

HISTORY OF THE BANK OF NOVA SCOTIA.

The directors of the Bank of Nova Scotia have published a handsome volume, richly illustrated, devoted to a history of the institution that is a highly interesting and valuable record; indeed it is unique in banking literature. Histories of several national banks have been published with more or less care and completeness, but the history before us differs from these inasmuch as it has been compiled under the direction of the Board. The work contains a brief sketch of the "Dawn of Banking in Nova Scotia;" verbatim copies of legislative Acts relating to the Bank, *fac-similes* of subscription lists, and of its note issues of various dates; a copy of every annual statement from 1833 to 1900; a list of shareholders; a chart illustrating the progress of the Bank from its initiation onwards for 68 years, and portraits of successive Presidents, Directors and General Managers. As early as 1801 an effort was made to establish a bank in Halifax, but it was not until 1825 that one was opened without any Act of incorporation or charter, though styled the Halifax Banking Company. The autocratic methods of the managers, induced by their having a monopoly inspired a movement to establish the Bank of Nova Scotia, an Act to incorporate which was introduced into the House of Assembly. The Act gave rise to a bitter struggle, a narrative of which appears in the history of the Bank. Looking at the discussion over the interval of nearly 70 years, it is easy to understand why the new bank was opposed. It is creditable to the men of those days that they appeared to have been animated mainly by prudential motives, mixed, no doubt, with a spicing of jealousy, the main ground of attack being the inadequacy of the proposed capital of the new bank to be paid in before business commenced. As this was only £35,000 they had good reason for objections. The sum was raised to £50,000 in the Act of Incorporation passed on the 30th March, 1832. The document is a notable one apart from its great interest as being the foundation stone of the Bank of Nova Scotia. It reads:—

"The Capital or Joint Stock of the said Corporation shall consist of Gold and Silver Coins, or Provincial Treasury Notes to the amount of one hundred thousand pounds, divided into two thousand shares of fifty pounds each, one half shall be paid on or before 1st June next, and that as soon as fifty thousand pounds shall have been actually paid in the directors may commence business, provided always that no bank bills or bank notes shall be issued, or any bill or note discounted until £50,000 shall be actually paid in."

The lending of money upon mortgage, upon lands or other fixed property, or upon the security of any stock in the bank was forbidden, unless by way of

additional security for debts contracted with the bank. Clause XXV. ante-dates the Limited Liability Act: It reads:—

"In case of loss or deficiency of the Capital Stock the stockholders at the time shall be respectively liable to pay the same, provided however that in no case shall any one stockholder be liable to pay a sum exceeding the amount of stock actually then held by him in addition to the stock so held by him."

The next clause extends this Limited Liability to other debts of the bank existing when the Act of Incorporation shall expire or be repealed. By clause XXVIII the debts of the bank, whether by Bond, Bill or Note, or other contract, exclusive of deposits, shall not exceed treble the amount of the Capital Stock actually paid in. Clause XXXII anticipates in its nature the present Bank Act, and declares the note issues to have a gold or silver basis. It runs:—

"In case the said bank shall refuse or delay payment in gold or silver of any note or bill of said Corporation there presented for payment, the said Corporation shall be subject to pay in the amount of such note or bill to the holder thereof 12 per cent. interest per annum, from day of such refusal to time of payment."

The Act of Incorporation, which was drawn with a wisdom in advance of the time, laid a solid foundation for banking business conducted on principles and by methods which are essential to success and permanence.

On the 10th August, 1832, the bank commenced business. The Halifax Banking Company at once declared war on its rival, by declining to redeem its notes in gold or silver when presented by the Bank of Nova Scotia. A bitter series of letters passed between the combatants. The affair was ended by the elder bank redeeming its notes in treasury notes issued by the Nova Scotia Government. This course, which placed Treasury Notes on a par with gold and silver, was legalized in the following April, 1833, but repealed next year. These Treasury Notes, being irredeemable, caused great confusion in the currency, and was one provoking cause, and a serious aggravation of the panic of 1837, when specie payments were suspended for two months. The history of these Treasury Notes could be studied with profit by those who advocate the issue of paper currency unsupported by gold reserves. So objectionable were they as currency, that the banks only received them on deposit, on condition that the customer would take them back when drawing. An engraved *fac-simile* of the notes issued in 1832 and 1840 shows them to have been in 1832 for £5, £10, and in 1840 for £5 ss. od., £6, £7 and £7 10s. od.

"On 15th April, 1859, the Act to establish the decimal system of accounting was passed, to go into