

**From Philanthropy to Finance:
The Halifax Government Savings Bank,
1832-1867**

Thesis submitted in partial fulfilment of M.A.(History)

By

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1990**

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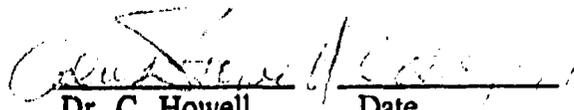
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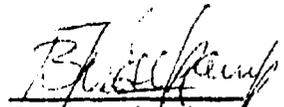
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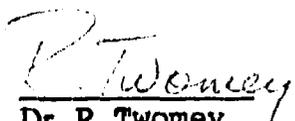
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Secondly I cannot help but feel an immense gratitude for my two mentors, Dr.'s Colin Howell and Richard Twomey. These two scholars have opened my eyes to many insights and concepts of history to which they had hitherto been closed. The importance of writing and researching with an appreciation of the implications of what history reveals and, in the end, what it means for the man on the street, even if he chooses not to read it today, is something I will never forget. For this and a great deal of intellectual stimulation and enjoyment I thank you both.

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Abstract

**From Philanthropy to Finance
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As a financial intermediary, savings banks have received a great deal of attention over the years. Their importance lies mainly in two areas: that of social reform and of economic development. Unlike other financial intermediaries, such as insurance and trust companies, building societies or credit unions, the savings bank managed to become embroiled in the larger debates that swirled through society in the nineteenth century, both in Britain and North America, concerning moral and social reform.

Their genesis in Britain was in response to middle and upper class desires to relieve themselves of the 'burden' of the poor rates that had escalated steadily in the latter part of the eighteenth century and early nineteenth century, this increase being particularly exacerbated by the depression following the Napoleonic Wars. In step with

this impetus was the wave of humanitarian reform that was sweeping the nation during this time. A vast galaxy of societies too numerous to count sprung up to battle with the full gamut of social ills ranging from intemperance, disease, unemployment, illiteracy, irreligiosity and of course improvidence or lack of thrift. Both of these forces fit together and complemented one another making the savings bank a reality by 1820.

In the U.S. the same held true. Given the high degree of appreciation and mimicry of English institutions and trends it is not surprising that by the start of the Jacksonian period in 1828 a strong degree of reformer interest had been awakened in the new republic. Americans too, or at least some of them, wanted to attack the same ills and excise their cancerous effects from the body public. As well well-to-do Americans felt the need to reduce public charity with something more self-sustaining and in line with the self-help ethos of the day. Americans, the elites anyways, were hopeful, unlike in the Old Country, that the savings bank could become a source of scarce capital. They could be used to marshal needed funds for the development of canals and roads, developments that in themselves would increase and stimulate trade.

British North America of course was bound to follow this trend, being, if anything, more slavish in aping the institutions of the British than the Americans. While it is important to understand that the savings banks appeared fairly contemporaneously across British North America, the emergence of the institution in Nova Scotia is analysed in this paper by using the light shed from the experiences in Britain and the United States.

The Halifax Savings Bank was the focal point of many interests, not all sharing

the same goals, but all willing to subvert and use the reformer ideology to further those interests. Local banking interests were interested in seeing the bank succeed for no better reason than it might harm the rival bank being started. Other development-minded individuals may have been promoting the bank in order to further the construction of public transportation works. Important humanitarian interests were concerned with the welfare of the poor. Government officers conspired to manage the Bank in such a way as to produce funds for clandestine and shady dealings, while in the midst of it all a lower level clerk tried to make a living and hold onto his position while all this activity took place around him.

As time wore on and the Bank grew from its establishment in 1832 into a fairly large entity, it became embroiled in the fights between the Reformers and the Tories in the immediate aftermath of Responsible Government in 1847. Reformers like Joseph Howe wanted to expand the Bank and use its funds for the construction of railways, while Tories such as James W. Johnston looked to limit the Bank and keep its funds out of the public trough. The Bank was always looked upon with more affection by the citizens of Halifax and its environs than those farther away. This meant that Reformers and Tories, as in so many other issues of the day, were divided or lumped together, as the case may be, over votes to change and expand the laws that governed the Bank.

The depositors of the bank, as in the U.S. and Britain, were not exclusively from the honest, labouring poor as they supposed to be. Indeed, the greatest amount of money in the accounts of the bank, at least during the 1830's and 1840's was contained in the upper limit accounts which could not possibly have been from the poor labourer. As well,

during those years, the lion's share of deposits made were of the larger type. Domestic servants, children and tradesmen accounted for too much of the Bank's business to allow for the assumption that the Bank was actually performing its stated task. This means as well that any growth in the accounts of the Bank cannot be viewed as an indication of overall growth in the economy of the province.

Although the Bank's role in financing development did not amount to much, its story is interesting because it brings new light to bear on several important themes and institutions in Nova Scotian history such as the Halifax Poor Man's Friend Society, the Shubenacadie Canal and its promoter Charles R. Fairbanks, the fight for Responsible Government, Joseph Howe's railway schemes and last but not least the common labourer and domestic servant for whose benefit the savings bank was instituted but whose interest it did not serve.

INTRODUCTION

In 1832 the first Government Savings Bank was opened in Halifax for the express use of the so-called 'labouring classes'. Its establishment closed a period of debate and behind the scenes manoeuvring, both in and out of the House of Assembly, that stretched back a quarter of a century. Nova Scotia had now joined her sister colonies of New Brunswick, Upper and Lower Canada, as well as the United States, Great Britain and many nations on the European Continent in instituting what was one of the fastest growing institutions of early nineteenth century finance -- the savings bank.¹

Savings banks, while having a respectable pedigree which reached well back into the eighteenth century and included such supporters as Jeremy Bentham, Thomas Malthus and Daniel Defoe, were essentially children of the Industrial Revolution and the terrible dislocations it caused in the lives of millions of common folk. Having won the fight for political recognition the bourgeois middle class was now having to reconcile its notions of respectability and industry with a proletarian sector that still exhibited disturbing signs of the eighteenth century libertine morality and predilection for spontaneous excess.²

The middle and upper class proponents of the first English savings banks saw them as a means whereby the 'self-help' ethos of the savings bank could be substituted for the rising burden of the poor rate. Instead of artificially propping up the destitute with the aid-in-wages of the Poor Law,

¹ See H. Oliver Horne, A History of Savings Banks, (London: Oxford University Press, 1947); Alan L. Olmstead, New York City Mutual Savings Banks, 1819-1861, (Chapel Hill: University of North Carolina Press, 1976); E.P. Neufeld, Chap. 5 "Savings Banks" in, The Financial System of Canada: Its Growth and Development, (Toronto: MacMillan of Canada, 1972).

² Horne, "The Social and Economic Background", in A History of Savings Banks, Chap. 1; Hans Medick, "Plebian Culture in the Transition to Capitalism", in Culture, Ideology and Politics, History Workshop Series, Ed's. R. Samuel & K. Paul, (London, 1982), 84-113; Paul Faler, "Cultural Aspects of the Industrial Revolution: Lynn, Massachusetts, Shoemakers and Industrial Morality, 1826-1860," in Labor History 15 (Summer 1974): 368-394.

these banks could provide a vehicle through which funds of a small nature could be laid away during times of plenty, or employment, for use in times of want, or unemployment.

In Scotland, where the Poor Laws were never in effect except in the southern border parishes, it is interesting to note that its' second savings bank was opened as a local branch of the 'Society for the Suppression of Beggars' in Edinburgh, in 1813.³ There, the problems of severe want and its concomitant, mendicity, occasioned by the difficulties of the post-Napoleonic era, were glaring enough to induce the local philanthropists to seek ways to alleviate the unwanted blight of beggars in the streets.

In the United States the same forces were operating on the elites to find some way of dealing with the dark side of industrialization. After initial defeats, the supporters of the savings bank idea in New York City founded a new association in 1817, the 'Society for the Prevention of Pauperism'. Immediately upon its formation leading members drafted a paper in which they "...analysed the causes of pauperism and recommended a multi-front attack to stamp it out." It was "...calculated that nine-tenths of the city's poor were responsible for their state of affairs and thus 'artificial' paupers". Among the 'causes' of poverty listed were "...ignorance, idleness, intemperance, extravagance, imprudent marriages, lotteries, prostitution, and charitable organizations which in spite of sincere intentions rewarded laziness and sapped independence."⁴

The above list reveals the growing preoccupation of the middle and upper classes with the social and personal habits of the poor. Temperance and sobriety, industry and frugality, were to become the watchwords of the debate that surrounded the establishment and growth of the savings banks, both in Britain and in North America. Few commentators were liable to cite the heartless, impersonal nature of the market system and business cycle and the periodic disaster they brought

³ Horne, A History, P.46.

⁴ Olmstead, New York City Mutual, p.10.

to millions living on the edge of subsistence, as the fundamental reason for the hardships endured by the poor. Rather they took comfort in reiterating what they perceived as being indigenous faults of the poor that held them back from the 'good life'. By encouraging the labourer to put his pay packet in the bank instead of spending it at the grog shop or to live a frugal, spare life instead of aping the lifestyles of the rich, they believed they were paving the way for the better ordering and running of society.

The savings bank 'explosion', if it may be called that, that took place in the first three decades of the nineteenth century was part of the overall proliferation in philanthropic societies and government. This seeming concern for the needy stemmed, at least in part, from the same dynamic of forces that were at work in Georgian England and Jacksonian America. David J. Rothman asks the following questions in his work The Discovery of the Asylum:

Why did Americans in the Jacksonian era suddenly begin to construct and support institutions for deviant and dependent members of the community? Why in the decades after 1820 did they all at once erect penitentiaries for the criminal, asylums for the insane, almshouses for the poor, orphan asylums for homeless children, and reformatories for delinquents? Although interpretations of the causes may differ, there can be no disputing the fact of change. Here was a revolution in social practice.⁵

Rothman, if so inclined, might well have pencilled in savings banks as well. They were designed to appeal to the honest, deserving poor. The more success that they enjoyed with the working classes the more efficacious their example would be to others to take up the new creed of sobriety, frugality and industry. The success encountered by savings banks could only lead to less need and reliance on other more costly forms of social reform, such as penitentiaries, asylums, and almshouses.

In England at the end of the eighteenth century and the beginning of the nineteenth century there

⁵ David J. Rothman, The Discovery of the Asylum: Social Order and Disorder in the New Republic, (Boston/Toronto: Little Brown and Company, 1971), p.xiii.

was a surge of penitentiary and workhouse building. Oliver Horne states that this was a time of a "...wave of humanitarianism and philanthropy." Many societies had sprung up to assist the poor and find some way of helping them to help themselves. The emergence of humanitarian, socially-orientated institutions besides pointing to a fundamental break with eighteenth century modes of thought, raises an important question: Who was promoting reform and why?

David Rothman cautions that we cannot really consider the invention of the asylum as a 'reform'. If we use that word too loosely we fall into the trap of assuming that the "...asylum was an inevitable and sure step in the progress of humanity. Ostensibly it was an obvious improvement not only over existing conditions, but over **other possible alternatives**."⁶ The asylum did not have to take the form that it did and indeed eventually turned into more of a horror house than anything that would promote sanity. Similarly, did the savings bank evolve as it did for more than humanitarian reasons and in the case of Nova Scotia, become a sorry travesty of its once commendable proposed intentions.

Rothman lays down a useful caution for the social historian, warning against simply tying the emergence of the asylum to the sweep of history, i.e. the Industrial Revolution. This would make the creation of the asylum "... the automatic and inevitable response of an industrial and urban society to crime and poverty. Looking at the change from the vantage point of the almshouse and the penitentiary, this interpretation insists that coercion and not benevolence was at the heart of the movement, that institutionalization was primarily a method for regulating and disciplining the work force. Society had to keep large numbers of the urban lower classes in line, in a social sense, in order they would stay on the line, in a factory sense. If the laborer would not fulfill his task of his own free will, he would be forced to work in an almshouse; should he prefer to live by crime, he would be set to work within prison walls. Thus institutionalization was a way

⁶ Rothman, Discovery of the Asylum, p.xiv.

of making the lower classes work in one setting, if not another."⁷ This approach fails to address the fact that in Britain the first savings bank started in a rural area and not in the nascent industrial areas of the midlands or London. It is also the case that asylums and other institutions of that sort spread quickly to inland rural areas once they were established in the coastal cities. These developments must be kept in mind before choosing to adhere to one explanation too dogmatically.

To view the origin of the savings banks solely as a function of industrial progress is tempting, especially in view of their economic foundation. In this view the more urban workers who decided to be good, 'deserving' poor and forego the nip of rum for the savings bank the better off society would be. The more young people that saved their money and looked after their elders, or vice versa, the less heavy would be the rolls at the orphan asylums and the almshouses. From another angle of view, the savings banks themselves were brought into existence solely for the benefit of relieving the poor from the crushing forces of industrialism, lest they be condemned to forever try to scramble out of their poverty only to be pushed back down again Sisyphus-like, because of circumstances and fate beyond their control. The savings bank could be used to give them comfort from the vicissitudes of economic existence and by doing so support and buttress the same system that produced the need in the first place.

Rothman contends however this is a stilted perspective.

It makes every spokesman and leader of the movement a tool, conscious or not, of the economic system; rhetoric and perceptions not fitting with a production-orientated explanation are ignored. Where the march-of-progress camp often fails to look behind the language of the reformers, this explanation ignores it completely. Further, this view exaggerates the economic and urban development of the nation in the 1820's and 1830's, when the movement began, and pays no attention to the asylum's rapid spread from coastal cities to inland agricultural communities. Perhaps most important of all, it assumes that an urban and industrial society must depend upon caretaker institutions to control the labor

⁷ Rothman, Discovery of the Asylum, p.xvi.

force.⁸

In so far as a historian cannot overlook the personal and class biases that may go into a certain person's support and utterances for and about a particular issue Rothman is quite correct to assert the fallacy of relying solely on an impersonal, mechanistic, economic explanation to the establishment of asylums. His warning is also of use to the student of the savings bank, but cannot be viewed as justification for ignoring the social control that, for many, the savings banks were to impose. Savings banks did arise in the Western World during periods of severe economic dislocation.⁹ Even in the United States during the start of establishment there, while things were not as bleak as they were in the U.K. and Nova Scotia after the end of the Napoleonic Wars, they were still feeling the affects of the War of 1812 and could look with apprehension at the 15,000 people on the relief rolls by 1817 in New York City alone.¹⁰

Thus, although one has to be wary of the complex of issues that were driving the middle and upper classes to foster the establishment of savings banks, such as belief in self-help, the need to show one's charity and concern without adding to the poor rolls, and the desire to alleviate the suffering of the poor; there is little doubt that the prime motivating factor was to relieve the public burden of caring for the suffering masses and the belief that the banks were morally and socially beneficial institutions. Many early nineteenth century reformers, philanthropists and socially conscious people were aware of the need to find some way of getting beggars off the streets and reducing the amount of public money spent on what were stopgap measures. In England, rural landowners felt that the parish rates had become too high and needed reducing.

⁸ Rothman, Discovery of the Asylum, p.xvi.

⁹ Horne, A History, p.10-19; Olmstead, New York City Mutuals, p.13-14; R.T. Naylor, "The Rise and Decline of the Trustee Savings Bank in British North America," Canadian Historical Review 65, no. 4,(1984), p.515.

¹⁰ Olmstead, New York City Mutuals, p.13.

Not all of them felt sorry for the poor and so not surprisingly many had conflicting explanations for the existence of poverty. What can be said is that the eighteenth century ability to live with and accept poverty was on the wane. Solutions were called for and the savings bank idea, first mooted in the late eighteenth century was brought forth, tried and found useful. The most important impetus for the savings bank, unlike the asylum and the penitentiary, was economic. Fortunately, for its adherents, the concept and rationale used to justify the savings bank jibed neatly with the overall tenor of the times. Sobriety and Temperance, Frugality and Industry, had a life of their own in these times, but they could be used with great effectiveness to paint a rosy picture for the savings bank's acceptance by the those in society with power.

The fact that they were imposed from 'above' to help those 'down below' in no way meant they were, in the final analysis, bound to be useless. As will be shown, these banks were used quite extensively by some segments the lower classes who were capable, once given the chance, of making good savings and investment choices for their own reasons and pleasures, not necessarily those of the upper classes.

What about Nova Scotia? Can the study of the evolution of the savings banks in the United Kingdom and the United States offer any useful comparisons? I believe so and while pointing out the various differences between places will attempt to show that all of the major elements noted concerning savings banks, economic pressure, the humanitarian milieu, designing elites and class prestige, were operative in Nova Scotia. The study of the Government Savings Bank at Halifax, offers a unique glimpse into the social, political and financial life of Halifax, especially in the early nineteenth century, when the town was still dominated by a closely intertwined, intermarried, mercantile-politico elite. This elite like their counterparts in Great Britain and the U.S. sponsored numerous philanthropic organizations. They were shaken by the depth of the depression that hit Nova Scotia after 1815 and had to adjust to survive the times. No saving bank

could have gotten off the ground without their active support, either as legislators on the Legislative Council or as putative trustees of the savings bank or as the financial powerhouse of the colony.

Studying the Savings Bank also gives the historian some insight into the lot of the poor and the life they endured in the hard-nosed Halifax of the nineteenth century. Like their counterparts in England and the U.S., one gets the sense that the poor were striving to enjoy life as much as their situation allowed and that this desire not to live a totally gray, souless existence would sometimes clash with the class interests of those above them. The life of the clerk who ran the Savings Bank, one Edward Duckett, Junior, shows us just how hard the scramble for positions was and how precarious life could be for the 'middle-level' office-holders, who, having neither influence in London, nor money or power in Halifax, had to rely on luck, deference and unceasing attention to their situation, to avoid slipping down into the lower ranks of society.

During research for this thesis many questions came to light and many answers will be put forth. Some of the questions deal with matters of finance, others are political, some are more social in nature. All however are interrelated and serve, in their exposition, to add sense to one another. Many of them are asked and answered with relation to the situation in Britain and the United States first and then explored in Nova Scotia. They are as follows:

Who were the prime movers behind the foundation of the Government Saving Bank and what were their real motives? What was the connection between philanthropic societies such as the Poor Man's Friend Society and the Savings Bank? Did statements of support from the former for the latter reflect societal values or were they a reaction to attacks from other parts of society? What role, if any, did the Savings Bank play in the financing of public works in Nova Scotia such as canals or railways? In an era of extreme scarcity of specie in N.S. (1826-1840) what did the Savings Bank receive for deposits and how did this affect its original mandate to help pay off the

funded debt of the province? Who were the actual depositors of the Bank? Were they mostly workers, middle class, juveniles or something else? Why did it take six years from the passage of the act in 1826 to actually start up the bank in 1832? In what way was the Savings Bank connected with the battle between the two banking interests in the province and their respective champions in the Executive Council and the Assembly? The result for me was to paint a picture of a more sophisticated Nova Scotia has hitherto been assumed by some historians. The level of debate and argument in the 1830's and similarity of the debate elsewhere presupposes a colonial society that had come of age a bit earlier than has been posited.¹¹ Of course this could be viewed as mere aping or mimicry of superior cultures.

A final note that must be made is one that concerns the idea of social control. The concept of social control and its application to the topic of savings banks is one that is fraught with danger, but also one that may yield positive dividends. The use of social control theory in historiography is to be commended on one hand because it avoids many of the pitfalls of 'traditional' or whiggish history. Instead of positing as their subject an imaginary homogeneous group that doesn't take into account separate elites with separate agendas, social control theorists posit group conflict as the basis of any societal model, not harmony and consensus. Thus the drive for reform comes from self-interest, not humanitarian concerns.¹² This insight is useful when analysing savings banks.

Secondly, social control theorists do not believe that utopian, humanitarian reforms were supported and derived from the mass of the middle and upper class. When you read the reforming ideology you are really reading the ideology of the reforming elite not the whole class. Social control theorists then might decide that based on this point of view reforms became less utopian

¹¹ See Chapter IV.

¹² William A. Muraskin, "The Social Control Theory in American History: A Critique," Journal of Social History 9 (Summer, 1976) p.560-561.

because the majority of the upper middle class were more concerned with social control than the fancier, more utopian aspects of reform. Those with the wealth, power and status will use their assets to maintain themselves. If that meant spouting the lines of reforming elites, so be it. In this way reformer ideology was a front for class interest.¹³

This approach holds out many promising avenues of research but it contains many drawbacks and so it must be used circumspectly. One danger is that the historian can become prone to using underdeveloped and crude conceptualizations. In these times of prevailing cynicism and alienation it could easily become the accepted orthodoxy. Thus the idea that all reformers were forked tongued liars or worse still, that they were the unwitting dupes of powerful, murky interests could become as accepted as the idea is in some quarters that history is an inevitable 'march of progress'.¹⁴

The social control theorists must advance arguments that take into account class interest and class control as a whole, that do not reduce class interest to the interest of few members of that class. This is not an easy thing to do and critics of the social control theory fail to state how, if at all, it is to be done. After all, one has to start investigating a class somewhere. Nevertheless social control theorists must be aware that "...the growth and development of ideas and their interaction with class interest is a complex phenomenon. It involves not only immediate self-interest, consciously or unconsciously perceived, but long-term developmental trends of a material and nonmaterial form." 'Pure' ideas, while limited by material reality, do exist and must be taken into account. The issues that the social control theory raises are important solely for the sensitivity that they can bring to a discussion about general motivations of class behaviour. The theory itself is of less use in any systematic analysis of specific motivations.

¹³ Muraskin, "Social Control Theory", p.563.

¹⁴ Muraskin, "Social Control Theory," p.565.

Humanitarianism was a real force in the nineteenth and twentieth centuries. It was not propaganda or false consciousness but rather a part of middle class ideology. Its usage can be questioned but not the fact that for many middle class reformers it was a sincere, active part of their mental world.¹⁵ Nova Scotia and Halifax in particular had its utopian reformer in the person of Walter Bromley, the transplanted English humanitarian, who founded the Poor Man's Friend Society in 1820.¹⁶ It also had its dominant elite in the persons of the Star Chamber (the council of twelve) and their collateral and subordinate colleagues. There was certainly a great deal of conflict between each other and so this dominant elite while appearing monolithic and homogeneous from the outside might be considered actually fractious from the inside. While this was the case, it was really a matter of perspective. The real conflict was between the Executive Council and the newer members of the mercantile elite and country folk. Their aspirations were represented, for the most part, in the House of Assembly and in the growing political reform movement of the 1830's. It was in this vortex of warring factions and class conflict that the genesis and development of the Savings Bank took place. Class interest as represented on the Council it will be shown, involved social control, not merely of the labouring poor but of the whole society, and in this battle the Savings Bank played a part.

¹⁵ Muraskin, "Social Control Theory," p.565-567.

¹⁶ Judith Fingard, "English Humanitarianism and the Colonial Mind: Walter Bromley in Nova Scotia, 1813-1825," Canadian Historical Review, 54 No.2 (June 1973),p.134.

Part 1: Britain and the United States

I. Britain

Socio-economic Background

Britain at the turn of the eighteenth century was a country increasingly dislocated by the rising cost of the Poor Rates due to the increase in unemployment and vagrancy. The system started during the reign of Elizabeth to accommodate the more or less helpless poor was now becoming, in the new age of industrialism, a shelter under which growing hordes of impoverished peasants sought some sort of surcease from the hard economic realities of the times. Even before the earnest onset of the Industrial Revolution after the take-off period of the 1760's, writers and commentators had begun to decry the rise in pauperism that was everywhere to be noticed in the realm.¹

John Locke attributed the increase in poverty to the lack of discipline and corrupt manners of the poor. Daniel Defoe, a stern individualist, advocated self-help as the best means of alleviating the worst cases of poverty. In 1697 he published his Essay on Projects in which he proposed a 'Pension Office' in which labourers could pay into to receive a pension in their retirement.² By the end of the eighteenth century there were thousands of 'friendly societies', fraternal associations that usually met in the local tavern and which took subscriptions from the members to be invested for future use upon a need to have basis. Oftentimes these associations were sponsored by ones guild or craft group. In 1793 these societies received official support through an Act of Parliament that granted them certain privileges. The bill was sponsored by George Rose and was according to Horne "...one of various measures designed to prevent the growth of

¹ Sidney and Beatrice Webb, The English Poor Law History, Part II: The Last Hundred Years. Vol. 1, (Hamden, Connecticut: Shoe String Press, 1963), Chap.1.

² P.H.J.H. Godsen, Self-Help. Voluntary Associations in the 19th Century, (London: B.T. Batsford Ltd., 1973), p.4.

the poor rate."³

Horne makes the assumption that these societies "...showed that sweeping allegations about the lack of providence of the labouring classes were very wide of the mark and that, given reasonable opportunities for thrift, the desire for independence, which has always been an important element of the national character, would assert itself."⁴

While it is clear that the labouring poor did not need to be educated in saving their money, that they were not the less than human, profligate beasts that some of the upper classes believed them to be, it is not true however what Horne goes on to imply when he notes that the tenor of the times had been heartily suffused with the self-help, independent, self-interest, doctrines of Adam Smith. There is no reason to believe that the poor people ever subscribed to his ideas about economic theory, no matter how humanitarian and philosophical he was as a man. Justice and prosperity might only come through freedom; freedom might only come after the removal of artificial restraints and be expressed in the "...liberty of the individual to develop his own personality and work out his own salvation" but the liberal economic theory and market economy that were being erected on these precepts did not seem to be delivering any of the goods to whom the savings banks and friendly societies were supposedly addressed.⁵ Members of the elite like George Rose may have helped the friendly societies and savings banks along but the impetus came from the labourers and mechanics themselves, and for their own interests.

By 1800 there was an increase in the number of financial institutions in Britain. Scotland by this time already had a well developed banking system and sound paper money for over fifty years. Public friendly societies and annuity schemes were started and proposed on a frequent

³ Horne, A History, p.5.

⁴ Horne, A History, p.5.

⁵ Horne, A History, p.5.

basis. England's banking system still lacked joint-stock companies unlike Scotland and therefore private banks flourished in the vacuum. 700 of these banks were started between 1797 and 1814 and by 1815 one-third of them had stopped payment. They were for the most part unsound and poorly financed and so places of safe deposit were few and far between. As they crumbled great demands were placed on the Bank of England's gold reserves. This coupled with rising prices, fears of a French invasion, war expenditures and loans meant that the Bank had to suspend cash payments and in 1797 went off the gold standard for almost 25 years. Although in reality England was approaching a period of great expansion and prosperity, in the words of Horne the period between 1797 and 1821 "...was not only a period of acute financial stress, but was to many wage-earners a time of almost unparalleled hardship and distress. Yet these years of poverty and crisis were the very years in which the movement to start the savings banks was born."⁶

In 1796 under the sponsorship of the king, the Society for Bettering the Condition and Increasing the Comforts of the Poor was formed. Its mandate was "...to collect information respecting the the circumstances and situation of the poor and the most effective means of meliorating their condition."⁷ It was important because, as far as the savings banks were concerned, it gave a socially acceptable impetus to the movement that the political theories on the equality of man and the extremes of wealth and poverty as propounded by men such as Tom Paine and Godwin, Coleridge and Southey, could never have.

This society was a who's who of the British upper class at the time and was part of the wave of humanitarian societies and endeavours that were mentioned earlier. Men such as Sir Thomas Bernard campaigned on behalf of the poor in the belief that the poor had never had been given a fair chance at success: "Let useful and practical information be offered to them; give them time

⁶ Horne, A History, p.11.

⁷ Horne, A History, p. 11; Godsen, Self-Help. p.210.

to understand and the choice of adopting it, and I am mistaken if they do not show as much good sense on the subject as any other class of men in the kingdom."⁸ Although to our ears the tone sounds patronizing, for the time it was a forthright expression of support for the lower classes. Unless one is to be extremely cynical and pessimistic it is impossible to decry all utterances such as this as pure bunk or false consciousness. Some of these men, some of the time, were genuinely concerned with the fate of their fellow man. Men such as Bernard helped to sway the attitudes to the poor held by the squire, the parson, the industrialist and the professional man. The fact that middle class England was no longer willing to put up with the increasing numbers of poor did not mean that it automatically shed the eighteenth century predisposition to view a poor man, if you weren't one, as less human than yourself and somehow deserving of his lot.

In 1797, Jeremy Bentham submitted a plan for the reduction of pauperism to Mr. Arthur Young, the editor of the Annals of Agriculture.⁹ This plan called for the establishment of Industry Houses under the auspices of a National Charity Company formed on joint stock principles. In each of the houses were to be installed Frugality Banks which would draw in the forced savings of the 'inmates'. While this plan, like so many of Bentham's, never saw the light of day, the idea and his arguments for providing avenues for thrift awakened much interest. In 1811 his article was read and placed before a committee of the House of Commons.¹⁰ It is interesting to note that Bentham at no time felt that the great extent of poverty and misery in the realm were due to effects brought about by the dominance of liberal economic theory on the laws of the land. Property brought some sort of order into what otherwise would be chaos. "The laws, in creating property," he said, "have created wealth; but with respect to poverty, it is not the work of the

⁸Horne, A History, p.23.

⁹ No relation to Nova Scotia's agriculturally minded John 'Agricola' Young.

¹⁰ Horne, A History, p.29.

laws -- it is the primitive condition of the human race. The man who lives only from day to day, is precisely the man in a state of nature."¹¹

Reinforcing these ideas and very influential in the shaping of public consciousness towards the idea of savings banks was the Reverend Doctor Thomas Malthus. His ideas propounded in his 1798 work, Essay on the Principle of Population, were extremely well read by the standards of the day. Horne states that while some of his followers used his views on the exponential growth of populations as a reason not to encourage thrift, lest the helping hand of accumulated savings provide a springboard for greater multiplication, this was not the stance taken by Malthus himself.

" The solution was 'to get the young people to defer marriage until they had a fair prospect of being able to maintain families', to give them a better education, and better housing. In this way alone could one effect permanent improvement in the condition of the people. He would welcome the spread of luxuries to the masses. Those who showed 'prudential restraint' and thrifty habits should therefore be encouraged."¹²

In the words of Malthus himself savings banks would seem to a step in the right direction: " To facilitate the saving of small sums of money and encourage young labourers to economise their earnings with a view to a provision for marriage it might be extremely useful to have country banks, where the smallest of sums would be received and a fair interest paid for them."¹³

This points to a critical difference between the geographical locus of savings bank establishment in Britain and North America. At the time of the savings bank explosion ,1815-1825, and right up to 1830, at least fifty percent of the population in England was still rural, although by this time

¹¹ Jeremy Bentham as cited in Lionel Robbins, The Theory of Economic Policy In English Classical Political Economy,(London: MacMillan & Co., 1952), p.61-62.

¹² Horne, A History, p.30; Godsen, Self-Help, p.209.

¹³ T.R. Malthus, as quoted in Horne, A History, p.30.

urbanization was proceeding rapidly. The typical town worker was still the handloom weaver, the journeyman tailor, the cobbler, the wright, the joiner, the mason, the compositor, the clerk, the domestic, and in many places the dyer and the woolcomber. In terms of power machine operators they were confined to few places, yet again their numbers were growing.¹⁴

The point is that rural poverty was still seen as a major problem and was tied inextricably with the debate over the Corn Laws and the Speenhamland System. Savings banks as has been argued already were mostly born out of this crisis and so much of their support and many of their first placements occurred in the country.

This as shall be shown was not the case in the U.S. or in British North America.

Notwithstanding the rural side of savings banks it is important to stress the growing pauperization of the cities and towns. For every man and woman the countryside lost the town probably gained. With increases in population due to the factors of better diet and sanitation as well the towns were becoming swollen with displaced persons. The Irish were emigrating in large numbers abroad and to England. Discharged soldiers who fought in the Napoleonic campaigns added to the problems. Thus, all over the land, impetus and reason could be found for the search for some means of answering the problem of the poor.¹⁵

One man who looked closely into the causes of poverty was Patrick Colquhoun, a native of Dumbarton, Scotland. He was the founder of the Glasgow Chamber of Commerce, a magistrate and philanthropist. In 1806 he wrote a Treaty on Indigence, a lengthy tome of over 300 pages, in which he cited eight innocent causes of indigence and no less than 26 culpable causes. As well in this treatise he advocated a national system of savings banks to enjoy the guarantee of the

¹⁴ Horne, A History, p.17; John Roach, Social Reform in England, 1780-1880, (New York: St. Martin's Press, 1978), p.24.

¹⁵ Horne, A History, p.17; Roach, Social Reform, p.24.

government. He was a typical example of the English humanitarian of which so many seemed to thrive in the fertile ground of social reform in the early nineteenth century. Furthermore his influence in New York in the setting up of a savings bank, through correspondence with its principal founders points to the fact that philanthropic endeavours in England such as the savings banks were admired and emulated across the Atlantic.¹⁶

It is interesting to note that savings banks at this time were also connected with the increased interest in health, sanitation and disease. Dr. Joseph Adams, a pioneer of vaccination and writer of the tract Inquiry in to the Laws of Different Epidemic diseases, concluded that " ...the extermination of infectious diseases depended largely on the the improvement of the conditions under which the labouring classes lived. He would have a bank established to recieve the smallest weekly contribution." The details of the bank he proposed echo strongly the later course that events were to take.¹⁷

Motives

What were the actual motives of the men and women who sponsored and worked in the savings banks as they emerged in Great Britain during the period in question? Were these members of the elite society out to satisfy their need to be part of a fashionable philanthropic exercise? Were they genuinely interested in the welfare of the poor or were they more interested in controlling their behaviour and modelling it to their standards of respectablity and morality? Were some of the men who became trustees of the savings banks hopeful of getting a hold of the capital that could be expected to collected in the banks? Was the desire to reduce the poor rates the strongest force driving people and Parliament towards the establishment of a savings bank system?

¹⁶ Horne, A History, p.31; Olmstead, New York City, p.6.

¹⁷ Horne, A History, p.38.

It should be noted that the real economic difficulties that prompted social thinkers such as Defoe, Locke and Malthus to point to the need for some sort of thrift institution, and that occasioned rises in the Poor Rates, were not necessarily the same forces that, in the end, led to the establishment of a successful and thriving savings banks system, or to put it more aptly, that encouraged men to participate as trustees and lend, in some cases many hours of their time gratuitously to the institutions day-to-day running.

Thus, although as I have stated, the prime mover or impetus behind the creation of dialogue about and for savings banks was the economic climate, the actual way in which the aims and ideals of that dialogue became articulated were the result of different sectional or class interests. Furthermore the articulation of the idea of the savings banks was both imbedded in and reinforced by the 'total situation' of the times, including not only the economic crisis but as well the humanitarian and self-help ethos of the day.

In the words of Karl Polanyi, the economic historian:

The essential role played by class interests in social change is in the nature of things. Sectional interests are thus the natural vehicle of social and political change. Whether the source of the change be war or trade, startling inventions or shifts in natural conditions, the various sections of society will stand for different methods of adjustment (including forcible ones) and adjust their interests in a different way from those of other groups to whom they may seek to give a lead; hence only when one can point to the group or groups that effected a change is it explained how that change has taken place. Yet the ultimate cause is set by external forces, and it is for the mechanism of the change only that society relies on internal forces. **The "challenge" is to society as whole; the "response" comes through groups, sections and classes.** (Italics mine)¹⁸

Horne, although he is writing from a position that sometimes biases him in favour of the 'good' motives and efforts of the savings bank, is sensitive to this thread. He recognises that such luminary patrons of the savings banks such as William Wilberforce, the abolitionist, and George Rose, the enthusiast for friendly societies, were guilty, respectively, of being blind to the

¹⁸ Karl Polanyi, The Great Transformation, (Boston: Beacon Press, 1944), p.152.

sufferings of the poor at home and of having the stigmata of a "...notorious sinecurist and supporter of the full rigor of the Combination Laws".¹⁹

He goes on to say that it "... would be futile to attempt to generalize about the motives of the thousands of men and women of the ruling classes or learned professions who were working for the reform of various abuses and the alleviation of distress." He states that the early growth and support that the savings bank movement enjoyed prove 'beyond doubt' that there were many kind hearted men and women who were 'genuinely anxious to better the conditions of the poor.'

Horne sums up his feelings in more depth:

The idea of savings banks, quaranteed and largely conducted by voluntary trustees and managers, appealed to them as a practical step in the right direction and gave them an opportunity of showing their sympathy. It was in line with the prevailing philosophy of self-help. It held out hope of a reduction of poverty with a minimum of state interference. Those who actively supported this semi-philanthropic innovation could expect no benefit for themselves, for any early reduction of the poor rate by this means could hardly be expected by the most optimistic. On the other hand, they were entering into immediate commitments for regular honorary duties and shouldering what might become a substantial financial liability in order to give those less fortunate than themselves opportunities for advancement, security, and independence. There is no reason to think that the movement was not as disinterested as it was spontaneous.²⁰

The chronicler of the savings banks movement may have bit off more than others can fully digest. It is true that certainly for many of the involved it was a chance to do some real good in the world. For others though it was an entree into one of the most sought after high profile positions of public charity. According to Horne, the Provident Institution for the Western Part of the Metropolis, in London, could boast as its managers such men as William Wilberforce, Joseph Hume, Thomas Malthus, David Ricardo, George Rose and Nicolas Vanisttart, chancellor of the exchequer. Furthermore, as time went by, "... members of the aristocracy and landed

¹⁹ Horne, A History, p.12.

²⁰ Horne, A History, p.12.

gentry who had retained a connexion with local savings banks as patrons or trustees were usually figureheads, ... who took little active part in the administration of the savings banks. Those members of committees of management who were the real supervisors of the work of the banks were more commonly business men and middle-class tradesmen, ... and a sprinkling of professional men, particularly lawyers and doctors."²¹ The evolution of savings banks in England appears in this instance to follow the model where the majority of managers were drawn from the class that had the greatest interest in seeing the banks thrive. In some ways it was using the gains of reformer ideology and the status seeking by some of the upper class gentry to further its liberal, industrial class interests.

Further insights into the motives of savings bank supporters may be gained when one looks at the general unease of the turn of the century era and the universal distaste with which the middle and upper class viewed the Speenhamland system. They thought that this 'bread scale', first introduced by the magistrates of Speenhamland in Berkshire, as a systematised version of the already existing aid-in-wages system, was a will-sapping, sloth-inducing government program. While it was originally intended to "...save the depressed labourer from unbearable additions to his misfortune, (it) actually made his position considerably worse by keeping down the level of wages and forcing him into an ignominious position of dependence on the local overseer."²² This situation coupled with the rise in the price of wheat between 1790 and 1815, the acceleration of the enclosure movement towards the close of the eighteenth century all spelt working class unrest and smelt of revolution.

This era of discontent, of political and economic ferment has been well studied and analysed by

²¹ Horne, A History, p.62, 149. For an analysis of other motives that suffused the philanthropic movement in general see Brian Harrison, "Philanthropy and the Victorians," Victorian Studies, IX, No 4 (June, 1966), 355-372.

²² Horne, A History, p.14; Webb, English Poor Law, p.1-3.

both traditional and radical historians. It was the time of the frame-breaking riots of 1811-12. The costly war with Napoleon was not popular with the masses who had to bear the brunt of increased taxes. The National Debt as a consequence had risen from £ 130 millions in 1760 to £ 850 millions in 1815. The reform movement under moderate leaders like Sir Francis Burdett and Spencer was strong and radical leaders like William Cobbett and Robert Owen were testing their strength after the Pittian repression of the 1790's. Habeus Corpus had been suspended in 1817 and two years later this was followed by infamous Sidmouth's Six Acts, which amounted to a de facto suspension of the constitution.²³ Thus this time, this 'total situation' could prove to be a motive in itself. The sheer restiveness of the age spurred those with a stake in the status quo, who thought that their hegemony was losing the common ground with other social classes that all hegemonies must occupy to remain legitimate, to seek some way of maintaining it.

Another way of viewing the birth of savings banks in Britain is as sort of forerunner of the progressive reforms that took place later in the nineteenth century. Karl Polanyi sees the main body of the so-called 'progressive' reforms as one half of what he terms a 'double movement' in which the newly ascendant forces of *laissez-faire*, free trade, liberalism were forced to concede reforms that checked the growth and extent of the self-regulating market that they had created and which was still growing. These reforms had to be carried out because "...not human beings and natural resources only but also the organization of capitalistic production itself had to be sheltered from the devastating effects of a self-regulating market."²⁴

With the turning of labour into a commodity, along with land and capital, a fictional situation was set up. As the price of labour rose and fell in relation to other factors of economic production the stage was set for massive changes in the employment of labour. In the sense that savings

²³ Horne, A History, p.19

²⁴ Polanyi, The Great Transformation, p.132.

banks helped society weather the storm of negative extremes in the economy they may be seen as serving a hegemonic or caretaker function. By encouraging thrift and industry the savings banks not only benefited the poor themselves but helped to insulate society, and those in power, from the worst excesses of the unpredictable market economy, where a man's labour and hence his livelihood were to be purchased, but unfortunately could not always be sold for a fair price.

In the end then, the genesis of the savings bank movement in Britain was an event that was spawned of many forces. The motives of the reformers, the trustees, the managers, the government and those who actually used the banks were all different and self-interested. The 'total situation' or 'big picture' played a part as well in setting the stage for these various forces to play their part and interact with one another. Certainly in the minds of those who were interested in philanthropic activities and the betterment of society for the moral and physical good of everyone, the savings banks were intimately linked with other such activities. In 1818, a writer in the Sheffield Mercury, felt obliged to trumpet that:

We consider that the establishment of these Banks [Savings Banks] as one of the great improvements which distinguish modern times; and this, whether they are viewed in a moral or political light. As the practice of vaccination bids fair to eradicate the most loathsome and destructive diseases from the earth;-as the establishment of Houses of Recovery are likely in time to extinguish the infection of fever in our cities and large towns;-as the institution of the Bible Society tends to eradicate error and ignorance from the world;-so the establishment of Savings Banks may ultimately tend to banish poverty and wretchedness from society²⁵

This was the view from the above. What about from below? Who actually used the banks? Did the provident poor, the industrious unskilled labourer use them as was intended or did someone else. An answer to this question is important in shedding light on the effectiveness of the banks in fulfilling their explicit and implicit mandates.

²⁵ Horne, A History, p. 13.

The Depositors

The first saving bank in Great Britain was started in Ruthwell, Dumfreisshire, Scotland by the Rev. Henry Duncan in 1810. Although pioneering efforts had been made earlier by philanthropist Priscilla Wakefield in Tottenham, 1804, and by others in Bath, Wendover and Hertford, Duncan is recognised as being the founder of the type of bank that eventually grew into the movement of the 1810-20's.²⁶

The rules of this first bank were extremely cumbersome and intricate, both for the election of officers and concerning deposition and withdrawal. For this reason the type of savings bank that evolved in Edinburgh, which were run by experienced Scottish bankers along strict business lines, proved to be the more successful model in the long run. Edinburgh banks did not give patrons a say in the management but also they did not inquire into the morals of the customers. Depositors could leave and take out money with greater ease and less supervision than the heavily patronizing rules of the Ruthwell bank.²⁷

In their second report on the bank in Edinburgh, the Society for the Suppression of Beggars stated what 'advantages' they saw the bank as imparting to its users:

It relieves from want, without checking industry; it secures independence, without inducing pride; it removes those painful misgivings which render the approaches of poverty so appalling, and often paralyse the exertions which might ward off the blow; it leads to temperance and the restraint of disorderly passions, which a wasteful expenditure of money nourishes; it produces that sobriety of mind, and steadiness of conduct, which afford the best foundation for the domestic virtues in humble life.²⁸

This report clearly delineates the behaviour that the middle class trustees of the saving banks were trying to instill in the depositors. They were to be industrious but not too proud of

²⁶ Horne, A History, p.43.

²⁷ Horne, A History, p.45-47.

²⁸ Horne, A History, p. 49.

and for permission to run it. Subscriptions would be raised to pay for start up costs such as stationery and rent and the operation would be in business. It is important to note that at this point the deposits were not guaranteed by the government. The trustees were liable to the depositors for all of the funds that were placed in their trust. This was the point of some confusion when a few banks suffered defalcations and people assumed that their money was secure.³¹

The government's role with the savings of the depositors was that the trustees were required to turn over excess funds to the Commissioners for the Reduction of the National Debt. After depositing the money into the commission's account with the Bank of England, they would be issued debentures upon which interest of four and half per cent was paid. This was very generous because at the time the popular vehicle of public investment, Consolidated Annuities or Consols, were yielding only about three and three-quarters per cent.

In terms of individual account deposit levels, £100 was allowed the first year and £50 every year thereafter, except for the friendly societies which could deposit in the savings banks without limit.³²

The uneconomic rate of interest was justified at the time as being a good sacrifice for the advancement of the idea of thrift among the poor. The complications that might set in were not foreseen. This however was to mirror the situation that developed later in Canada with its own savings bank system. As well, the tendency of the Chancellor of the Exchequer to use the savings bank fund as it grew large for other purposes than strict investment in debentures paid on the government debt was followed in Canada by the Minister of Finance after the 1870's.³³

³¹ Horne, A History, p.77-79; Godsen, Self-Help, p.222.

³² Horne, A History, p.77.

³³ Horne, A History, p.78-80.

themselves; they were to be temperant and sober because to allow them to be otherwise was to invite 'disorderly passions'; they were to be steady and virtuous but remain humble and cognizant of their station in life.

The interest rate paid on deposits was 4 per cent and deposits could be paid in starting at 1s and up to £10 at which time they had to removed to a commercial banking establishment. These banks that followed the Edinburgh model were regarded as feeder banks and many of them were actually conducted on the premises of the commercial banks.²⁹

In England and Ireland the development of savings banks was retarded by several factors. Having neither the branch banking system nor a cadre of strong, socially active church leaders such as Duncan, the organizational structure and experience upon which a successful savings bank system could be erected was not present.

As well, contemporary observers saw the Poor Laws as a factor that inhibited thrift among the people. That point could be argued but without a doubt the prescence of one state program in the area of poor relief was bound to close the field to others.

The good results obtained in Scotland, along with the efforts of the few pioneering banks and people mentioned earlier eventually realized the existence of eighty savings banks in England by 1817. With this success and the support of many of the governing classes who saw in the banks the first practical way of counteracting the growth of the poor rate and promoting financial stability, the first savings bank bill passed Parliament in 1817 under the patronage of George Rose. This bill set up two important precedents -- honorary, trustee management and investment of accumulated funds with the state.³⁰

Thus, local, civic minded personages could apply to the goverment to set up a bank in their area

²⁹ Horne, A History, p.47,52.

³⁰ Horne, A History, p.77.

By 1818 there were 465 savings banks in the Great Britain. All but six had been started after 1814. From such figures it would seem that the saving bank was a very popular institution in Britain. That they were growing fast is without a doubt but there was strong opposition from some quarters as to the philosophy behind them and it is clear that most of the depositors fuelling this growth were not the unskilled labourers who the banks were supposed to cater to.

Radical William Cobbett attacked the banks as a scheme to swindle the working man out of his money. Since he was in the U.S. by 1816 in a sort of exile, he was addressing the problem to the American audience in his paper the Register at same time that Patrick Colquhoun was urging prominent New Yorkers to start up savings banks. He called the idea of thrift banks the 'Savings Bank Bubble', in comparison to the South Seas Bubble scandal in 1720 during which unscrupulous investors, using royal charters, traded on nonexistent wealth and lost millions of pounds of honest investors money.³⁴

Horne believed radical criticism of the banks tended to be too harsh and nit-picking. For instance it seems unfair for them to argue that the use of savings banks funds to pay off the National Debt was wrong since the government was paying out more in interest than the money was worth. By 1828 the savings banks had cost the government £744,363 because of the excessive return granted to the depositors.³⁵ As well one could argue that having the savings banks system, imperfect as it might have been, was better than the alternative of scattered, insecure, savings. On the other hand, criticism levelled at the government for its role in the savings banks movement should be seen not as a criticism of the idea of saving for savings sake but as a condemnation of the governments priorities and overall commitment to social improvement.

³⁴ Horne, A History, p.76; Godsen, Self-Help, p.214.

³⁵ Arthur Scratchley, A Practical Treatise on Savings Banks, p.115, as quoted in Albert Fishlow, "The Trustee Savings Banks, 1817-1861," Journal of Economic History 21, no.1 (March, 1961), p.38.

Radicals did not view the savings bank as a panacea to all problems of society and disliked the governments use of the savings bank as a tool of "... social policy in lieu of other measures."³⁶

Because the savings banks offered a higher rate of return than the British Consols it was feared that the wealthy would use the banks as a investment vehicle to the detriment of the state and the poorer depositors. Although abuses crept in it seems that the great majority of depositors, both in terms of numbers and money deposited, were neither the very poor unskilled workmen, nor the wealthy upper middle class, but rather the skilled worker and the domestic servant.³⁷

Although surviving records from this period are few the ones that remain are fairly representative of the banks. In 1817 the directors of the York Savings Bank classified their depositors as follows:³⁸

Servants	332
Labourers	50
Mechanics, journeymen, clerks, little tradesmen, and very small farmers	150
Persons in lower circumstances not included in above	60
Depositors in trust for poor individuals	23
Children of not themselves proper objects	28
Imperfectly described and dubious	27
	670

This table gives a fair idea of the sort of record that contemporary managers kept. While York cannot be considered a heavy industrial area and therefore a prime spot to recruit many factory

³⁶ Fishlow, The Trustee Savings, p.38.

³⁷ Horne, A History, p.93-99; Fishlow, The Trustee Savings, 26-38.

³⁸ Horne, A History, p.94.

operatives, the heavy preponderance of servants, most of whom were domestics, does not point to heavy, initial use of the bank by labourers or poor of any sort. 'Persons in lower circumstances', 'Depositors in trust', and 'Imperfectly described', could not have possibly all been workers such as labourers, sailors, or seamstresses and so on. Even if all were added together with labourers the total would be 160, still not as many in relation to other categories that one would expect if the banks were fulfilling their stated functions as banks for the provident working poor.

Table I gives us an idea of the percentage proportions of the various occupations to one another as depositors in the banks by location.³⁹ Category #1 is the percentage of depositors that were unskilled workers or labelled as per Olmstead. The next column 'Domestic', is the percentage of depositors that were servants of some sort according to Olmstead's classification. Category #'s 2 and 3 follow Olmstead's method, while 'Children' is self-explanatory and 'Other' could include women (if unclassified), charities and friendly societies.

While granting that the classifications are rough and could include much cross-listing nevertheless the low amount of working class participation is obvious if you describe the working class as those who were unskilled. Remembering that as late as 1830 one-half of the population was rural, one would expect to find many more agricultural labourers on the list in places like Shrewsbury and Leicester. Even in the nascent industrial areas such as Leeds and Sheffield while it is not surprising to see the percentages of fifty-two and forty-six respectively in category #2, the level of participation by what still must have been the more numerous segment of the population as a whole is disappointing.

Horne writes that:

³⁹ In an effort to organize occupations into sensible categories I have followed the procedure used by Olmstead in New York City Mutuals. See Appendix A.

From a quarter to a half, in the early days, were domestic servants, the remainder mainly artisans, small tradesmen, women and children. There were few unskilled labourers. The proportion of domestic servants decreased steadily as the century wore on. By 1854 over half the Sheffield savers were artisans and the servants were probably from 10 to 15 per cent. of the whole. In London the percentage of domestic servants declined from 24 to 12 between 1816 and 1850.⁴⁰

Why so many domestic servants one might ask? The answer seems to lie in basically three areas: One, they were a very large occupational group, two, servants lived with their employers for the most part, and three, they had little opportunity to spend their earnings.

Table I⁴¹

Percentage Depositors by Occupation

Place	Cat .1	Domestic	Cat.2	Cat.3	Children	Other
York	11	50	34	1	4	--
Brighton	5	30	27	1	31	7
Sheffield	--	33	52	--	5	6
Bolton	--	22	29	3	27	21
Lincoln	2	49	32	--	10	7
Leeds	7	38	46	--	--	9
Shrewsbury	5	53	20	5	10	7
Leicester	7	63	23	--	7	--
London	3	24	48	4	17	4
Wycombe	13	16	20	--	30	15
South Bucks						
Croston	5	18	38	--	24	14

Domestic servants numbered over 670,000 women and children in 1831. Many of the nouveau rich from the ranks of the new manufacturers and merchants were emulating the lifestyles of the

⁴⁰ Horne, A History, p.97.

⁴¹ Data from Horne, A History, p.94-98.

older landed gentry and so were hiring domestics. Horne states as well that this type of worker was probably more than fifty percent more numerous than all cotton workers of both sexes put together during this period.⁴²

Although their wages were small, no more than five to ten pounds per year, their room and board was paid for so they could easily acquire a surplus to lay away. Insulation from fluctuations in the cost of living, circumscribed lifestyles, and fear of old age and the workhouse spurred many of them to save quite substantial amounts.⁴³

Living at 'home' with their middle and upper class masters exposed servants to the thrift and temperance ethos of the very people who running and supporting the banks as well. Appeals would have been made to them to open accounts and their masters would have on occasion opened accounts for them in their names. The employers of servants often took a personal hand in the safeguarding and promotion of their employees moral and behaviour so encouraging thrift in the saving bank would have been one way of acheiving this end. This same sort of dynamic might account for the large number of accounts held by children. Parents would have been interested in training their children in thrift and so would have opened up accounts for them or encouraged them to do so themselves.⁴⁴

A great deal of analysis has been done on the accounts of the saving bank depositors in Britain and this has revealed certain aspects when it focuses on the distribution of accounts by size that are not readily apparent when one looks simply at the number of depositors in each occupational group. This is of course because of potential inequalities in the amount deposited per occupational group. Thus, although depositors in Category #3 were by far the least numerous,

⁴² Horne, A History, p.93.

⁴³ Horne, A History, p. 93.

⁴⁴ Horne, A History, p.94.

their deposits are not necessarily smaller, either on the average or in the aggregate.

One way of gauging the extent to which the savings banks were used by working class people is to look at the changes that the 1817 act went through over the course of the years. Acts concerned with the savings banks were passed in 1818, 1820, 1824, 1828, 1833, 1835, and 1844. The most important of these were the the 1828 and 1844 acts.⁴⁵ Most of the changes that occurred dealt with the interest rate and deposit limits and appear to be remedial measures by Parliament to insure that abuse of the banks did not take place due to the gap between the interest paid at the savings banks and that available through usual investment channels.

In 1824 the limit on deposits in the initial year of an account was lowered from £100 to £50. As well a ceiling of £200 was imposed on accounts and a declaration was required stating that the depositor had no accounts at other savings banks. In 1828 annual limits were made uniform at £30 and the total allowed was lowered again to £150. More importantly was the interest rate was lowered from four and one-half per cent to approximately three and three-quarters. Although this was still in excess of the yield on Consols the gap was now much smaller.⁴⁶

Although there is no evidence of widespread abuse of the banks by wealthy investors it does seem that Parliament was concerned enough to take steps to ensure that such was not the case. The new rules of 1828 provide a convenient demarcation between the first decade of the savings banks existence and subsequent performance.

Using 1818 as a base the annual growth rate of the banks between 1818-1828 was 24.6 per cent. Between 1828-1858 it was 2.9 per cent with little difference in decennial periods. Given that the interest rate was 3.75 per cent, with one-half per cent deducted for expenses, the banks would have had to grow by at least 3.25 per cent to be able to pay interest on accounts and break even.

⁴⁵ Horne, A History, p.92.

⁴⁶ Fishlow, The Trustee Savings, p. 30.

Obviously this was not the case and so there was a slight negative growth.⁴⁷ Fishlow speculates that this change in growth rate is due to the retreat of initial middle class investors who, after the rate was reduced from 4.5 per cent to 3.75 per cent, took their money elsewhere. This would mean that a great deal of early depositors were not made by 'ordinary workingmen'.

In 1830 depositors with less than £50 comprised four fifths of the total number of accounts (see Table II). Those with less than £20 made up over half of the total. Notwithstanding this fact, deposits over £50 represent more than 60 per cent of total savings; deposits over £150 comprised 18 per cent of the total. This was the limit set in 1828 to guard against abuse and even after the withdrawals of that year large deposits are still important.⁴⁸

It is useful to give an idea of what these deposits meant in terms of contemporary wages. In 1830, £50 was about twice the annual income of an agricultural labourer or a manufacturing operative. It was about equal to the annual income of provincial artisans, mule spinners and mill mechanics. A family of four or five might have subsisted on £50 per year but without much margin for saving.⁴⁹ Given these figures it is hard to imagine most of the £50 plus accounts coming from any other source but the middle class or the thrifty, frugal, domestic servant.

⁴⁷ Fishlow, The Trustee Savings, p.31. Impressive growth of a new enterprise starting from a zero point is to be expected and so the 24% growth versus the 2.9% difference cannot be viewed solely as a result of middle class investors pulling out due to interest rate declines while the poorer depositors, who Fishlow describes as "insensitive to yield", stayed behind. There was a 4% withdrawal of deposits in 1828.

⁴⁸ Fishlow, The Trustee Savings, p.31-32.

⁴⁹ Fishlow, The Trustee Savings, p.32.

Table II⁵⁰Distribution of Deposits and Depositors by Deposit Class, U.K., 1830

Deposit Class	Percentage Distributions	
	Depositors	Deposits
£ 0-20	51.0	11.2
20-50	28.4	26.6
50-100	13.1	27.3
100-150	4.5	16.8
150-200	1.9	10.0
Over 200	1.1	8.0

In addition to the fact that many of the large deposits, which were so important, were not held by the working class is the probability of many small accounts under £50 being held by children. This would reduce the ownership of deposits by the working class even further. Given the postulated general rise in wages as the century wore on one would expect to find a rise in the level of deposits of savings banks paralleling the increasing prosperity of the working classes. However, the facts point to the first ten years as the only period of real growth.⁵¹

By the 1850's the number of depositors in the savings banks had quadrupled. The size of deposits became smaller as more people of lesser means began to patronize the banks. The average deposit fell from £33 in 1830 to £25 in 1852. Since existing deposits were subject to

⁵⁰ Fishlow, The Trustee Savings, p.32.

⁵¹ Fishlow, The Trustee Savings, p.33. Although Fishlow sees the banks as experiencing net declines in growth that is a somewhat dry, souless statistic. The state, through offering an uneconomic rate of interest was subsidizing thrift and the increased savings of the people presumably would have some positive economic impact on the economy and on the savers once spent. As long as the banks were growing, albeit slowly and at a cost, more people were acquiring funds. Furthermore, as time went on more and more savers were from the truly industrial jobs.

growth at compound interest this means that these new deposits were extremely small.⁵²

The results of the increase in small savers are seen in Table III.

Table III⁵³

Distribution of Deposits and Depositors by Deposit Class.UK.1857

Deposit Class £	Percentage Distributions	
	Depositors	Deposits
0-20	63.1	14.7
20-50	21.9	27.6
50-100	9.7	27.2
100-150	3.3	16.2
150-200	1.9	13.3
Over 200	.1	1.0

Depositors of under £50 account for 84 per cent of the deposits and for 42.3 per cent of the total monies deposited. This compares with 79.4 per cent and 37.8 per cent respectively in 1830, with most of the change going from the £20-50 class to the £0-20 class. What does this tell us? It appears that after the reduction in interest rates many middle class depositors withdrew their money to find more fruitful fields for investment. This conclusion is strengthened by the fact that when in 1844 the interest rate was reduced further to 3.25 per cent there was no corresponding run on deposits as in 1828. Fishlow states that:

Those middle-class depositors who remained did so for security and convenience, and were still an important part of the banks clientele, although there was probably a shift to a less well off group. At the same time, many of the large accounts had been accumulated by domestic servants. Their contingent expenses were often negligible, and thus a large part of their money wages found its way into the banks, encouraged by the close watch of their masters. At lower end of the distribution there were a large number of children, and it would

⁵² Fishlow, The Trustee Savings, p.33.

⁵³ Fishlow, The Trustee Savings, p.33.

be wrong to include these among the small savers the banks had been set up to reach.⁵⁴

Thus it seems from the data that although the majority of savers held small balances, well over half of the deposits in the savings banks were not classifiable as small in that they were over £50. They instead appear to be the property of domestic servants, tradesmen and members of the middle class. However -- Domestic servants already were captive targets for the moralizing and instructions of their masters; they did not need the savings banks to learn the 'domestic virtues in humble life'. The tradesmen, although encompassing a wide latitude of situations, were prospering from the industrial revolution and striving to become an accepted part of middle class laissez-faire society; they did not have to be won over to supporting the 'financial stability of the country'. Children, while they may have benefitted from the educational merits of the banks were certainly not the intended beneficiaries of the them. In addition to these points is the poor performance of the banks after 1828 when they were starting to become true havens for the small saver.

During the 1850's the savings banks were mooted as a possible way to enlarge the franchise. They were to be one of the so-called 'fancy franchises' such as giving the vote to graduates, clergy, lawyers, doctors, schoolmasters. As a concession to the working classes depositors of some standing would qualify for the vote. In a speech to Parliament in 1864, Gladstone gives some insight into the nature of the depositors in these banks:

That £40,000,000 or £50,000,000 of accumulated money belonged to different classes of persons (including the labouring classes, the charitable institutions, to minors, and in some instances to persons not poor at all); a great deal of it belonged to domestic servants; and in fact there was a very miscellaneous denomination of persons to take up that large amount of property; but if they took the artisans, mechanics, operatives and peasants of this country --- he meant the fathers of the families of the labouring classes -- he very much doubted whether one in ten of those families throughout the country had any deposits in a savings

⁵⁴ Fishlow, The Trustee Savings, p.36.

bank. He might say, perhaps not one in twenty, and he was not sure whether the figures might not be placed lower.⁵⁵

The savings banks could boast millions of depositors and millions of pounds on deposit by the 1840's but they could not lay claim to having fulfilled their intended destiny as the molders and shapers of working class morals and behaviour --- unskilled and semi-skilled workers stayed away in droves. The two biggest reasons for this lack of interest were most likely the dearth of surplus funds given the level of wages and prices, and, for some, the intimidating, paternalistic interest that the trustees of many of the banks took in the personal affairs of working class depositors. While a successful tradesmen such as a draftsman or brewer or a respectable middle class clerk were not liable to encounter questions from the management about their spending habits, others lower in station did.

In the end then the savings banks in Britain remained the bank of the domestic servant, widows, children, the skilled worker and the small middle class man and women. The labouring poor, if they were inclined or able to save or invest, usually did at the local friendly or benefit society, or trade union. Small weekly subscriptions at work would help to tide them over during periods of sickness or unemployment.⁵⁶

Thus these banks originally motivated partly by philanthropic feeling and humanitarian urges, by fear of social unrest and a desire to uplift the dangerous classes and inculcate appropriate social behaviour, by a need to reduce the poor rates without too much state intervention while at the same time reducing the public debt, became moderately successful as financial intermediaries but fulfilled none of the objectives above. Was this the case in the U.S.?

⁵⁵ Horne, A History, p.205.

⁵⁶ Horne, A History, p.232.

II. The United States

Savings Banks Revisited

Town leaders, social critics, philanthropists and reformers in the U.S. looked appreciatively at the events that had unfolded in England between 1800 and 1818 concerning the savings banks and reform in general¹. While the extent of social unrest and poverty was not as severe and widespread as it was in Great Britain, there was, in the minds of those who thought about it, a great deal to be concerned with. As has been mentioned in 1817 there were 15,000 persons on relief in New York City. This period was also one characterised by the transition from a barter, self-supporting mode of living to a money based, inchoate, early capitalism. Many of the workers and farm hands caught up in this transformation in the New World were as hard hit as their Old World counterparts when it came to adjusting successfully to this new type of economy.

Just as in England, the mercantile and manufacturing elites of the eastern seaboard decided that the savings banks could be a vehicle to effect changes in the spending behaviour of the working classes. If they could be encouraged to save and not spend, their functioning in the new industrial economy would be smoother and less of a hand-to-mouth affair. When one reads the utterances of these elites who were intent upon using the savings banks as a instrument of social reform it can be easy to assume that what they said about the behaviour of the poor was actually an honest, objective reflection or assessment of that behaviour - this is not the always the case.

¹ E. Riegel, Young America, 1830-1840, (Norman, Oklahoma: University of Oklahoma Press, 1949). Riegel states that: "Adolescent America ...was basically English in blood and institutions. Even though rabid patriots...they also listened respectively to English politicians, reformers, writers, and divines. American magazines reprinted English stories, American doctors looked toward England with awe, and American theaters presented English plays and starred English actors.", p.23.

Hans Medick in his "Plebian Culture in the Transition to Capitalism" makes the point that in their social behaviour the 'plebian orders' resembled people of rank. Both classes were wont to indulge in extravagant expenditures for socially reproductive reasons, while it was the middle class bourgeoisie who was more concerned with thrift and industry.² The wealth of the middle class was not due so much to 'great income' but rather to hard work and frugal spending. This ethos was starting to dominate societal norms and thus was putting those of lesser means under the gun, so to speak, when it drew a bead on their lifestyles. It was this 'defect' in lower class behaviour, in part, that the savings banks were supposed to correct.

A contemporary observer describes the behaviour of the late eighteenth century worker in this way:

Unaccustomed to the money economy; unfamiliar with the thousand essential or conventional needs of life which attended him, not knowing their true worth or the art of satisfying them with all possible thrift, strange to the whole business of accounting in a private economy, he never thinks of establishing a determinate budget which would set his expenditure in proportion to his income and order all his expenses, from the greatest to smallest, under distinctive headings. Instead, he spends as long as he has, denies himself and others no pleasure of life, no gratification of some sensual whim....becomes prodigal in expenditure and everywhere becomes exposed to misfortune.³

Medick goes on to ask a question that, for our purposes, impinges on the whole *raison d'être* of the savings banks. Was this spending behaviour, from the point of view of the worker, a necessarily illogical one? Was it rational to expect them to save money in any quantity? Because the long-term needs of families, such as housing, health and education, were relatively very expensive, they received a low priority in the 'monetary sphere'. On the other hand, the demand for daily, public consumption in the monetary sphere was extra-ordinarily high:

² Hans Medick, "Plebian Culture," p.90.

³ Hans Medick, "Plebian Culture," p.90.

Such 'economic' priorities produced a kind of behaviour in consequence that was typical not only of the plebian lower orders, but also of the industrial proletariat of the nineteenth century. For that too united a fairly 'scanty' reproduction of its daily existence according to 'tradition' and custom with relatively high expenditure upon public rituals and funerals, upon festivals and games and, moreover, upon everyday forms of active public consumption - be they the pleasures of the pub or the carrying of a pocket watch.⁴

Viewed in this light the behaviour of the lower classes does not seem so illogical. Why should they have saved money to buy things that they, most likely, after years of saving, could still never afford? Why should they have denied themselves pleasures, luxuries and social activities that were of paramount importance in their cultural context? Their behaviour, criticized so roundly by the middle and upper classes, merely represented an expression of preferences and priorities that were profoundly different from those that the moralizing, mercantile-manufacturing champions of thrift, sobriety and industry sought to impose.

Money, for the producers of society represented, a way to augment, in part, 'social exchanges'. Activities such as sporting events, marriages, festivals, christenings and burials represented the non-monetary giving and receiving that was foundation of their social lives. These things strengthened the bonds of family, kinship and neighborhood and represented security against hard times and misfortune in ways that savings and the middle class ethic of hard work and temperance never could.⁵

Money income that exceeded the expenses of meeting the immediate, short-term demands of subsistence was, to some degree, viewed as a surplus above life's necessities. For the small producer money as a means of hoarding reserves was as remote as his chances of long-term accumulation, in the face of capitalistic exploitation and surplus-extraction. Money income, therefore, founds its most 'rational' use in its relatively short-term conversion into the currency of socio-cultural reproduction. A strategy of money saving or, indeed of maximising earnings, was in such a situation, neither rational nor possible; what was rational was to minimise the continually threatened losses, and that implied the immediate

⁴ Medick, " Plebian Culture," p.91.

⁵ Medick, " Plebian Culture," p.92.

spending of money income which was usually uncertain and by no means regular.⁶

One might argue that this 'continually threatened loss' was exactly what the savings banks were setting out to rectify but the evidence should not be interpreted that way. Unskilled and semi-skilled workers did not use the banks in Britain, and in the U.S., for the very reasons just discussed. They had other uses for their money. Thus, although in Britain the impetus to save was always with the lower classes, as evidenced by the ubiquitous friendly societies, the growth of the savings banks must be seen as somewhat disconnected from any growth of working class's commitment to bourgeois notions of thrift. Those people remained the old patrons of the friendly societies, which were based on kin and work lines and which were part of their social exchanges, more than they became new patrons of the savings bank. In the U.S. the same dynamics were operative and probably account for the low levels of participation by unskilled workers in the new savings banks. Paul Faler in his work " Cultural Aspects of the Industrial Revolution: Lynn, Massachusetts, Shoemakers and Industrial Morality, 1826-1860", seems to echo indirectly many of the points made by Medick and which in turn have importance in looking at Halifax during the same period. Faler observes that the emergence of an industrial morality predates by many years the actual introduction of the factory method and is not dependent on the existence of factories for its own genesis. This industrial morality, the wish of reformers to make workers into citizens that would be "... self-reliant, hard-working, and sober; obedient to their superiors; attentive to their labors; and self-disciplined in all their pursuits", was what eventually led, in part, to the creation of savings banks.⁷ In Lynn, the desire to strengthen this industrial morality led to the founding of the Society for the the Promotion of Industry, Frugality and Temperance in 1826,

⁶ Medick, "Plebian Culture," p.91-92.

⁷ Faler, "Cultural Aspects," p.368.

which was, coincidentally, the same year that the savings bank bill passed the House of Assembly in Halifax. The officers and founders of the society were comprised of leading shoemakers and leather dealers along with a sprinkling of clergymen and lawyers. The ward bosses of the society were predominantly the shoe bosses who ran the manufactories and shops.⁸

The self-decreed mandate of the society was to "...promote values that would foster industry and help Lynn prosper as a manufacturing center. Industry required self-discipline, emphasis on productive labor, and condemnation of wasteful habits. Industry, frugality and temperance, if conscientiously followed, would result in savings that would bring material reward to the wage earner and well being to the community."⁹

Like other towns and cities before them, and probably stemming from their example, several of the officers of the Society became the founders and officers of the Lynn Institution for Savings which opened its doors in 1826.¹⁰ Thus the bourgeois leaders of the town, hoping to foster a spirit of thrift and industry among their workers, sought to use a savings bank as a means to further that interest. This also resembles the situation in London where the first real middle and upper class impetus for savings banks came from the Society for Bettering the Condition and Increasing the Comforts of the Poor, in New York with the Society for the Prevention of Pauperism, and in Edinburgh with the Society for the Suppression of Mendicity.

Was there co-operation from the workers of the town? With regards to the savings banks Faler does not specifically mention the results. In terms of the general reaction of the lower classes of the town to the overall imposition of the industrial morality and its cultural manifestations such as savings banks, public schools, workhouses and temperance groups, he does present evidence

⁸ Faler, "Cultural Aspects," p.368.

⁹ Faler, "Cultural Aspects," p.368.

¹⁰ Faler, "Cultural Aspects," p.369.

that, like Medick's, gives credence to the idea not all workers bought into the industrial morality; they fought to maintain their ability to create their own cultural and social relations and to remain independent of the workhouse and abject poverty in old age by striving to be paid a fair wage during their working careers.¹¹

Faler postulates the existence of three groups within the working classes themselves. The first he calls the 'traditionalists'. They were the bane of the reform movement and clung stubbornly to old ways of living and celebrating. They remained aloof from the efforts of other shoemakers to form cooperatives and were unlikely to accept plans for radical social reconstruction.¹² This group would have been highly unlikely to have patronized the savings bank because they probably would have relied on older forms of assistance such as personal savings or familial help.

The second group were the 'loyalists'. They combined the new morality with deference to their employers. " They were model workers: self-reliant, self-disciplined, sober -- and unprotesting. They were the rank and file of the moral reform movement."¹³ Of the three groups this one would have been the most likely to use the savings bank since they were the most pliable to the reforms and impulses from above.

The third group were the 'rebel mechanics'. Faler states that :

Culturally, they were nearly indistinguishable from the loyalists: each practiced temperance and frugality, and respected the canons of propriety in dress, speech, and demeanor. But the rebel mechanic was a vigorous critic of both capitalist exploitation and drink, economic injustice and moral degradation. Where the loyalist shoemakers attributed the employers' wealth to hard work, self-reliance, and shrewdness, the rebel claimed it was a product of petty fraud and heartless extortion. And where the loyalist attributed poverty to drink, the rebel mechanic reversed the causal connection and attributed drink to poverty and despair. His role in Lynn prompts the suggestion that the connection between working-class

¹¹ Faler, "Cultural Aspects," p.379-393.

¹² Faler, "Cultural Aspects," p.390.

¹³ Faler, " Cultural Aspects," p.391.

radicalism and a code of morality that was later termed "middle-class," is the reverse of what some interpreters have argued. The most vigorous opponents of capitalist exploitation were those wage earners who had accepted a code of morality which they shared with their employers but used in their own class interests.¹⁴

While these men might have used the savings bank in Lynn they probably did not do so in great numbers. Those that did were more than likely doing so with the conscious idea that it was for their benefit and not for the indirect benefit that might accrue to the employer through a solvent, docile workforce and reduced relief costs.

In the United States the savings banks were started and remained, mostly, on the Atlantic seaboard. In these cities, between the years 1800-1860, the economy and society was undergoing an ever more rapid transition from the libertine morality and mixed economy of the eighteenth century to a capitalistic, money based, nineteenth century one. An industrial morality was taking hold as the eighteenth century turned and this gained strength throughout the Jacksonian period.¹⁵ In the context of the savings banks however, the preceding discussion should serve to illuminate some of the reasons for the lack of participation by industrial and farm labourers in the savings banks. In turning to the history of the savings banks in the U.S., their founders, their motives and their depositors, it is worthwhile to bear in mind that this industrial morality was not taken up by all those it was intended for and that this in turn affected the performance of the

¹⁴ Faler, " Cultural Aspects," p.391-392.

¹⁵ It would hardly be possible to enumerate all the books and articles on reform, reformers and their impact on the politics and society of the United states between 1800 and 1866. The writer has made use of the following works: Alice Felt Tyler, Freedoms Ferment. Phases of American Social History for the Colonial Period to the Outbreak of the Civil War, (New York: Harper & Row, 1962); E. Douglas Branch, The Sentimental Years, 1830-1860, (New York: D. Appleton Century Company Inc, 1934); A. A. Ekirch Jr., The Idea of Progress in America, 1815-1860, (New York: AMS Press, 1969); Douglas T. Miller, Jacksonian Aristocracy. Class and Democracy in New York, 1830-1860, (New York: Oxford University Press, 1967); Robert E. Riegel, Young America, 1830-1840; Arthur M. Schlesinger, Jr., The Age of Jackson, (Boston: Little, Brown and Company, 1950)

savings banks as an agent of social control or social reform .

Motives

As a nation facing, more or less, the same set of economic and social transformations as Great Britain, it is not surprising that the mercantilist elites of the United States should turn to savings banks in much the same way, and for many of the same reasons , as was the case in the U.K. Indeed as was mentioned, Patrick Colquhoun, the philanthropist and savings bank booster in Britain was in close contact with his opposite numbers in America. It was with Thomas Eddy, a successful New York insurance and stock dealer, that Colquhoun was in touch and a letter dated 19 April 1816, which outlined in great detail the organizational structures of the British system, is credited with spurring Eddy into action.¹⁶

Initial efforts to secure legislative support for a savings bank scheme met with failure, due in part to the delicate feelings in the House towards banks engendered by the banking struggle between Hamilton and Jefferson. By 1817 Eddy and his supporters decided to switch their tack and work towards their goal through a new association of their creation, the Society for the Prevention of Pauperism. As noted above, the Society immediately published a report in which it outlined the 'causes' of poverty, taking care to distinguish the few legitimate ones from the 'artificial' ones.

The report also advocated visitations by volunteers into the homes of the poor to inquire into their condition and to offer practical and moral advice; it recommended the opening of new ministries in the working class districts; it proposed stringent regulations to control drinking and gambling and most importantly it called for the establishment of a savings bank.¹⁷

¹⁶ Olmstead, New York City Mutuals, p.6.

¹⁷ Olmstead, New York City Mutuals, p.10.

By the time that New York passed its first savings bank legislation on 26 March 1819, there were already savings banks operating in Baltimore, Salem, Boston and Philadelphia, Hartford, and Newport, Rhode Island, the earliest of which started in 1816.¹⁸ After thirteen months of operation the Philadelphia Saving Fund Society had deposits of \$8,945, in 1819 of \$45,114, in 1821 of \$200,000 and in the panic year of 1837 it paid out \$712,445, while taking in \$422,699. The interest rate was a flat 4.8 per cent and deposits limited to \$500 per person. This was later reduced to \$200 to prevent abuse.¹⁹

The Provident Institution for Savings in Boston which opened in 1817 had garnered about \$600,000 in deposits by 1822. It paid 4 per cent interest per annum. All of these banks paid out any surplusses (thus the term mutuals) that happened to accrue differently and they suffered little regulation in the way in which they invested their funds for safekeeping.²⁰

The bank started by Eddy and company, the first in New York, was called the Bank for Savings in the City of New York. It was to remain the largest mutual savings bank in the United States until the Civil War. It was by far and away the most important savings bank in the country for many years. In 1825 when there were fifteen savings banks in the U.S. this one bank accounted for 56 per cent of all deposits. By 1835 it still commanded 34 per cent of all deposits and 42 per cent of all customers and equalled in size of total assets and numbers of depositors all twenty-two banks in Massachusetts. In 1820 it paid 5 per cent on deposits of all sums and after 1831 it paid

¹⁸ Olmstead, New York City Mutuals, p.7, 9-10. Discussion on American savings banks will focus on New York because it is on those banks that the best studies have been done and on which there is the best information.

¹⁹ Weldon Welfling, Mutual Savings Banks: The Evolution of a Financial Intermediary, (Cleveland: The Press of Case Western Reserve University, 1968), p.9. For another view on savings banks and their development in the U.S. see Alan Teck, Mutual Savings Banks and Savings and Loan Associations, (New York: Columbia University Press, 1968).

²⁰ Welfling, Mutual Savings Banks: The Evolution, p.10-11, Olmstead, New York City Mutuals, p.11.

5 per cent on sums less than \$500 and 4 per cent on balances larger than \$500. Account size was limited to \$500 but this appears to have been a nominal ceiling only. Savings banks in the state of New York were unique in that the state imposed tight regulations governing the areas in which the banks could invest their funds. This was an attempt to secure monies for development without recourse to taxation.²¹

What about the motives then of the managers and trustees of the banks? Given the early history of the banks it has often been assumed that they were founded for philanthropic purposes by men whose only concern was for the welfare of the poor. Although this is undoubtedly part of the equation it cannot be, as in the case of Britain, the sole variable.

As time wore on investment rules changed and this would have had a direct impact on the objectives and motives of the trustees. For instance by the Civil War, New York mutuals were allowed to make mortgage loans and call loans and this would have enticed many individuals to become trustees in order to secure credit. Savings banks that originally had a strong philanthropic tinge to their makeup could be expected to follow investment strategies that maximised safety for depositors and not profits for the bank. As personell and times changed however, so could the objectives of the bank.²²

In the beginning, Olmstead states that there is a wealth of contemporary evidence that indicates that the founders of the Bank for Savings "...saw their bank as a mechanism for effecting a broad range of economic and social changes. But even the founders of the Bank for Savings were not without ulterior motives, because many of the bank's supporters expected that an immediate and

²¹ Olmstead, New York City Mutuals, p.4, 19, 35.

²² Olmstead, New York City Mutuals, p. 12, 74. These findings are duplicated by P.L. Payne and L.E. Davis in their The Savings Bank of Baltimore, 1818-1866. A Historical and Analytical Study, (Baltimore: John Hopkins Press, 1956).

practical result would be a decline in pauperism and thus a reduction in the tax rate."²³

It was just this sort of expectation that so aroused the ire of radicals like William Cobbett. They, perhaps, foresaw the ultimate failure of the banks in the role of some super, social panacea. As the radical mechanics of Lynn pointed to the use of drink as an example of escape from poverty and not its cause, so too did men like Cobbett bemoan the use of the 'silver bullet' approach to poverty when the root causes, embedded in the market economy, were left untouched. They were prescient in seeing that the savings banks were really aiming at the symptoms in an attempt to cure the cause.

Another motive for the establishment of the trustee savings banks was the realization that the more that the government saved on reduced poor relief the more money would be made available for public expenditures elsewhere --- hopefully in the economic development of the state. The Erie Canal was under construction at this time and was taking up most of the appropriations of public money. One of the banks backers, John Pintard, disclosed in a letter the connection, in his mind, between the founding of the Bank for Savings, the financial problems of the state of New York and the State Historical Society for which he was seeking patronage. Indeed, later he stated that three-fourths of the money deposited in the new savings bank would be " ... rescued from the dram shops (and) frippery." Rescued for what other purpose he did not say.²⁴

²³ Olmstead, New York City Mutuals, p.13; The general thrust of reformer ideology during the early 19th century is outlined well by Tyler: "His vision was of an America whose government, based on popular consent, should function to prevent the denial of liberties of the individual, to protect the rights of the unfortunate, and to prohibit the mistreatment of the delinquent. And he saw that upon his shoulders rested the burden of educating the youth of the republic to recognise its civic obligations and to strive for the betterment of society.", Freedom's Ferment, p.225.

²⁴ Olmstead, New York City Mutuals, p.14. It would have been easy for savings bank promoters like Pintard and Eddy to weld the idea of the bank and its effect on sobriety with the growing strong movement. See Riegel, Young America, p.288-292; Tyler, Freedom's Ferment, "The Temperance Crusade", Chap.13; Branch, The Sentimental Years, "The Temperance Family", Chap.8.

Olmstead goes on to state that many New Yorkers were in favour of the savings banks because they thought they would reduce pauperism and thus keep the poor rates down:

The popular view was that many persons on relief were victims of seasonal unemployment. They earned enough money during the peak employment season to tide them over during periods of unemployment, but mismanaged their affairs. A savings bank would help these individuals to resist the temptation of hard spirits, gambling, and licentiousness, and allow them to equate their income and consumption streams through periods of employment and unemployment.²⁵

The 'New Yorkers' Olmstead is talking about here are obviously the middle and upper classes since it was their 'popular belief' that the poor made enough money to eat and live well all year, certainly not the wage earning poor. One of their number, Pintard, had this to say about the situation:

There is little absolute cause for mendicity in a country that affords such demand for labour as the U(nite)d States. Our city is surcharged with indigent foreigners, who finding employ(en)t in the summer at high wages become imprudent & extravagant & pennyless by midwinter. To let them perish is impossible & to support them in idleness (sic) is cherishing the growth of an oppressive evil.²⁶

This statement echoes those made by the eighteenth century observer quoted earlier. To the hard-working Pintard, who made his money by saving and watching it closely, the spending behaviour of the poor seems to hold no other rationale than that of wanton debauchery. His middle class, bourgeois outlook blinded him to the utility of the workingmans strategy and threw a dubious light on the ultimate value of his attempts to morally reform and uplift the poor.

Motives for establishing savings banks in New York also came from ethnic, occupational and geographical angles. There were, at various times, banks established for seamen, dockworkers,

²⁵ Olmstead, New York City Mutuals, p.14.

²⁶ Olmstead, New York City Mutuals, p.14; Pintard was in step with the ideology of the day which " recognised the care of the indigent poor as another field for humanitarian effort. To the Puritan idleness was a sin and pauperism was akin to crime, and the fact that in America labor was scarce and land was cheap tended to substantiate the idea that abject poverty was evidence of improvidence, shiftlessness, or criminal waste." Tyler, Freedom's Ferment, P.291-292.

residents of East River, merchants' clerks and Germans. Of course it is impossible to tell, aside from a careful analysis of investment strategies and management practices, whether or not these institutions were really set up to assist those in whose name they were established or simply to make a profit and cash in on the wave of good will that had been created.²⁷

The profit motive is one which, over time, became of greater importance. At first the only conceivable way to pass on profits in the form of surplus deposits or dividends was to make deposits in 'friendly' commercial banks. By the 1830's, with the allowance of mortgage loans, the field for abuse opened up. The trustee, although he couldn't take out a loan for himself, could now provide funds for friends, relatives, and business associates, and could, in addition, deny credit to competitors. The introduction of call loans in the 1850's widened the field again. These loans could be made with little collateral and were often used to speculate on the stock market.²⁸

An interesting development was the rule introduced in 1853 that forbade any of the trustees of the savings banks from being a director in a private bank. From the earliest days New York mutuals had been keeping deposits in commercial banks. Indeed Olmstead states that interlocking directorates were the rule rather than the exception. By becoming trustees of savings banks and often opening up shop on the premises of their bank, commercial bank directors could receive substantial 'collateral advantages'. These ranged from reduced overhead costs if the same building was used, depositor referrals, and sharing of information.²⁹

There is no doubt that as in England, trustees received a certain amount of public and private prestige from their activities and connection with the savings banks. Many put in long and

²⁷ Olmstead, New York City Mutuals, p.17.

²⁸ Olmstead, New York City Mutuals, p.18. Other savings banks in the U.S. experienced diversification of their portfolios as well: Payne and Davis, The Savings Bank of Baltimore, p.93-113; Welfing, Mutual Savings Banks, p.11-12.

²⁹ Olmstead, New York City Mutuals, p.18-19.

arduous hours writing up books and account, especially in the years before professional staffs were hired. The position was seen as a worthwhile, commendable one and some of the trustees took pleasure in getting to know their depositors and helping them with their financial matters.

Overall, the greatest difference between the motivations of the trustees in England and America was the greatly increased possibility for profit in the U.S. All other things being equal this would have had a strong effect on many bankers and men of business to become involved. Similar to this difference was the motive of the state in New York as opposed to Britain. The provincial nature of banking laws in the U.S. meant that jurisdiction for the savings banks rested with the states and not with the central government.

In the case of savings banks in New York this meant that the "...state legislature severely restricted the type of investments that mutuals could make in the hope that such a policy would direct mutual funds into the state's debt and thus lower the financial cost of building its canal network."³⁰ Because it was a younger nation the U.S. faced development problems that were not found in Britain and savings banks became part of the solution of those unique problems.

Olmstead postulates that in order to understand regional economies in the early nineteenth century one has to appreciate the severity of financial constraints. The total amount of capital that an early economy can save is limited by the primitive state of income and productivity. As well, a nation's ability to harness those savings was retarded by the undeveloped nature of the financial system itself. If capital is to be utilized efficiently, it must be directed from surplus spending elements (savers) to deficit spending units (investors). A network of financial intermediaries can also reduce the costs that are associated with transporting, pooling, and securing capital across the forbidding barriers of early settlement geography.³¹

³⁰ Olmstead, New York City Mutuals, p.74.

³¹ Olmstead, New York City Mutuals, p.76.

In addition to the scarcity of capital and the need to finance large scale public commitments like the Erie Canal there was also a severe antipathy towards taxation. A successful savings bank system could provide an attractive alternative to direct taxation. For the U.S., given its relations with Great Britain, there was little hope of attracting foreign capital at that time so that was not an alternative.

From its establishment in 1819 to 1833 the Bank for Savings was the single largest holder of the state debt in New York. It, along with the other banks that were formed in New York became, in effect, development banks for internal improvements in the state. Interlocking directorships insured that entrepreneurial inputs were received from the trustees of the savings banks as they inserted capital from the commercial banks of which they were directors and became involved in planning projects. In other cases they urged the government to forge ahead with social overhead investments by assuring the savings bank funds would be used to support the undertaking.³²

Some 600 miles north these developments could not have gone unnoticed. With the formation of the Halifax Banking Company in 1825 and the commitment to undertake the Shubenacadie Canal in 1826, it is possible that backers of the Canal such as Charles R. Fairbanks looked to a savings bank in Halifax to perform the same function as a funnel for capital investment. It is also possible that bankers such as Enos Collins and Hezekiah Cogswell considered a savings bank in Halifax to be desirable because they, most likely, would be trustees and so their bank would receive the 'collateral advantages' that their counterparts in New York enjoyed.

Motivating factors, then, for the establishment and running of savings banks in the U.S. were very similar to those in Britain but with some important differences. Middle class men of business were attracted to the idea of banks for the reduction in public expenditures that, it was

³² Olmstead, New York City Mutuals, p.96.

hoped, would occur. Unlike Britain though, there appeared to be no upper class facade of directors behind which middle class merchants and professionals ran the show. In the U.S. the whole enterprise, from inception to the day-to-day running of the bank was carried out, in the main, by the wealthy mercantilist, manufacturing elites.

Another important difference was, given the condition of the country, the explicit desire of both the state and the trustees to channel funds from the savings bank network into the development of the state. Although the state in Britain directed the investment of the deposited funds into the national debt account, this was not an attempt to marshal savings for development.

Both the trustees in Britain and those in the U.S. , saw their work at the savings banks as important and derived a certain amount of prestige from the positions. This brought into play a secondary, social motive that was tied to the primary economic one. Trustees in the U.S. could hope to use the savings banks for more specific, personal financial interests, such as an interlocking directorship, than could their opposite numbers in Britain.

The Depositors

Who were the depositors in the New York savings banks? Which class of depositors actually deposited the highest total amounts in the banks? Were the banks ultimately a boon to the middle class, domestic servants and children as they were in Britain or were they actually used in the main by the provident, working, unskilled or semi-skilled poor? After a careful analysis of his data Olmstead feels that the situation was more like that of Britain than it was different.³³

Olmstead surveys the scene during the early years thusly:

In 1819 about half of the Bank for Savings' depositors were from society's

³³ Olmstead, New York City Mutuals, see Chap. 3, "Mutual Savings Bank Depositors".

middle and upper classes, while only about one-fourth were unskilled workers. By far the largest group of depositors was children, who constituted 37 per cent of all depositors in 1819. the bank's records indicate that these minors were generally the sons and daughters of upper- and middle-class parents who presumably giving their children practical instruction in the virtues of thriftiness.

About 7 per cent of the 1,527 people who opened accounts the first year were professionals, artists, or property owners. Among this group were twelve merchants, five doctors, three druggists, two lawyers, seven shipmasters, three gentlemen, six students, one dentist, four clergymen, and numerous shopkeepers, innkeepers, and others who derived at least part of their income from property. There also a large number of skilled workers, some of whom were talented craftsmen and probably owned their own shops, including jewelers, gunsmiths, watchmakers, and the like.³⁴

Domestic servants comprised a large percentage of the depositors at the Bank for Savings. Figure 1 shows these percentages for the years 1819-1847. The same set of forces that were operative in England that attracted many servant patrons were present in the U.S. as well: large numbers of servants, low living costs, employer pressure to deposit, and lack of opportunity to spend due to employer control of lifestyle. As time went on there was a decline in the number of new children depositors and an increase in the proportion of skilled and unskilled workers.³⁵

Some of the newer banks in New York City, such as the Bowery Bank and the Greenwich Savings Bank had proportionately fewer unskilled workers (Cat.I) than the Bank for Savings did among its customers (see Figure 2). The percentages of depositors from the skilled and unskilled ranks were lower while the percentage of customers who were merchants or professionals was about the same for all three. The evidence suggests that while a majority of people were working men and women they could not be perfectly described as the provident or deserving poor. Furthermore many of the depositors listed as skilled could well have been successful tradesmen

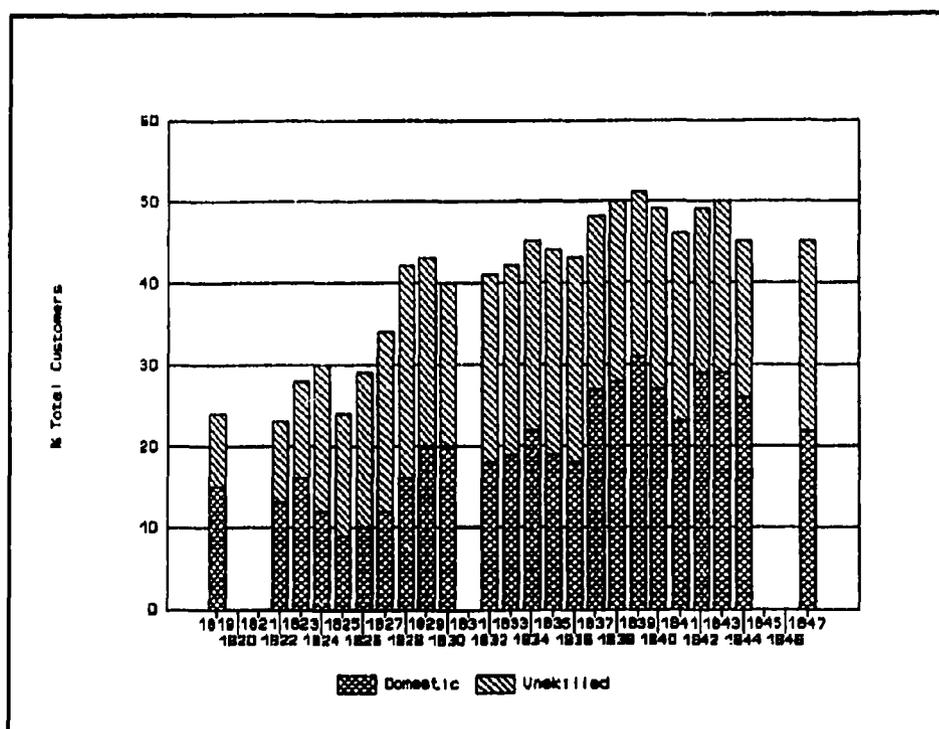
³⁴ Olmstead, New York City Mutuals, p.50.

³⁵ Olmstead, New York City Mutuals, p.50.

who owned property and their own shops and thus were better described as 'petite bourgeoisie'.³⁶

Figure 1³⁷

New Customers of the Bank for Savings: 1819-1847



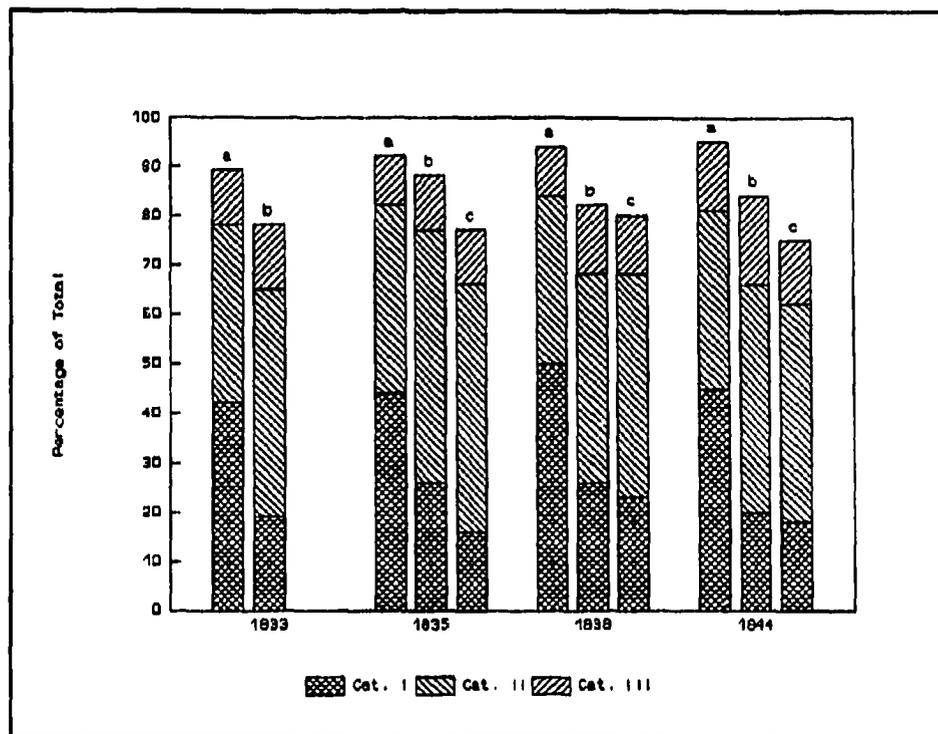
³⁶ Omstead, New York City Mutuals, p.52. This is supported by data from the Baltimore Savings Bank where in 1828 twelve depositors were kicked out of the bank for having too large deposits. All could be classified as 'businessmen' and while the number is not large it reveals that they were using the banks and that only a desire on behalf of the directors would keep them out and that varied from state to state, bank to bank. Payne and Davis, The Savings Bank of Baltimore, p.35.

³⁷ Olmstead, New York City Mutuals, p.51.

Figure 2³⁸

New Depositors by Occupational Classes

a = Bank for Savings, b = Greenwich Bank, c = Bowery Bank



Once again the large relative importance of middle class, servant and child depositors is realized when one looks at the distribution of accounts by size. In 1824 a report prepared by the officers

³⁸ Olmstead, New York City Mutuals, p.51-52.

of the Bank for Savings found 300 depositors with accounts more than \$500 that when summed totalled about \$360,000. Given the number of depositors this meant that about 3.5 percent of the customers held about 27 percent of the deposits. Furthermore 166 of these customers held accounts over \$1,000 that totalled some 20 percent of all the monies in the bank. The report concluded that "...the depositors are not of the poor and labouring class for whose benefit the institution was intended."³⁹

Breaking down the 330 'wealthy' depositors further reveals the true nature of depositors. Of these deposits, 37 per cent were from people that could be considered working men and women: 4 percent domestics, 9 percent unskilled, 28 percent skilled tradesmen and labourers. The remaining 63 percent was distributed as follows: children of middle and upper class families - 10 percent, widows and wives of fairly substantial citizens - 19 percent, professionals and merchants - 33 percent. In all then, one in every hundred unskilled labourer or domestic bank depositor was of this well-to-do 330, while one in every ten professionals or merchants could claim the honor.⁴⁰

Figure 3 shows that for the three banks listed, the Bank for Savings, Greenwich Savings Bank, and the Bowery Savings Bank, the top 10 percent of customers, in terms of deposit size, never accounted for less than 42 percent of total deposits in any of the banks. Conversely, the bottom 50 percent of depositors, in terms of deposit size, never accounted for more than 13 percent of total monies received in the banks.

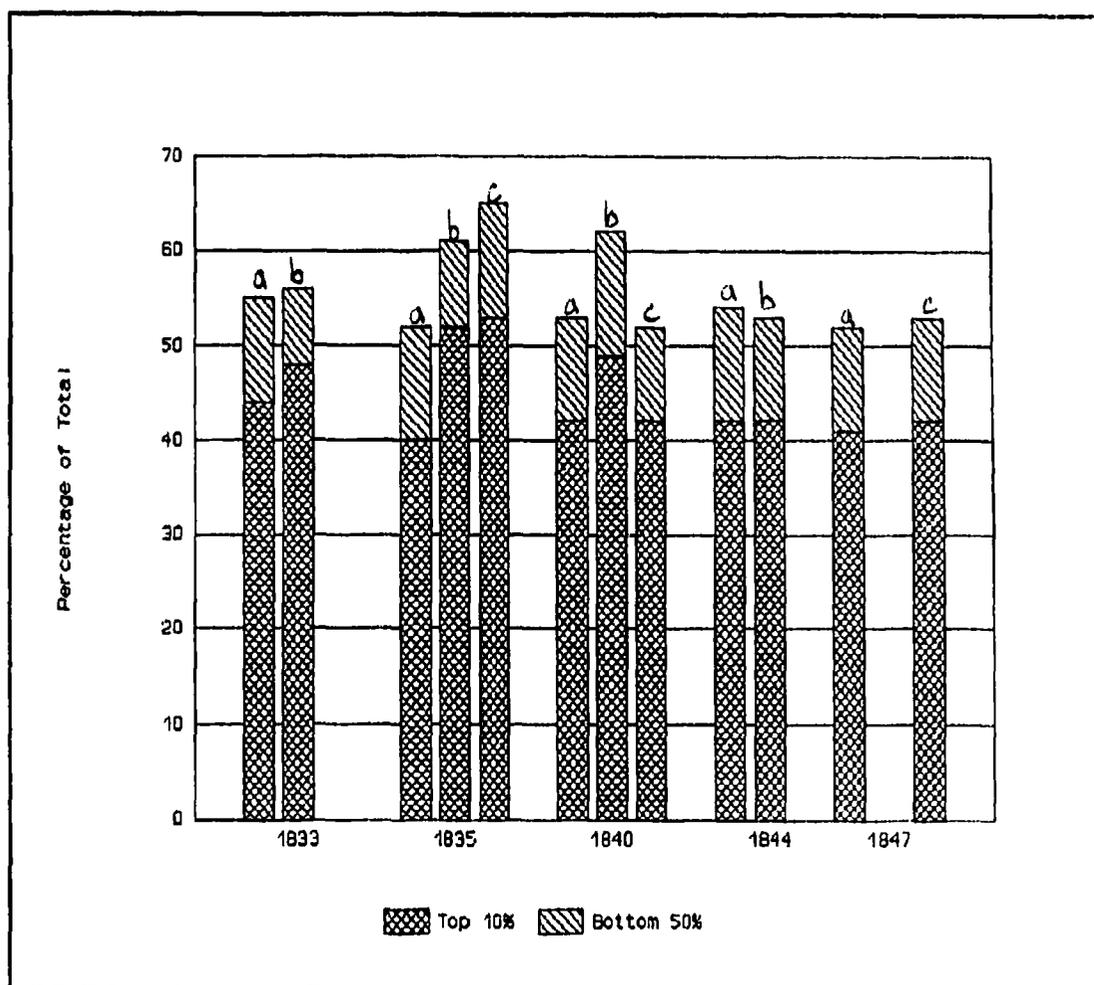
³⁹ Olmstead, New York City Mutuals, p.52.

⁴⁰ Olmstead, New York City Mutuals, p.53.

Figure 3⁴¹

Distribution of Deposits Top 10 and Bottom 50 Percent

a = Bank for Savings, b = Greenwich Bank, c = Bowery Bank



⁴¹ Olmstead, *New York City Mutuals*, p.54-55

Example: in 1833 for the Bank for Savings, 42% of total funds deposited were made by only 10% of those making deposits. Their average deposit was large, Hence we term these the Top 10 Percent. Another 11% of funds were deposited by the 50% of depositors with small average deposits.

As in Britain, the trustees of the banks looked at their accounts to ascertain if there were too many being opened by people who were not of the classes the banks were intended for. However, the actual implementation of oft-stated desires to limit the banks to the provident poor was lacking in many of the banks. Some banks worked hard at restricting the number of wealthy depositors while others turned a blind eye to their existence, feeling that perhaps as long as a clear subsidy to the poor existed the banks could remain true to their original intentions.⁴²

The savings banks in New York used three methods to limit the size of accounts: absolute limits of account size (usually between \$500 and \$1,000), a split interest policy that favoured smaller accounts, and the prohibition or close regulations of trust accounts. The Bank for Savings was the most stringent of the New York banks but it has been shown that it too had its moments of laxity. One Edward Smith was able, in 1826, to deposit \$2,676 in one day and had a balance of over \$6,000. In 1825 there were 102 deposits over \$500, twenty-five over \$1,000, four over \$2,000 and one in excess of \$3,000. Clearly these customers were not the "Tradesmen, Mechanicks, Labourers, Minors, Servants, and others ..." set out in the charter of the bank.⁴³

Given the wages of the day and return and security that the savings banks offered then, it is not surprising that the banks failed to attract the unskilled worker and instead lured many 'wealthy' depositors, who, having the money and time, were able to take advantage of the banks. The unskilled worker who had managed to save some of his wages, like his counterpart in Britain, may have been repelled by the inquisitive, moralizing tone of the trustees at the bank who would issue him his passbook and receive his deposits.

In 1820 women in factories could earn 50 cents a day while seamstresses could take in 25 cents.

⁴² Olmstead, New York City Mutuals, p.58.

⁴³ Olmstead, New York City Mutuals, p.59-60.

Men who worked as unskilled labourers or factory operatives earned about \$.75 to \$1.25 per day. Farm labourers earned approximately \$.50 per day while skilled artisans in the cities could earn \$1.25 to \$1.50.⁴⁴ The factory operative then who earned \$1.25 per day, could, at six days a week, gross roughly \$390 per year. To save even \$50 dollars a year would represent almost 12.5 per cent of his total income. Given the seasonality of many jobs, sickness, and the frequent spells of unemployment for factory workers, the figure of \$390, based on fifty-two weeks of work is probably much too optimistic and so the situation for saving was even bleaker.

This class of depositor was aware of the attitude of those who ran the banks. Thus even though many of the trustees stated how they enjoyed doing such honest, valuable work, they were often repelled and disgusted with those they had to deal with face to face at the bank counter. By 1860 the affairs of the Bank for Savings had become so large and complex that the hands on management by the trustees and the board of directors was no longer feasible. The change over to hired, salaried employees, such as comptrollers, lawyers, and accountants, evoked this comment from an old trustee, George T. Strong:

I am very glad to be relieved from the annual fortnight of drudgery, and especially from the handling of pass books, many of which look and smell as if the smallpox and malignant dysentery were concentrated in their filth of their covers....⁴⁵

Why should unskilled workers, given their wages, given their pressing immediate needs and the attitude of the trustees feel partial, in any large numbers, to patronize the bank? An idea of what that type of depositor went through every time they visited the bank and of the fear they felt in leaving their money behind in this unfamiliar institution, is gained by reading this wonderful narrative. "A Full and True account of My First and Last Deposit in A Savings Bank":

⁴⁴ Weldon Welpling, Mutual Savings Banks: The Evolution, p.4.

⁴⁵ Olmstead, New York City Mutuals, p.24.

I arrived at the portals of the institution, trembling from head to foot with the frightful responsibility of my position, and with shaky fingers, counting over and over again, the greasy pieces of paper, taking my place among the files of chambermaids, cooks, waiters, carmen, mechanics, young and old, fat and thin, clean and dirty.

I think it was about four o'clock before my time came.

Arrived at the hole and looking through some wire grating I beheld an elderly gentleman with a very bald head, seated on a very high stool, having on the top of his very red nose a pair of the largest kind of spectacles.

I managed to get off the fact, that I wished to open an account there, to which he replied, in a very gruff and disagreeable voice,--

" Well, sir! what's the amount?" To which I hesitatingly replied, "\$16 sir."

Gruntingly, "\$16? that all?" (Here an audible titter from two or three of the clerks, and instantly caught up by the whole row of depositors, made me so nervous I nearly fainted, and I'd have given all the world If I'd been outside instead of in!)

After worrying for two days that the bank would burn down and all his money would be lost, Massett fabricated a story, summoned all his courage and determined to re-enter the bank, reclaim his money and close his account:

I found myself at the dreaded hole with the wire around it.

To the interrogatory, " What is it, Sir?"

I feebly replied that I had a little "account to settle" with him!

Now whether the old cock thought I was going to punch him in the eye or throw something at him through the little hole, I know not, but he involuntarily drew back, saying,

" I don't understand you, Sir!"

" Well, Sir," said I, " the fact is, Sir, I deposited some money here the other day (all this time the people were crowding and pressing in, the heat was intense, and I in a perfect vapor bath of excitement), and in consequence of a large dearth in our small family, Sir, I have to go on to sea."

" See what, Sir? I don't comprehend you, Sir!"

" No, no, Sir! I mean a sea voyage, Sir. I want the money for an outfit, Sir; to pay my passage to Rhode Island, Sir; where the ship is, Sir."

Oh Lord. I was nearly fainting, but I then intended to "stick it out."

With a look of perfect contempt at me over his specks, that haunted me for years afterwards, he fumbled over the leaves of his big book with the clasps, came to the unfortunate letter " M," and with pointed finger at the wretched item (I saw from the top of my name in large letters occupying the two entire sheets), gave a "click" with the pen, went to the drawer, and counting out the sixteen dollars, added, with a sneer, that there was just one cent interest due me!

Then, with a look of intense disgust at me and my red face, he very impertinently, I thought, suggested, that the next time I made a deposit in a banking house I should have something to put in it!⁴⁶

Clearly for many depositors a trip to the savings banks consisted of dealing with a long wait in line, an intimidating trustee sitting high up behind a wire mesh screen, and the dread of never seeing one's money ever again.

Having now looked at the socio-economic forces that led to the establishment of savings banks in the U.S. and Britain, along with other motivating factors in terms of trustee involvement we can now investigate the situation in Nova Scotia with a better understanding of the possible dynamics involved. A knowledge of the deposition patterns and basic rules and parameters of the savings banks elsewhere also gives the student of savings banks some basis for comparison and understanding of what was going on in Halifax at the Government Savings Bank.

⁴⁶ Stephen C. Massett, "Drifting About," p.29-32. as quoted in Olmstead, New York City Mutuals, p.24-25.

Part II: Nova Scotia

III. The Savings Bank Idea in Halifax

Early Beginnings

The first legislation concerning savings banks in Nova Scotia appeared in 1826 and was entitled "An Act to facilitate the Establishment of Banks for Savings."¹ This act, strangely enough, never bore fruit and the actual implementation of its contents did not take place until 1832 when it was amended and passed in a slightly different form. Nevertheless the story of bill of 1826 deserves telling because it illuminates the various forces that were working to bring savings banks to Nova Scotia immediately after their introduction in England and the United States. Furthermore, the changes between the 1826 and 1832 acts, as well as the circumstances that led to the six year delay are crucial in understanding the role that the Savings Bank played in the clash between the old, oligarchic interests and their opponents in the assembly. Before delving into the story of the Savings Bank proper a look will first be taken at the social, political and economic background of the province in which it developed. This discussion, while it may wander from a discussion of the savings banks will hopefully serve to add some dimension to the story in terms of the different issues that were being raised by socially conscious observers. Furthermore, a great deal of the sources discussed help to give a better picture of the economic

¹ Chapter 38, The Statutes of Nova Scotia, 1826.

condition of the worker that was supposed to use the proposed bank and that is important to understanding any success or failure of the bank.

Halifax at this time was a hardscrabble place, precariously perched between the two extremes of prosperity and poverty. The older settlers who had arrived with the British and later the Loyalists were slowly yielding to a newer generation of men born and raised in the province. In addition to the "New England Yankees", who arrived roughly between 1760 and 1770, these 'three Englishmen' formed the cultural mix from which the dominant elite of the colony was drawn.² While they argued and fought fiercely over patronage and the all important government offices, by 1800 an accommodation had been reached between the three groups. Over time, distrust of new ethnic elements such as the Scots and Irish and the realization that there were only so many plums to be passed around, led these groups to coalesce into a fairly cohesive oligarchy.³

Economically, the new generation of 'bluenosers' continued to regard Nova Scotia as an entrepot of trade and began as well to reinvest profits into the colony itself. With the Indian menace extinguished and the population growing steadily to 75,000 by 1815, there was a feeling that the colony was there to stay and that money could be made. Periodic demands for a bank and the creation of the Halifax Fire Insurance Company (1809) suggest the increasing diversification and sophistication of the Nova Scotian economy by the early nineteenth century.⁴

As a financial intermediary, savings banks like insurance and trust companies, helped offset the difficulties that neophyte economies encounter when capital needed for development cannot be

² Terrence M. Punch, The Halifax Connection, 1749-1848: A Century of Oligarchy in Nova Scotia, Unpublished M.A. Thesis, St. Mary's University, 1972, "Nova Scotia's Englishmen," Chapter 3.

³ Terrence Punch, The Halifax Connection, p.45-59.

⁴ Punch, The Halifax Connection, p.97-100.

effectively marshalled. Since savings banks could collect small savings and concentrate them into larger and larger pools for investment purposes, their growth and success can be posited as a sign of market efficiency, economic growth and development. This is not always a true picture however. In the first case the pooling of funds into the savings banks can be regarded as redistributing capital rather than encouraging fundamental growth in the colonial economy. In other words, individuals weren't any better off but rather were being encouraged to save what paltry amounts of cash they could so that wealthier persons could invest money that otherwise would go to charity.

Secondly, as has been argued already, the savings banks were more the children of an elitist response to an economically driven social dislocations created by the introduction and spread of the market economy, along with other exacerbating factors such as the end of the Napoleonic wars. If this analysis is closer to the truth, the importance of growth and development becomes secondary as a reason to establish savings banks. We shall see that in the post-Napoleonic era Nova Scotia was hard-hit, creating a desire among some to alleviate the distress with a savings bank. A third point, which bears heavily on the situation in Nova Scotia, is the fact that the subsequent evolution of the savings banks is more dependent on decisions made by the oligarchic elite of the colony, in an attempt to bolster their position, than any shaping by market forces in an increasingly diversified economy. Thus it was their political power, expressed in their private financial power and as members of council that both transcended and moulded markets, that was the ultimate creator of the savings banks, not autonomous market forces.⁵

Having stated these qualifying words, however, it must be said that it is not possible to conclusively rule out secondary factors and their role in the savings bank story in Nova Scotia.

⁵ R.T. Naylor, "The Rise and Decline of Trustee Savings Banks in British North America," The Canadian Historical Review, 65 No.4, 1984, p.511-512.

The state and its actors needed the backdrop of the humanitarian societies and groups and the whole ethos that they embodied, to justify and garner support for the savings bank in Halifax. They couldn't simply say that the bank was created to hobble the new Bank of Nova Scotia or to allow the government to acquire funds to help with the construction of the Shubenacadie Canal or to act as a funnel of funds for the Halifax Banking Company. If there hadn't been savings banks in Britain there would have most likely been none in Nova Scotia as well. To view the savings bank in Halifax as a mere concoction by the oligarchic elite to further their class interests is a narrow and unsatisfactory interpretation. The new generation of elites that was coming to the fore by 1815 was indeed living at a time when the population of the colony was increasing. There were hardships among the people and while these did not translate into a fear of revolution or outright class conflict, they were serious enough to warrant a concern among the wealthier classes of the colony that something had to be done. Savings banks were a way for the rich and powerful to legitimate authority and secure their hegemony within the framework of the new industrial morality.

These men were propelled into positions of economic prominence because they had the good fortune to live through the Napoleonic Wars. Owners of privateers like Samuel Cunard, Enos Collins, Joseph Allison, William and John Pryor, had made large fortunes off American and French prizes, while the officers of the Admiralty Court, such as Richard John Uniacke and Charles Hill, and lawyers at the court like Hezekiah Cogswell, were able to acquire considerable wealth through the litigation of the war bounty.⁶

Eventually this newly emerging elite advocated the creation of a bank to help ensure its safekeeping and growth. Halifax merchants needed a bank to advance their businesses and said

⁶ Punch, The Halifax Connection, p.99.

as much.⁷ A bank would provide access to the following services: the extension of credit, foreign exchange, loans, the redemption of private notes and bills of exchange and the circulation of currency through the medium of bank notes. This was an issue upon which large landowners like the Uniackes, merchants like Collins, and office holders like Thomas N. Jeffreys could find common cause. Greater business meant more profits for the merchants and larger salaries for office-holders who took a slice of various business activities through excise and customs charges, and the Admiralty court. Conservative landowners like Uniacke could see benefits too in containing commercial success to mercantilistic activities which didn't alter the status quo in the country. The merchants and the allies on the Council had to fight hard to acquire the rights to start a new bank due to the resistance of country members in the House of Assembly. These members were displeased with the scarcity of specie and viewed the proposed bank as another means for the Halifax oligarchy to tighten their grip on the money supply of the province. Given the struggle the banking interests went through to establish the Halifax Banking Company, and their power on the Council, it is without doubt that as far as a savings bank was concerned, it would come to pass only if its perceived effect on the financial interests on the economic elites of the colony was seen as positive. Though calls might come from Governors, editors and humanitarian minded people, nothing would produce a bank until the Collinses, Uniackes and Wallaces of the colony thought it expedient to do so.

Movements from below like the British friendly societies were not a force in the creation of a savings bank in Nova Scotia. Unlike early industrial Britain there were no friendly societies or guild associations which were patronized by the labouring poor in Halifax. In this sense the impetus for the savings bank came almost entirely from the elites of the colony. It is probably fair to say that in this case the development of working class culture or consciousness was

⁷ Halifax Free Press, 4 April, 1820.

insufficient to have allowed for the appearance of such organizations. This of course does not mean the labouring poor of Halifax were unconcerned about saving their earnings, for critics of the Halifax Poor Man's Friend Society, a local philanthropic society started by Walter Bromley, were quick to find examples of the virtuous, thrifty poor who needed no help to survive the winters, but rather the fluid, transitory nature of the colonial economy and workforce hadn't congealed enough to allow the formation of stable, self-help organizations. Nova Scotia, like the mother country and the United States, was to witness the passage of her first savings bank bill mainly as a result of economic pressures that affected both the pocketbooks and humanitarian conscience of the ruling elite. Chronic unemployment, depressed business and credit restrictions caused by the huge public debt led to massive immigration from Scotland and Ireland into England and exacerbated economic problems that were already extant in the realm. To a large extent, these problems, as usual throughout her colonial history, spilled over into Nova Scotia ⁸.

The end of the Napoleonic Wars spelt disaster for Haligonians in two ways. In the first place, Britain drastically curtailed her wartime naval and military expenditures. The naval dockyards were moved to Bermuda and many ships of the line stopped calling at Halifax. The reduction of troops stationed at the garrison meant that merchants who had made a living off contracts for providing victuals, supplies and firewood lost a great deal of business. Secondly, merchants such as Samuel Cunard and Enos Collins who had made fortunes from outfitting privateers and blockade running would no longer have that lucrative source of revenue. For many prosperity had turned to poverty. In this way peace dealt a double blow to the fortunes of mercantile elite and helped to spur their search for new areas of profit-taking and security, such as the Halifax

⁸ For a good general history of the woes of Halifax during this period see Thomas H. Raddall, Halifax, Warden of the North, (London: J.M. Dent and Sons Ltd., 1950); For a detailed study of government finances during the early 19th century see J.S. Martell, A Documentary Study of Provincial Finance and Currency, 1812-1836, 1947.

Banking Company.⁹

Not only were the merchants hurt at this time but so were the farmers and ordinary people in general. A thousand destitute Scotch and Irish arrived in Halifax in 1816 and more than two thousand in the succeeding three years. Ironically, they were being driven to Nova Scotia by the same thing that concerned the local elites -- the end of the war. Irish Newfoundlanders and country folk found their way to Halifax in increasing numbers in search of work and food.¹⁰ Crops failed in 1816, the infamous 'Year With No Summer' and were further ravaged by plagues of field mice and killer frosts. Clearly a town which in 1817 had a population of 11,176 could not adequately feed, house and employ all these people.¹¹

Attempts were made to give some succour to the poor, however, and from this general economic depression and social crisis emerged the first discussions about a bank for savings. In 1819 there were calls for a provincial bank of issue that would insure a sufficient supply of paper money in the province to carry on business and encourage development.¹² Attached to this bank was to be a 'Provident or Savings Bank'. It was proposed that this savings bank would require

⁹ For the careers of Cunard and Collins during the War of 1812 see The Dictionary of Canadian Biography, respectively: Phyllis R. Bakeley, p.172-184 Vol.IX; Diane M. Barker and D.A. Sutherland, p.188-190 Vol. X.

¹⁰ An excellent essay on the seasonality of employment and how it affected the poor in Canada is Judith Fingard's, "The Poor in Winter: Seasonality and Society in Pre-Industrial Canada," Pre-Industrial Canada 1760-1849, Readings in Canadian Social History, eds. Michael S. Cross and Gregory S. Kealey, Vol.2,(Toronto: McClelland and Stewart Ltd., 1982), p.62-78. She makes the important point that while winter united the rich in whole range of leisure activities structured to help pass the winter doldrums, such as sleighing, parties, legislative sessions and charitable activities like bazaars,theatricals and balls, it also united the poor in bearing the hardships of cold, hunger, unemployment and underemployment.

¹¹ David Sutherland, "Halifax 1815-1914: 'Colony to Colony'," Urban History Review, 75 No.1 (June 1975),p.7. ; George E. Hart,"The Halifax Poor Man's Friend Society, 1820-1827: An Early Social Experiment," The Canadian Historical Review, 34 No.2, (June 1953),p.110-111.

¹² Halifax Journal, 22 Feb. 1819.

a minimum deposit of one-half dollar. Withdrawals would be on Saturday between 10 a.m. and 2 p.m. and interest would be allowed on fractions of a pound.¹³ There would be a cashier and twelve directors, any three of which would attend one day a week. Three would be elected by the stockholders and had to be from the Council and another three were to come from the proposed Provincial Bank and the remaining six from the stockholders. The savings accumulated in this bank would be deposited in the Provincial Bank and all net profits would be distributed to the Poor House and other charitable asylums. In order to bolster his argument the proponent of the bank quoted at length the success of a bank in Scotland and inserted a table showing the astounding profits that would accrue to the investor who salted away various sums of money for varying times at compound interest at 4 percent.

These plans, while they never came to fruition, point to several key notions that tintured the debate about the savings banks in general. Small deposits were to be accepted to encourage the poor to use the banks, and compound interest was to be given on small fractions of a pound. The managers of the bank were to be drawn from upper classes of society, although, following the lead of Rev. Duncan in Scotland, the users of the bank were to be given a say in its policies. It is interesting to note however that out of twelve directors six would be non-workers who wouldn't be using the institution. Furthermore, the profits of the bank were to be expressly used, to ameliorate the burden of supporting the Poor House and other charities. From the earliest recorded utterance about the savings banks in Nova Scotia then, there was a decided echoing of the economic benefits others were trying to squeeze out of the banks elsewhere -- benefits that would accrue to the wealthier class of citizen as well as the lowly worker.

What happened to the plans for this provincial bank of issue? R.T. Naylor argues that it was

¹³ Although at this time and until 1867 the Halifax pound was the official currency of the colony, the use of the dollar as a monetary unit was beginning to gain acceptance. \$4 = £1, Halifax Currency; £4 Halifax Currency = £3, 17s, 6d, Pound Sterling.

shunted aside by pressure from private banking interests, such as Collins and Cogswell and by the establishment of government-run loan offices.¹⁴ Collins and Cogswell and their other partners started the Halifax Banking Company in 1825 only after several unsuccessful years of lobbying for a charter from the provincial government. They would have likely been front and centre in efforts to deter new entrants into the banking field. Indeed, in 1819 when Cogswell presented a bill proposing a charter for a commercial bank it was defeated by suspicious members from the country seats. They had been uneasy with banking schemes mooted by the Halifax elite since 1801, when £50,000 had been subscribed for a bank.¹⁵

In 1819, the same year that plans for a provincial bank of issue and savings bank were being discussed, the Council turned down a bill from the Assembly that would have set up loan offices in each of the counties and districts of the province. The same day of that refusal, March 6, witnessed a meeting at the Exchange Coffee House in Halifax where it was unanimously voted to ask the legislature for permission to set up a bank with a capital of £50,000, invested in British funds and with the right to issue up to £125,000 in notes redeemable in specie, Treasury Notes or bills of exchange.¹⁶ Ten days later, Cogswell, then an assemblyman, presented a bill to the same effect, naming one Councillor and several more who would soon have that honour, as the sponsors of the bank.¹⁷

On the same day Thomas Ritchie, the sponsor of the failed loan-office bill, presented his bill

¹⁴ R.T. Naylor, "The Rise and Decline," p.515-516.

¹⁵ Martell, A Documentary Study, p.10.

¹⁶ Acadian Recorder, March 13, 1819.

¹⁷ Martell, A Documentary Study, p.10-11. The sponsors were: Hon. James Fraser, George Grassie, Thomas Boggs, John Pryor, Enos Collins, Michael Tobin, Henry Yeomans, Matthew Richardson, Samuel Cunard, William Pryor, Joseph Allison. Collins, Cunard and Allison later became Councillors while these three plus W. Pryor and Cogswell and three different men founded the Halifax Banking Company in 1825.

again, this time restricting it to Annapolis and King's counties. The assembly sent his bill to the Council first even though Cogswell had stood before Ritchie. The Council however waited for both bills before making a decision and while it allowed the loan bill to become law, giving it permission to loan out £10,000 in new Treasury Notes, it declined to pass the bank bill. This was undoubtedly due to advice from interested parties because the Assembly had amended the bank bill so that its principals would have been required to raise half of the £50,000 before operation. In addition real estate holdings were to be limited to £10,000 and bank notes would not be legal tender. The assembly evidently was protecting its stake in the new loan offices because a flat issue of bank notes anywhere near the £125,000 limit would have seriously depreciated the Treasury Notes upon which the loans would be made.¹⁸

The sparring between the Halifax elite and country interests spotlights the continual warfare that surrounded any attempts to get a savings bank off the ground in Halifax. Although the post-1815 depression had created extreme hardships for many of the residents of Halifax and had prompted a discussion of ways of combatting some of the more vicious ills of society, the savings bank would have to wait a few more years. The hostility between the oligarchic elites and the assembly ensured that any saving bank plans would be manipulated and attacked by one side or the other.

According to Naylor, another institution that may have mitigated the need for a provincial bank of issue the savings bank, was the Halifax Poor Man's Friend Society, because it "...stepped up the scale of relief facilities and temporarily relieved some of the pressure for an alternative institution."¹⁹ This is unlikely since the proposed provincial bank of issue was largely a device of the country members in their unending attempts to break the stranglehold that the merchants

¹⁸ Martell, A Documentary Study, p. 11.

¹⁹ Naylor, Rise and Decline, p.516.

of Halifax held on all the specie in the province. The savings bank was more of an addendum to the plan, perhaps put forth to make it more attractive to parsimonious politicians. The savings bank and the Poor Man's Friend Society were operating in two more or less separate fields; one in the area of provincial finance and currency circulation and the other in hunger relief and care giving.

The Poor Man's Friend Society had been formed on February 17, 1820, in response to the horrid conditions in Halifax owing to the rapid influx of immigrants and the downturn in business.²⁰ It was led by members of the medical fraternity and other important socially minded figures. Prominently among them was Walter Bromley, a retired British army officer who returned to Halifax in 1813 and set up the Royal Acadian School for poor children.²¹

Bromley embodies the type of middle class Englishman who during this age of humanitarian reform played a large role in the setting up and running of the savings bank in Britain. The same ethos noted by Horne among advocates of savings banks in England was exhibited by this transplanted Englishman in Halifax. "He found his *raison d'etre* in the burgeoning English moral reform movement of the period. He viewed with admiration the various benevolent Institutions which of late years have been established in the British Empire, several of which excited such lively emotions in his breast as to induce him to contemplate the more general diffusion of their benefits to the most distant regions of the globe."²²

²⁰ Again, seasonal conditions added to the misery of these 'steerage' immigrants. They would arrive in the busy summer months and being unprepared for the frontier life would take jobs as day labourers which unfortunately ran out by the late fall. Thus immigrants, bamboozled by propaganda and uninformed by employers soon found out that summer employment did not compensate for winter distress. See Fingard, "The Poor in Winter," p.65.

²¹ Hart, "Halifax Poor Man's Friend," p.109; Judith Fingard, "English Humanitarian and the Colonial Mind: Walter Bromley in Nova Scotia, 1813-1825," The Canadian Historical Review, 55 No. 2, (June, 1973), 132-135.

²² Fingard, "English Humanitarianism", p.124.

This Society is noteworthy since it follows the pattern, in some ways of The Edinburgh Society for the Suppression of Mendicity, The London Society for the Bettering the Condition and Increasing the Comforts of the Poor and The New York Society for the Prevention of Pauperism. All three of these societies were in some way connected with the establishment of savings institutions in their respective cities. Was this the case in Halifax with the Poor Man's Friend Society? The answer seems to be yes.

The Poor Man's Friend Society differed from the above societies in that it set up a structured ward system of regular visitation of the poor. The others were more concerned with the gathering and dissemination of information about poverty and begging in an attempt to marshal support for measures like savings banks. The Poor Man's Friend Society was interested in the actual physical relief of distress through the distribution of goods and services to those who were deemed needy.

From the very beginning the Society tried hard to avoid the image that it was distributing indiscriminate relief to those who might otherwise have got help at the Poor House. Bromley and the others were very aware of the public distaste for charity that appeared to give support to indolence and sloth through encouraging people not to work because they knew that they could receive support from charitable organizations. At the same time the Society was concerned that the indiscriminate giving of alms to the poor, by individual persons, was a waste of money and offered no real help in the long-term. Thus the eventual commitment to finding employment for the idle poor of Halifax through its employment bureau.²³

The Society tried to justify its existence with the logic that their system of relief-in-kind was more rational than the then present one in which begging was so prevalent and the money so often misapplied. Its' stated aim was to "...rescue so many of our fellow-creatures from the iron hand

²³ Hart, " The Halifax Poor Man's Friend," p.112.

of want, and at the same time relieve the Public from the growing burden."²⁴ It called for a moratorium on giving money to juvenile beggars because their parents would now be the object of rational investigation. Furthermore, if it was successful, two goals would have been achieved: firstly, "...an enormous tax will be greatly diminished..." and secondly "...the saving to each subscriber in the course of the year will alone induce him to continue his subscription."²⁵

Some extent of the poverty in Halifax can be gauged when one sees that in its first year of operation that it distributed fuel, food and clothing to 4,123 men, women and children, amounting to £400.²⁶ All those people in a town that had between 12,000 and 13,000 souls. It is this type of situation, which can only be described as a crisis, that the town fathers were dealing with and is what must be kept in mind when thinking about the impetus for the savings bank in Halifax. It couldn't possibly have been solely to bolster the economic position of the rich; at least as far as some men felt.

It was unfortunate, but inevitable, that there was almost immediate criticism directed at the Society. The `Malthusian` broadsides consisted of attacks on the supposed enervating nature of the relief given out by the Society. Armchair theorists decried any relief that would shelter the poor from experiencing the unalterable and just laws of economics. What the boosters of the society described as the `iron hand of want`, the critics trumpeted as the iron hand of supply and demand. One of the fiercest critics of the Society was Edmund Ward, the editor of the Halifax Free Press, and former ward visitor for the Society. In 1822, the third year of operation of the Society, Ward attacked the lack of any employment procurement by the Society and cited extracts

²⁴ Proceedings of The Halifax Poor Man's Friend Society, MG 20 Vol.180, 17 Feb, 1820, PANS.

²⁵ Ibid.

²⁶ Hart, " The Halifax Poor Man's Friend," p.112.

from a report by the Society for the Prevention of Pauperism in New York in which it was stated that public relief for the poor went against the rule of nature, "If any will not work, neither shall he eat."²⁷

In 1823 the Society took the fateful step of instituting a soup kitchen that was set up on Marchington's Wharf. Hart theorizes that the Society went this route, away from private visitations, because the visitors, separated from clients by gulfs of education, wealth and position, were unable to appreciate the "...adverse effects which this change in practice would have on their morale and independence."²⁸ This is unlikely given the explicitly stated goal of providing only rational, deserving relief. From the outset members of the Society were aware of the potentially harmful image that their ministrations might produce in the minds of the public and reforms had already been instigated in the face of admitted weaknesses after the winter of 1821.²⁹ What is more likely is that funds were low and participation slipping, making it more difficult for the Society to provide a coherent service within its stated parameters of action. Subscriptions hadn't been received at the expected rate and many of the visitors and committeemen found the demands on their time too onerous. The soup kitchen was probably the best method of relieving distress given the shortage of funds and helping hands. On the other hand the soup kitchen resulted in a new barrage of criticism from in 1824 by Ward and continued in early 1825 by an anonymous writer to the Novascotian, the self-styled 'Malthus'.

Probably sensitive to previous criticism and what would come with the decision to open a soup kitchen, the Society, under urging from Bromley set up its Committee of Industry in 1824. Bromley had already started a spinning manufactory in the Royal Acadian School in which women

²⁷ Hart, "The Halifax Poor Man's Friend," p.114.

²⁸ Hart, " The Halifax Poor Man's Friend," p.115.

²⁹ Hart, " The Halifax Poor Man's Friend," p.113.

and girls performed piece work, knitting and spinning domestic wool into woollen clothing items, mostly socks for 2s. a pair. He claimed that the Committee of Industry had accepted his plans for 'houses of industry' as the model for future plans.³⁰ Clearly, Bromley was a reader of Jeremy Bentham and his Utilitarian theories. In Britain, it will be remembered, Bentham's Houses of Industry were to contain inmates who would work to produce goods for which they would be paid money which would then be deposited into Frugality Banks, the quasi-theoretical forerunner of the English savings banks. Bromley was in the forefront of the Society's efforts to move away from the indiscriminate relief of the soup kitchen, something they had always abhorred, to finding practical employment for the poor.

Edmund Ward levelled his guns at the Society's Committee of Industry dismissing it as too little, too late. He felt it was a project that should have been run since the start of the Society and while it would be 'breach of faith' to close up the Society during the winter of 1824 he thundered that:

...let notice be given, that after this year, the improvident and idle must put up with the consequences of their folly.³¹

The series of letters written by 'Malthus', starting on 12 January, 1825, are important because they reveal the type of arguments used by the upper classes of Halifax against poor relief, the attitudes of the rich towards working class behaviour in the town. They also point to divisions within the elite themselves. Importantly as well, in one of these 'Malthus' called for a savings bank to protect the poor from winters' ravages through providing a receptacle for accumulating

³⁰ Fingard, "English Humanitarianism," p.133,135.

³¹ Halifax Free Press, 3 Feb., 1824. Immediately after in the same paper appeared an account of Samuel R. Fairbanks' pitch in the House for assistance for the proposed Shubenacadie Canal. Fairbanks was the presenter of the 1826 Savings Bank Bill and may have tied to the two together, at least in his schemes. He was also a member of the Poor Man's Friend Society which also included in 1824 Enos Collins, John Leander Starr, Judge Brenton Haliburton, Edward Crawley, Michael Tobin, J.W. Johnston, Dr. Head, Dr. Almon, Beamish Murdock, and Mr. Nutting.

savings during the summer.

Malthus' perception of the poor and presumably that of others like him, is revealed by his blanket statement that unlike in Scotland, Switzerland and New England where education was universal, Halifax labourers, who were mostly Irish and blacks, were uneducated and therefore not ambitious. He claimed that during the heady days of the War of 1812 wages for labourers reached the "enormous" sum of 10s. per day. Because of this high rate, 'Malthus' stated that the "great mass" of the workers toiled for only a half day before calling it quits. He labelled this great mass as "ignorant and thoughtless" and claimed that most of them didn't save their wages.³²

'Malthus' here exhibits the middle class inability to understand the working behaviour of the poor. If, in 1812, the workers were making what he claims and were taking off half-days, from the standpoint of their culture and needs that strategy might have made perfect sense. That early in the nineteenth century, the eighteenth century libertine morality would have still been firmly entrenched and if a half-day's work was all that was needed to sustain one it wouldn't have seemed odd at the time to conduct oneself in that fashion. Those workers would not have been accustomed to toiling for a fixed number of hours each day and cannot be expected to exhibit a proclivity to accept the industrial morality. The war years were a period of expansion and plenty for the local economy and so workers could have probably counted not only on better pay but more work as well. By his own reckoning, wages in 1824, during a period of depression and scarce employment, had fallen to a minimum of 2s 3d per day in the middle winter month of January, with a slight rise by March to 2s 6d per day. He derided those who he claimed would not work for under 3s per day as greedy and unrealistic but the truth was probably closer to the fact that 3s per day represented the bare minimum that men with pride in themselves and their

³² Novascotian, 19 January, 1825.

labour would subject themselves to, especially given the amount of work they could expect to get during those years of slack business and fierce competition from the immigrants crowding the town.³³

In February, 1825 the minutes of a public meeting of the Poor Man's Friend Society were published in the Novascotian.³⁴ It was revealed that the Committee of Industry was unable to find employment for any of the poor who had registered with it. In the same issue of that paper 'Malthus' unleashed his third diatribe against the Society, claiming that it was on a par with the English Poor Laws. This outright falsehood could have served only to turn public opinion against the Society since the debate and perceptions that followed the Poor Laws in England were well reported in the local papers.³⁵ As an argument against the efforts of the Society, any comparison with the Poor Laws was faulty, but it was probably effective in reaching those members of the community that were starting to accept the Smithian-Malthusian notions of laissez-faire economics and individual charity.

His fourth letter, published in the 9 February edition of the Novascotian, was entitled "Its Inutility", and consisted of a comparison of British and European wage rates and living costs with those of Halifax. By taking his standard of 3s 3-6d. per day in Halifax he arrived at 18s to 21s. per week. To this he compared a London average of 1s 8d per day and 10s per week. A London labourer could therefore expect to make about £26 per year. In the case of the Halifax

³³ Novascotian, 19 January, 1825. Indeed the year before the Committee of Industry had provided relief to a black wood-sawer who had refused to cut cords of wood for a shilling a piece. If the size of a cord then was near what it is now that would throw Malthus' figure of 2s. 3--6d. per day into doubt since with hand saws and no machines it would take at least a day to cut, trim and pile a cord of wood by hand.

³⁴ Novascotian, 2 February, 1825.

³⁵ A look at any of the papers in Halifax will serve to confirm this, especially in the front sections where the political news and debates of London and the imperial Parliament were reported with great vigour.

labourer Malthus recognised the seasonality of the work cycle and so used the 34 week interval between 15 April to 15 December as the maximum earning period, or in other words at the 18s to 21s level. To err on the side of reason he used a more conservative figure of 15s per week at which rate would work out to £25 10s per year. To this sum he added what he believed a labourer would make in the dead of winter in Halifax, 10s per week, which at the remaining 18 weeks would come to a further £9. Adding these seasonally adjusted figures together produced a total of £34 10s for the entire year. This left, according to 'Malthus', a £8 10s advantage to the Nova Scotia worker over the London worker who earned only £26.³⁶

In terms of prices 'Malthus' printed the following comparative table:³⁷

	<u>London</u>	<u>Halifax</u>
Wheat	7s 5½d	5s 6d per bl.
Bread	3d	3d per lb.
Beef	3 to 4s 5½d	5d per lb.
Butter	7d	9d per bl.
Potatoes	3 to 3s 9d (per cwt.)	1s 6d per bl.

According to 'Malthus' as well, rent was cheaper in Halifax as were candles, sugar, tea, soap and rum. Clothes were more expensive in Nova Scotia but he felt that the greater durability of colonial clothing evened out that score. Taking his cheaper prices and rents into account he stated that due to the lower cost of living in Nova Scotia, coupled with the higher wages, it was clear that poor were living in a profligate manner.³⁸

Leaving aside the obvious problems inherent in comparing the wage and prices of a large city like London, in the world's most rapidly advancing industrial nation, with a relatively tiny colonial town such as Halifax, there are some points that need further scrutiny. Given the

³⁶ Novascotian, 9 February, 1825.

³⁷ Novascotian, 9 February, 1825. 'lb.' = pounds, 'bl.' = bushels, 'cwt.' = cut weight

³⁸ Novascotian, 9 February, 1825.

perennial negative balance of trade in Nova Scotia, how could it be that the overall cost of living was lower in a society that, while diversifying, was still dependent on outside sources for all of its manufactured goods and a great deal of its food? It is a basic economic fact of life that the further one gets from sources of supply and the harsher the climate the more expensive it is to live. Furthermore, as the town became glutted with unemployed workers, employers took advantage of the surplus labour, and the shorter winter hours to reduce wages anywhere from 25 to 50 per cent for both skilled and unskilled workers. Thus as work became scarcer and scarcer, goods became more expensive. The needy poor, without credit, besides the 'three balls' or pawn shop, and without storage facilities, were forced to pay inflated, exorbitant prices for goods in mid-winter and so in effect paid more than non-labouring classes. Bread for instance, could rise by as much as 50 per cent in the dead of winter. All of this puts 'Malthus's' claim that the poor were better off in Halifax than London in doubt.³⁹

In 1824-25 many of the workers whom 'Malthus' felt could make £9 in the winter would not have worked at all because of the shortage of employment. This means that they would have had to support themselves **and their families** on about £25, a point that 'Malthus' conceded later in the article. If that worker had a wife and two children, then that would mean there would be four people trying to feed, clothe and warm themselves on slightly over £6 or \$24 each per year! He tried to justify this by stating that in 1825 a worker could get board and washing for 6s per week or at £ 15 12s per annum. This would leave him with £9 18s for clothes and other necessities. Using figures derived from what public road workers received for food in the summer of 1824 he claimed that they were kept well-fed with food of "no contemptible kind" for 4s 6d per week. 'Malthus' also used the example of the contractor on the New Kempt Road, Mr. Munro, whom

³⁹ Fingard, "The Poor in Winter," p.66.

he said fed his men on never more than 2s 3d per week.⁴⁰ Apart from what this says about the generosity of private contractors as opposed to public ones, it fails to take into account that most of these men were working in the summer and that they did not constitute the total workforce of the colony. 'Malthus' also failed to distinguish whether he was talking about, with respect to the Nova Scotia wages, Halifax Currency or Imperial pounds. If he was using the former then his estimates of what the labourer in Halifax was making would have to be revised downward by about three per cent. Perhaps the most important omission that he allowed was his failure to address the problem of firewood. By 1820 the degree of urbanization that had taken place precluded the poor man or woman from simply walking a short distance to garner enough wood to fuel the fire -- and in a climate such as Halifax's this could be a life or death proposition. The poor were therefore obliged to pay for wood imported from the South Shore and since they had no place to store it in multiples of a cord they had to buy it a few feet at a time. This meant that they were paying, again, more for a cord than the well-to-do.⁴¹ 'Malthus' must have been aware that this was not the case in London yet he failed to mention it, although he did not fail to criticise the Society when it handed out firewood to needy families. Therefore the need for institutions like the Society was not obliterated by the fact that some had fairly good paying jobs, if they were single, and that he could find one or two examples of men who saved like demons and so could boast a few pounds to their credit.⁴² The suspect analysis of the Society and its

⁴⁰ Novascotian, 9 February, 1825.

⁴¹ Fingard, "The Poor in Winter," p.66. She writes: 'In 1854 the editor of the Montreal Gazette estimated that factory labourers in that city were compelled to devote about 20 per cent of their wages to the purchase of wood, an expenditure he assumed rendered the wages in this northern climate far less attractive than comparable wages in the United States.' The same assumption could hold for Halifax in 1825 versus London.

⁴² Malthus exhibited the cases of two men with great glee. One saved £6 between April, 1824 to January, 1825, while the other in the same interval managed to salt away £4 10s. 9 February, Novascotian, 1825.

supposed non-utility to the town were based on the assumptions that **everybody** made enough money to live like a human being and that **everyone** should subscribe to the middle class, industrial morality of frugality, industry and sobriety, even if it made no sense to them. Furthermore, what about the deserted, the lame and crippled, the orphaned and the widowed? Did not the Society have a legitimate cause in helping them? In his fifth letter to the Novascotian, 'Malthus' stated that he was not without pity for the poor widows and destitute orphans of the city but that the Society had outlived its usefulness. He felt that the situation in 1819, when prosperity had fell and "...a vast body of poor labourers were loaded upon our wharfs from Newfoundland..." was over and that times were now better. He stated that the Poor House was in operation and as far as humanly possible it was a highly credible place. Why he supported the Poor House, criticised by many as an unnecessary public expense, and closer to the Poor Laws than the Society ever was, he did not say. He criticised the businessmen who were active members of the Society for not having enough time to investigate individual cases in their roles as visitors. He felt that people would lie to them and that the general public and private enterprise were the best repositories of aid.⁴³

Was this sort of attack, led by 'Malthus' and Edmund Ward, responsible for the demise of Halifax Poor Man's Friend Society? Hart seems to feel that it was. He cites the fact that they borrowed language and rhetoric from Thomas Malthus, Edmund Burke and other reports and attacks against the English Poor Laws. It may be that they were trying to mimic the leaders of the great English debate over the Speenhamland system and liberal economic theory in general in doing so they turned to the Poor Man's Friend Society as their whipping boy, regardless of the fact that the arguments they borrowed had little place in the debate over the usefulness of institutions in Halifax. The often drawn analogy between the English Poor Laws and the Poor

⁴³ Novascotian, 16 February, 1825.



Man's Friend Society was an extremely poor one but may have served to negatively reinforce public perceptions that were finely attuned to happenings in Britain. During these same years there had been calls for a savings bank and other financial intermediaries from other quarters as well. Early in 1825 a scheme was published in the Free Press that envisioned the setting up of a life insurance company. It was to have 600 subscribers at £50 each. The sum £5 would be paid down and the remaining £45 later. Interest would be paid yearly on the £45 once it had all been deposited with the company and it was claimed that this would offer every advantage of a savings bank plus afford a comfortable existence for one's relatives.⁴⁴

Edmund Ward in an attack on the Poor Man's Friend Society in 1825 called for the rich to cease investing their money in the Society and to start investing in public works like the Shubenacadie Canal or in increasing the South American trade. He cited the example of one happy man who saved his money and another poor one who did not and called for some sort of savings bank to be erected in Halifax. He also brought up the case of the then functioning savings bank in Fredericton, New Brunswick, as proof that they could work in the Atlantic colonies.⁴⁵

Ward got into an argument with a letter writer to his paper that reveals class and racial biases similar to those of 'Malthus'. In 1824, seed potatoes had been distributed by the Society to hungry blacks in the Halifax area. Ward dismissed the idea as stupid and impracticable. When the writer complained that Ward was being inconsistent since the giving of material aid to help in the growing of food could not be considered sloth-inducing or morally weak, Ward called his detractor a "busy-body", defended his earlier assertions and accused the black recipients of converting the potatoes into rum instead of planting them. He also had uncharitable things to say

⁴⁴ Halifax Free Press, 18 January, 1825.

⁴⁵ Halifax Free Press, 1 February, 1825.

about their ability to withstand the cold of winter as well as white residents.⁴⁶

With this kind of attitude towards the poor it is not hard to imagine why any sort of program designed to aid them would come under attack. These questions remain however: Was this sort of hard-nosed, laissez-faire, outlook shared by most of the middle and upper classes in Halifax? Was it this mind-set alone or was it the overall lack of a sustaining, firmly held commitment to the ethos of social improvement, a la London and New York, that was missing in Halifax and so led to the demise of the Poor Man's Friend Society, the Royal Acadian School and the delay of the Savings Bank in 1826? These questions will be taken up once a more detailed picture of the build up to the Savings Bank is obtained.

In late March, 1824, the Committee of Industry of the Halifax Poor Man's Friend Society presented its report that was received and approved. In that report was a call for investigations into a savings bank and in step with that desire three new members were appointed to the committee, Leander Starr, Hibbert Newton Binney and one Mr. Richardson. They were charged with producing a report on the practicality of a savings bank.⁴⁷ On 3 April, a special meeting was called by Society member, Michael Tobin, at the Exchange Coffee House. Tobin had called the meeting to communicate the substance of a conversation he had recently had with the Attorney-General, Richard J. Uniacke, on the topic of a savings bank. Uniacke told Tobin that the establishment of a savings bank was "...a favourite object of with the Lt. Governor, Sir James Kempt and His Majesty's Council, and that the former was particularly anxious to see such an Institution in operation before he sailed for England." Uniacke intimated that Kempt was prepared to offer £100 towards any interest that might be demanded of the new bank by its depositors. He also stated that the Council would make up any deficiency and that H.N. Binney had consented

⁴⁶ Halifax Free Press, 8 February, 1825.

⁴⁷ Proceedings, 29 March, 1824.

to act, "gratuitously", as cashier. The Meeting was adjourned to await further plans from Uniacke.⁴⁸

At the next meeting four days later, Uniacke presented the committee with a code of rules for the proposed bank. He read them aloud and then departed, presumably so the members could debate the rules and think of any changes they might want to append.⁴⁹ Unfortunately for this study there is no record of what exactly the rules looked like and thus if they were comparable to the legislation of 1826. The next day a third meeting on the topic was held. Several rules were amended and passed and a list of names was recommended as to who should run the bank. A report was relayed to Uniacke. Neither the amendments nor the list of names have survived and no further mention of the savings banks is to be found in the proceedings of the Halifax Poor Man's Friend Society.

What significance, if any, can be surmised from this episode? It is tempting to connect the approach of Uniacke to the Society with the impending development of the Halifax Banking Company. As we have seen, the clamour for a bank of issue had been heard since 1811 and had more recently surfaced in 1819. C. R. Fairbanks had stated in a local paper in 1825 that the establishment of such a bank by Collins and company was an inevitable thing -- with or without a charter from the House.⁵⁰ Uniacke, who was close to the merchants of Halifax, may have been seeking the course of least resistance in his efforts to set up a savings bank. A respectable organization with an illustrious membership roll, the Poor Man's Friend Society could be counted

⁴⁸ Proceedings, 3 April, 1824. Present at the meeting were Dr. Hume, Col. Beckwith, H.N. Binney, Dr. Almon, Rev. Lusher, Rev. Martin, Bromley, Starr, Tobin, Cogswell, and the treasurer and secretary. Kempt was on leave of absence in England from May 1824 to August 1825. Dictionary of Canadian Biography, Vol. VIII, p. 460.

⁴⁹ Proceedings, 7 April, 1824.

⁵⁰ Novascotian, 19 March, 1825.

on to receive support from at least part of the community if it established a savings bank. This might have been on the mind of Council members who wanted to mitigate the always intense suspicion of the Assembly. If the members of the Society had been successful in receiving a charter for a trustee savings bank the principals of the putative Halifax Banking Company would have been in an extremely good position to gain the 'collateral advantages' of easy access to capital and perhaps credit. This access would have been possible since H.N. Binney, the Councilman and member of the Society who had been intended as the cashier of the proposed savings bank, was the uncle of the wife of Nicholas T. Hill, the chief cashier of the Halifax Banking Company.⁵¹ The chief cashier of the private bank and the cashier of the proposed savings bank would have had family connections which might have paved the way for a flow of funds from the provident institution into the profiting institution. This hypothetical, but realistic, scenario highlights the way that seemingly generous offers, such as Kempt's pledge of £100, could serve the interests of other less philanthropic individuals, while at the same time taking away nothing of the desire from other members of the society to alleviate the distress of suffering citizens. Upstanding members of the community who were members of the Society may also have been driven to obtain the increased status that would come with trusteeships.⁵²

⁵¹ Punch, "The Halifax Connection," p.104.

⁵² To bolster the argument of familial connections it is edifying to look at what Punch has to say in more detail with regards to banking in Halifax: "Five of the twelve Councillors from 1832 to 1838 were partners in Collins' Bank. Of the others, Hon. H.N. Binney was the uncle of the wife of Nicholas T. Hill, chief cashier of the bank. Hon. Brenton Halliburton was the father of Mrs. Collins, and Hon. Bishop John Inglis was her uncle. Hon. C.R. Prescott was the father of Mrs. Joseph Allison, and Hon. S.B. Robie was married to the sister of the late Mrs. H.N. Binney. Allowing that family relationships do not always guarantee solidarity, it is still highly unlikely that the five bankers and their connections would ever find themselves in the minority among a group of twelve Councillors."

A further point is that with Kempt sailing for England Michael Wallace was appointed President of the Council and Commander-in-chief due to his seniority on Council. Thus the Provincial Treasurer would be in an excellent position to dictate the flow of events concerning the granting of a charter or picking of trustees if the project ever made to that stage.

In January, 1825, a public meeting of the Halifax Poor Man's Friend Society was held. It was revealed that the Society had distributed 979 feet o' wood, 7,000 gallons of soup to some 1,326 needy. It was further noted that attempts in 1824 to start a savings bank had met with little success but further recommendations "...to assist the industrious and saving part of the poor, in putting aside some portion of their earnings, in a place of safe deposit, where it may accumulate and afford a new stimulus to prudence and economy, ... were strenuously..."put forth.⁵³

Men such as Michael Tobin, J.W. Johnston, Edmund Crawley, defended the Society as the most rational and humane way to distribute relief and care for the needy. C.R. Fairbanks declared that while the well organized Society and its investigations were best able to determine true need for relief the society should be considered " ...a temporary convention which was only to be supported till something better was devised." What Fairbanks wanted was a savings bank, but which he thought was still in the distant future. Fairbanks called a savings bank an " ...object of the first importance, and one to which they (the Society) should earnestly direct their attention, as intimately connected with the independence and happiness of our labouring classes."⁵⁴ Although the Council inspired drive to start a savings bank through the auspices of the Society had petered out, certain members of the Society were still concerned with the idea, for whatever reasons they may have had. Thus not all the impetus for establishing a savings bank can be said to have resided with the Council. It is ironic that Fairbanks, who was so prescient about the impending establishment of the Halifax Banking Company, was apparently ignorant about the connection between the Councils wishes and a savings bank, for in about one years time legislation setting up the first savings bank would become law, if not practice, and that followed

⁵³ Novascotian, 2 February, 1825.

⁵⁴ Novascotian, 2 February, 1825. Ward did not show up at the meeting and 'Malthus' never identified himself, if he was there at all.

closely on the heels of the first few months of operation of the Collins Bank.

Interest in a savings bank was kept up in the Novascotian with the publication of details concerning the Savings Bank at St. John, New Brunswick, which had opened on 8 November, 1824. Its patron was the Lt. Governor, its treasurer the Bank of N.B. and its trustees "gentlemen of the first respectability". The Cashier and two trustees attended to business for two hours each Monday. Deposits had to be one shilling or more, interest was allowed on sums no smaller than £1 and it was computed quarterly. Users had to give one weeks notice before withdrawals. All deposits went into the coffers of the Bank of New Brunswick, which had averaged £60 per week at first but by 31 January, 1825 were around £169 per week.⁵⁵ This kind of press served to whet the appetite of men like Wallace, Collins and Tobin. An office-holder like Wallace would most certainly gain additional salaries in some sort of connection between the Treasurer's office and the bank, as indeed he eventually did, and for the nascent bankers like Collins and Tobin, the savings bank potentially meant extra funds for their own enterprise and access to credit for them and their friends if it was granted loan or mortgage privileges.

The First Savings Bank Act -- 1826

The original savings bank bill was drafted by Charles Rufus Fairbanks, member for Halifax Township (1823-1834) and presented by the same to the House on 11 March, 1826. This bill, 'An Act to facilitate the Establishment of Banks for Savings', apparently passed both the House and

⁵⁵ Novascotian, 16 February, 1825. Details of the Quebec Savings Bank were also printed the most interesting of which was the fact that it was lending out money in £100 notes payable in three months. The writer of the article was of the opinion that legislation would soon be passed that would facilitate borrowing at the three savings banks then in operation in N.B.

the Council with no amendments or divisions.⁵⁶ As has been intimated earlier, it is possible that Fairbanks had a vested interest in the Savings Bank since he could have reasonably expected that if it was successful, some of the monies might have been channelled into helping develop the province by the expediting of the building of the Shubenacadie Canal, a project to which he devoted a great deal of time and energy.⁵⁷ His interests in this area would have coincided with those of the bankers like Collins and Cogswell since they were also the potential beneficiaries, along with the merchants, of increased trade with the Annapolis-Chignecto region. As well, the bankers also stood to gain if they, as has been argued, could gain control of the savings bank through their connections and influence over legislation.

What exactly did this legislation set out to do. First of all it was " ...for receiving the Deposits of the Poor, or of the Labouring Classes." It gave the Lt. Governor or the Council the power to appoint persons or to incorporate trustees to manage the bank, with all the corporate rights and privileges as were usually granted in England. Thus it was to mirror quite closely the form that these institutions took in England. The Trustees were to be allowed to receive deposits to the amount of £15,000 and on the first day of every quarter starting with January, they were to deposit any monies they had into the Provincial Treasury in instalments of not less than £100 each. The Trustees would in return receive Treasury Certificates, upon which four per cent interest would be paid, and these in turn could be endorsed by the Trustees and turned over to the people who actually owned the money -- the depositors -- if they demanded their money. The

⁵⁶ Journal of the House of Assembly, 1826, p.599. The original copy of the bill is found in PANS, RG 5 Series 'B', Vol.9, and according to archivists there it is written in Fairbanks' own hand. We can be sure that it was not amended because this bill is exactly the same as the one found in the written statues of bills passed that year, RG 5 Series 'S', as well as the version in the published volume of Nova Scotia Statutes.

⁵⁷ For a description of Fairbanks' activities and ambitions in this area see David Sutherland "Samuel Fairbanks" The Dictionary of Canadian Biography, Vol.VII, p.278-280.

four per cent interest that they bore would therefore be the interest gain that the depositors could realize when they chose to cash them in. These Certificates were to be identical in form and operation to the certificates of the funded debt then in circulation.

An important clause in the act referred to the liquidation of the funded debt of the province. Hopefully the money that the Treasury received from the trustees could be used, from time to time, for the purpose of paying creditors of the funded debt. The trustees would not have the option of placing any funds into the coffers of the Halifax Banking Company. By the end of 1825 the funded debt of the Province was pegged at £38,150, greatly increased by the £21,750 in Treasury Notes that had been funded that year.⁵⁸ The story of these notes is a long and complicated one but suffice it to say that due to the extreme lack of specie in the province, especially outside of Halifax, the notes had become the general currency of the Province since 1818. The merchants of Halifax were much less enthralled with them than the country farmers and working people since they tended to devalue specie.⁵⁹

A question arises, then, concerning the motives of the Council and its connections vis a vis the

⁵⁸ Martell, A Documentary Study, Appendix X. The Treasury Notes were funded by the extension of Loan Certificates in lieu of specie when the owner redeemed his note. Thus for every £100 of T-Notes that were printed, a £100 Loan Certificate could be issued to person who demanded his £100 from the government. These bore an interest of 6% from 1818 to 1832, reduced to 4% in 1833 and increased to 5% in 1835. The government then was paying anywhere from 4 to 6% interest on its funded debt during those years.

⁵⁹ Martell, A Documentary Study, p.12. Another way of viewing the intent of the legislation was that it set up the bank in order to " ...invest the savings of nominally working-class depositors in provincial debt. The cash resources resulting would permit the liquidation of part of the floating debt of the province. And a captive market for further issues of funded certificates would thereby be created, thus taking some of the pressure off the government to finance its future deficits by printing paper money, as in the past.", Naylor, "Rise and Decline", p.518. This is possible but one is sceptical that the government actually wanted the working class owning part of the provincial debt, the great majority of which at the time was owned by a small clique in Halifax and which paid a good return. Savings banks were successful with the working classes only when they could withdrawal small sums on demand, with no major hassles, in cash or negotiable notes.

Savings Bank Bill. It was clear from Fairbanks' bill that the Nova Scotian savings bank would be following the British model of state investiture of funds and not the looser American model that allowed for 'collateral advantages'. What did they hope to gain? Apart from the potential benefits for the Shubenacadie Canal development they may have been interested in seeing the bank get started so as to reduce the amount of Provincial Treasury Notes in circulation. A reduction in those notes might have opened the door for greater usage of the notes of the Halifax Banking Company. It is entirely possible as well, that, for both the Assembly and the Council, a large number of men were genuinely sold on the ameliorative, uplifting aspects of the savings bank as espoused by the rhetoric of men like 'Malthus' and Edmund Ward. Furthermore, they might have seen the potential benefits, like their counterparts in the United States and England, of reduced government expenditures in the areas of poor relief brought about by the success of the Savings Bank. Immediately after the passage of the Act, a newspaper 'campaign' was launched to disseminate information about savings banks and the good that they could do for the Province. A final variable that might have entered the equation was the fact that although the funds could not be deposited into The Halifax Banking Company directly, as the probable trustees of the savings bank, the bankers in Halifax would have been in custody of the funds and circumstances and situations could have arisen or been created that could have provided for 'collateral advantages' to appear.

Starting on 25 May, 1826, a series of five letters, each entitled "Essay on Savings Banks" appeared in the Novascotian. These were written for the newspaper and dealt with the background and structure of savings banks in Britain and their utility in Halifax. Although the writer of the pieces was neither identified nor did he choose to use a pseudonym, their moralising tone, vituperations against the Poor Laws and asides at institutions such as the Poor Man's Friend Society, place him in the same camp as 'Malthus'. Indeed the author could have been the same

person.

The first essay proclaimed how colonies had the advantage of the experience of the Mother Country and that Britain represented the best example of all. Logically, therefore, savings banks were a good idea. The condition and character of the labouring classes were said to be extremely important because they provided and produced all wealth. The writer set out to illustrate the value of the savings banks from three points of view: the societal causes of the savings bank movement, the effects of the savings banks in other countries, and the probable benefits for Nova Scotia.⁶⁰

The essay continued with the assertion that fate, talent, ambition and perseverance all worked against the equal distribution of wealth and that inequality was the "ordinary constitution of mankind." Society, unlike nature, was always beset by "cankerworms" of vice, indolence, and disease; the "hand of decay is ever at work" producing death, old age, and infirmities -- all of which combine to form "a mass of wretchedness and poverty." On the other hand it was the duty of the rich to alleviate this situation. "The Poor must be to them the object of a superintending and benevolent regard -- but it is surely wise to lessen their numbers as much as possible -- to avoid enacting such ordinances as would directly increase them -- to erect such Institutions as will lessen their amount."⁶¹ Clearly, this writer based his support for savings banks on their encouragement of the honest, deserving, frugal, sober, worker. The idle or indolent could, as far as he was concerned, cease to exist and the world would be a better place for it.

In the second essay the writer recapped the historical roots of the Elizabethan Poor Laws in the reign of Henry VIII in relation to the destruction of the monastic relief system and to the damage

⁶⁰ Novascotian, 25 May, 1825.

⁶¹ Novascotian, 25 May, 1825.

done by the religious battles during the reigns of Edward and Mary. He addressed the creation of the Poor Laws and their subsequent development until 1826. This was followed by a quasi-statistical analysis of prices and poor rates that found the Poor Laws guilty of increasing the number of the poor through their suppression of the pressure of hunger and the stimulus of ambition. He concluded, that the Poor Laws were a disaster since the rates had increased from £5,418,845 in 1815, to £7,329,594 by 1820.⁶²

The third essay consisted of an 'expose' of the moral evil wrought by the Poor Laws. He claimed that public relief led to a

...free license to the strong and vicious propensities of our nature. Intemperance, lewdness, with all their attendant crimes, multiply, in an accentuated ratio -- vice assumes a more elevated and gigantic attitude and virtue in her own beautiful and modest appearance is frowned upon and beaten down.⁶³

As for individual charity, it was mummified by public relief that "...cut asunder those bonds of feeling and sympathy, which are best calculated to bind and strengthen civil union." Public relief checked the impulses of the rich to be benevolent; the poor were not encouraged to be deferential or evince the "noblest affections of the heart". Public aid would insure that there would be "...no tender visitings to the pallet of the diseased and dying sufferer." In addition to these assumptions he quoted extracts from a Committee of the House of Commons on the Poor Laws which cited them as the cause of early, imprudent marriages, destroyed morals and abandonment of the aged. Benjamin Franklin and David Hume were also cited as being against poor relief.⁶⁴

The essay ended with a general description of the savings bank model in Britain. This included the deposition of small sums, withdrawal rights, safe deposit and attractive interest rates. The

⁶² Novascotian, 1 June, 1826.

⁶³ Novascotian, 2 June, 1826.

⁶⁴ Novascotian, 8 June, 1826.

poor, it was claimed, could act for themselves and the idle and dissolute would not be penalized.

Essay number three was a dissertation on the effects of the savings banks on the workers of the countries that had instituted them. The first one discussed was the safety of the deposits that would be effected by the banks, although from the author's point of view it was more the protection from the deposit owners themselves rather than from robbery, fire, or accident, that was important. Since the poor were uneducated, they could not appreciate the finer points of art and luxury and so were naturally tempted to immediately indulge in sensuous pleasures. Savings banks taught thrift and economy and so in turn forced the poor to be more temperate, to form regular habits and a " ... a steadier and necessarily more skilful and productive industry."⁶⁵

Another supposed beneficial outcome of the banks was that they promoted security from want during times of illness, unemployment or old age. To bolster his point the writer cited two examples. One was 'John D.' He was an Irish labourer who arrived in 1815, a " young man of great industry, steady habits and parsimoniously saving. He had no trade, but was in the habit of labouring at our wharves." By 1817 he had saved £25 which he entrusted to a small merchant for safekeeping. Unfortunately for John D., the merchant absconded to the United States. Upon hearing the news the Irishman got discouraged and became a drunkard, "... and is now one of the most degraded and worthless of our labourers." ⁶⁶

The second story was of one 'Alex McB____c'. The depression in Scotland had forced him to emigrate and in the spring of 1816 he landed at Halifax with his "large and virtuous" family in the hopes of starting a farm. By 1819 he and his family had acquired about £125, most of which he deposited with a merchant house in Halifax. When the house failed he lost all his money and never had received any interest while it had been deposited. The moral of these stories, of course,

⁶⁵ Novascotian, 16 June, 1826.

⁶⁶ Novascotian, 16 June, 1826.

was that Halifax needed a savings bank for the uplift and protection of the morals and situation of the town's poor.⁶⁷

The author then provided interest schedules which showed how much a thrifty worker could accumulate over different periods of time at different rates of deposition.⁶⁸ Just how the great majority of workers were to lay away even 2s per week is hard to imagine given the above discussion of wage and prices in Halifax at the time and the constraints of seasonal factors. Nevertheless the author was confident that a savings bank would erect government and society on stronger foundations. Add to the savings bank, he went on to say, an established form of religion -- not those who "dose in fat slumbers in the church" but those who encourage Sunday schools, regular education and you will have "...the exhilarating picture of a happy, independent and moral peasantry, contented with the fruits of their own industry and exalted in their character and conduct by that temperament of mind which results from the influence of conscious independent virtue"⁶⁹ Certainly the writer was holding nothing back in promoting the strengthened industrial morality that would result with the formation of a savings bank system in Nova Scotia. It is also certain that this rhetoric was largely propaganda, designed to win over the middle and upper class public to the idea of savings banks.

The direct benefits that would accrue to Nova Scotia were addressed in the fifth essay. The author derided the present efforts of poor relief in Halifax --- he felt their heart was in the right place but their efforts were having ill effects. Although it wasn't stated explicitly, he was almost

⁶⁷ Novascotian, 16 June, 1826.

⁶⁸ 2s/wk for 20 years @ 4% = £157,12
 2s,6d/wk " " " " " = 196, 5
 4s/wk " 10 " " " = 157,12
 5s/wk " 30 " " " = 588,15

⁶⁹ Novascotian, 16 June, 1826.

certainly talking about the Poor Man's Friend Society. By stating that only two kinds of poor deserved public help, nonage orphans and the infirm, he was ruling out most of the poor that were being helped by the Society and including the group that, at least ostensibly, the Poor House was supposed to aid. He summed up his feelings thusly:

I wish to render the Institution unnecessary -- by raising and exalting the character of the poor -- by making them independent and moral beings, in place of the mean, pitiful applicants for public bounty. Savings Banks are one of the instruments by which change is to be effected and I therefore regard their establishment, here and on this account, a measure of essential and even National importance.⁷⁰

The seasonality of work then entered the author's discussion of the efficacy of savings banks in Halifax. He admitted to the dichotic nature of the work cycle in Nova Scotian, with its eight months of steady work and four of dreary, un- or underemployment, but like 'Malthus' mistakenly assumed that this 'overabundance' of work was more than adequate in sustaining life all year round -- if its proceeds were properly looked after. He linked profligate spending and "... the establishment of a public society, which was expressly intended to relieve the temporary suffering of the period" as the causes of the "mass of misery". A savings bank, he reasoned, would help to alleviate the seasonal nature of distress; it would be an alternative to the "...counter of the grog shop and the obscenity of the brothel."⁷¹

The essay also delved into the area of economic development, stating that the erection of a savings bank would help lead to the improvement of the colony. Supposedly, the creation and growth of deposits would mirror and enhance the progress of the colony as a whole:

(Savings banks) ...supply the grand desideratum which is felt in every young country and particularly in this Province. Once supply this and the improvements of Nova Scotia will go forward with an accelerated ratio. The resources of the Country would be hastened in their development and more speedily converted into the materials of foreign commerce.

⁷⁰ Novascotian, 22 June, 1826.

⁷¹ Novascotian, 22 June, 1826.

This chain of reasoning extended to embrace the idea of new farming settlements begun by urban workers bankrolled by their new found, saved wealth. More farms would lead to more people and thus more trade. This assumption that savings banks were an outward sign of the increase in the real level of trade and commerce belies the fact that they were oftentimes merely the vehicle whereby scarce capital was **transferred** from one section of the economy to another, without any concomitant increase in the level of goods or services produced. Savings banks could act as a reservoir and conduit for scarce capital but that would presuppose, as far as their stated purpose read, a workforce of unskilled and skilled labourers who **had the money to invest**. In England and America, and in Nova Scotia, that was not the situation and the banks did little to foster the industrial morality or capture the savings of either the pre-industrial or industrial worker.

Why did the Savings Bank Act of 1826 never come to fruition? As far as the technical mechanics of the bill that is an easy question to answer. The bill of 1826 was an enabling act only and set out no specific time frame for the implementation of its provisions. Once the bill had passed both Houses, nothing really had to be done if nobody wanted to act. This leads one to infer that even before the Act was passed that might have been general knowledge for those in the know. The Halifax Banking Company was a success from the very start and by mid-1826 the impetus to get a savings bank going to help incubate it through its infancy would have been greatly diminished, especially in view of the fact that the Assembly would have allowed no savings bank to deposit monies into the private bank they had fought so hard against. Fairbanks had got the House to vote a subsidy of £15,000 towards the start of the Canal, far more than could have been realized from the Savings Bank for several years. Perhaps the greatest impetus for the idea of a savings bank all along, as far as humanitarian concerns went, had been the economic depression that had struck after 1815. By 1825 the economy of the province was on the upswing and the crisis of starving paupers and penniless immigrants was starting to ease somewhat. Thus, enthusiasm for the savings bank, which had ultimately been engendered by the 'frown of fortune' upon

on the Province, fell victim to lassitude and apathy, when that frown turned to smiles and better times returned. The pecuniary interest of others turned to indifference, the rhetoric forgotten, when those self-same better times and political realities made their personal agendas no longer attentive to the establishment of a savings institution in Halifax.

In contrast to this economic explanation is the view that it was due to:

... the unsympathetic colonial mentality towards philanthropy in general. The degree of humanitarian achievement in the colonies was less (than England) because insufficient local commitment could be summoned to sustain the momentum transient agents induced. As we have seen the colonial mentality was singularly parasitic and the colonists themselves failed to rise fully to the challenge of charitable and amelioration projects. Non-partisan institutions -- school societies, bible societies, self-help societies, Indian societies, and agricultural societies -- often floundered through lack of local concern and financial generosity. For their part, colonial houses of assembly, whose pecuniary assistance might have sustained social amelioration, tended to be preoccupied by the struggle to extend their powers and privileges.⁷²

This analysis of the failure of English benevolence to take firm root in Nova Scotia during the 1820's must be taken into account when trying to discern the reasons for the 1826 failure. There is no doubt that power struggles between the Assembly and Council played a large role in ultimate fate of the Act, yet at the same time this cannot be the sole reason for its failure. If colonial Assemblies as a general rule were so parsimonious and narrow-minded, how is that by 1825, with the exception of Prince Edward Island, Nova Scotia was the only colony in British North America that did not have a savings bank sponsored under the auspices of the local government? The 'transient agent', Walter Bromley, was not the only voice calling for a savings bank and so his departure cannot have removed the critical mass needed for success. On the other hand, his leaving would not have helped, and the face of human nature, especially as it showed itself in Halifax, meant that as soon as the socio-economic crisis had passed so too did the major impetus for the establishment of a savings bank in Halifax. That would have to wait for six years and new crisis in the banking scene -- the formation of the Bank of Nova Scotia.

⁷² Fingard, English Humanitarianism, p.150.

IV. The Halifax Savings Bank, 1832-1847

A Whisper in the Ear?

The interval between 1826 and 1832 witnessed several failed attempts by interests in the Assembly to charter a second bank to rival the Halifax Banking Company. All of these attempts met determined opposition from the banking interests on the Council, led by Collins and Cogswell.¹ By late 1831, however, it was becoming clear that a new bank could not be blocked much longer. In late December of that year notices appeared in the papers calling attention to a public meeting to discuss a new bank.² The meeting was held at the Exchange Coffee House on 31 December, 1831, with William Lawson, member for Halifax County, (1806-1836), acting as the Chair. Seven resolutions were passed concerning the bank. One called for the Legislature to incorporate the 'Bank of Nova Scotia'; another empowered Mather B. Almon, Lewis Bliss, James W. Johnston, John Brown and Alex Murison to form a committee to write the proposed act. A final resolution thanked Lawson, a "country member" for chairing the meeting.³ Lawson's presence there is significant, for though he was aligned closely with the Halifax merchant elite, his designation as a 'country member' signified the important role the country members of the Assembly would play in the fight between two opposing Halifax interests. The older, established bank, the Halifax Banking Company formed in 1825, and its supporters on the Council were bent on maintaining their monopoly in the face of competition from other mercantile interests who were just as interested in reaping the profits that a second banking house could be

¹ Hart, "Rise and Decline," p.518; Martell, A Documentary Study, P. 20,25; Councillors who were partners in the Halifax Banking Company and their dates of appointment are as follows: Enos Collins (1822), Samuel Cunard (1830), Joseph Allison (1832), James Tobin (1832) and H.H. Cogswell (1830).

² Acadian Recorder, 31 December, 1831.

³ Royal Gazette, 4 January, 1832.

expected to obtain.

At the same time that plans for the new bank were being made public Lt. Governor Maitland was promoting the savings banks idea in sessions of the Executive Council. He expressed regret that no action had been taken on that front since the failed legislation of 1826. He presented papers relating to the Savings Bank in St. John, N.B., which were relayed by him to Enos Collins and H.H. Cogswell. He requested that they examine the papers and report back on the subject at the next meeting.⁴

J.S. Martell argues that this sudden interest in the savings bank after six years of neglect was not merely a coincidence but should be seen in the context of the impending showdown with the new banking interests. He wryly infers that the savings bank was an attempt to block the second bank in this way: "Not until late in 1831 when the plan for a chartered bank was about to be made public did the Lieutenant-Governor, whose interest in the poor at this particular time was shared by his closest advisors, the Councillors, considerately call to their attention what some of them had doubtless reminded him of in private, the neglected legislation for a savings bank."⁵

A few days after the public meeting at the Exchange Coffee House on 31 December, Collins and Cogswell made their report on the savings bank idea to Council. It referred to the proposed establishment as an "... aid to industry, sobriety and economy. Experience has long given its testimony in favour of such establishments both as respects its beneficial influence upon the moral character of members of the labouring classes who avail themselves of its advantages and also in the increase of the comfort and respectability of the Society generally." The report suggested that in order to attract depositors and to "counteract habits of dissipation and extravagance" sufficient interest must be paid. Favourable interest provisions would also ensure that the savings of the

⁴ Executive Council Minutes, 26 November, 1831. RG 1, Vol.195, PANS.

⁵ Martell, A Documentary Study, p.21. (Emphasis mine)

summer were deposited to provide for the "exigencies (sic) of winter or of sickness." Collins and Cogswell suggested that six per cent should be paid as opposed to the four per cent proposed in 1826. The four percent rate would have left the depositors with only three per cent after expenses for management had been deducted. That New Brunswick allowed six per cent on its deposits was also cited as a reason to do the same. Passing mention was also made of other so-called "defects", besides that of the 'low' interest rate, that had supposedly prevented implementation of the first act in 1826. Unfortunately, the two Councillors never defined exactly what those defects were, so further light on the question of the six year delay cannot be brought to bear.

The report concluded that the bank couldn't start until the summer of 1832 since most poor workers had little money to save given their annual winter straits. Maitland was happy with the report and announced that he would recommend to the Assembly during the next session that they should amend the 1826 law and get the savings bank going.⁶ Sensing a possible confrontation with the Assembly if this tack was taken, the Council dissuaded Maitland from this course. The bill was eventually presented in the Assembly by Jotham Blanchard, member for Halifax County from Pictou, (1830-1836), and a newly-won friend of the Council.⁷

It is likely that men such as Collins and Cogswell were being entirely consistent with their own internal beliefs when they talked about the industry, frugality and sobriety that a savings bank would encourage in Halifax. Men such as these lived by the code of behaviour that they were hoping to impose on those below them; to them it was obviously the right way of life. On the other hand an observer may feel a bit cynical that the actual expression of what they tried to create, as far as the savings bank goes, had to languish for six years until the timing was more advantageous to their self-interest. They were even able to lay the blame for this neglect on the

⁶ Minutes of Executive Council, 9 January, 1832, RG 1 Vol. 195, PANS.

⁷ Martell, A Documentary Study, p.21.

wording of the legislation itself, caring to forget their own role in the affair in 1824 when R.J. Uniacke showed up at the Halifax Poor Man's Friend Society.

What was the connection between the new savings bank plan and the creation of the Bank of Nova Scotia? First of all, the erection of a savings bank might dampen the enthusiasm for a second banking establishment. Furthermore, a savings bank would help hobble the growth of the deposit business of the new rival bank, while the already high standing of the Halifax Banking Company's notes would ensure that competition would be avoided in the circulation side of the business. The level of circulation was directly related to the level of reserves that a bank held, therefore less deposits meant less reserves and less notes in circulation. Finally, even if the new bank was able to push its notes into circulation, the existence of a savings bank whose deposits were to be used for the liquidation of the funded debt could only serve to widen the scope of bank note circulation for both institutions, as old Treasury Certificates were paid off and their corresponding notes cancelled.⁸

The interested members on Council were protected by the interest rate schedule that they had recommended to the Lt. Governor and had been approved. Now that the interest rate was to be six per cent, demands from the assembly that the current funded debt -- of which they were the biggest creditors -- be refunded at a lower rate would carry less weight.⁹

All of these connections between the savings bank, banking and funded debt issues bring into the focus the use of reforming, philanthropic ideology and institutions as both an attempt to solidify class hegemony and, for some, to truly ameliorate social ills. In terms of this hegemony

⁸ Naylor, "Rise and Decline," p.519.

⁹ " In 1830-1834 the funded debt of the colony was £21,459. The partners in the Halifax Banking Company held £7,858 of that amount ranging from Cogswell's £2,559 to John Clark's £365. The debt totalled £47,447 in march, 1836. Of this amount, £33,427 was owed to people of eighteen surnames, all of which occur in either the Council of 1826 or earlier." Punch, The Halifax Connection, p.106-107.

there was clearly one segment of society that stood to gain both financial and social legitimation from the proposals. Not only would Halifax Banking Company remain a success, along with their grip on the provincial finances, but their hold on the lion's share of the public debt would also be secure. Socially, they could hope to improve the situation of the poor and inculcate an industrial morality, which if faithfully followed, would grease the wheels of class deference and strengthen liberal-property ideology vertically within the colony.

On 14 March, 1832, Jotham Blanchard presented and read the savings bank bill that had been ghostwritten by Collins and Cogswell. Three days later it went into committee and the Assembly amended the bill on two key points. First of all the interest rate was reduced from six to five per cent, effectively providing for the partial refunding of the provincial debt at five instead of six per cent. Secondly, the use of appointed trustees was done away with and salaried government officers were to appointed to run the bank.¹⁰ The Council was forced to live with these changes or have nothing, so by 14 April, the bill received royal assent from the Lt. Governor. These changes induced by the Assembly, along with the success of the Bank of Nova Scotia legislation, were victories won in the larger political battle being fought by reformers in their attack on the old 'bluenose oligarchy', which intensified as the 1830's wore on.¹¹

¹⁰ Journal of House of Assembly, 1832.

¹¹ Naylor, "Rise and Decline," p.519. Naylor makes the assertion that the new savings bank was able to flourish because the two commercial banks restricted deposits to non-interest bearing accounts and because there was a "community demand for savings." Although I was unable to check his source for this statement I have found no evidence for that kind of demand, unless one is talking about among the merchants and middle-class, people for whom the bank was not intended. He goes on to say the savings bank "...branched out quickly across the province for there were no serious competitors." As far as this writer can determine there is absolutely no evidence for the existence of any Government Savings Bank, before 1872, in Nova Scotia, except for the one that was in Halifax and operated out of Province Building. Charters were granted to a form of trustee savings bank in Salt Springs, Albion Mines and Pictou, in the 1850's and 1860's, but these were not of the same ilk and were much later and very few.

The Halifax Saving Bank, The Early Years

The Savings Bank opened on 14 July, 1832 and later that month notices appeared in the local newspapers informing the public of its existence along with its rules and regulations.¹² Customers at the new bank could make deposits every Monday between the hours of ten and three o'clock. Withdrawals could be made then too, as long as one week's notice was given. The limit for individual accounts was set at £50 per year, to be amassed in sums not less than 1 shilling. Although the bank itself received five per cent on its deposits with the Provincial Treasurer, the depositors themselves received only four per cent, one per cent being reserved for the expenses of the bank.¹³

Depositors who were expected to patronize the bank were described as "...Tradesmen, Mechanics, Servants, Labourers, and others of the Labouring Classes, Seafaring Men, Non-Commissioned Officers, and Privates in the Army, and Charitable Societies." Their transactions were to be verified by the production of a ticket along with the passbook and parties other than the owner of the account could deposit money.¹⁴

The Director of the bank was the Provincial Treasurer, Charles Wentworth Wallace, who had succeeded his father, Michael, two years earlier. Wallace's role at the bank was to oversee its general operation and to have ultimate responsibility for the accuracy of the books. In later years, around 1845, his demise as Treasurer, amid accusations of incompetence and fraud would be intimately connected with his dealings at the Savings Bank. The Cashier of the Savings Bank was one Edward Duckett Jr., who was also Wallace's chief clerk at the Treasury Office. He had been

¹² Novascotian, 25 July, 1832.

¹³ Statutes of Nova Scotia, Chapter 41, 1832. PANS, "Depositors Accounts Halifax Savings Bank," 1832, MG 100 Vol. 27, #11.

¹⁴ PANS, "Depositors Accounts," MG 100, Vol. 27, #11.

appointed to the latter job in 1818 by Michael Wallace and received £80 per year, while Wallace was paid £480.¹⁵ Besides his posts as Cashier of the Savings Bank and chief clerk, Duckett was also the Clerk of the Commissioners of the Board of Revenue, a post that yielded him £40 per year¹⁶

Duckett was the son of Edward Duckett Sr., who was also a mid-level civil servant who relied on income from the collection of fees and duties for his livelihood. He held the posts of Surveying Officer of Shipping and Navigation at Halifax and Collector of the Light Duties for Halifax, and was also a clerk in the army pay office. The first post, which he acquired in 1820, provided an income from the registering, for the fee of five shillings, *de novo* vessels in the Port of Halifax. In January, 1826, as part of the move from the old mercantilist system, Britain decided to abolish the fees and so the elder Duckett was left without his main source of income. He petitioned the Officers of Customs in London for a salary but they refused, and so he petitioned the local Lt. Governor for one, at least three times by 1828.¹⁷

By the time of his first petition in 1827 concerning the Surveying post he was already 72 years

¹⁵ PANS "Blue Book," 1841, p.82, RG 2 Vol.46.

¹⁶ There is some confusion as to what exactly Duckett earned from his various positions. In the actual "Blue Book", which was the official return to the Colonial Board in London, he is listed as having no salary specifically for the post of Cashier, and as receiving the £40 and £80 a year for the other two. However in the "Return For The Year" for Oct. 1840 to Sept. 1841 of the Provincial Secretary's Paper, PANS RG 7 Vol 10 #93, he filled out a form along with other officials in which he stated that he had no allowance for the post of 'private clerk to the Treasurer' and that he was supposed to, in lieu of an actual salary, receive one per cent of the funds from the bank that were deposited with the Commissioners of the Public Debt. It is possible that Wallace paid Duckett out of his own salary and certainly Duckett felt he was supposed to get compensation for his duties as Cashier since he later complained to the Government that he was owed money on that basis which he never received.

¹⁷ RG 5 'GP' Vol. 1 No. 6, Vol. 6 No. 4; RG 5 'P' Vol. 41 No. 31, Vol. 1 No. 60, Vol. 41 No. 61, Vol. 46 No. 82; RG 1 Vol. 241 Document 42 and 80, PANS. The term *de novo* referred to ships that would need new registration with the government authorities due to a major or total sale of the ship or its shares. The term means 'a new'.

of age and so the blow to his income would have been severe. As collector of light duties he was required to assess set amounts of money from all ships entering the harbour to help with the upkeep of the lighthouses marking the harbour approaches. Although he was paid a salary for this task he felt that it wasn't enough and so petitioned the government for an increase in 1821. One can only sympathise with Duckett, in his mid to late sixties collecting an unpopular tax from reluctant and bellicose skippers.¹⁸

By 1836, at the age of 81, Edward Sr. was ready to retire from his position as Collector of Light Money. In a memorial to the government, his son, Edward Jr., citing his fathers long service to the government, sought to have himself installed as the new collector. This was typical of early nineteenth century Nova Scotia practice, where officeholders constantly sought to secure offices for their sons, either by patronage or outright inheritance. In the memorial the son complained that after clerking for the army for twenty-two years, the office was abolished and his father had been "...thrown out in the World at an advanced age without any pension or allowance," and inferred that he should be given the job to help support his father. The memorial was co-signed by Charles W. Wallace, H.N. Binney and Thomas Jeffreys.¹⁹ While more influential officeholders such as a Jeffreys, Uniacke or Wallace might receive a pension or be gracefully 'pastured' while still in office, lower level men such as Duckett were allowed to soldier on until they were elderly men and then were unceremoniously dumped from the payrolls of government when it was deemed expedient or circumstances in London changed. This harsh reality continually coloured the lives of Edward Duckett Sr. and his son, Edward Jr. While they sought powerful patrons like Michael Wallace to provide them with positions and income, they

¹⁸ RG 5 Vol. 41 No. 30, PANS; Halifax Times, 15 March, 1842. Edward Duckett Sr. was 87 years old when he died in 1842.

¹⁹ RG 5 'P' Vol. 41 No. 30; RG 1 Vol. 241 Doc. 42 and 80, PANS.

were aware of their vulnerability and bitterness sometimes seeped through the deferential tone of their petitions and letters to their superiors. Years later when Edward Jr. tried to increase his pay from the Savings Bank or when he became enmeshed in the C.W. Wallace defalcation scandal, he used the same mixture of citations of powerful patrons, protestations of loyalty and hard work, combined with appeals to generosity and fairness to hold onto his job as cashier of the savings bank.

Duckett's report to the Council after the first five months of operation of the bank showed that £2,388 had been deposited and £125 withdrawn by 127 depositors. £2,200 had been paid into the Treasury leaving £63 in the Bank itself. This was referred to as the Surplus Fund.²⁰ Although Duckett made his report to the Council, the Assembly, of course, had its own committee to keep an eye on the Bank and look after its interests. This committee which made its first report on 6 April, 1833, was made up of Samuel Fairbanks, the Solicitor-General, James Shannon Morse, member for Amherst Township and Alexander Stewart, member for Cumberland County.²¹ They reported that all was well with the fledgling bank and that Duckett should be paid £14 15s 3d for expenses he incurred out of pocket in setting up the bank. The committee also recommended that the Assembly consider passing a bill that would shape the Savings Bank into a more development orientated institution. Fairbanks, who had pushed the hardest for a savings bank in the Assembly in the late 1820's, was heavily involved in the Shubenacadie Canal. Morse, a member from Cumberland, and Stewart, a partner in the firm of Moody & Stewart, West India Merchants, expected to see increased prosperity from the Canal. The bill that they proposed was

²⁰ Martell, A Documentary Study, p.22.

²¹ Journal of House of Assembly, Appendix 49, 1833. It is interesting to note that both Morse and Stewart represented 'country' ridings. This might be a sign of the country members keen interest to safeguard the new bank from the designs of the Council. Furthermore, Stewart was married to Morse's niece Sarah.

designed to "...extend the benefits to a more numerous class of depositors and to render available for the public service of this year some part of the Monies for which Savings Bank Certificates may be issued in case of necessity." ²² More depositors would mean more money and 'public service' could mean anything. This statement also seems to reveal feelings that even after less than a full year of operation, some people were feeling less than satisfied with the bank's clientele.

From 1832 to 1836 the bank continued to grow at very healthy rate, outstripping each year the five per cent margin necessary to show a real increase in deposits (See Table 1). By 1836 however, signs appeared that the liquidation of the public debt through the transference of deposits into the Treasury was not proceeding according to plan. In March, 1837, Lt. Governor Colin Campbell addressed the House and stated that as of June, 1836, the legal limit for deposits at the Bank, £15,000, had been reached and that "...many Persons have since been precluded from the benefits of an Institution, which has had so salutary an influence on the habits of the labouring poor and poor classes of the Community." He went on to say that the limit should be increased and that provisions should be made for the application of those increased deposits to the reduction of the funded debt. Although the law had already laid out rules for this procedure it seemed that a snag had developed. In Campbell's words "... that provision has hitherto been found impracticable -- Deposits with very few exceptions having been paid in Treasury Notes or Silver Coins, and Gold being required to pay off the Loan Certificates."²³

²² Journal of the House of Assembly, 1832. Appendix 49.

²³ Journal of the House of Assembly, 1837.

Table 1

Year	# of Depositors	The Halifax Savings Bank, 1832-1867				Balance at Treasury	Total owed Depositors	Interest paid Depositors
		Deposits	Withdrawals	Paid into Treasury				
1832	127	£2,388	£125	£2,200	£2,200	£2,263	N/A	
33	N/A	N/A	N/A	3,600	5,800	N/A	N/A	
34	N/A	N/A	N/A	2,000	7,800	N/A	N/A	
35	333	3,176	1,083	4,000	11,800	11,942	N/A	
36	366	5,894	3,142	3,200	15,000	15,340	646	
37	N/A	N/A	N/A	1,000	16,000	N/A	N/A	
38	N/A	N/A	N/A	3,000	19,000	N/A	N/A	
39	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
40	601	5,821	5,633	1,000	20,000	20,337	760	
*41	N/A	N/A	N/A	3,000	23,000	N/A	N/A	
42	N/A	N/A	N/A	1,500	24,500	N/A	N/A	
43	N/A	N/A	N/A	2,500	27,000	N/A	N/A	
44	825	7,291	8,409	---	27,000	27,407	N/A	
45	796	7,229	8,775	---	27,000	26,897	N/A	
**46	927	13,545	6,581	8,000	35,000	34,997	1,201	
47	1,009	15,067	11,611	æ5,950	39,800	39,975	1,522	
54	N/A	N/A	N/A	N/A	70,500	79,898	N/A	
55	N/A	N/A	N/A	21,500	90,000?	N/A	N/A	
56	N/A	47,170	37,230	14,000	106,000	N/A	3,911	
57	N/A	N/A	N/A	6,500	112,500	N/A	N/A	
58	N/A	N/A	N/A	12,500?	125,000	126,823	N/A	
59	1651	25,908	31,277	---	125,000	126,181	N/A	
60	N/A	N/A	N/A	---	125,000	127,719	N/A	
61	N/A	29,222	52,331	---	125,000	129,356	4,611	
62	N/A	21,624	26,816	---	125,000	155,708	4,747	
63	N/A	N/A	N/A	9,000	134,000	138,769	5,048	
64	N/A	N/A	N/A	12,500	146,500	147,974	5,422	
65	2,400	70,000	56,250	13,500	160,000	165,111	5,924	
66	2,302	N/A	N/A	N/A	N/A	160,000?	5,961	
67	2,343	N/A	N/A	N/A	N/A	160,000?	N/A	

Source: Martell, A Documentary Study, Appendix III; Journal of the House of Assembly: 1837, App.52; 1841, App.41; 1845, App.19; 1846, App.28; 1847, App.33; 1848, App.34; 1856, App.1; 1857, App.47; 1860, App. 'Public Accounts'; 1864, App.22 P.A.; 1865, App.23 P.A.; 1866, App.37 P.A.; 1867, App.30 P.A. Year Book and Almanac of British North America, 1867; Year Book and Almanac of Canada, 1869; NovaScotian, 6 April, 1836.

æ -- £1150 was withdrawn from the Treasury for reasons unknown leaving £39,800 instead of £40,950.

* -- interest rate = 4.5%, ** = 4%; ? -- estimate

The problem of specie shortage had impinged upon the Savings Bank. Due to the extreme lack of either specie or paper money, people for the most part had been depositing the only available kind of 'money' that there was -- Treasury Notes. It turned out however that it would be somewhat disingenuous for the government to pay off the wealthy creditors of the public debt who held Loan Certificates with Treasury Notes that themselves weren't always convertible into specie and were subject to price fluctuations. Many of the men who had amassed substantial obligations from the government with regards to the public debt, had done so through their banking or merchant businesses. Those enterprises had enabled them to acquire large numbers of Treasury Notes which they then presented to the Treasury for funding. The Treasury not having the required specie had to issue Loan Certificates which bore interest. To pay those off with the very same notes that they had been issued in lieu of payment would have been impossible.

In 1837 the Assembly passed an amendment to the 1832 act entitled " An Act relative to the Establishment of Banks for Savings."²⁴ In this act the limit of total deposits was raised by £5,000 to make a total of £20,000. Secondly, the Treasurer was directed, in firmer language than the earlier act used, to pay off portions of the funded debt, as soon as sums of £500 were received from depositors under this new act, "...for no other use or purpose whatsoever."

It seems that the assembly did not agree that it was the lack of specie that explained why the public debt was not being reduced with savings bank funds. There were allusions to the fact that Wallace, the man ultimately in control of the deposits at the bank, was not using them as the legislation intended. No concrete evidence can be found to support this.²⁵ This suspicion,

²⁴ Statutes of Nova Scotia, Chapter 45, 1837.

²⁵ Martell, A Documentary Study, P.21. Martell states that: " The deposits, which as it happened were used by the Treasurer for other purposes, were supposed to supply a means for the gradual reduction of the funded debt." The Superintending Committee at this time was comprised of Wallace, H.N. Binney and Rupert D. George.

however, is bolstered when one looks at the legislation as it passed through the House. A group of nine Reformers and four Conservatives put forth a motion to defer the bill to a later date, a move that often resulted in the death of a bill. All of these members were from rural areas of the province. At this point the bill was mainly about raising the limit by £5,000, a move that they could have thought was leaving the door open for further abuses of bank funds. Their motion was defeated by a coalition of nine Conservatives and eight Reformers. All the Halifax and Lunenburg representatives voted as a block, including Joseph Howe.²⁶ This seems to point to a difference of opinion as to what the Savings Bank was actually doing with its money. Those around the Halifax area might have thought it was a good idea since it provided a vehicle for investment, while those further afield, who had no bank, saw it as a tool of the Halifax elite. After the motion to defer was defeated, Young moved for the amendment that was discussed earlier that spelt out in clearer terms where the money was to go when it was deposited with the bank. In this way the Reformer/Country interests were able to secure a partial expression of their desires vis a vis the public debt, which they viewed as a financial burden on the backs of ordinary taxpayers.²⁷

More Changes: 1841

The Bank continued to grow during the intervening years between 1837 and 1841. This period

²⁶ Journal of the House of Assembly, 1837. The general trend for amendments to the Savings Bank Act, as with the original act, was for the new bills to originate in the Council or with conservative allies in the House and then have the bills changed or altered as the reforming or country interests counterattacked after the initial reading. Often they tried to defer a bill they didn't like and in general, attempts to increase the deposit ceiling of the Bank without reducing the interest rate were seen increasingly as a desire by elites to have more 'free' money than as an effort by the government to carry out the nominal task of liquidating the funded debt.

²⁷ It is not clear whether the amendment was moved by William Young or John Young.

was a quiet time as far as the bank went, there being no issues raised in the Assembly, Council, or the local press. By 1840, however, the new limit of £20,000 had been reached in the Bank's account with the Provincial Treasury. Thus a new bill was introduced in the House in early 1841.

James McNab, member for Halifax Township, (1840-1848), introduced the bill. He was a banker, merchant and a member of both the Executive and Legislative Councils at various times in the late 1840's. In the 1850's he became Receiver General, Provincial Treasurer and Chairman of the Railway Board and is described as a Reformer until 1857.²⁸ These credentials, although he is generally thought of as a Reformer, put him to the right of the political spectrum and his later defection to the Conservative ranks tend to bear this out. The act that he submitted to the House had the intention of raising the deposit limit by £7,000 to a new limit of £27,000. Recognising the mood of the Assembly towards the funded public debt, the interest was to fall to four and one-half per cent from five, with one-half percent reserved for the expenses of the bank.²⁹ The Assembly was still rankled that rich members of the community were being paid five percent on their Loan Certificates and was determined to lower the Savings Bank rate. This would save the government money and in turn the Loan Certificates would be made to look worse in relation to other government obligations. The Assembly also introduced new wording with respect to the debt liquidation provisions. In addition to the 1837 changes, the following words, reading more like a warning than instructions, were added: "**Provided Always**, that it shall be the duty of the said Treasurer, and he is hereby required, from time to time, as and as often as the sum of Five Hundred Pounds shall be received,...that direction may be made for so paying off part of the Funded Debt."³⁰ Evidently the Assembly was still not satisfied that Wallace was

²⁸ Shirley B. Elliott, The Legislative Assembly of Nova Scotia, 1758-1983, p.147.

²⁹ Statutes of Nova Scotia, Victoria 4, Chapter 52, 1841.

³⁰ Statutes, Vict. 4, Chap.52. Emphasis theirs.

using the funds of the Bank for their stated purpose.

At one point during the debate over the bill, the reformers, under the leadership of Herbert Huntington, member for Yarmouth County, (1836-1851), tried to reduce the interest rate to four percent instead of four and one-half,³¹ but lost in a close, 19 to 17 vote. If the amendment had been successful the cost of running the bank would have fallen upon the government unless the depositors' interest return would have been reduced. The reformers were aiming for the former, of course, attempting to end the subsidization of holders of the Public Debt.

Quiet returned to the Bank until 1844 when the deposit limit was yet again reached. On 8 March, 1844, Duckett wrote the Assembly and told it that the limit had been reached and asked for further instructions.³² Andrew Mitchell Uniacke, a future Chairman of the Bank of Nova Scotia, presented a bill that proposed to extend once more the amount that could be deposited, but after reaching the committee stage the bill died and was not heard of again. By this time rumours had started to circulate about possible defalcations by the Treasurer, Charles W. Wallace and the assembly was in no mood for cooperation with Conservative elements in the Executive.

The Scandal of 1845

Stories that all was not well with the Treasury had been circulating for some time and by the late spring of 1845, Charles W. Wallace was relieved of his duties as Treasurer. On 5 May, 1845, the Provincial Secretary, Rupert D. George conveyed the desire of Lt. Governor Falkland,

³¹ Huntington was at this time leading the fight in the Assembly. Between 1840 and 1843 Joseph Howe, James McNab and James Boyle Uniacke had left the reformer fold and were sitting on the Executive Council, a position they would resign in disgust when arch-tory, Mather Byles Almon was appointed. A.A. MacKenzie, "Herbert Huntington," Dictionary of Canadian Biography, Vol. VIII, p.416-417. The vote resulted in 5 Conservatives, 10 Reformers and 2 Unknowns voting for the Huntingtons's amendment and 11 Conservatives, 8 Reformers against. The geographic distribution of the reformers was similar to the vote in 1837.

³² *Journal of the House of Assembly, 1844.*

to set up an investigation into the affairs of the Treasurer. Council members Alexander Stewart and Mather Byles Almon were appointed to do the job and their first report was presented to the Governor on 17 June, 1845.³³

Stewart and Almon were charged with the task of counting the money in the Provincial Treasury and examining the books of the Department. They quickly discovered severe irregularities in three interrelated areas --- the liquidation of the funded debt, the issuance and funding of Treasury Notes and in the operation of the Savings Bank. For instance, they immediately discovered that on 31 March, 1845, Wallace entered a £250 payment for interest due creditors of the public debt, but they could only find vouchers for £60. After denying this error and then admitting it, Wallace went on to confess that the monthly accounts that had been sent to the Governor's office showing the balance of funds in the Treasury were incorrect. It was impossible to ascertain the correct balance at any one time.³⁴

Attention then turned towards Edward Duckett Jr., who as the only clerk of the Treasurer and Cashier of the Savings Bank, was intimately connected with Wallace's dealings. If not culpable, he was at least in a position to know what was taking place. Under questioning from the investigators, Duckett admitted that for the years 1841, 1842, and 1843, payments of some £7,000 towards the liquidation of the funded debt had in reality amounted to only £4,500, leaving the government owing £2,500 more, with interest, than it thought it did. Duckett stated that he had made these false payment charges, along with others, at the request of Wallace, his boss. Upon this revelation from Duckett, the team of investigators closely scrutinized Wallace's story and

³³ Journal of the House of Assembly, Appendix 16, 1846.

³⁴ Journals, Appendix 16, 1846. A great deal of the two appendices that appeared in the Journal that year, 16 and 28, deal with the state of the funded debt and Treasury Notes as well as the Savings Bank. This analysis will tend to stick to the Savings Bank and bring in the other issues only when they impinge on the Bank directly.

found the charges to be true. Wallace revealed that the government was probably liable for some £4,000 in surcharges altogether.³⁵

The notoriety that these proceedings drew during the summer of 1845 caused a run on the Savings Bank, stemmed only by the intervention of the government. Duckett's weakened position became even weaker when the state of his sureties was brought into question. His one surety had been his father, but he died in 1842. This left the government with no bond on the cashier of the Savings Bank. It was proposed that the Attorney General prepare new ones that would amount to £1,000. £500 would be bonded by Duckett and £250 each by two other parties.³⁶

Duckett, like his father, was not one to go down without a fight and he strenuously pleaded his case before the men exploring the situation. To the charge that he should have declined to make the false entries for Wallace he replied that as a private clerk he was bound to do what was bid of him and that on frequent occasions he had 'remonstrated' against his orders. Furthermore he cited the fact that none of his reluctant illegal entries had resulted in any gain for himself. He claimed that he had kept the books properly as far as the Savings Bank was concerned and that he should not be liable for any sums the Province had not received for interest gains on short deposits. Stewart and Almon ended their report with a call for a more extensive and detailed investigation into the Treasury Department and the Savings Bank.³⁷

³⁵ Journals, Appendix 16, 1846. In order to sort out the growing mess Stewart and Almon had all outstanding Loan Certificates called in in an attempt to see who owned what and what the government's obligations really were.

³⁶ Journals, Appendix 16, 1846.

³⁷ Journal, Appendix 16, 1846. Duckett must have felt life was being patently hard on him. Not only was he caught up in the exposé of his superior's defalcations, which ultimately cost him his job for a time, he had also suffered personal loss frequently in recent years. He had lost two sons named Edward in 1839, the second being an infant who died in November that replaced the 3 year old who died in February. A 5 year old daughter, Charlotte, died in 1841, his father in 1842 and another daughter, Mary, in 1843. His eldest daughter Sarah was to die in 1854 so it is entirely possible that the old clerk outlived all his children. Stayner Collection, Vol 1646, No

The second investigation was performed by Alexander G. Fraser and Richard Tremain. That neither of these men were of the Assembly or the Council suggests a compromise of some sort and reveals dissatisfaction on the Assembly's part with the character of the first two investigators.³⁸ The report tabled by Tremain and Fraser dealt exclusively with the funded debt and Treasury Notes. Their findings echoed the preceding ones, but contained several abstracts detailing how the funds were misplaced. They told the story of cashed yet unsigned Loan Certificates, large surcharges liable upon the Treasury because of unknown funded debt stock, four different balances for supposedly the same amount of cash in the Provincial Chest and most interestingly, old signed Treasury Notes, dating back to 1822 which were found lying around the office and in the cellar of Province Building, along with an envelope containing £2,000 of 1845 Treasury Notes that were supposed to have been destroyed but out of which £435 was missing.³⁹ The second part of their report focused attention on the Savings Bank. In December of 1845, this second report was made public, exposing Duckett to a stinging condemnation of his duties.

The scope of the examination of the Savings Bank ranged from investigating the accounts, to analyzing the mode of operation and its legality and finally to suggesting improvements in the conduct of the Bank. The first bone they picked with Duckett involved his practice of borrowing money from the Province if withdrawals at the Bank exceeded the amount of cash he had on hand. Duckett stated that because loans of this type were generally repaid within a week once fresh deposit were available they were never entered into the books. While believing Duckett that this did not happen very often, the investigating commissioners found: "Such proceedings were

140-167, 'D' Misc., N504, N650, N651, N652, N653, N654, PANS.

³⁸ Journal, Appendix 16, 1846. Richard Tremain was a commissioner of the Poor Asylum, while it is unknown to this writer the occupation of Mr. Fraser, although undoubtedly he was of similar 'respectability'. He was to become the acting Treasurer in place of the dismissed Wallace.

³⁹ Journals, Appendix 16, 1846.

irregular and departures from the legitimate course provided by the law for the Savings Bank, and tended to connect the transactions of the Bank and the Provincial Treasury more intimately than could have been justified."⁴⁰ One has to wonder what was to be expected when a Savings Bank was set up where its Director was the Provincial Treasurer and its Cashier his private clerk, and all corresponding work performed in the same room.

The examiners continued with technical criticisms of the inadequate accounting procedures of the Bank, and the lack of adherence to what procedures existed. They complained that it was impossible to ascertain how much was owed whom because of the absence of an 'interest account'. This necessitated the perusal of all the account books up to 1845 which amounted to over 2,000 in all, a daunting task in those days. They pegged the actual gain of the Bank arising from leftover interest on broken periods at £261 13s 8d and recommended that in the future this gain be paid to the Bank on a quarterly basis so the Bank could in turn deposit it to the credit of the Province with the Treasury.⁴¹

Confusion also arose over the letter of the law with regards to the varying rates of interest paid on customers' deposits since 1832. As we have seen, in 1841 Savings Bank Act had been amended to allow for an additional £7,000 of deposits and to decrease the interest rate to four and one-half percent. This meant a one-half percent decrease in the operating margin for the managers since the depositors still received four percent on their funds. Duckett answered that the interest rate decrease applied only to the new £7,000 and not the outstanding £20,000, upon which he

⁴⁰ Ibid.

⁴¹ Journal, Appendix 28, 1846. This interest gain arose when depositors withdrew all their money in the middle of a quarter (interest was computed and compounded quarterly) and so would receive only their principal and any interest outstanding from the last complete quarter and none from the quarter in which they withdrew their money, thus the term 'broken periods.' Depositors had been paid a total of £7,725 17s 11d in interest since the start of operations in 1832. Appendix 28, Abstract No 4, 1846.

continued to take one percent off the top. Tremain and Stewart, upon asking the legal opinion of the Attorney General, James W. Johnston, were told that Duckett and Wallace, as they had suspected, had been taking too narrow an interpretation of the law and that the four and one-half percent should have applied to all the funds held by the Bank.⁴²

The liquidation of the funded debt, which was supposed to have been one of the important tasks of the Bank as far as the Assembly was concerned, had not taken place. There had been £27,000 paid into the Provincial Treasury up to 1844, however,

the Certificates were only filled up and dated to the extent of £9,000, and even these not completed by the signatures of the Provincial Treasurer and Commissioners (for the public debt); thus proper legal security has not been obtained for its investment, nor has the Bank the means in itself of raising money as contemplated by Law to meet an emergency, and in case of a run must fall back immediately on the Treasury for support; this was evinced during last Summer, when the sum of £2,100 had to be furnished by Government to meet its liabilities, depending on subsequent Deposits for its return.⁴³

In their final recommendations, the investigators called for improved accounting procedures for the Bank. While the passbook system worked well enough, they called for the adoption of the 'double entry' system at the bank itself to safeguard against mistakes. They cited the need for a ledger containing Stock, Interest and Cash accounts held by the Province of Nova Scotia in connection with the Bank, along with ledgers for the institution itself listing the cash debits and credits of the Bank. In addition to these, a general ledger or book was to be kept in which would be recorded "...copies of periodical Reports and Statements of the general affairs of the Bank, signed by the respective officers."⁴⁴

After being put through the wringer, Duckett was more or less vindicated by the committee. The

⁴² Ibid.

⁴³ Ibid.

⁴⁴ Ibid.

report ended with the acknowledgement that he had been ready 'at all times' to help with the investigation and that,

in the daily routine of business and in the dealings between the Depositors and the Bank, he has conducted it to the entire satisfaction of the public; and whatever are the imperfections in shewing (sic) correctly the general state of affairs, as before mentioned, they may be attributed to too strict adherence to the method first adopted, and continued without making such alterations or improvements as the growth of the Institution naturally suggested.⁴⁵

The committee even went as far as to ask Duckett's opinion on the future of the Bank in series of questions addressed to him; his replies to which were added to the report. While the answers that pertain to the depositors of the bank will be scrutinized later, Duckett suggested that the Bank could grow by almost any amount in the future if the deposit limit was increased from £25 to £100 per year and the total amount allowed per person increased from £100 to £300. The investigators stated it was their wish to see the bank begin to do a small loan business and be used to concentrate the various loans that comprised the public debt, but that deposits should not be allowed above £50 per year.⁴⁶

The mid to late 1840's was a period of intense bitterness and rivalry in Nova Scotia politics, with Joseph Howe, William Young and James Boyle Uniacke and others of the embryonic Liberal party squaring off against James W. Johnston and the fledgling Conservative party, which was in power from 1843 to 1848. With the Lt. Governor's appointment of arch-tory Mather Byles Almon to the Executive Council in December of 1843, the three reformers revolted at the thought of serving on same council as Almon and resigned their seats. During that session of the General Assembly, Howe and the other Reformers were in constant battle with the Lt. Governor and his Council. Howe had opened a letter campaign against Viscount Falkland which eventually helped

⁴⁵ *Ibid.*

⁴⁶ *Ibid.*

lead to his resignation and replacement by Sir John Harvey. Harvey's subsequent failure to institute a meaningful coalition government set the stage for the crucial election of 1847. When J.W. Johnston and the Conservatives were forced to resign after losing the general election, responsible government came to Nova Scotia.⁴⁷

It was in this atmosphere that the debate about the scandal at the Treasury, and what should be done about it, took place. Obviously, men such as Howe and Huntington would not be satisfied with an investigation carried out by Tory politicians like M.B. Almon and Stewart. By 1844 Howe had full editorial duties at the Novascotian and the tri-weekly Morning Chronicle, both of which were owned by the reformer, William Annand.⁴⁸ In these papers he outlined his views on the scandal and commented on the position of other papers. An article from the Morning Chronicle which appeared in the Novascotian related the fight that was raging between the Sun and the Herald over the appropriateness of Wallace's dismissal. The former declared that Wallace was being victimized by Reformers intent upon acquiring the office for themselves, while the latter claimed it was a just suspension. For its part the Novascotian withheld judgement until the results of the Almon-Stewart report were known. The Herald called for the abolition of the office of Treasurer and the safekeeping of all government monies in one of the local banks.⁴⁹ By late summer of 1845 the same paper reported the rumour that the government was indeed ready to put its money in a Halifax bank. Howe was not in favour of this, claiming it would make "an invidious and unnecessary distinction" between banks. It was also rumoured, not surprisingly, that the bank which had been able to come up with the best terms for the government was the

⁴⁷ J. Murray Beck, Politics of Nova Scotia, Vol 1, Nicholson-Fielding, 1710-1896, (Tantallon: Four East Publications, 1985), p.123-129.

⁴⁸ Beck, Politics of Nova Scotia, p.124.

⁴⁹ Novascotian, 26 May, 1845.

Halifax Banking Company, a thought that must have made many reformers and competitors squirm uneasily.⁵⁰

By late January, 1846, Howe stated in the House that he was not satisfied with the reports that had been tabled in the House. He claimed that both sets of investigators were unwilling to come clean with the public on what had really happened at the Treasury. Shortly after he later claimed what he had said was he agreed with the government given their difficult position. They should have the right to play their cards close to their chest and not be accused of a cover-up. Whatever the reasons for this partial retraction, Howe pressed for a select committee to pursue the matter of Wallace's defalcation further. He wanted to exhume the books of Michael Wallace, stating that the present problems pointed to the fact that his tenure as Treasurer was probably filled with shady dealings as well, a situation long suspected. The committee eventually struck comprised Alexander G. Fraser, Howe, S.N. Freeman, Huntington and Benjamin Smith. Their report was tabled in the House on 13 March, 1846, at which point it was ordered to lie on the table.⁵¹ The fact that the new Treasury Bill received royal assent on 20 March seems to infer that the recommendations of this report were never acted upon. The proposal that the Treasurer place his money in the hands of the Halifax Banking Company or the Bank of Nova Scotia, was rejected in a report by Gloud Wilson McLelan, who stated that it would give too much advantage to the bank who won the contract since they would have large amounts of public money which would enable them to increase their note circulation by an inordinate amount.⁵²

The political upshot of the Wallace scandal was a long finance bill entitled "An Act relating to

⁵⁰ Novascotian, 4 August, 1845.

⁵¹ Novascotian, 26 January, 1846; Journal, Appendix 84, 1846.

⁵² Journal, Appendix 82, 1846.

the Treasury Notes, the Funded Debt, and the Halifax Savings' Bank", which was passed on 20 March, 1846.⁵³ The act called for the withdrawal of all outstanding Treasury Notes and their replacement with new ones, the consolidation and liquidation of the public debt of the province, which then stood at around £30,000, and for the repeal and revamping of all the hitherto existing Savings Bank legislation.

The recommendations of the Tremain and Fraser report were closely followed in the new legislation; cash accounts with the province were to be opened, double entries were made the order of the day, accounts showing the principal and interest payable to depositors, the undrawn interest, and the surplus interest were all required under the new law. In addition the compilation of an annual report written by the Director for the Governor, and an annual abstract written by the Cashier for the Provincial Secretary, were set up, both to be laid before the Legislature.⁵⁴

The new law also increased the deposit limit from the £27,000 ceiling to £40,000 and the interest rate was reduced to four percent, to be paid each half year instead of quarterly. The Director now had to deposit Banks funds into the Treasury each time £100 was amassed at the Bank for the liquidation of the public debt instead of the old trigger level of £500. A cash account held by the Savings Bank in case the Treasury could not cover an emergency was to be opened at one of local banks at not more than five percent interest. To avoid the confusion that had occurred during the investigations and in the Assembly over the use of the terms Treasurer, Director and Commissioner, it was now stated clearly that the Director of the bank was to be the Provincial Treasurer and his clerk, the Cashier. While this was essentially the same situation as before, at times Duckett had been called Treasurer of the Bank, as well as Director, which had

⁵³ Statutes of Nova Scotia, Chapter 14, Victoria 9, 1846.

⁵⁴ Statutes, Chapter 14, Victoria 9, 1846.

led to a general muddying of the picture. Finally, for the performance of his two offices, Duckett was now to get a cherished, statutory salary which was set at £250 per year.⁵⁵

⁵⁵ Statutes, Chapter 14, Victoria 9, 1846.

V. Howe's Railways and Duckett's Battle, 1847-1867.

Saving the Rails?

With the election of 1847 Joseph Howe and the Reformers took hold of the reins of government. Over the next two decades, Howe, a strong supporter of the Savings Bank and a enthusiast of the railway, moulded the Bank into a vehicle that he hoped would help finance the development of the Province. Although the savings banks of New York had helped to build the Erie Canal, the concept of using the Savings Bank as a channel for developing public enterprises such as the Shubenacadie Canal, although clearly mooted, had never caught on in Nova Scotia. Now, some twenty odd years later, under the dynamic leadership of Howe, the Savings Bank would begin to play an implicit, if rather insignificant, role in the railway schemes of the government.

From the start, Howe's plans for the construction of a rail line from Halifax to Windsor, his first project, suffered from a scarcity of funds. In 1850 he could get the legislature to vote only half the money needed for the line to the Valley. The same year he made a six month trip to London to raise \$800,000 from British capitalists. During his stay there he had one of his characteristic "flashes" and started to envision a scheme whereby the railway would become the base for a "...vigorous colonial policy, which, among other things, included representation in Parliament by two executive councillors from each colony operating under responsible government and an immigration and colonization scheme which would relieve the British poor rate."¹ It is easy to see how he was able to forge a connection between the Savings Bank and his railway plans, especially given the example south of the border. A enlarged and vivified Savings Bank would serve the interests of the labouring classes as well as contributing to the development of trade and industry in the Province.

¹ Beck, Politics of Nova Scotia, p.136.

After the initial defeat of his Windsor Railway scheme and the collapse of plans for the Intercolonial and North American Railways, Howe was ready to proceed with the domestic line again in the winter of 1853. He presented four Railway Bills. Two of the bills allowed for further issuances of Treasury Notes to help fund the railway. The third dealt with the Savings Bank and the fourth was an enabling act to allow the actual work to proceed on the line, which would be some 320 miles in length running from Pictou, Windsor and Halifax to the New Brunswick border.²

The Savings Bank bill authorized the further investment of the earnings of the industrious classes in the Savings Bank. It was clearly stated that the bill was connected with railway construction. Ironically, this time it was the Conservative, James W. Johnston, who led the fight against the plans for substantial increases in Savings Bank deposits. Johnston was against the railway bill because it "... proposes to make the trunk line a government work, and gives no satisfactory assurances of completion of the branch and because it proposes to involve the provincial resources and credit to an unnecessary amount, which might be avoided by adopting a sounder system of railway construction in Nova Scotia."³

Owing to the intransigence of western county members who were lukewarm to the idea of 'distant' railways, the assembly was deadlocked in voting and none of the bills of the winter of 1853 became law.

In 1854 Howe was at the helm of another, this time successful, railway initiative. Once again Johnston opposed the railway bills and the related, Savings Bank and Treasury Note bills, with all the strength he could muster. The Treasury bill allowed the government to issue a further £50,000 of Treasury Notes. The Savings Bank Bill maintained the four percent interest on

² Journal, 1853; Beck, Politics of Nova Scotia, p.139.

³ Journal, 1853.

deposits and allowed for the increase of deposits overall to a ceiling of £65,000, an increase of £25,000.⁴ Johnston moved several resolutions to defer the proposed amendments. All of which were defeated. Next he moved changes to the amendments to make the proposed increases less attractive. All of these counteramendments failed.⁵

Johnston also attacked bills authorizing construction of the rail line and a loan to help finance it. This loan began an escalating spiral of debt. The increases at the Savings Bank were by comparison modest indeed. By 1867 there was \$644,687, or roughly £160,000, on deposit at the Savings bank yet, the principal and interest of the railway debt totalled a staggering \$9,870,269.46 and the government ran an operating deficit of \$332,790.14 for the year.⁶ In other words if all the money in the Bank was put towards the former sum, an unlikely event, it would have amounted to only six and one-half percent of the debt. Clearly the contribution of the Savings Bank to the construction of the railways was negligible. What was important however, was the impetus that was coming from the other direction. The construction of the railways and Joseph Howe's fertile mind gave a boost to the institution and insured that it would continue to grow and survive into the Confederation period. In 1867 the Savings Bank would metamorphosize into something quite different and quite important for the economy of the Province -- a federally funded and expanded chain of savings accumulators that drew off surplus capital from the province in favour of development projects elsewhere in the nation.

In 1855, the government passed another bill that increased the deposit level by an additional

⁴ Statutes, Chapters 3 and 4, Victoria 17, 1854. This bill was entitled "An Act to amend Chapter 38 of the Revised Statutes, and the Act in amendment thereof"

⁵ Journal, 1854.

⁶ Year Book and Almanac of Canada, 1868, (Montreal: J. Lowe, 1869); Journal, 'Public Accounts', Appendix 19, 1868.

£25,000, bringing the new ceiling to £90,000.⁷ This may reflect a realization that, after the first year of construction, the cost of the new lines was going to exceed rather quickly the means of the government to finance them. It seemed that in the end Johnston and the Conservatives had been right and that the government had bitten off more than it could chew.

Duckett, Tupper and Howe

After the uproar of 1845-46, Duckett had been able to continue quietly as the Cashier of the Savings Bank working closely with his new boss, Samuel Prescott Fairbanks. He now had the all-important annual salary that provided him with £250 per annum. This must have gladdened Duckett, who at the time of the new Treasury and Savings Bank Bill in 1847, had been fifty years of age. This £170 increase over his old salary of £80 gave him added security in the face of his advancing age. He was not totally satisfied however and in 1853 petitioned the House for the settlement of monetary grievances that he had held from the very beginning in 1832.⁸ At the time of the founding of the Bank, his appointment as Cashier, which he pointed out had been "unsolicited", carried no remuneration. Duckett claimed that from 1832 to 1834 he had recovered only £9 per year and out of this he had paid contingent expenses. Duckett now claimed that, as stated in the old law that the Bank could operate on the one percent interest it withheld from depositors, and since he had paid most of the contingent expenses, he should retroactively receive one percent of the £50,000 that had been paid into the Treasury up till 1853. Since for all intents and purposes Duckett was the bank for all those years he had a point, notwithstanding what one might have thought of his abilities. The bookkeeping for the over 2,200 accounts that he had handled during that period was no mean feat, and required hours of painstaking work. He

⁷ Statutes, Chapter 25, Victoria 18, 1855, " An Act to enlarge the amount of Deposits in the Savings Bank." In 1855-56 railway expenses totalled £43,771 17s 6d, second only to the Road Service, Journal, Appendix 1, 1856.

⁸ " Petition to House of Assembly by Edward Duckett Jr." Rg 5 Vol. 46 No. 82, PANS.

believed that his 35 years of service entitled him to some kind of financial recognition of his efforts. It seemed that Duckett's insistence was rewarded for the next year a resolution of the House passed, with the aid of the Speaker's tie-breaking vote, giving him an extra £50 per year.⁹

Four years later however, Duckett's world was to be shattered once again by doubts over his integrity and the accuracy of his books at the Savings Bank. In 1859, the Public Accounts Committee, after going over the Savings Bank Abstract for that year, concluded that errors that they had detected in the statement "...rendered a searching investigation into the state of that institution absolutely necessary, and recommended the Government to undertake it."¹⁰ The investigation was carried out by one Archibald Scott, who looked over the books from 1854 to 1858. He presented his report to the Provincial Secretary, Charles Tupper, on 15 November, 1859.

Scott's first revelation was that Duckett had failed almost completely to follow the guidelines of 1847. He cited the "...total absence of that system of book-keeping, so essential to a bank, to ensure correctness...", " and derided the fact that the books had not been kept by double entry. In an almost exact replication of the exertions of Tremain and Almon thirteen years earlier they found it necessary to go over some 1,800 individual accounts to ascertain the amount of interest that the Treasury was liable to pay to depositors. Similarly, they were obliged to set aside the annual and general abstract records and to open a small journal and ledger that contained a cash account, Receiver General's account, general depositors account, interest account, expense account and surplus fund account.¹¹

The errors that he detected among Duckett's work seemed to amount to £394 3s 8d, which Scott

⁹ Journal, 1854.

¹⁰ Journal, Appendix 'Public Accounts', Part 'C', 1860.

¹¹ ibid.

felt that he should be made to make up. They cited the need for a general ledger which should contain the following accounts: the old account or ledger, a cash account, account with the Receiver General, general depositors account, an interest account, an expense account and a surplus fund account. He enumerated several other accounting changes that should be instituted.¹²

In typical fashion, Duckett replied in his defense in a letter to the Provincial Secretary, Charles Tupper, dated 5 December, 1859. He stated the following:

I admit of several errors and omissions, but this I account for, the books not being examined by the person appointed to do that duty. Mr. Fairbanks, who during his incumbency (sic) examined weekly and reported monthly as to the correctness of the books. Mr. McNab, his successor, never missed examining the annual and general accounts, which were received and found correct.¹³

In this defense Duckett had a strong point. As Cashier of the Bank all of his work was to be double checked by his superior and Director of the Bank, the Provincial Treasurer. If they now found fault with his work, any blame that might be placed should have rested equally with those who held ultimate responsibility and in stating this he showed a strong determination that as a paid clerk, he should not be made to pay for the oversight of those who were in the positions of political accountability.

Those in power, perhaps in response to Duckett's defense, were apparently not satisfied with the first report, for on 12 December, 1859, Tupper's Deputy Secretary, William H. Keating, wrote to the Financial Secretary, John J. Marshall, and William A. Henry, member for the Antigonish area of Sydney County, requesting them to instigate a further investigation of Duckett and the Savings Bank. They were to work with Duckett "... with the view of obtaining such

¹² Ibid.

¹³ Ibid.

information and statements of account as may to you appear to be necessary for the information of the Government, and as he may deem to be requisite for his own vindication.¹⁴

After going over Scott's work they increased the amount of Duckett's deficiency to £813 9s 5d. In addition to this they were of the opinion that "... in a great many instances..." Duckett had been guilty of crediting money to depositors in their passbooks which had not been entered or credited to the depositors account in the Bank's book, therefore obscuring the true amount of the governments obligations to the public. This report was received by Tupper on 19 December, 1859 and it appears the same day he asked for Duckett's resignation.¹⁵

In his answer the following day to Tupper's request, Duckett stated that he would step down "...until the meeting of the Legislature, but think it necessary to have a written statement from you, naming the amount deficient, and in what way you make it occur."¹⁶ Duckett was probably buying time until he could figure out what to do next not realizing that on the same day, the 20th, Tupper had already appointed George P. Lawson to both the positions of Cashier of the Savings Bank and principal clerk to the Receiver General, the office of Treasurer having been abolished in favour of the political post of Financial Secretary in 1847.¹⁷

On the 21 December, Tupper wrote to Duckett and spelt out clearly where the old clerk now stood:

I regret to inform you that you have misunderstood my communication of last evening when I informed you that under the existing circumstances, it would be impossible for you to continue in the office you hold, and suggest that you can anticipate your removal by a resignation and informed you that the whole matter

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ Journal, Appendix 'Public Accounts', Part 'C', 1860.

¹⁷ Royal Gazette, 21 December, 1859.

would be referred to the Legislature.¹⁸

Clearly, Tupper could not have two men occupying the same post; Duckett had to be must realize his misapprehension that his fate resided with the House when it did not. Duckett, by now aware of Lawson's appointment, retorted in a remarkable display of courage, or perhaps plain stubbornness, that he had no intention stepping down now that his future would be irretrievably lost if he did. On the same day he received Tupper's clarification he fired back one of his own which must have made Tupper wince in exasperation:

Upon reflection I do not think it would be just to myself, or in any ways advantageous to the public service, for me to tender my resignation of my office.

That there may be some errors in accounts running over a period of twenty-seven years, and including the receipts and payments of over one hundred and twenty-five thousand pounds, I may not be able or disposed to deny. That those errors, whatever they are, have yet to be ascertained and adjusted in a spirit of equitable consideration for my interests and feelings, I do not perceive; and that there has been on my part any intentional wrong-doing or fraud, I positively deny. My friends will be only too happy to assist the Government in correcting any errors that may appear, and my sureties stand ready to make up any deficiency with which I may be fairly charged. Under those circumstances it would be but just to an old public servant to put the office in commission, until the facts have been fully sifted and the judgement of the Legislature have been pronounced¹⁹

Heavy his heart must have been during the festive season of 1859, when so little of the milk of human kindness and goodwill towards men appeared evident. At sixty-two years of age Edward Duckett Jr. spent his Christmas contemplating how he was to live the rest of his life with no income, 'cast on the World at an advanced age' like his father, Edward Sr., before him. It is this harsh reality, that in the end, must have led him to continue the fight for the recovery of his fortunes, as tiring as it must have been at that stage of his life.

During the winter of 1859-60 Duckett petitioned the legislature for reinstatement and the

¹⁸ Journal, Appendix 'Public Accounts', Part 'C', 1860.

¹⁹ *Ibid.*

committee appointed to look into his claims reported their findings on 9 May, 1860. Due to the late reception of the petition during the winter session they were unable to make a full investigation but they did admit that "...much consideration is due to a public officer of forty-six years service..." and so urged further investigations.²⁰

The election of 12 May, 1859 had resulted in a Reformer victory, with Joseph Howe eventually being appointed Provincial Secretary after a brief stint by William Young. Due to custom they had to wait six months before assuming office, therefore the Savings Bank investigations had been led by a 'lame-duck' Provincial Secretary -- Tupper. Duckett's petition as a result stood a better chance than before of receiving an advantageous hearing. Thus in accordance with the committee's recommendations on the subject of the petition, and with the permission of the Lt. Governor, Howe asked John H. Harvey to undertake a new inquiry with "... a view to afford Mr. Duckett the most favourable opportunity to show that he has accounted for all monies which he received in the capacity of Cashier, and the errors reported to exist, have arisen from the misapprehension of his accounts."²¹

Harvey, while admitting that Scott's investigation had been "thorough and minute", found fault with parts of it which tended to exaggerate the size of Duckett's deficit, due mainly to errors in addition and subtraction or omissions of credit. The problems with the Surplus Fund were reduced when he explained that the discrepancy between its size between the pre-1857 period and after was to do interest paid the bank on a £6,500 interest free loan that it had received from the Government and then deposited in its account with the Treasury. Overall, however, the report was more a reflection of the distaste that the present administration felt over the whole affair and helped to gloss over the animosity of the previous year. Harvey commended Duckett on his

²⁰ *Ibid.*

²¹ Journal, Appendix No 7, 1861.

"earnestness and candor" and thought him innocent of any wrongdoing; the problems arising instead from money that had been "...inadvertently overpaid in the hurry and confusion of a crowded office." ²²

Harvey's report of the 13 July, 1860, was followed five days later by a letter from J.W. Johnston to Duckett, which he then passed on to the Government. Johnston in a complete about face, or perhaps by way of apology for the overzealous actions of his younger, hotheaded political partner, Tupper, had stopped by Duckett's house to offer his sympathy and any help he could give in finding him some other employment. He told Duckett that it was not Scott's intention to impugn his reputation or attack him personally and that no one believed that the errors were the result of any "dishonest purpose". Political necessity however would not allow Johnston to go the full distance and call for Duckett's reinstatement. He preferred to say that due the "...increased and complicated nature of the business, it was not either for your interest or that of the Province that you should continue in the situation."²³

The next boost in Duckett's drive for resurrection was a petition that reached the Executive Council on 15 August, 1860. Contained in it were the names of 137 worthy, respectable citizens of the city who appealed to the government to reinstate Duckett. Notwithstanding the deficiencies that had been observed, the petitioners were "...perfectly satisfied in the strict integrity and uprightness of Mr. Duckett's moral character." Furthermore they pointed out that at the office of the Receiver General, Duckett had been "... continually interrupted in his duties, which of late years had considerably increased..." and that this situation had "...been altered since the present Cashier had commenced his duties, and he has an office exclusively to himself." The petition stressed his long service to the government and alluded to the illogical proposition that his salary

²² Journal, Appendix No.7, 1861.

²³ Journal, Appendix No.7, 1861.

of £300 per annum would not have been enough to support him and his family comfortably, thus driving him to embezzle funds.²⁴

The pressure on the government was certainly building and Duckett kept his well orchestrated assault on the corridors of power humming by writing to the new assistant of the Cashier of the Savings Bank, Charles S. Hawbolt. His appointment that year must have infuriated Duckett who had built his defense on the proposition that the situation and intensity of his surroundings had made it impossible for him to keep up with all his duties accurately. The new assistant clerk, replied to Duckett that no one person, in his opinion, could have performed the duties at the Bank "...without assistance, to check the business, if not permanently, at least frequently, to prevent errors occurring in additions, calculations, etc., etc. And ...having the office separate and distinct from the Receiver General's, ...the means of keeping matter more correctly than could have been done by having the office in one."²⁵ This letter arrived on the Council's table the next day along with one composed by Duckett himself on 30 October, 1860.

Duckett carefully added his voice to the chorus already praising his character and hard work, citing his long service and the even longer nights he had spent poring over the books of the Bank to keep up with the business. He brought up the case of a Cashier in one of the local private banks in Halifax, who upon finding out that he owed money due to his miscalculations was allowed to devote a portion of his salary to the liquidation of his deficiencies while never having his character or integrity "impeached"; Duckett alluded that he would find similar treatment welcome. Duckett assiduously maintained his innocence and while regretting the mistakes that he

²⁴ Journal, Appendix No. 7, 1861. A few of names included J.T. Twinning, John A. Bell, John Stairs, Martin Gay Black Jr., L.S. Cogswell, Edward Binney and Thomas M. Beamish.

²⁵ Journal, Appendix No.7, 1861.

had made, felt the "...greatest comfort that he had never been found guilty of dishonesty."²⁶

Either Joe Howe had had enough and couldn't resist Duckett's single-minded determination for reinstatement, or he genuinely felt sorry for the sixty-three year old clerk. Perhaps both. In any case on 14 November, 1860, Duckett received a letter from Howe's office reinstating him to the Bank on the condition that the deficiency be made up and that he post new sureties with the government. Lawson was relieved of his duties on the 15 November and Duckett gladly accepted the terms of his reinstatement the next day.²⁷

What had really caused this uproar? Why had the Conservative government in 1859 gone to such lengths to uproot and humiliate Duckett when they were destined to vacate the seats of power in a few months, having already lost the election of 12 May, 1859? While Duckett had made mistakes that had cost the government money, the total sum in question was less than a £1,000. Duckett had shrewdly brought up the fact that in the private sector a poor cashier was not fired but 'allowed', to pay the money back. Why not the same in the public sector? The answer lies in the vicious fight over the 'spoils of war' that emerged in the post-1847 reform years.

Joseph Howe had been strongly against the precept that 'to the victors belong the spoils' throughout the early years of the Reform government in 1848 and 1849. " He continued to insist that Nova Scotia follow the British example in the matter of patronage and it was not until after he left the ministry that the spoils system came to be introduced by stages."²⁸

Whether it is fair to paint the Conservatives or the Reformers as the party that introduced the spoils system is a question that won't be answered here; however it is clear that the Conservatives were angry with the departmental bill introduced by the Reformers in 1848 which became the

²⁶ Journal, Appendix No.7, 1861.

²⁷ Journal, Appendix No.7, 1861.

²⁸ Beck, Politics of Nova Scotia, p.134.

cornerstone of the new system of responsible government. It "...abolished the office of the provincial treasurer and in its place created two political offices with membership in the executive council, a receiver general who did no more than receive and dispense public funds and a financial secretary, whose responsibility it was to make financial policy. To the Tories it violated the honour of the crown to remove the incumbent treasurer S.P. Fairbanks without compensation."²⁹ The ouster of Duckett then may be viewed as a form, albeit pitiful, of revenge on the Reformers. Once having secured power after the Reformer loss of a non-confidence vote in late 1857, they were perhaps in the mood to turf out Duckett and provide for one of 'their own', just as the job of Financial Secretary went to a liberal and not the incumbent Fairbanks.

Duckett for his part was an anachronism. He had started his career as clerk in 1813 as a lad of sixteen. He was totally unconnected with the post-reform power structures, both in terms of personal ties and, probably, in political outlook. His idea of patronage was based on earlier concepts of appeals to crown authorities and immediate superiors, not political allegiance or partisan sentiment. As a man in his declining years he would have seemed out of place and redundant in the ever increasing complexity of financial matters in the Treasury office of the mid- to late nineteenth century. 'Old Duckett' he might have been called, looked upon as at best a harmless bumbler or at worst an incompetent accountant who made careless mistakes.

The story of Edward Duckett Jr. and the Savings Bank throws light upon the inner workings of the governments in the pre- and post-reform eras. His is also a story of a man who was able to weather extreme personal hardship and professional extinction that would have made many younger men give up in despair. A product of his times and probably more of the eighteenth century than the nineteenth, he was nonetheless a shining example of the will to survive in the

²⁹ Beck, Politics of Nova Scotia, p.132.

cut and thrust world of colonial society, where if you fell by the wayside there were no nets to catch and save you. His fight for reinstatement must have surprised many onlookers and made the Tories wish they had never fired him in the first place. From the point of view of the natural economic selection of Adam Smith, Malthus and liberal economic theorists, there were no fitter nor more successful specimens to be found than Edward Duckett Jr., (1797-1875).

The Final Years

In the final seven years between Duckett's reinstatement and Confederation the savings bank continued to grow although the pace of growth, as with its sister institutions in the United Kingdom and the United States, slowed during later years. By 1858 the deposit ceiling had increased to £125,000 and this held until shortly before Confederation when it was upped to £170,000.³⁰

In comparison with other savings banks in British North America the system here measured up fairly well, except for the lack of a numbers of banks to reach all people. In 1866, savings banks in Canada, of which there were six, held some \$2,904,148 in deposits, and had some 13,274 depositors. This translated into \$218.17 per depositor at a per capita rate of \$.97. New Brunswick had nine banks which held some \$816,861.44 in deposits of some 5,961 customers. This resulted in an average deposit of \$143.54 and a per capita deposition rate of \$2.90. In Nova Scotia there were 2,400 depositors who had placed some \$600,000 in bank. This yields about a \$2.00 per capita deposition rate and a whopping average deposit of \$250.00, reflecting the bias of operating only in one concentrated area.³¹ These figures show that for whatever reasons, the people of

³⁰ see Table #1, chapter IV.

³¹ Year Book and Almanac of British North America, (Montreal: Lowe and Chamberlain, 1867.) N.S. population estimated at 300,000 for 1865. P.E.I.'s Saving Bank opened in 1864 and was not yet in favour.

Nova Scotia and New Brunswick were more apt to use savings banks than those in the Canadas. One possible explanation is the poor state of the economy in general, favouring the use of the banks as a haven for investors. This is supported by the findings on the nature of the depositors in terms of occupation and class.³²

Although it did not appear in the 1860's, an interesting piece appeared in the Morning Chronicle, that seemed to presage the coming of a working class consciousness in Nova Scotia and tied the hindrance of workers' aspirations to the domination of capital by the banking elites in the province. In this sense it was similar in a way to the idea of a Savings Bank but yet radically different in that it was an expression of ideas from below, for below. It was entitled "To the Producing Classes of Nova Scotia" and its central passages bear repeating:

I shall begin therefore by stating broadly the fact, that but few of our class have as yet taken their proper stand in the community --- what I mean is, that when any improvement becomes necessary, we wait with all the patience of slaves. We take no independent stand ourselves, but follow in the wake of the few rich men or men in high social positions, and we yield to them, on all occasions, the control and management of every matter that vitally concerns us. We talk, suggest, and find fault, but when combination and action are required, to carry a point, our ranks are broken, and we become an easy prey to the few who do combine.

On the surplus economy of our labour as Producers, lie the foundations of all prosperity, we maintain the non-producing classes -- the Lawyers, the Merchants, the Parsons, the men in office, the Idlers, the Insurance Brokers, the Insurance Companies, and last but not least the Banking Institutions of this and other countries.³³

He went on to call for the same revolution in banking as the people of "our class" had achieved in England with respect to free trade. Admitting that his grasp of contemporary English conditions may not have been the best, it is clear that what he was driving at was a fundamentally different social order than was present at the time in Nova Scotia. As far as banking was concerned he

³² See chapter VI.

³³ Morning Chronicle, 15 January, 1856.

called for the then-proposed Union Bank to be supported by subscriptions from "farmers, grocers, labourers" and the like, feeling that they could easily raise \$100,000. He hoped that the producing classes, this time, would not wait for the rich to start the next bank.³⁴ While nothing ever came out of this call for worker solidarity it is an interesting footnote in the history of the idea of banking for the worker in Nova Scotia, and its central tenets came closer to the true ideal of a bank for the labouring classes than the elitist child, the savings bank, ever did.

An example of what the elites were likely to come up with is the Penny Bank of 1863. Inaugurated by "...philanthropic citizens. The object is to assist the poor by encouraging habits of frugality and affording safe means of husbanding the surplus of their scanty earnings against a day of actual want."³⁵ Its trustees were not workers of course but men like Phillip Cateret Hill, Esq., mayor of Halifax, A.K. Doull, Captain Lyttleton and Major de Havilland, the honorary treasurer. They claimed that:

The only object of the promoters of this undertaking is to assist the poor to help themselves by placing within their reach facilities to store the mite they can spare weekly from their income, and safely the same for them, until such a time as necessity compels them to have access to the accumulated sums so deposited.³⁶

How different the language and intent between the letter to the Morning Chronicle and the announcement in the Novascotian. One is a call for some sort of autonomous, positive action while the other is an invitation for the comfortable maintenance of the status quo. The former tries to incite feelings of pride and consciousness while the latter merely reaffirms the fact that one will

³⁴ Morning Chronicle, 15 January, 1856.

³⁵ Novascotian, 6 July, 1863.

³⁶ Novascotian, 6 July, 1863. Deposits were to be accepted at 2¢ and up until \$4 was reached then they would be placed in the Savings Bank at interest. Deposits could be withdrawn on request and a 3¢ entry fee would cover expenses. The bank opened on the 4 July on Albemarle St.

always be in an inferior position with "scanty earnings" and so lets make the best of it.

In the 1860's two more savings banks opened, but these were not an extension of the Government Savings Bank service, being instead incorporated trustee savings banks. One was erected at Salt Springs, Pictou County and the other one was the Pictou Mechanics Institute Savings Bank.³⁷ These banks were allowed to do deposit and loan business and to hold mortgages and real estate to the extent that they served as loan collateral. In 1867 the residents of Annapolis petitioned the House for branch of the Savings Bank to be located there but nothing ever came of it, probably due to the impending confederation of the provinces and Ottawa's subsequent jurisdiction over all the savings banks in the country.³⁸

In 1867 the era of the Provincial Government Savings Bank came to an end. Under the separation of powers in the British North America Act Ottawa became the proprietor of the Savings Bank in Halifax. Henceforth all monies collected went into the Federal Treasury and all policy was decided there. The full story of the Savings Bank, however, would not be complete without a look at the people who were using the bank. We have seen that in the case of Britain and the United States the nominal class of people who were supposed to be using the bank, i.e. the respectable, labouring poor, were not the real users in terms of the overall totals of money being deposited in those banks. I have suggested that the depositors of the Halifax Savings Bank were akin to their British and American counterparts; that they were not predominantly the labouring poor. The next chapter will take a closer look at the occupations and deposits of the people who were using the bank and will support the thesis that as a haven for the meagre savings of the poor, the Halifax Savings Bank was failure.

³⁷ Statutes of Nova Scotia, 1867; RG 5 "B", Vol. 36, 1860-62.

³⁸ Journal, Petition No.18, 1967.

VI. The Depositors

The Halifax Savings Bank declared that its benefits were to be "...confined to Tradesmen, Mechanics, Servants, Labourers, and others of the Labouring Classes, Seafaring men, Non-commissioned Officers, and Privates in the Army, and Charitable Societies."¹ The Halifax Savings Bank, however, acquired most of its deposits by extending its benefits to domestic servants, middle class children and well-off tradesmen. Did this same gap between nominal and actual users occur in Nova Scotia? The answer appears to be yes.

In December of 1832, five months after the opening of the Bank, the breakdown of depositors included: 49, Domestic Servants; 22, Mechanics; 14, Labourers; 11, Children of Mechanics; 9, N.C.O's and Privates; 6, Milliners; 6, Peddlars; 3, Mariners; 2, Washerwomen; 2, Charities; 1, Fishermen; 1, Postman; 1, Lawyer; 1, Schoolmaster.² These numbers translate into 38.5 percent of all depositors being domestic servants, 17.3 percent Mechanics, and 11 percent Labourers. There is strong likelihood that some who Duckett classified as mechanics were tradesmen, such as coopers, blacksmiths, or cabinet makers, who owned their own shops and property and thus were fairly prosperous. No doubt in many categories there was a wide latitude of skills and income. Even if one was to lump the labourers and the mechanics together one would wind up with only a total of 28.3 percent working class depositors to 38.5 for domestic servants. Please refer again to Appendix 1 for a list of occupations for each category. Although domestics are classified as category 1 workers, they are really in a class by themselves due to their unique situation as live-in servants of the middle and upper classes and what that meant for their disposable income and close proximity to middle class propaganda.

Table 1 gives a category classification of occupations by percentages for the years shown. As

¹ See Chapter IV.

² Martell, A Documentary Study, p.22.

well it breaks down these categories into five finer ones: children, labourer, mechanic and domestic, and other. The 'other' in this case represents widows, charities, N.C.O.'s and Privates and depositors not-classed by Duckett.

Table 1³

Year	Cat. I	Lab.	Mec.	Cat. II	Cat. III	Child.	Dom.	Other
1832	76.3%	11%	17.3%	12.5%	---	8.6%	38.5%	1.5%
1835	68.7	19.2	15.3	8.1	---	10.8	30.9	9.3
1836	71.8	25.6	13.1	6.5	---	13.6	30	7.9
1840	65	20.6	13.8	10.1	---	13.3	25.9	11.4
1844	77.8	18.3	17.3	7.8	---	6.3	33	8
1845	75.7	18.8	15.5	5.1	---	10.1	31.6	8.9

Lab.-Labourer, Mec.-Mechanic, Child.-Children, Dom.- Domestic Servant.

Although at first glance Category I appears to maintain a large superiority over Categories II and III, one has to remember that it is made up of Domestics, Labourers and Mechanics. Thus, taking the year 1840, if you subtract the 25.9 percent fraction of that category that were domestics you are left with a smaller percentage of the depositors who could be remotely considered part of the labouring classes upon whom the bank was intended to work its salutary and beneficial effects.⁴

The greater wealth that would accumulate with members of occupations listed in Category III

³ Martell, *A Documentary Study*, p.22; Journals of the House of Assembly, 'Saving Bank Reports': 1836, 1837, 1841, 1845, 1846. It is for these years that the best data is available and that which allows for the type of analysis earlier done on American and British savings Banks. Unfortunately there were severe gaps in of the records in the Journals.

⁴ The discrepancy between the sum of domestics, mechanics and labourers and the total given for Cat. I is accounted for by the fact that occupations such as sailors and truckmen are included in Cat. I but their breakdown is not shown. Their numbers were never more than 3 to 6% of the total number of depositors respectively.

means few are found among the depositors of the Bank. Category III occupations were restricted by the rules of the Bank. It is not however in keeping with the stated objectives that so many children should. At no one year did they comprise less than 6.3 percent in the years covered by Table 1 and they , together with the 'Other' category, which was usually mostly widows, approximated 20 per cent of the total number of depositors. For the years listed then, well over half of all depositors in the Savings Bank can not be classifiable as the working or the industrious poor, at least as far as their occupations went.

An analysis of the actual accounts and deposits of the Bank is provides similar results. Two things become glaringly clear. First, although the account classes encompassed by £0-20 and £20-30 attracted the greatest number of depositors they did not comprise the largest part of the total balance held by the Bank. In other words, accounts of those classes were the most numerous but their cumulative total did not reflect that. Secondly, while individual deposits of £0-1, £1-5, and £5-10, made up the lion's share of deposits made in any one year, as a percentage of the total worth of deposits made during the year they were exceedingly small. Wealthy depositors made fewer and larger deposits, both in the instance and in the aggregate.

Two examples should serve to further explain these observations. Table 2.A reveals that in 1835, 34.8 percent of the depositors that year held accounts containing funds between 0 and 20 pounds, yet those same 34.8 percent of the depositors held only 7.1 percent of 'Total Accounts', or 7.1 percent of all the monies in the bank that year. In the Account Class of over £100, 5.5 percent of depositors held 19.4 percent of the money in all accounts. Turning to Table 2.B, the same trend is observable. 22.5 percent of deposits made in the year 1835 were of the £0-1 class. These deposits amounted to only 1.2 percent of all the deposits made that year. The upper deposit class of £40-50, patronized by only 9.2 percent of depositors accounted for 38.7 percent of all the deposits made that year. Obviously, unless one can envision one of the workers discussed

earlier, making between 1s 6d and 1s 9d per day, being able to lay away £20-50 at a time, the Bank was catering to and **depending** on wealthier individuals to make it work. Another explanation to be explored is the possibility that the domestic servant may have made large deposits.

Table 2.A: 1835
Distribution of Accounts by Size

<u>Account Class</u> £	<u>Percentage Distributions</u>	
	<u>Number of Depositors</u>	<u>Total Accounts</u>
0-20	34.8	7.1
20-30	13.9	9.5
30-40	9.8	6.5
40-50	5.5	6.8
50-100	30.2	50.3
Over 100	5.5	19.4

Table 2.B:1835

Distributions of Deposits by Size

<u>Deposit Class</u> £	<u>Percentage Distributions</u>	
	<u>Number of Deposits</u>	<u>Total Deposits</u>
0-1	22.5	1.2
1-5	31.1	7.8
5-10	13.3	9.3
10-15	4.4	5.4
15-20	6.6	10.7
20-30	9.2	15.4
30-40	3.3	11.1
40-50	9.2	38.7

Table 3.A:1836

Distributions of Accounts by Size

<u>Account Class</u> £	<u>Percentage Distributions</u>	
	<u>Number of Depositors</u>	<u>Total Accounts</u>
0-20	31.9	6.7
20-30	10.9	7.5
30-40	6.0	4.7
40-50	6.2	6.5
50-100	33.8	46
100-200	7.9	24
Over 200	0.8	4.3

Table 3.B:1836

Distributions of Deposits by Size

<u>Deposits Class</u>	<u>Percentage Distributions</u>	
	<u>Number of Deposits</u>	<u>Total Deposits</u>
0-1	21.7	1.1
1-5	28.9	6.5
5-10	15.5	9.5
10-15	8.1	8.1
15-20	3.5	5.1
20-30	6.1	12
30-40	2.6	7.2
40-50	13.3	50.1

Table 4.A:1840

Distributions of Accounts by Size

<u>Account Class</u> £	<u>Percentage Distributions</u>	
	<u>Number of Deposits</u>	<u>Total Accounts</u>
0-20	34.1	9.1
20-30	33.4	24.4
30-40	5.1	4.9
40-50	4.9	6.6
50-100	10.8	29.4
100-150	6.4	25.3

With law change instituted by Council in 1837 accounts were now limited to £100 in total and deposits to £25 per year. Since the reports were still listing accounts of £100-150 this was either not followed or the excess over £100 was interest.

Table 4.B:1840

Distributions of Deposits by Size

<u>Deposit Class</u> £	<u>Number of Deposits</u>	<u>Total Deposits</u>
0-1	15.1	0.9
1-5	34.5	11.5
5-10	19.5	16.8
10-20	14.6	25.9
20-25	16.1	44.6

Table 5.A:1844

Distributions of Accounts by Size

<u>Account Size</u> £	<u>Percentage Distributions</u>	
	<u>Number of Depositors</u>	<u>Total Accounts</u>
0-20	34.5	9.9
20-30	33.8	25.7
30-40	8	8.3
40-50	2.9	3.8
50-100	15.5	31
100-200	5.2	21

Table 5.B:1844

Distribution of Deposits by Size

<u>Deposit Class</u> £	<u>Percentage Distributions</u>	
	<u>Number of Depositors</u>	<u>Total Deposits</u>
0-1	10.6	0.5
1.5	36.9	9.4
5-10	17.9	13.4
10-20	16	23.5
20-25	18.4	52.5

After 1841 account size was allowed to increase again to £200.

Table 6.A:1845

Distribution of Accounts by Size

<u>Account Size</u> £	<u>Percentage Distributions</u>	
	<u>Number of Depositors</u>	<u>Total Accounts</u>
0-20	35.4	9.5
20-30	29.3	18.6
30-40	8.7	8.7
40-50	5.1	6.7
50-100	15.5	30.6
100-150	5.6	22.2

Table 6.B: 1845

Distributions of Deposits by Size

<u>Deposit Class</u> £	<u>Percentage Distributions</u>	
	<u>Number of Deposits</u>	<u>Total Deposits</u>
0-1	13.5	10.4
1-5	37.7	12.3
5-10	16	13.4
10-20	15.5	25.8
20-25	17.1	47.2

By 1845, deposits in the £0-1 class had fallen to 13.5 percent of total deposits, compared with 22.5 percent in 1835. Interestingly though, this smaller percentage of deposits now accounted for 10.4 percent of monies deposited that year as opposed to only 1.2 percent in 1835. This points to the fact that since the deposits were limited to £25, wealthier investors had less chance to use the bank and so the importance of smaller deposits, £0-1 and £1-5, increased proportionally. Still, deposits at the high end of the scale for both years amounted to the single largest slice of the deposit pie: 38.7 percent in 1835 and 47.2 percent in 1845.

In terms of account distribution there is almost no change between 1835 and 1845. In the former year, accounts in the £0-20 class comprised 34.8 percent of depositors but only 7.1 percent of monies in the bank. In the latter year the figures for the same class were 35.4 percent and 9.5 percent respectively. In the class 'Over £100' in 1835, 5.5 percent of customers were represented and they held some 19.4 percent of the monies in the bank that year. For 1845 the comparable £100-150 class tallied 5.6 percent of the Bank's holding 22.2 percent of bank funds that year. A significant change did occur however in the middle range accounts. In 1835 the £20-30 class accounted for 13.9 percent of depositors and 9.5 percent of monies. In the same year the £50-100 class comprised 30.2 of depositors and 50.3 of monies, showing a clear bias towards the more well-off depositor. By 1845 however the situation had reversed itself somewhat with the £20-30 class now attracting some 29.3 percent of depositors, who held some 18.6 percent of funds. Now the £50-100 class accounted for only 15.5 percent of depositors at 30.6 percent of the monies. This reversal though was only partial and the bias overall was one that clearly emphasized accounts over £30.

How can this be explained? The first reason for the lack of participation by the working poor is the fact that they did not have the money to invest in the Bank. As we have seen, the level of wages and prices, along with the nature of colonial society, precluded workers from amassing any appreciable amounts of surplus cash that could be invested in a financial intermediary like the Savings Bank. Although in the absence of other investment strategies such as the English Friendly Societies, one might expect the Bank to be patronized frequently from the start, it is likely that the severe nature of existence for most of Halifax's working poor prevented them from being the heart and soul of the Bank. Those that could participate, did, as is evidenced by the fact that the two lowest classes of accounts comprised never less than 40 percent of all the depositors between 1832 and 1845. As in England and the U.S. however, the numerous depositors who put small

amounts of money in the Bank were less significant to the Bank's overall growth than wealthier investors. The growth of the Bank, therefore, cannot be tied to any seeming increase in the well-being of the Halifax working poor or seen as an index of increased overall prosperity in the province as a whole.

Another factor that lessened the impact of the working poor was the presence of so many children depositors. These children would have come from predominantly middle class and upper class backgrounds since the poorer families would have seen greater utility in spending the income of minors for socially reproductive reasons than in stashing it the Bank; in other words, they couldn't afford the latter strategy. Children depositors would have been encouraged by parents to use the Savings Bank as way of instilling money sense and responsibility at an early age. They were being brought up to work hard, save hard and spend little. The Savings Bank would have served neatly to inculcate children with those values.

In the same way, domestic servants were exposed to the moralizing frugality of their masters, the same people who were the parents of the children depositors. Being paid only once to four times a year, not having to pay for room and board, and being under the close moral supervision of their employers, domestics were prime candidates for having their funds directed out of their hands and into the Savings Bank.

That employers of servants in Halifax took an active interest in the morals and behaviour of their servants is evidenced by a series of letters that appeared in the Novascotian, in late 1824 and early 1825, entitled "On the Character and Treatment of Domestic Servants"⁵ The story of one

⁵ Novascotian, 29 December, 1824. The writer was a male who addressed himself as 'An Hearer' because his point of departure was an overheard conversation between two women discussing the "vices of menial servants" The thrust of his missals was directed at husbands, and that they should pay more attention to problem their wives encountered. He started each letter with an erudite quote, like this one from Virgil: " Quid domini facient, audent cum tadia fures", which translates roughly as "What will not masters do, when servants thus presume"

Although these anecdotes predate the Savings Bank, the state of mind that they reveal among

lady and her maid was used as an example of the pretensions, at least from one point of view, that domestics were liable to acquire if not watched closely. The maid, Jenny, after one years good work got "notions" in her head and started to hurry her work every morning so she could have the afternoon to herself. Jenny would then , according to the lady being eavesdropped on, come out at dusk, before her mistress, decked out in "respectable finery". When asked how she could afford her attire on her \$4.00 per month salary she revealed that all her money was going towards luxuries and she had nothing sensible to wear. Upon being pressed she then stated that she would refuse to clean or carry water. The other lady who had been listening retorted that her servants were worse because unlike "honest and quiet" Jenny, they were thieves. She used terms like lazy, extravagant, impudent and dishonest to describe servants, terms which echo strongly middle class perceptions of the poor in general.⁶

In the next letter the writer turned his attention to the causes of servant behaviour. He cited the two main causes of immoral and impudent behaviour among servants. They were the presence of the imperial garrison and the state of servant supply and demand. Writing in January, 1825 he claimed that war profits from the conflict of 1812 had increased the amount of ostentatious behaviour and social excess among all classes. What had become common among upper classes was now simply rubbing off on servants, who were in close contact with it everyday. Servants were now openly mimicking the parties, dress, manner of speech and carriage of the rich and well-to-do. In turn, he accused the middle and upper classes of seeking to emulate the naval and military elite of the town. Cosmopolitan influences were thus corrupting the innocent nature of the New World to its very core.⁷

the middle class and their servants would have been quite similar in the 1830's and 1840's.

⁶ Novascotian, 29 December, 1824.

⁷ Novascotian, 12 January, 1825.

The writer viewed military men as basically idle and immoral, with nothing better to do than use their sophisticated talents as 'men of the world' to seduce women. He related stories of women who had been 'compromised' by soldiers and the sad case of one father who in attempting to save his daughter from that fate had entered an officers barracks to fetch her, while there he was taunted by all and then skewered by one of the officers present, who was never subsequently punished for the murder.⁸

Another reason for the poor state of servant morals was the situation of supply and demand. Local parents, the columnist stated, would not let their children serve, due to a "vicious and false pride". Because of this fact servants could supposedly enter and leave jobs almost at will and were hard to temper. Echoing 'Malthus', he stated that out of all the poor on relief, many could have found jobs as servants. He wanted the honest, poor local people to take up positions of servants because he felt they would make better hands than the Irish. Viewed from the other side it is entirely possible that what he perceived as "false and vicious pride" was simply a reluctance of people to expose themselves and their children to the false and vicious moralizing of middle and upper class employers.⁹

The columnist's third and final letter turned to the remedies that might be available. He related the story of a mistress who had been forced to fire a trusted servant when she had been caught out of the house one night on her own. She was sorry to dismiss her but:

...when a servant can leave my house during the night, she must be on the high road to ruin, and one can have no more confidence either in her honesty or good morals.¹⁰

⁸ Novascotian, 12 January, 1825.

⁹ Novascotian, 12 January, 1825. In accordance with this possibility is the fact that many of the servants were noted by the writer to be from overseas.

¹⁰ Novascotian, 2 February, 1825.

The women confessed that she had given the servant a good reference because she did not want to ruin her chances at further employment. Thus the writer sternly advised not to give false references, to prosecute thieves and to educate the young so they could resist crime and temptation.

What I have hoped to show is that as far as the Savings Bank went, the presence of so many domestics holding accounts was not surprising, given this level of interference in their day to day lives. Not only did their employers seek to modify their behaviour, they also sought to restrict their mobility. As well the domestics were in a position to acquire quite substantial accounts since they had to draw on them very little, if, unlike Jenny, they chose not to.

Duckett himself revealed his thinking on several issues pertaining to the Bank in general and the depositors specifically during the investigations of Tremain and Fraser in 1845. They asked him series of questions operating under the general thesis that the three following conditions were hindering the development of the Bank: the limited occupations that were allowed to use the Bank, the deposit ceiling, then at £27,000, and the low level of £25 imposed on individual accounts.¹¹

The first question posed to him was if any customers had been turned away from the Bank because they were not among the allowed occupations, and if so, what kind of people were they.

To this Duckett replied:

...I have refused to receive the deposits from persons of middling classes, such as Clerks in offices and stores, and a great number of others who did not come under the restrictions as laid down in printed rules

If middle class depositors were actually turned away in fair numbers by Mr. Duckett then the larger deposits could have only come from domestics and well-off tradesmen for the most part. N.C.O.'s, charities and the outstanding saver among the poor would have accounted for some, but not in the numbers needed to make up the whole segment. The following is the breakdown

¹¹ Journal, Appendix 28, 1847,

of the specific occupations for 1844:

Domestic Servants	273	Charitable Societies	7
Mechanics	143	Truckmen	11
Labourers	151	Fishermen	16
Mariners	21	Mantua Makers	25
Widows	13	Indians	2
Minors	52	Not Classed	46
Military	65		

As can be gleaned from the table there is no doubt that domestic servants comprised a great deal of the total and they along with the assorted types mentioned above would have accounted for the middle to upper classes of deposit, while the mass of mechanics, labourers, mariners, truckmen, fishermen, mantua makers would have been among the poorer sort of depositor.¹²

The second question put to Duckett was one wondering whether the depositors he had refused were trying to deposit the product of their own labour and likely to remain in the Bank for a long period or if it was there to garner short term gain. Again Duckett's answer:

...the money offered was the product of their own labour as well legacies left by some of their friends and quite likely to remain in the Bank for a long period of time, or until some better investment could be made.

In other words Duckett felt that the money he was refusing was for the most part honest earnings and could have been legitimately put in the Bank if the rules were changed. In answer to the next question Duckett stated that he refused applications from middle class depositors on a "very frequent" basis and that while he couldn't remember exactly how much the money would have amounted to "several thousands".¹³

Turning back to the depositors who were the legitimate focus of the Bank, Duckett was asked if many of them had sought to deposit more than the £25 allowed per year at the time and if so

¹² Journal, Appendix 28, 1845.

¹³ Journal, Appendix 28, 1847.

what type of depositor were they. Duckett replied that requests for larger accounts were heard quite often and that those requests came from "...nearly all classes admitted to the rules...."¹⁴ Again Duckett seemed to be intimating that the Bank could have done a considerably enlarged business if the rules had been altered in favour of more and larger accounts.

When asked what restriction, if removed, would result in the largest gain for the bank, Duckett answered the second, pertaining to the deposit limit. He wanted it enlarged from £25 to £100 per year and not to exceed £300 at any one time. He believed that if that had been done, the capital of the Bank could have been increased by any amount desired, given the current interest rate of four and one-half percent.

In general, Duckett painted a picture of a group of customers who he would have described not as middle class, but rather working class or mixed. An observer looking solely at the list of occupations listed for 1845 would be tempted in agreeing with Duckett that he was right. However the analysis of deposit and account distribution points in a different direction. It seems very likely that given the high degree of funds that were encompassed in the higher class of accounts and that were placed in the Bank in large deposits, a large percentage of Bank's business was from persons who were not the object of the Bank's provisions. Domestic servants and children were not really the people who had to be taught the values of frugality, temperance and industry, at least not through an institution like the Savings Bank. The same kind of person who 'Malthus' was so interested in and whom he tried to prove could 'make it' only if he didn't become profligate and lazy, was not the kind of person who could save enough money to afford to put £20 or £30 in the Bank, let alone £100. Their margin of existence was so slim and precarious that that would have been an unreal proposition.

In the end then, although the Bank could boast substantial numbers of working class depositors

¹⁴ Journal, Appendix 28, 1847.

it could not match that boast with another that the growth of the Bank was tied to the well-being of those depositors. It is true that for those workers that did use the Bank, along with the sailors, the widows, and the "Not Classed", it must have been a convenient, safe, investment for their spare money. The Bank certainly was a needed and a welcomed addition to the financial life of the province, especially at a time of increased population and commercial complexity during the 1830's, 40's, and 50's. In the end, like its sisters in the United Kingdom and New England however, the original *raison d'etre* and the benefits it was supposed to bring was not the sustaining lifeblood of the institution.

Conclusion

The story of the Government Savings Bank at Halifax would not be complete if some mention was not made about its eventual fate after the advent of Confederation. As alluded to already, the Bank expanded into a system of savings banks that stretched throughout the width and breadth of the province and indeed the Maritimes in general. The nucleus of the one bank in Nova Scotia, the eighteen in New Brunswick and one in Prince Edward Island became a chain of federally controlled banks that numbered forty-five in number by 1885. At that time there were fifty savings banks in the country. The Maritimes, suffering from out-migration and economic stagnation were therefore the dubious beneficiary of these banks. By 1885 her smaller, shrinking population was enticed to place some \$15,269,695 in savings banks vaults while the rest of the country deposited only \$3,862,790. Quebec and Ontario, who before Confederation encompassed over ten savings institutions, now had fewer than five.¹

What, if anything, is significant about these facts? First of all it is noteworthy that while Upper Canada was shedding the government controlled savings institution as a large player in the financial market place, the commercial banks of that region were gaining in strength and resources. Simultaneously, while the savings banks were increasing their number and capital in the Maritimes, the commercial banks of that region were either moving resources and personnel elsewhere, as in the case of the Bank of Nova Scotia or were closing doors or selling out to larger, Central Canadian competitors, as in the case of the Pictou Bank and Halifax Banking Company.² At a time (1872-1900) of scarce capital and low morale among business leaders in

¹ Canada Statistical Abstract and Record, Department of Agriculture, 1886, p. 352; Thomas Fyshe's letter to the Montreal Herald, 3 May, 1889.

² See J. D. Frost, "Principles of Interest: The Bank of Nova Scotia and the Industrialization of the Maritimes, 1880-1910" (Unpublished M.A. Thesis, Queens University, 1978) passim and R.M. Breckinridge, The Canadian Banking System, 1817-1890, (Ph.D. Diss., Columbia

the area, of broken families and business failures, the savings banks of the Maritimes were draining much needed financial resources away from the periphery of the new nation to the centre and ultimately out into the Western hinterlands.³ They competed for deposits with private chartered banks while being backed up by the government and offering higher rates of interest.

Secondly, this expansion of the savings bank institution was the final betrayal of the original goals and aspirations of the savings bank ideal. Given the size of the population and financial resources of the region, the existence of so many institutions went far beyond an attempt to help the poor better survive the winter or to uplift and educate the impecunious, profligate free-spender. Sir Francis Hincks, the finance minister who introduced the Bank Act of 1871 which set up the enlarged system is described as "...a Minister fertile in schemes to keep the Treasury full."⁴ The extant savings banks systems of New Brunswick, Nova Scotia and Prince Edward Island were proven institutions run by government officers. Thus they provided an excellent basis upon which to enlarge and so provide increased revenues for the federal government without the dreaded recourse to taxation. They contrasted sharply with the savings banks in Ontario and Quebec which had been trustee banks, oftentimes wrapped in controversy over questions of greed and mismanagement.⁵ Yet these reasons for expanding the service rested on pure fiscal logic and had none of the ideology of self-help and moral uplift behind them. Perhaps one shouldn't expect a politician in 1871 to espouse the same rhetoric and think in the same ideological terms as his

University, 1894).

³ If one were to include the Government Post Office Savings Banks which were inaugurated in 1885 with the Government Savings Banks they could count in that year 48 savings institutions in Nova Scotia, 24 in New Brunswick and two in P.E.I. for a total of 79 institutions whose deposits were at the discretion of the Finance Ministry in Ottawa.

⁴ Breckenridge, The Canadian Banking, p.199.

⁵ Neufeld, Chap. 5 "Savings Banks" The Financial System of Canada.

predecessors in the 1830's. On the other hand, the rationale behind the expansion brings into question utterances made by Hincks that painted the savings banks as a boon to the labouring public and the development of the country. As a means of pooling capital for public development the savings banks were an expensive strategy that cost Canadian taxpayers a great deal of money while shielding the government from the eye of public fiscal scrutiny.⁶

The backsliding from the original stated intentions of the savings bank cannot be viewed solely as a function of disinterested politicians in Ottawa. Well-to-do people in the Maritimes as well, were quick to take advantage of the lax admission policies and favourable interest rates of the banks, even though they had no business using them in the first place. Fyshe complained that:

...it is said to be a common thing for one depositor to have that amount (\$3,000) in three or four different offices or he deposits \$3,000 in the name of each member of the family. Privileges originally intended for the labouring classes have been gradually widened until they have been seized upon by that class best able to take care of itself, namely, the wealthy class. Retired merchants, lawyers, bank directors, actuators, trustees for estates, rich farmers and storekeepers all make use of this most convenient machinery for saving them the trouble of finding investments for their wealth.⁷

In this way the wealthy members of Maritime society, by taking advantage of the savings bank system to increase their personal holdings, abetted the outflow of funds from the region into Ottawa and served to reinforce the negative forces acting upon the indigenous banking sector and regional economy in general.

Finally, it must be said that even some of the most powerful politicians of the region were not above using the banks for purposes that they could clearly see were detrimental to their native land. Charles Tupper, who we have seen was involved with the Savings Bank from his days as

⁶ Thomas Fyshe, Cashier of the Bank of Nova Scotia and self-appointed crusader against the savings banks in the Maritimes, calculated that in 1885 compared with the cost of money on the London markets, money used by the Government from the savings banks was costing the nation 1.76% more. This worked out to \$336,717 for that year alone.

⁷ Montreal Herald, 3 May, 1886.

Provincial Secretary, had to deal with the knowledge that as a federal politician he stood for policies that were not always in keeping with the best interests of Nova Scotia. As Minister of Finance in 1887 he conceded that:

I have always considered that the Lower Province Banks have to some extent suffered from the competition of the Government, but as during the time of the construction of the C.P.R. the government had to find money, however inconvenient it may have been to Banks. I felt that the consideration for these institutions had to be discarded and until the strain was over nothing could be done.⁸

Tupper therefore was fully aware that the expanded savings bank system was a means of helping to pay for the prohibitive expense of building Canada's new transcontinental railway. He further admitted that:

...the facilities of deposit and withdrawal granted to our agencies in the Lower Provinces do attract depositors who otherwise go to the chartered banks, and is in effect so much trading capital withdrawn from those institutions, and which I have no doubt, if properly understood by the people, would raise a cry and embarrass the Government.⁹

It seems that the Government had little faith in the general mass of Maritimers to appreciate their own position or understand basic economics. The knowledge of the political impotence of the Maritimes, as witnessed by one of her native sons so callously disregarding her interests even though he was Minister of Finance, meant the Government felt secure in maintaining the system with few changes until it was no longer needed. Wealthy and powerful Maritimers, to some degree and for different reasons, helped to support the development of Central Canada's other growing hinterland, the west.

Initially the savings bank was an ideological, social and political response by elites to the disruptive and radical effects of the Industrial Revolution in Britain. The institution, as it found expression in Halifax, became a focal point of the struggle between the reforming and

⁸ MG 3 Vol. 5179 (a), " Reply to a memorandum by Thomas Fyshe," PANS.

⁹Ibid.

conservative factions in the colony. While on one hand seen as a positive step forward in the amelioration of working class poverty and the middle class charitable burden it was also part of the fight between commercial interests. Men like Cogswell and Collins, Uniacke and Binney, wanted a savings bank in part to maintain their dominance of the finances of the province while on the other hand the newer commercial interests were intent upon forming their own bank to rival the Halifax Banking Company. In the background were the country interests in the assembly who were just as determined to wriggle free from the cloying grip of any Halifax based dominance and to establish freer and more plentiful supplies of money and financial services in the Nova Scotia.

During the first thirty-five years of operation, the Bank was used extensively, but not exclusively, by the workers of Halifax. Data, at least from the years that it is available, clearly shows that even from its earliest days the Bank was providing investment opportunities for those who fell well outside the original stated parameters. Children and Domestic Servants were being encouraged to use the Bank to help foster an economical mind-set that their guardians and employers thought worthwhile. Well-off tradesmen probably used the bank as well although strictly speaking they had no place doing so. None of these three categories of people needed to be inculcated with the ethos of industry, frugality and temperance. Neither did they need some kind of protection from the 'frown of fortune' or financial inoculation against the 'sickness' of poverty. The lack of universal patronage by the poorer workers of Halifax and later the province, means that any increases in the Bank's deposits cannot be seen as an indication of any overall growth in the financial well-being of the province. In fact, after the abrogation of the Reciprocity Treaty in 1866 and continuing into the Confederation era, it can be argued that increases in savings bank deposits, as far as the Maritimes go, is more likely a reflection of decreased growth and deficient investment opportunities.

Not only did the Halifax Savings Bank resemble its cousins abroad with respect to its depositors, its promotion by the local 'philanthropic' society broadly resembles the experience in New York, London, Edinburgh and other places. While this might presuppose an enlightened colonial society, it must be remembered that the Halifax Poor Man's Friend Society never survived the 1820's and the initial moves toward a savings banks were forestalled for some six years from 1826 to 1832. The Bank was first and foremost a creation of powerful persons in government and it took the threat that the proposed Bank of Nova Scotia presented to their interests to get them to move on the savings bank idea once and for all. This delay, while it perhaps points to a less than total commitment to the reform rhetoric that was espoused by men like Collins and Cogswell cannot be taken as proof of their utter disinterest in the plight and moral behaviour of their inferiors. It simply means that self-interest and humanitarian interest often must work together before the latter becomes effective.

During the 1850's and 1860's the Savings Bank began to drift away from being preoccupied with the liquidation of the funded debt. No longer was the debt such a problem and new agendas were taking hold. The Bank was modified to assume a direct, if small, role in the development of the provincial railways. Under the guidance of Joseph Howe the deposit levels were increased so the Bank could provide additional funds for construction. This presaged the eventual role that savings banks in the Maritimes would play in the construction of the C.P.R. The real difference between the two situations is one of scale. Howe's savings bank bill of 1854 allowed for a maximum of £200 per account while the Dominion Savings Banks by 1885, were allowing \$3,000 and even this amount could easily increase with some imaginative depositing.

In the final analysis the Savings Bank in Halifax cannot be adjudged a success or failure in strict business terms. While it failed, almost immediately, to become the haven for the poor, struggling investor, this was more a function of wage and prices than a fundamental flaw its make-up. The

most compelling reason why the working poor did not use the savings banks in greater numbers was their lack of surplus funds to save. William Cobbett and other radical critics were correct to attack the savings bank idea as an unrealistic 'silver bullet' approach to the rectification of social ills. How could the banks uplift and protect the poor if they were too poverty stricken to use them in the first place? Forces such as the inutility of saving for the poor, a predilection for the eighteenth century libertine morality, and a distrust of middle class institutions worked to reduce working class participation. This combined with a simple fear of the actual building and those inside who ran it, all kept the poor away as well.

The Halifax Savings Bank was also a place where men worked. In this sense the story of Edward Duckett Jr. and his ups and downs within the colonial bureaucracy serve to illustrate the rough edges that characterized life in that period. For some, because slip-ups could be fatal, close and assiduous attention was paid to cultivating the favour and support of superiors. Duckett's entanglement in the defalcations of his superior, Charles W. Wallace and exposure to one of the first battles over patronage positions in the post-reform era are events that bridge the gap between the old colonial society of the 1820's and 1830's and the newer one of the 1840's and 1850's. As he worked at Province House his connection with the Bank and the records that have survived give us a glimpse into both the lives of nineteenth century men and the workings of nineteenth century politics.

The Halifax Savings Bank should not be remembered for its role in the liquidation of the funded debt of the colony, nor for its role in the development of Nova Scotian railways. Both of these situations, while important at the time and occupying a great deal of the surviving record, were never carried out to a degree that made a big impact on the longterm development of the province. Similarly, the Bank should not be remembered as an institution that helped to foster the industrial morality of the province since its failure to attract those working class depositors that

that morality was aimed at was conspicuous. Neither is the Bank important solely because of the role it played in the formation of the Bank of Nova Scotia. The importance of the Bank rather lies in its involvement with all these things together. Its foundation and growth throughout the years mirrored changes in Nova Scotian society and politics. It serves best as a window into the conflicts and debates that occurred in Nova Scotia between 1800 and 1867. Studying the Bank is a way of looking at many things at once: politics, social reform, individual struggle and finances and seeing how they unfolded in nineteenth century Nova Scotia.

Appendix I

Occupations of Savings Bank Depositors

The Savings Bank did not classify its depositors into convenient categories therefore I have borrowed the categories set up by Olmstead in his work on New York City Mutuals. In organizing these categories Olmstead used relative wage rates along with the amount of training and capital associated with each occupation. Although errors were undoubtedly made with respect to some classifications in general the occupations are grouped into meaningful headings.

Category One: Unskilled Labourers

Included under the heading of domestic were all the persons who listed their occupations as butlers, chambermaids, coachmen, cooks, domestics, governesses, housecleaners, housekeepers, ladies' maids, midwives, nurses, servants, stewards, washerwomen, and wet nurses.

Included under the heading of unskilled labourers are all the occupations found in the domestic category as well as boatmen, book folders, boot cleaners, cartmen, chimney sweepers, labourers, lamplighters, market women, night scavengers, paupers, porters, quill dressers, sailors, seamstresses, shoeblacks, soldiers, stevedores, street sweepers, tailoresses, waiters and watchmen

Category Two: Skilled Labourers, Craftsmen, and Tradesmen

Bakers, barbers, bath manufacturers, bedstead makers, blind makers, bit and stirrup filers, blacksmiths, block and pump makers, boilermakers, bookbinders, bookmakers, bootleg crimpers, brass finishers, brewers, butchers, cabinet makers, calico printers, cap makers, card makers, carpenters, carriage makers, carvers, caulkers, chair makers, chocolate makers, clerks, clothiers, coach makers, combmakers, coopers, coppersmiths, curriers, cutlers, distillers, dyers, engravers, figure makers, file smiths, fishermen, founders, furriers, gardeners, gas workers, gate makers, glassblowers, glass cutters, gilders, gloves, gold beaters, gunsmiths, hatters, harness makers, ironmongers, japanners, joiners, lamp makers, lapidaries, last makers, leather dressers, locksmiths, looking-glass frame makers, looking-glass makers, machinists, masons, meter makers, milkmen, millers, millwrights, molders, ostlers, oystermen, paint makers, painters, papermakers, peddlers, pilots, plumbers, potters, printers, riggers, rope makers, saddlers, sail makers, sash makers, sausage makers, saw makers, sawyers, segar makers, ship carpenters, ship joiners, shipwrights, shoemakers, skimmers, stereotype finishers, stockmakers, stonecutters, stove makers, sugar bakers, surgical instrument makers, tailors, tallow candler, tanners, teachers, tin plate makers, tobaccoconists, trunkmakers, turners, typefounders, umbrella makers, upholsterers, varnish makers, weavers, wheelwrights.

Category Three: Professionals, Merchants, and Property Owners

Included in this category are all savers who listed their occupations as accountants, agents, apothecaries, architects, army officers, artists, attorneys, authors, bankers, botanists, brokers, builders, chemists, clergymen, clock dealers, clockmakers, customs house officers, dentists, doctors, druggists, editors, engine makers, engineers, fancy store keepers, farmers, furniture dealers, gentlemen, goldsmiths, grocers, importers, innkeepers, inspectors, jewelers, judges, lumber merchants, musical instruments makers, musicians, oil dealers, piano-fork makers, reporters, ship captains, shipmasters, shopkeepers, silversmiths, speculators, stage proprietors, storekeepers, students, superintendents, surveyors, tavernkeepers, and watchmakers.

Source: Olmstead, New York City Mutuals, Appendix A, p.155-156.

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