brandram Henderson. Robert L. Borden, who also joined the board in 1900, was a prominent Halifax corporation lawyer and a director of Nova Scotia Telephone and Eastern Trust. In addition to these lawyer-businessmen, the new directors also included a group of five industrialists. Charles Archibald, whose family had owned a coal mining and shipping firm in Cape Breton which was absorbed by Dominion Coal, was involved in several Caribbean utility companies as well as Scotia Steel, Dominion Iron and Steel and Stanfield's. George S. Campbell owned a Halifax shipping firm, was a director of Nova Scotia Fire Insurance, Nova Scotia Building Society, Silliker Car, Empire Trust, and Stanfield's, and had sizeable holdings in Canadian Pacific Railway, Canada Steamship Lines and Eastern Trust. J. Walter Allison, who headed the Dartmouth firm of John P. Mott and Company, manufacturers of chocolate and spices, was also a director of Stanfield's, Scotia Steel, Nova Scotia Fire Insurance, Acadia Sugar Refining, and Nova Scotia Savings, Loan and Building Society. Nathaniel Curry and J.H. Plummer, who both joined the board in 1910, were figures of national standing in Canadian business. Curry had been president of the Amherst company, Rhodes, Curry, which was merged into Canadian Car and Foundry in 1909, and his membership on the board was probably most important for his Montreal business connections. J.H. Plummer was also important for his contacts outside the region, as he was closely tied to the Canadian Bank of Commerce and the Dominion Iron and Steel Company. The data was compiled from Morgan, *Canadian Men and Women of the Time*, W.R. Houston, ed., *Directory of Directors in Canada, 1912* (Toronto, 1912), "Directors", BNSA, Probate Court Records, Halifax, and Biography Files, Public Archives of Nova Scotia.

The Bank of Nova Scotia 25

industrialization of the Maritimes, especially in the expansion of the coal and steel industries of north-eastern Nova Scotia. Two rival industrial complexes had emerged in this field: the Montreal and Toronto dominated Dominion Iron and Steel Company and the Nova Scotia Steel and Coal Company, which was the long-awaited marriage of New Glasgow industrial capitalists and Halifax finance capitalists.⁷⁶ Bank directors J. Walter Allison and George S. Campbell, who were also directors of Scotia Steel, proposed to H.C. McLeod that the Bank of Nova Scotia make a large investment in an issue of Scotia bonds. But mindful of other ventures which had failed in the Maritimes and doubtful of the company's prospects, McLeod demurred at the suggestion and the rest of the board accepted his view, at least temporarily.⁷⁷ However, McLeod soon agreed to allow the bank to act as agents for issuing the bonds, and as Scotia became increasingly successful Allison and Campbell gained influence and their views began to prevail.⁷⁸ A token investment of \$10,000 was made around 1906, and in 1909 \$500,000 of the bonds were purchased, which easily made Scotia Steel the largest single investment in the bank's portfolio. When Rodolphe Forget and Max Aitken attempted to merge Scotia Steel with the newly formed Dominion Steel Company in 1910, the Bank of Nova Scotia made direct advances to the directors of Scotia so that they could buy back shares from Forget. By 30 July 1910 these direct advances amounted to \$825,000 and the attempted merger had been thwarted.⁷⁹

The connection with Scotia also made the branch at New Glasgow an important location for lending activity, though not to the extent that might be expected. Although loans increased from \$143,588 in 1900 to almost \$450,000 in 1910, deposits increased from \$851,913 to \$1.1 million and for this whole period New Glasgow was a net exporter of funds to Head Office. In 1902 New Glasgow sent as much as \$1.03 million to Head Office, but as the views of Allison and Campbell began to prevail this trend was reversed, so that by 1910 the branch's "surplus" was reduced to \$672,227.⁸⁰ The branch at Stellarton also expanded during this period as it acquired the account of the Acadia Coal Company. At first, McLeod was reluctant to supply the company with capital but good markets, including a contract with the Grand Trunk Railway, pushed its credit limit up from \$100,000 to \$450,000. By 1910, however, the company had secured about \$600,000 of English capital and therefore was able to minimize its banking

76 See David Frank, "The Cape Breton Coal Industry and the Rise and Fall of the British Empire Steel Corporation", *Acadiensis*, VII (Autumn 1977), pp. 3-34, and Acheson, "Industrialization of the Maritimes".

77 H.A. Flemming (Board Secretary) to McLeod, 19 July 1901, No. 73, BNSA.

78 "Circular 867", 5 November 1901, BNSA.

79 H.A. Richardson to Board, 21, 27, 30 July 1910, BNSA. This was an advance to the directors but not necessarily to the company itself.

80 "New Glasgow", BNS Statistics.

requirements.⁸¹ At North Sydney the flurry of activity associated with the expansion of the Nova Scotia Steel and Coal Company made for a veritable boom town. In 1900 average loans were \$93,995, and in 1903 they amounted to \$380,596, but after 1905 they had dropped to about \$198,000. This suggests that the Bank of Nova Scotia provided short-term loans for materials required during the construction phase of Scotia's expansion there. Deposits grew steadily, but not spectacularly, increasing from \$202,079 to \$322,065 by 1905 and tailing off to about \$300,000 by 1910.⁸²

The same pattern was also at work in Amherst. By 1910, more than \$15 million was invested in manufacturing in Amherst, more than in any other town in the Maritimes except Sydney. The most dramatic growth took place between 1900 and 1906, and the Bank of Nova Scotia's activity in Amherst matched this growth, as loans increased from \$515,620 to almost \$800,000.⁸³ But in 1907 the town was afflicted by the general economic recession of that year and Amherst's industries never fully recovered. Local industries like the Amherst Boot and Shoe Company and Hewson Woollen Mills began to experience difficulty and others, like Rhodes, Curry, the town's largest employer, merged with Canada Car and Foundry, which subsequently began to reduce production in Amherst. The Bank of Nova Scotia was also adversely affected when the Royal Bank unilaterally broke a *modus vivendi* which had existed between the two banks, and opened a rival branch which captured the accounts of the Cumberland Packing Company, Amherst Lumbering Company, Amherst Foundry Company, Dunlop Cook and Company, and the Amherst Malleable Iron Company. Loans at Amherst dropped off by almost 50 per cent between 1907 and 1910.⁸⁴

The other Maritime towns which had attempted to industrialize in the 1880s also became increasingly important as sources of "surplus" funds for the Bank of Nova Scotia. The branch at Saint John continued to be plagued by its borrowers' poor management and entrepreneurial ineptitude. In 1901 the account of the Cushing Sulphite Fibre Company went sour. Cushing appears to have been an innovator in the pulp and paper industry of New Brunswick but his company underestimated the cost of producing pulp by about \$250,000. As a result McLeod began to doubt the company's potential profitability. When Cushing began to dishonour some of his bills, the Bank of Nova Scotia demanded the immediate payment of \$10,000. The company countered by issuing \$280,000 in bonds, but one of its directors, instead of paying off part of the company's bank debt with the proceeds of two pulp shipments, applied the money to meet some of the company's obligations to himself. In response the

81 McLeod to Board, 13 June 1910, BNSA, "Stellarton", BNS Statistics.

82 "North Sydney", BNS Statistics.

83 *Census of Canada*, 1911, "Amherst", BNS Statistics.

84 Reilly, "The General Strike in Amherst", McLeod to Board, various dates, 25 June 1906-17 November 1909, BNSA.

The Bank of Nova Scotia 27

Bank of Nova Scotia launched a suit to have the company wound up. Subsequently, the bank's lending business in Saint John began to improve. Although the reason for this is not very clear, the limited evidence available suggests that the city became less important as an industrial and manufacturing centre than as a "transit warehouse and regional service centre".⁸⁵ However, the census data shows an increase in industrial investment and in manufacturing output, and the fact that the Bank of Nova Scotia coveted the highly lucrative account of the Maritime Nail Works in 1910 undermines this interpretation. The statistical data is also inconclusive. While in mid-decade average loans were only about \$400,000 and the branch was sending more than \$600,000 of "surplus" funds to Head Office, by 1910 average loans had increased to \$952,912 and only \$294,802 was leaving as "surplus".⁸⁶

The branch at Yarmouth also experienced a modest increase in lending activity in the decade after 1900, but the nature of these loans changed substantially. McLeod relentlessly insisted upon avoiding small operators and sought out the accounts of companies which would likely be less dependent upon local business conditions. One example was the acquisition of the account of the Yarmouth Cotton Duck Company. In 1901 the bank agreed to underwrite, to the extent of \$152,000, C.T. Grantham's purchase of this company from the Lovitt family. Another novel account was that of the Yarmouth Cycle Company. Although the account was small (\$5,000) and this type of business was a radical departure for Yarmouth, McLeod was eager to strengthen the bank's presence in Yarmouth, as several "Upper Canadian" banks were casting covetous eyes on the town.⁸⁷

Even an industrializing centre like Halifax, which did experience considerable growth after 1900, became an exporter of surplus funds for the Bank of Nova Scotia. Capital investment in manufacturing in Halifax rose from \$6.6 million in 1900 to \$14.1 million in 1910, as the city acquired some heavy industry in the form of the Silliker Car Works and the federal government committed itself to spending \$35 million in waterfront redevelopment. But the bank's statistical data indicates minimal participation in this expansion. While loans fluctuated throughout the decade, from \$1.1 million in 1900 to \$1.3 million in 1906 down to \$752,921 in 1909 and back to \$1.3 million in 1910, Halifax was sending its

85 McLeod to Board, 23 April 1901 - 21 November 1901, BNSA; C.M. Wallace "Saint John, New Brunswick (1800-1900)", *Urban History Review*, No. 1-75 (June 1975), pp. 12-21.

86 *Census of Canada*, 1911, "Saint John", BNS Statistics. The account of the Maritime Nail Works went to the Merchants' Bank of Canada when it opened in Saint John; H.A. Richardson to Board, 26 October 1910, BNSA.

87 McLeod to Manager, 2 March 1901, Alex Robertson pro. G.M. to Manager, 16 January 1903, McLeod to Manager, 10 May 1907, McLeod to Manager, 14 November-13 December 1901 (Nos. 61, 62, 64, 68, 75), McLeod to Board, 13, 15 November 1901, Branch Correspondence, Yarmouth, BNSA.

surplus elsewhere in this period, with as much as \$1.3 million leaving in 1905.⁸⁸

While the Bank of Nova Scotia gradually curtailed its lending activity in the towns which had industrialized during the 1880s, the bank did increase loans in staple-producing areas. The branch at Campbellton experienced the most remarkable growth, and by 1906 it had the third highest volume of loans of all Maritime branches. New capital investment in the town increased from \$210,560 in 1900 to \$1.1 million in 1910 and the value of its manufacturing output increased from \$322,233 to \$1.2 million. The lumber industry accounted for 96 per cent of all capital investment in Restigouche County and the Bank of Nova Scotia's lending activity was concentrated in this industry. The bank's major customer in Campbellton was the Shive Lumber Company, which had \$350,000 in advances or 55 per cent of the branch's total loans in 1905. The result of this expansion was that loans at Campbellton increased from \$177,295 in 1900 to \$756,169 in 1907, held steady at about \$680,000 until 1910 when they plummeted to \$364,209.⁸⁹ The branch at Fredericton was also involved in the lumber industry. Its main creditor was the Scott Lumber Company which had total liabilities to the Bank of Nova Scotia of \$185,000 in 1904, or about 56 per cent of the branch's loans. Although there was a substantial decline to as low as \$85,000 in 1902, loans averaged about \$300,000 annually until the end of the decade. Sussex also remained an important centre for lending activity. Although capital investment in manufacturing amounted to only \$223,259 in the town itself, the immediate hinterland enjoyed a considerable increase from \$754,986 to \$1.7 million between 1900 and 1910. Most of this investment was also in the lumber industry. Loans at Sussex increased from \$412,331 to \$594,178 between 1900 and 1904, remained at more than \$400,000 until 1906, and then dropped to \$275,865 in 1910. Until the end of the decade, however, Sussex was a net borrower of funds from Head Office.⁹⁰

Despite the Bank of Nova Scotia's continuing interest in some parts of the regional economy after 1900, there could be no doubt that the Bank of Nova Scotia had become a national financial institution. The flow of funds within the bank's branch system revealed an accelerating shift towards the national market. In 1900 total deposits in the Maritimes amounted to \$10.7 million, or 79.05 per cent of the total, while loan activity in the Maritimes accounted for \$5.4 million or 32.5 per cent of the bank's total loans. By 1910 total Maritime deposits had increased to \$17.6 million but represented only 46.7 per cent of the total deposits, and while the bank's loan activity in the Maritimes had increased slightly, it now represented only 19.3 per cent of the loans extended by the bank.

88 *Morning Herald*, 26-31 March 1900, *Acadian Recorder*, 26-31 March 1900, *Census of Canada*, 1911, "Halifax", BNS Statistics.

89 *Census of Canada*, 1911, McLeod to Board, 12 July 1905, BNSA, "Campbellton", BNS Statistics.

90 McLeod to Board, 12, 19 September 1904, BNSA, "Fredericton", "Sussex", BNS Statistics.

The Bank of Nova Scotia 29

Between 1900 and 1910 the total amount "due by Head Office" to Maritime branches had increased from \$5.9 million to almost \$10 million.⁹¹

By 1910 an enormous sum of capital was being drained away from the Maritimes by the Bank of Nova Scotia, and thus Naylor's assertion that the major banks promoted the drainage of capital out of the Maritimes is supported by the evidence in the case of the Bank of Nova Scotia. However, it would be misleading to attribute this development to the existence of a "commercial" or "mercantile" bias on the part of the Bank of Nova Scotia, or to conclude that the Bank of Nova Scotia had no interest in supporting long-term industrial investments. Instead the explanation for the bank's shift away from the Maritimes must rest with the economic recession which occurred in the mid-1880s and which shattered the bank's faith in the region. The lessons which Thomas Fyshe had drawn from that crisis were also taken up and applied by his successor, H.C. McLeod. After successfully weathering the stormy crisis of the 1880s, the Bank of Nova Scotia became at once reluctant to expand its Maritime business and also eager to explore the unparalleled opportunities for expansion beyond the region.

While the nationalization of the Bank of Nova Scotia was obviously the outcome of an accumulation of decisions made by the directors and general managers of the bank, this development was also part of a larger process at work in the growth of Canadian capitalism. The creation of a national financial market was one key feature of the concentration and centralization of capital and industry in the central parts of the country. As late as 1900 there had been 13 banks in the Maritimes, but by 1910 only three were left.⁹² Apart from the

91 BNS Statistics, calculations by the author.

92 "Maritime Banks", BNS Statistics. The following list summarizes the rise and fall of banking in the Maritime Provinces:

- Bank of New Brunswick, 1820-1913 (amalgamated with Bank of Nova Scotia)
- Halifax Banking Company, 1825-1908 (amalgamated with Canadian Bank of Commerce)
- Charlotte County Bank of New Brunswick, 1825-1865 (liquidated)
- Bank of Nova Scotia, 1832-
- Westmorland County Bank of New Brunswick, 1854-1862 (liquidated)
- Central Bank of New Brunswick, 1834-1862 (failed)
- St. Stephen's Bank, 1836-1910 (failed)
- City Bank of St. John, 1830-1839 (amalgamated with Bank of New Brunswick)
- Bank of Prince Edward Island, 1856-1881 (failed)
- Union Bank of Halifax, 1856-1910 (amalgamated with Royal Bank)
- Bank of Yarmouth, 1859-1905 (failed)
- Farmers' Bank of Rustico, 1862-1892 (failed)
- Union Bank of Prince Edward Island, 1864-1883 (amalgamated with Bank of Nova Scotia)
- People's Bank of Halifax, 1864-1905 (amalgamated with Bank of Montreal)
- People's Bank of New Brunswick, 1864-1907 (amalgamated with Bank of Montreal)
- Commercial Bank of Windsor, 1864-1902 (amalgamated with Union Bank of Halifax)
- Merchants' Bank of Halifax, 1869-1901 (Royal Bank)
- Summerside Bank, 1866-1901 (amalgamated with Bank of New Brunswick)

30 *Acadiensis*

Bank of New Brunswick, which would be absorbed in 1913 by the Bank of Nova Scotia, the only survivors were the Royal Bank of Canada (formerly the Merchants' Bank of Halifax) and the Bank of Nova Scotia, both of which had shifted their attention from the Maritimes to national and international financial markets. Between 1880 and 1910 every Maritime bank which had failed to expand beyond the Maritimes disappeared either through failure or amalgamation. The virtual disappearance of regional banking in the Maritimes suggests that in order to survive and prosper it was necessary for the Bank of Nova Scotia to expand beyond its native region.

Exchange Bank of Yarmouth, 1869-1903 (amalgamated with Bank of Montreal)
Merchants' Bank of Prince Edward Island, 1871-1906 (amalgamated with Canadian Bank of Commerce)
Bank of Acadia, 1872-1873 (failed)
Bank of Liverpool, 1872-1879 (failed)
Maritime Bank of Canada, 1872-1887 (failed)
Pictou Bank, 1874-1887 (failed)

Table III: Loans and Deposits, Selected Branches,
Bank of Nova Scotia, 1881-1910

Year	Loans (\$)	Average Rate of Interest on Loans (%)	Deposits (\$)	Ratio Loans/Deposits	Branch Surplus (+) or Deficit (-) (\$)
FREDERICTON					
1882	6,531	6.66	2,074	3.149	+6,423
1883	29,727	7.12	10,051	2.958	-25,278
1884	43,663	6.87	20,168	2.165	-30,391
1885	37,100	6.67	10,659	3.481	-32,164
1886	43,176	6.77	11,488	3.758	-34,832
1887	92,235	6.32	18,578	4.965	-79,267
1888	89,271	6.80	30,862	2.893	-63,554
1889	93,880	6.43	47,750	1.966	-48,957
1890	87,144	6.52	50,522	1.725	-39,184
1891	152,267	6.57	30,142	5.052	-124,011
1892	163,727	6.71	43,585	3.756	-121,409
1893	157,840	6.88	61,665	2.560	-98,248
1894	137,018	6.75	78,169	1.753	-61,587
1895	172,505	6.72	91,818	1.879	-82,971
1896	184,532	6.84	87,592	2.107	-99,025
1897	172,633	7.13	85,327	2.023	-87,837
1898	155,750	7.14	90,651	1.718	-67,740
1899	166,236	6.64	97,029	1.713	-73,165
1900	233,330	6.20	129,047	1.808	-104,853
1901	213,038	6.19	150,267	1.418	-63,311
1902	85,308	6.19	149,440	.571	+61,207
1903	126,905	5.99	160,938	.789	+30,097
1904	325,082	5.87	150,994	2.153	-174,288
1905	332,760	6.07	187,216	1.777	-148,002
1906	326,546	6.19	184,934	1.766	-142,695
1907	279,536	6.46	231,260	1.209	-49,368
1908	228,827	6.57	248,366	.921	+17,097
1909	314,928	6.28	280,014	1.125	-35,210
1910	323,134	6.16	276,090	1.170	-48,183

32 *Acadiensis*

Year	Loans (\$)	Average Rate of Interest on Loans (%)	Deposits (\$)	Ratio Loans/Deposits	Branch Surplus (+) or Deficit (–) (\$)
ST. STEPHEN					
1882	31,979	5.74	5,378	5.946	–21,791
1883	156,021	6.44	24,469	6.376	–138,451
1884	149,149	5.94	37,751	3.951	–114,200
1885	107,068	6.21	43,669	2.452	–67,600
1886	57,820	6.72	47,382	1.220	–14,364
1887	94,837	6.69	48,785	1.944	–49,484
1888	117,634	6.53	65,288	1.802	–55,896
1889	128,565	6.51	64,767	1.985	–63,878
1890	157,558	6.43	93,715	1.681	–64,658
1891	217,743	6.27	129,887	1.676	–89,376
1892	171,216	6.48	130,802	1.309	–43,350
1893	138,811	6.90	121,075	1.146	–22,443
1894	117,492	6.68	112,909	1.041	–7,289
1895	145,991	6.70	127,072	1.149	–21,485
1896	187,385	6.55	130,426	1.437	–59,855
1897	188,224	6.60	147,912	1.273	–47,678
1898	133,324	6.62	179,803	.742	+54,904
1899	106,779	6.81	226,180	.472	+118,351
1900	109,662	6.71	269,755	.407	+146,060
1901	112,259	7.32	479,470	.234	+348,164
1902	148,730	6.63	790,100	.188	+646,649
1903	190,355	6.53	837,080	.227	+653,598
1904	139,757	6.44	666,127	.210	+530,455
1905	96,277	6.65	566,231	.170	+471,135
1906	107,503	6.40	510,860	.210	+327,830
1907	82,051	6.96	467,454	.176	+385,089
1908	52,969	6.92	504,611	.105	+449,257
1909	72,098	6.50	583,980	.123	+511,998
1910	109,626	6.35	602,728	.182	+488,370
MONCTON					
1881	98,180	7.13	35,247	2.785	–72,472
1882	145,145	7.12	40,856	3.553	–106,086

The Bank of Nova Scotia 33

Year	Loans (\$)	Average Rate of Interest on Loans (%)	Deposits (\$)	Ratio Loans/Deposits	Branch Surplus (+) or Deficit (-) (\$)
1883	193,391	7.11	35,820	5.399	-165,378
1884	462,889	7.23	54,561	8.484	-414,847
1885	305,723	7.39	33,602	9.098	-277,701
1886	247,530	6.72	32,881	7.528	-218,180
1887	204,681	6.44	40,871	5.008	-169,992
1888	228,931	7.09	69,983	3.271	-161,443
1889	260,527	7.16	84,188	3.095	-179,530
1890	287,682	7.08	90,972	3.162	-206,232
1891	253,014	7.39	104,983	2.410	-151,512
1892	141,236	7.49	99,815	1.415	-46,229
1893	90,771	7.17	97,931	.927	-6,227
1894	99,686	7.28	135,073	.738	+20,020
1895	126,410	7.21	138,753	.911	-14,358
1896	106,971	7.37	149,006	.718	+19,760
1897	130,934	7.09	170,336	.769	+18,872
1898	149,297	7.22	169,270	.882	+9,316
1899	151,311	7.30	169,717	.892	+9,407
1900	135,594	7.08	207,774	.653	+62,268
1901	137,371	7.00	296,682	.463	+157,618
1902	166,508	6.69	278,307	.598	+90,644
1903	222,067	6.75	285,651	.777	+61,578
1904	176,971	6.85	292,280	.605	+112,227
1905	174,079	6.63	314,256	.554	+135,615
1906	167,106	6.51	347,327	.481	+176,275
1907	160,801	6.62	414,222	.388	+247,001
1908	116,562	6.74	410,637	.284	+290,182
1909	118,442	6.55	425,750	.278	+304,391
1910	173,594	6.38	471,774	.368	+294,193

SAINT JOHN

1881	776,860	5.75	400,510	1.940
1882	893,206	5.88	365,628	2.443
1883	883,415	5.82	441,138	2.003
1884	754,408	5.93	577,307	1.307
1885	462,301	4.90	514,396	.899
1886	358,872	5.72	545,051	.658

34 *Acadiensis*

Year	Loans (\$)	Average Rate of Interest on Loans (%)	Deposits (\$)	Ratio Loans/Deposits	Branch Surplus (+) or Deficit (-) (\$)
1887	319,213	4.83	434,739	.734	
1888	184,349	5.33	265,667	.694	
1889	198,469	5.24	266,128	.746	
1890	211,268	5.66	276,287	.765	
1891	246,235	5.91	275,246	.895	+18,658
1892	210,024	6.44	267,026	.787	+127,608
1893	182,921	6.45	288,040	.635	+57,287
1894	197,652	6.28	317,247	.623	+92,586
1895	373,709	6.38	453,149	.825	+35,733
1896	586,685	6.29	562,094	1.044	-49,814
1897	694,968	6.21	627,771	1.107	-85,975
1898	799,904	6.11	854,309	.936	+33,112
1899	854,440	6.03	923,317	.925	+43,261
1900	842,488	6.03	1,199,424	.702	+348,194
1901	693,744	6.08	1,323,900	.524	+618,092
1902	490,868	5.99	1,233,304	.398	+727,300
1903	431,236	5.94	1,134,109	.380	+679,147
1904	429,168	5.90	1,062,994	.404	+618,687
1905	382,684	5.91	1,049,692	.365	+653,177
1906	411,744	5.87	1,013,095	.406	+423,055
1907	431,751	6.17	1,038,391	.416	+568,845
1908	515,515	6.04	1,048,004	.492	+491,610
1909	701,094	5.61	1,094,406	.641	+357,921
1910	952,912	5.66	1,304,162	.731	+294,802

YARMOUTH

1881	89,302	5.90	35,088	2.545	-70,653
1882	90,057	5.59	46,983	1.917	-50,376
1883	131,374	5.86	187,208	.702	+44,068
1884	137,512	5.94	208,991	.658	+68,721
1885	130,649	6.29	151,653	.861	+16,668
1886	115,123	6.25	129,701	.888	+12,583
1887	136,551	6.25	192,668	.709	+50,031
1888	115,043	6.50	255,868	.450	+135,734
1889	137,352	6.46	307,460	.447	+171,273
1890	125,556	6.59	415,261	.302	+290,613

The Bank of Nova Scotia 35

Year	Loans (\$)	Average Rate of Interest on Loans (%)	Deposits (\$)	Ratio Loans/Deposits	Branch Surplus (+) or Deficit (–) (\$)
1891	141,165	6.28	403,196	.350	+261,908
1892	109,230	6.60	408,259	.268	+286,261
1893	129,434	6.63	438,382	.295	+295,027
1894	186,237	6.54	520,647	.358	+327,644
1895	239,044	6.57	547,428	.437	+300,630
1896	238,005	6.63	582,250	.409	+342,517
1897	257,470	6.62	627,654	.410	+366,825
1898	207,198	6.56	628,430	.310	+423,691
1899	110,011	6.68	770,301	.143	+665,200
1900	126,765	6.69	959,522	.132	+841,465
1901	209,851	5.92	1,148,275	.183	+950,570
1902	235,899	6.03	1,152,082	.205	+930,768
1903	315,359	6.12	1,147,478	.275	+840,415
1904	326,812	6.16	1,038,651	.315	+721,454
1905	389,877	6.07	972,975	.401	+590,506
1906	328,468	6.10	948,401	.346	+485,752
1907	257,600	6.52	1,002,437	.257	+752,128
1908	237,944	7.09	943,383	.252	+710,245
1909	258,838	7.09	928,145	.279	+675,846
1910	305,061	7.13	984,038	.310	+685,443

AMHERST

1881	121,056	6.90	113,972	1.062	–11,828
1882	140,303	6.73	131,419	1.068	–17,484
1883	151,708	6.33	138,117	1.098	–20,350
1884	150,079	6.12	159,355	.942	+10,771
1885	148,796	6.29	136,698	1.089	–21,844
1886	234,757	6.36	162,443	1.445	–80,873
1887	278,010	6.37	232,996	1.193	–51,920
1888	361,210	6.11	271,354	1.331	–93,878
1889	424,237	6.06	348,700	1.217	–75,902
1890	480,836	6.15	344,842	1.394	–135,207
1891	454,783	6.21	362,694	1.254	–92,591
1892	368,420	6.74	337,019	1.093	–51,662
1893	380,001	6.82	274,675	1.383	–124,166
1894	470,395	6.38	236,491	1.989	–252,455

36 *Acadiensis*

Year	Loans (\$)	Average Rate of Interest on Loans (%)	Deposits (\$)	Ratio Loans/Deposits	Branch Surplus (+) or Deficit (-) (\$)
1895	548,612	6.34	245,406	2.236	-319,411
1896	548,523	5.90	261,962	2.094	-302,435
1897	463,304	5.87	272,628	1.699	-202,073
1898	468,544	5.88	301,022	1.558	-174,601
1899	508,034	5.72	296,121	1.716	-218,561
1900	515,620	5.62	331,247	1.557	-190,751
1901	538,320	5.63	353,898	1.521	-182,044
1902	520,228	5.67	363,165	1.432	-154,668
1903	578,734	5.71	366,807	1.578	-210,438
1904	718,025	5.72	352,713	2.036	-360,723
1905	756,497	5.77	327,446	2.310	-423,595
1906	797,010	5.76	363,671	2.192	-428,569
1907	586,441	6.29	352,832	1.662	-239,477
1908	497,255	6.37	311,741	1.595	-190,855
1909	424,861	6.31	327,173	1.299	-101,346
1910	404,796	6.32	322,505	1.255	-85,948

NEW GLASGOW

1881	99,124	6.37	138,058	.718	+14,606
1882	104,158	6.49	141,923	.734	+31,055
1883	95,264	6.68	151,161	.630	+46,105
1884	114,261	6.43	151,881	.752	+31,343
1885	142,470	6.24	108,994	1.307	-36,054
1886	178,651	6.43	147,141	1.214	-61,714
1887	260,972	6.48	217,589	1.199	-44,859
1888	309,861	6.52	236,509	1.310	-72,861
1889	290,978	6.53	233,753	1.245	-55,864
1890	150,115	6.07	241,730	.621	+89,951
1891	163,879	6.63	263,869	.617	+99,723
1892	160,705	6.84	298,853	.538	+135,826
1893	197,795	7.08	248,855	.795	+46,483
1894	188,497	6.89	253,135	.745	+65,604
1895	200,667	6.91	275,158	.729	+76,148
1896	201,616	6.88	309,592	.651	+111,340
1897	239,534	6.83	352,104	.680	+118,574
1898	215,726	6.51	439,319	.491	+228,599

The Bank of Nova Scotia 37

Year	Loans (\$)	Average Rate of Interest on Loans (%)	Deposits (\$)	Ratio Loans/Deposits	Branch Surplus (+) or Deficit (-) (\$)
1899	166,073	6.75	609,330	.273	449,229
1900	143,588	6.58	851,913	.169	+715,787
1901	135,483	6.70	1,022,594	.132	+895,423
1902	203,901	6.13	1,227,908	.166	+1,030,929
1903	318,091	6.10	1,107,319	.287	+798,800
1904	343,558	6.17	1,043,923	.329	+711,787
1905	288,381	6.25	1,023,197	.282	+744,293
1906	283,414	6.19	1,006,762	.282	+732,704
1907	311,831	6.38	1,031,104	.302	+724,543
1908	296,808	6.53	1,026,180	.289	+734,143
1909	334,328	6.04	1,032,827	.324	+704,298
1910	446,063	5.74	1,115,927	.400	+672,227

HALIFAX

1881	1,593,775	5.88	941,330	1.693	
1882	1,761,739	5.94	1,373,492	1.283	
1883	1,284,576	6.45	1,005,255	1.278	
1884	1,304,252	6.65	861,358	1.514	
1885	1,495,559	5.64	675,697	2.213	
1886	1,535,825	4.88	704,544	2.180	
1887	1,530,640	5.27	909,112	1.684	
1888	1,581,093	5.11	1,310,059	1.207	
1889	1,790,997	4.82	1,665,137	1.076	
1890	1,955,308	4.80	1,469,258	1.331	
1891	2,522,105	4.54	1,552,768	1.624	
1892	2,815,752	5.22	1,542,102	1.826	
1893	2,699,466	5.48	1,453,347	1.857	
1894	3,014,383	4.82	1,386,503	2.174	
1895	3,087,669	4.94	1,530,329	2.018	
1896	3,070,186	5.22	1,530,329	2.006	
1897	2,855,419	5.02	1,665,321	1.715	
1898	646,754	5.54	1,796,559	.360	+1,198,977
1899	960,328	5.26	1,939,987	.495	+1,016,045
1900	1,116,470	5.44	2,109,671	.529	+1,158,203
1901	1,184,522	5.48	2,182,580	.543	+1,211,620
1902	911,439	5.49	2,407,895	.379	+1,483,881

38 *Acadiensis*

Year	Loans (\$)	Average Rate of Interest on Loans (%)	Deposits (\$)	Ratio Loans/Deposits	Branch Surplus (+) or Deficit (-) (\$)
1903	1,079,689	5.80	2,428,097	.445	+1,370,353
1904	1,020,339	5.76	2,484,846	.411	+1,348,811
1905	1,089,226	5.52	2,381,894	.457	+1,310,653
1906	1,306,815	5.63	2,432,097	.537	+733,126
1907	1,247,161	5.97	2,225,034	.561	+625,409
1908	866,262	6.01	2,064,544	.420	+1,006,077
1909	752,921	5.27	1,982,965	.380	+1,308,210
1910	1,314,759	5.45	2,081,678	.632	+573,197

Source: Calculated from Statistical Records, 1881-1914, Bank of Nova Scotia Archives.