

Archbishop Lynch and the Toronto Savings Bank

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The career of John Joseph Lynch, the first Archbishop of Toronto was marked by a genuine concern for the poor of the city. To assist them in their temporal, as well as their spiritual needs, Lynch and his predecessors established a network of charitable and social institutions. One component in the network was a financial institution, the Toronto Savings Bank (T.S.B.). In 1871, the bank's existence was threatened by new government legislation. Rather than submit to the new law which required institutions such as the Toronto Savings Bank to reorganize, Archbishop Lynch requested the government of Sir John A. Macdonald to allow the T.S.B. to remain in existence for ten more years. This has been quite correctly characterized by Professor G. P. DeT. Glazebrook as a *quid pro quo* – the legislation was requested as payment for delivery of the Catholic vote, by Lynch, in the past to the Macdonald Conservatives.¹ But more wide reaching conclusions can be drawn from this incident than the Glazebrook account suggests.² While Lynch looked to the past, the Conservative negotiators looked to the future. To attain even semi-acceptable bank legislation Lynch was forced to reaffirm his support for the Conservative party. In particular, the Archbishop was forced to remove the Catholic League, a Toronto based Irish nationalist fraternal organization as a threat to the Conservative party. Lynch and the executive of the League were said to be taking the Catholic vote, traditionally Conservative to the Liberal party. Such suspicions rendered Lynch vulnerable.

¹ G. P. DeT. GLAZEBROOK, *A History of Canadian Political Thought* (Toronto, 1966), p. 167. I would like to thank Father James McGivern, S.J., Professor James G. Snell and M. A. Eaton all of whom have read and commented upon various versions of this paper.

² The biographers of Lynch have not explored his relationship with the bank. See H. C. McKEOWN, *The Life and Labors of Archbishop Lynch* (Toronto, 1887); T. W. ANGLIN, "Archbishop Lynch," *Jubilee Volume*, ed. J. R. Teefy (Toronto, 1892); W. Perkins BULL, *From Macdonell to McGuigan* (Toronto, 1934).

This vulnerability and a demonstrated inability to control the Directors of the Bank led ultimately to the demise of the institution.

The first savings banks were found in Britain around the turn of the century. Designed to instill the virtue of thrift in the “deserving poor,” the banks often had a religious overtone. The first Canadian savings bank was founded in Montreal in 1819. It was, however, not until the passage of the Savings Bank Act by the Government of the United Canada’s in 1841 that savings banks became widespread. One bank, the Montreal and District Savings Bank, was formed under the patronage of Bishop Bourget and was regarded as a “Catholic” bank.³ It was upon this bank that the Toronto Savings Bank, founded in 1854 by Bishop De Charbonnel and members of the St. Vincent De Paul society was modelled.⁴

It is difficult to draw broad conclusions about the bank’s early days. Two brief histories were written but one has disappeared.⁵ The rather terse report issued by the examiners at the end of the first year indicated that the bank was operating satisfactorily. An equally brief report for the second year indicated De Charbonnel’s approval but little else.⁶ However, other sources indicate that by the end of 1858 the bank showed a profit of £12,361 and for the twelve months preceding September 1864, deposits increased by \$20,000.00.⁷

That the bank was intended to function as a charity as well as a bank was underlined by the choice of managerial personnel for the early years. D. K. Feehan and W. J. Macdonell ran the bank. Macdonell was a particular confidant of De Charbonnel. Neither was a businessman although both were successful in obtaining clients for the bank.⁸ Both were, however, members

³ J. I. COOPER, “The Origins and Early History of the Montreal and District Savings Bank, 1846-1871,” *Canadian Catholic Historical Association Report* (1945), p. 16.

⁴ J. E. MIDDLETON, *The Municipality of Toronto*, 3 vols. (Toronto, 1923), 1, 490.

⁵ See Public Archives of Canada, Home Bank Papers, D. E. Huston to Colonel James Mason, July 2, 1913.

⁶ Archives of the Archdiocese of Toronto. The Papers of Bishop De Charbonnel. Report On The Operations of The Toronto Savings Bank. February 6, 1855: Public Archives of Canada: The Papers of Joseph J. Murphy. File 2, No. 5. Report on the State of the Toronto Savings Bank, July 1856 It is notable that the two signatories to the 1855 report, S. G. Lynn and W. J. Macdonell, were both St. Vincent de Paul Society executives. See J. S. MCGIVERN, ed., *The Saint Vincent de Paul Society (Toronto): 1850-1975* (Toronto, 1975), p. 31.

⁷ D. D. SCANLON, “Early History of the Home Bank,” *Home Bank Monthly* (January, 1923), p. 16.

⁸ MIDDLETON, I, 439-440.

of the St. Vincent de Paul Society.⁹ This indicates that participation in other aspects of the charitable network was a more important factor than any other in establishing a connection with the bank. This pattern, once established, continued throughout the life of the institution. The other rationale for appointment until the reorganization of 1872, seems to have been nationality. While Professor Cooper has noted that the Montreal directorate was about one quarter Irish,¹⁰ in Toronto the board was almost entirely Irish and in contrast to the largely honorary role played by the Quebec group, exercised a real influence on the day to day workings of the bank.¹¹

TABLE I

(A) *Pre 1872 Directorate, Toronto Savings Bank*

<i>Name</i>		
Father Jamot	Thomas Milson	P. Cosgrove
Father Rooney	E. Hayden	James Herbert
F. Smyth	C. B. Dogherty	James Hensen
E. O'Keefe	P. Hughes	James Britten
F. Mully	W. Fitzhenry	A. D. Macdonald
F. Vincent	M. O'Connor	Thomas Chopen
N. Rooney	E. Stock	Charles Robertson
R. Elmsley	J. O'Donohoe	Wm. Dineen
J. O'Donovan	Thomas Walls	
W. A. Murray	Thomas Barry	

Source: Lynch Papers. List of Directors, undated. The number of votes ranged from high often (O'Keefe, Smyth [*sic*] and the clergy) to a single vote.

(B) *Post 1872 Directorate, Toronto Savings Bank*

President:	John Shea
Vice President:	Thomas Wilson (Frank Smith and Co.)
Directors:	Father Jamot
	Eugene O'Keefe
	Edward Stock
	<i>Directors</i>
Frank Smith	Charles Robertson
Father Rooney	M. O'Connor
Thomas McCrosson	W. Fitzhenry
Patrick Hughes	Charles Doherty
Patrick Hynes	Patrick Burns

⁹ MCGIVERN, p. 32.

¹⁰ COOPER, p. 18.

¹¹ The board of directors had voting privileges. See Table I.

James Britten	J. P. De Le Hays
Thomas Barry	Patrick Wall (Oshawa)
Michael Lawler	Charles Doherty (Castlemore)
J. G. Moylan	Thomas Kidd (Seaforth)
A. D. Macdonald	John Kelz (German Benevolent Society)
Thomas Walls	

Source: Irish Canadian, June 12, 1872, May 23, 1877.

Some of the members of the Board were more influential than others. Eugene O'Keefe had in fact begun his career as a clerk in the bank from 1856 to 1862.¹² After inheriting a considerable sum of money, O'Keefe founded a brewery in partnership with Edward Cosgrave, another director.¹³

Frank Smith was another prominent citizen connected with the bank. He was described by the *Irish Canadian* as a champion of Catholic rights.¹⁴ Like O'Keefe, he was a wealthy man.¹⁵ The source of his wealth was "control of a large portion of the Catholic trade." As a credit risk he was rated, "excellent and no doubt safe."¹⁶

The president of the bank John Shea was also considered a favourable risk. According to R.G. Dun and Company, he was, "a steady and reliab [*sic*] good man whose obligations are understood to be slight."¹⁷

A number of the directors actually had experience in the banking field. Smith was president of the Dominion Bank, an offshoot of William McMaster's Bank of Commerce. Patrick Hughes and Smith had invested in bank stocks. John Shea and Macdonell both utilized their expertise in the purchase of commercial bank stocks for the Toronto Savings Bank.¹⁸

¹² See H. J. Morgan, ed., *The Canadian Men and Women of the Time* (Toronto, 1912), p. 867; *Encyclopedia Canadiana* (Toronto, 1958), VIII. 12; W. S. WALLACE, ed., *The MacMillan Dictionary of Canadian Biography* (Toronto, 1963), p. 562.

¹³ Harvard University, Baker Library, R. G. Dun and Co., Credit Ledgers, V. 27, p. 31. These records are used with the permission of Dun and Bradstreet.

¹⁴ *Irish Canadian*, May 22, 1872.

¹⁵ See A. S. THOMPSON, *Spadina* (Toronto, 1976), for a discussion of Smith's career. For short biographies of Smith, see Rev. W. COCHRANE, ed., *The Canadian Album* (Brantford, 1891), I, 324; H. J. MORGAN, ed., *The Canadian Men and Women of the Time* (Toronto, 1898), p. 946.

¹⁶ Dun Ledgers, V. 27, p. 236.

¹⁷ Dun Ledgers, V. 27, p. 236.

¹⁸ Canada, *Sessional Papers*, 1872, No. 13, p. 52.

There were, however, also a number of directors of questionable financial ability. This suggests that factors other than business acumen continued to be the prime reason for appointment to the board. Doctor Michael Lawler, for example, though financially well off was described as “not very clever.”¹⁹ Charles Robertson, a prominent director, though ultimately very successful, has been considered in his early career to be overly speculative, a quality not entirely desirable in a bank director.²⁰ Thomas Walls was considered risky because he sold to pedlars: he was described as “a little irregular in his habits.”²¹ Thomas McCrosson, another board member was said to be “not much of a businessman.”²² The common denominator was St. Vincent de Paul Society membership. Charles Robertson, D. K. Feehan, John Shea, Thomas Hayes, Joseph Murphy, John O’Donohoe, Thomas McCrosson, Charles Doherty, Eugene O’Keefe and William Dineen all were members of the Board and of one of the St. Vincent de Paul Society chapters.²³

During Lynch's reign, the bank slowly began to flounder. The office located at Colborne Street and Change Alley accepted deposits of as little as twenty cents. These were, in turn, deposited in the Ontario and Commerce Banks to earn eight percent or in government or other good quality bonds at a rate of five per cent. The hours of business, 10 a.m. to 3 p.m. were, however, inconsistent with the stated aim of the bank to assist the working poor. Given the average work day, the hours made it impossible for workers to deal at the bank.²⁴

By 1872 there were indications that under Lynch’s direction, the situation had gotten totally out of hand. When complaints were made that the bank was using scare tactics, John O’Donohoe, a director confirmed this. O’Donohoe’s response to Lynch’s question about the charges was “Come and take your money is the reply of the bank to anyone dissatisfied.” As for the measures taken, he explained, “The proceeding or letters are only

¹⁹ Dun Ledgers, V. 26, p. 350.

²⁰ *Ibid.*, V. 26, p. 36.

²¹ *Ibid.*, V. 27, p. 132.

²² *Ibid.*, V. 26, pp. 13, 262, 324, 360.

²³ MCGIVERN, pp. 31, 32, 35, 42: *Minute Book: St. Patricks Conference of the St. Vincent de Paul Society*, September 22, 1878; *Minute Book Conference of Our Lady*, September 21, 1870, October 12, 1873; *Irish Canadian*, December 14, 1870.

²⁴ *Monetary Times*, November 12, 1868, August 5, 1869; *Caverhill’s City Directory: Toronto 1854-1860* (Toronto, 1860), p. 284.

intended to frighten, there is nothing in them.”²⁵ There were other indications that the institution was not working within the intended confines. James Stock, accused another director, A. D. Macdonald of giving loans to poor credit risks. One auditor noted, “Ten thousand lost by the greatest mismanagement giving money to men worthless.” One loan of twenty-six thousand dollars to a Toronto hotelkeeper, hardly a member of the “deserving poor,” had not had a single payment made upon it. A Mister Palsgrave had borrowed money at the bank’s lower interest rates and then, in a rather uncharitable gesture, lent it to others at ten and twelve percent. By spring 1872 the bank had incurred a debt of seventy thousand dollars.²⁶

Also by 1872, the bank was expected to comply with the previous years’ legislation that directed savings banks to reorganize as joint stock companies, or merge with government or chartered banks.²⁷ Lynch saw the reorganization as an opportunity to force the bank to return to its original charitable intent. To do so, he felt, however, it was necessary to continue the operation under the old system rather than submit to the new laws. Lynch therefore, decided to seek a ten year exemption from the new legislation for the Toronto Savings Bank.

Undoubtedly, Lynch’s motive was to attempt to return to the purely charitable character of the bank. Lynch believed that the Irish who comprised the vast majority of Toronto Catholics, had a special mission to spread the Catholic faith.²⁸ His mission therefore was to ensure the survival of Catholicism in the face of constant “seepage” to the higher status Protestant religions.²⁹ Lynch had to combat the attraction of ultra-Protestant relief organizations that offered substantial support and a promise of employment to those ready to renounce Catholicism.³⁰ The bank was an important link in the chain of charitable institutions designed to offer an alternative source of aid.

²⁵ Archives of the Archdiocese of Toronto, The Papers of Archbishop John Joseph Lynch, J. O’Donohoe to Archbishop Lynch, Mars 5, 1872.

²⁶ *Ibid.*, Memorandum of Losses Sustained and Doubtful and Unproductive Assets of the Toronto Savings Bank From Its Covenant in 1854 to June 1872, June 30, 1872. Also, Undated Memorandum re. the Savings Bank. Also see *Irish Canadian*, October 8, 1873.

²⁷ *Statutes of Canada*, 34 Victoria Caps, 5, 6, and 7.

²⁸ See *Canadian Freeman*, March 29, 1869.

²⁹ W. E. VILLIERS-WESTFALL, “The Dominion of the Lord: Victorian Protestant Ontario,” *Queens Quarterly*, V. 83 (1976), p. 51.

³⁰ Toronto Public Library, *Minutes of the Irish Protestant Benevolent Society*. See especially November 4, 1870, January 8, 1870.

Lynch claimed to have no political attachment. He wrote to Frank Smith: “I do not pretend to guide them [Catholics] *ex cathedra* in politics.”³¹ A biographer, Margaret Cronin, agreed “He did not play politics, still less did he identify the Catholic church in Upper Canada with party.”³² But the facts do not concur with such statements. The Archbishop’s attachment to the Liberal party at the provincial level is well known.³³ At the federal level his alliance was with Sir John A. Macdonald’s Conservatives. Perhaps the most blatant instance of Lynch’s use of his influence occurred in 1867. To repel overtures to the Catholics of Upper Canada by George Brown’s Reformers, Lynch published a letter in which he referred to the Tories as “the old allies of Catholics” and to the Reformers as enemies of the Catholic church.³⁴ It was a prime example of what Professor Donald Swainson has termed, “the day to day closeness of Lynch and Macdonald.”³⁵

Macdonald probably knew the requests for an extension would come. He had noted almost a year before the importance of banks to the Catholic community.³⁶ The importance was underlined in the tactics utilized by Lynch in requesting a ten year extension in the life of the bank. He reminded the Conservatives, “Hitherto I have used my influence with the Catholics to give the Conservative administration ... their hearty support expecting that the government would some time or other treat them fairly.”³⁷ The charitable nature of the bank was emphasized. Again the interconnection was shown when Lynch declared all profits were to be used to fund two schools “one for girls learning trades and another for apprentice boys and newsboys.” [Notre Dame Institute and the St. Nicholas Home]. Lynch argued further that only the Church should provide such charitable services for “I fear the many dangers and risks of private interests.”³⁸

³¹ Public Archives of Canada, The Papers of Sir John A. Macdonald, Archbishop Lynch to Frank Smith, February 1, 1872.

³² M. CRONIN, “Archbishop Lynch,” unpublished manuscript, Toronto, n.d. There is a copy in the Lynch Papers.

³³ See A. Margaret EVANS, “Oliver Mowat and Ontario: A Study in Political Success,” Unpublished Ph.D. thesis, University of Toronto, 1967.

³⁴ Lynch Papers, Archbishop Lynch to Father Jamot, July 8, 1867.

³⁵ Donald SWAINSON, “The Personnel of Politics: A Study of the Members of the Second Parliament,” Unpublished Ph.D. thesis, University of Toronto, 1964, p. 125.

³⁶ Public Archives of Ontario, The Papers of Alexander Campbell, Sir John A. Macdonald to Alexander Campbell, December 29, 1871.

³⁷ Macdonald Papers, Lynch to Smith, February 1872.

³⁸ *Ibid.*, Lynch to Macdonald, April 2, 1872.

Macdonald did relent to the extent that he promised to do all that he could to ensure the passage of the reorganization legislation although he cautioned that the makeup of the committee would in the end determine the bill's fate.³⁹ He attempted, however, within two days to persuade Lynch to accept reorganization under the 1871 laws.⁴⁰ This caused the Archbishop to again remind the Prime Minister, "We have done good service in the past by supporting the present government ... we hope to get a little recompense in the form of a bill that will cost the country nothing but which will be very useful to our poor people."⁴¹ To ensure that the matter would be taken seriously Lynch despatched his Vicar General, Father Jamot, to Ottawa where, with the aid of Smith, O'Donohoe and John Crawford he was told to ensure passage of the bank bill. Crawford was not a director of the bank. An Irish Anglican he was, however, a confidant of Lynch who had benefitted from the Archbishop's patronage.⁴²

Crawford was a good choice. When the bill to amend the bank's charter was introduced (in the midst of a debate regarding Sir George Cartier's smoking habits), the legislation contained clauses that severely restricted the ability of the bank to borrow and to invest. Crawford realized that Jamot did not understand the restrictions and so advised Lynch.⁴³ The Bishop, in turn, advised Jamot that the major problem lay in the restrictions in borrowing.⁴⁴ He also advised Crawford of what he wanted. Lynch complained personally to Sir Francis Hincks that the legislation would render the bank useless "for our charitable purposes."⁴⁵ Hincks was not adverse to Savings Banks with clerical connections for he was a director of the Montreal bank.⁴⁶ He simply saw no reason why the Toronto bank could not reorganize on the 1871 terms as that bank had done. And while he was opposed to savings bank speculation in commercial bank stocks, his major objection seemed to be to the idea of special privilege.⁴⁷

³⁹ See *Ibid.*, Macdonald to Lynch, April 8, 1872.

⁴⁰ Lynch Papers, Macdonald to Lynch, April 10, 1872.

⁴¹ Macdonald Papers, Lynch to Macdonald, May 9, 1872.

⁴² SWAINSON, p. 125. Campbell Papers, John Crawford to A. Campbell, August 2, 1872; Macdonald Papers, Lynch to Macdonald, March 4, 1867.

⁴³ Lynch Papers, Crawford to Lynch, May 17, 1872.

⁴⁴ *Ibid.*, Lynch to Bishop Guiges (Ottawa), May 20, 1872).

⁴⁵ *Ibid.*, Lynch to Sir Francis Hincks, May 20, 1872.

⁴⁶ Taggart SMYTH, *The First Hundred Years* (Montreal, 1946), p. 14.

⁴⁷ Lynch Papers, Hincks to Lynch, May 20, 1872.

The response of Lynch's advisors was mixed. John O'Donohoe favoured a waiting game. He advised Lynch, "I think no bill better than the bill with the amendments [the borrowing restrictions] ... there is plenty of time."⁴⁸

Frank Smith and John Crawford both encouraged acceptance of the bill because there was no pressure on the bank to divest itself of the stock it already held.⁴⁹ Macdonald gave this argument credibility when he declared that the bill, with the restrictive clauses, "will practically grant all that could reasonably be asked."⁵⁰ The proponents of the bank also ran headlong into another obstacle – John Hillyard Cameron.⁵¹

Despite his connections with the Orange Lodge Cameron was on good terms with the Catholics of the country.⁵² He might have opposed the bank's request on simple economic grounds, and he had gone on record as favouring government rather than private savings banks.⁵³ The primary factor in his opposition, however, had little economic basis – it was rooted rather in the belief that Lynch and the Board of Directors were involved with the Catholic League.⁵⁴ This fraternal organization was said to be ready to divert the Catholic vote away from the Conservative to the Liberals. The bank question presented a perfect opportunity to force Lynch to defuse the League.

The League had been founded to ensure that Catholics received the amount of patronage to which they felt they were entitled. Lynch was implicated because he had encouraged the leaders. A letter he had written to this effect had been obtained by the *Irish Canadian* and was published just as the bank bill was being considered.⁵⁵ A number of the directors of the bank were connected with the League. Frank Smith, O'Keefe, James Stock, Patrick Hughes, McCrosson, John Shea and John O'Donohoe were all executives of the League.⁵⁶ Of these undoubtedly the most important to the Conservatives

⁴⁸ *Ibid.*, O'Donohoe to Lynch, May 20, 1872.

⁴⁹ *Ibid.*, Smith to Lynch, May 20, 1872; Crawford to Lynch, May 20, 1872.

⁵⁰ *Ibid.*, Macdonald to Father Famot, May 23, 1872.

⁵¹ See D. SWAINSON, "John Hillyard Cameron," *Dictionary of Canadian Biography*, X, 118-123.

⁵² W.J.S. MOOD, "The Orange Order in Canadian Politics, 1841-1867," Unpublished M.A. thesis, University of Toronto, p. 149.

⁵³ House of Commons, *Debates*, April 14, 1868.

⁵⁴ Cameron's position in the Conservative party is discussed in F. GRIEZEC, "John Hillyard Cameron and the Question of Conservative Leadership in Canada West," *Ontario History*, V. 66 (1974).

⁵⁵ Lynch to Frank Smith, John O'Donohoe and John O'Connor. Quoted in *Irish Canadian*, May 29, 1872.

⁵⁶ *Irish Canadian*, May 29, 1872, April 18, 1872.

was O'Donohoe who was said to be influential in determining the Catholic vote.⁵⁷ According to the *Irish Canadian* he was "the leading spirit of the League" and had "precipitated himself headlong into the arms of Mr. George Brown."⁵⁸

Such reports had a great effect upon the reception that the request for exemption received. One correspondent advised Lynch to ask for no more than had been offered. Thomas Milzon opined, "Better half a loaf than none . . . Cameron's interference, if exercised might be fatal."⁵⁹ Frank Smith was very specific when he informed Lynch of Cameron's opposition. He advised the Archbishop: "Every member of the government looked at me with suspicion [*sic*] thinking from the report of the Irish Canadian of last week as well as letters and telegrams stating you are still assisting O'Donohoe to abuse the government." Smith too advised acceptance of the bill. He felt the loyalty of the Catholic community had to be re-established. He suggested, "It [acceptance] would show that we are not playing two parts, for and against."⁶⁰

On May 28, one last effort was made to effect a more acceptable settlement. An interview with Hincks appeared promising.⁶¹ However, the next day William McMaster, who had attempted to aid Lynch, advised him to accept the restricted bill or to lose it altogether.⁶² Father Northgraves of Barrie was sent to Ottawa to negotiate with the bill's opponents. When he advised he could gain no more, Lynch advised Jamot that the fight was over. He blamed the failure on "misrepresentations of false friends." The bill that was accepted was described as "a poor affair to get after services of twenty years."⁶³ Little more could be expected however, as Macdonald advised Lynch that though the bill would be passed, it faced "Great opposition from some quarters."⁶⁴

The aftermath of the bill's passage is, like the early period of the bank's history, difficult to assess because again the sources are severely restricted. Though no direct connection can be drawn between the two events, it is

⁵⁷ See D. O. BALDWIN, "Political and Social Behaviour in Ontario 1879-1891: A Quantitative Approach," Unpublished Ph.D. thesis, York University, 1973, p. 161. Although BALDWIN refers to a later period O'Donohoe did wield considerable influence in 1872.

⁵⁸ *Irish Canadian*, May 29, 1872.

⁵⁹ Lynch Papers, Thomas Milzon to Lynch, n.d. 1872.

⁶⁰ *Ibid.*, Smith to Lynch, May 28, 1872.

⁶¹ *Ibid.*, Crawford to Lynch, May 28, 1872.

⁶² Quoted in *Ibid.*, Jamot to Lynch, May 29, 1872.

⁶³ *Ibid.*, Lynch to Jamot, May 30, 1872.

⁶⁴ *Ibid.*, Macdonald to Lynch, May 29, 1872.

probable that the incidents surrounding the passage of the bank bill were behind the destruction of the Catholic League as a source of anti-Conservative sentiment. One indignant *Irish Canadian* reader complained, “So our League is gone, the fiat of the strong has been issued ... the protestants have spoken and all is over.”⁶⁵ Shortly thereafter, a number of these in the League, whose questionable loyalty had led to the problems with the bank bill, appeared at an impromptu meeting of the Conservative party in Toronto, thus publicly demonstrating their return to the party fold.⁶⁶

For his part John Crawford continued to enjoy the patronage of Archbishop Lynch. In appreciation of his “noble and continuous efforts on behalf of Catholicity and charity in the Archdiocese of Toronto,” Crawford received a public vote of thanks from Lynch.⁶⁷ In 1873, Lynch recommended him to Macdonald as a candidate for Lieutenant Governor of Ontario, a post to which he was appointed by the federal government.⁶⁸

The bank itself did not fare as well. Lynch envisioned the establishment of a building society to aid the Catholic poor to obtain adequate accommodation, “thereby saving them enormous rents and bringing them from back lanes and unhealthy localities to more healthy situations.” He argued, “Our Toronto Savings Bank enjoys ... public confidence and will under its present judicious management be able to assist our charities – one of the objects for which the bank was instituted.”⁶⁹ There was, however, considerable opposition to the charitable ideal within the directorate and the concessions made toward the establishment of a building society were minimal.⁷⁰

Although the Archdiocese continued to enjoy special privileges from the bank, there was clearly a shift to a purely business philosophy.⁷¹ The

⁶⁵ *Irish Canadian*, June 5, 1872.

⁶⁶ *Ibid.*, June 12, 1872.

⁶⁷ Lynch Papers, “A Presentation to the Honourable Mr. Crawford,” n.d.

⁶⁸ SWAINSON, p. 125.

⁶⁹ Lynch Papers, Lynch to Board of Directors, Toronto Savings Bank, April 15, 1873.

⁷⁰ *Ibid.*, Jamot to Lynch, March 1, 1873; one of the concessions was lengthened hours. The bank opened from 7:00 to 9:00 p.m. in the evenings, *Irish Canadian*, June 25, 1873.

⁷¹ For example, when the Archdiocese purchased a Baptist Church on Bond Street, the Toronto Savings Bank held the mortgage. But in 1878, the Archdiocese purchased ten thousand dollars worth of Home Saving and Loan Stock. As late as 1890, when reminding Lynch's successor, Archbishop Walsh of money issued, James Mason, the Home Savings and Loan Manager commented, “We should not

inclusion, after the 1872 reorganization, of German Catholic representatives on the Board of Directors was undoubtedly the product of such ideas.⁷² In 1876 Lynch was able to quell a minor revolt when members of the Board of Directors demanded a salary only by reminding the members of the terms under which they had accepted appointment to the board and suggesting that they should be content to await their reward in the hereafter.⁷³

Within the next two years the situation worsened. This was especially true after the establishment in 1877 of the Home Savings and Loan, a joint stock company, specifically founded to eventually take over the assets of the savings bank within the ten years allowed. The hierarchy seemed to be content with the arrangement as they purchased ten thousand dollars worth of stock in the new company.⁷⁴ The erection of the company well before the end of the ten year extension is some indication that there were again problems. When Smith offered to take over the bank by paying more than the appraised value of the assets, his offer was welcomed.⁷⁵ There was, however, great opposition from some of the directors. But as one Lynch ally put it, 'If the result will be a loss to the charitable fund, they must assume the responsibility.'⁷⁶ Apparently Lynch agreed and feeling that the charitable aspects of the bank were the more important agreed to sale of the bank without the approval of the Board of Directors.⁷⁷ In 1879, a bill introduced by Frank Smith was approved by parliament thus completing the transaction.⁷⁸

The sale revealed the new healthy state of the bank. (See Table II). A charitable fund of twenty thousand dollars, the "surplus profit" of the bank was established. A group of trustees, with no connection to the bank, oversaw the division of monies among deserving Toronto charities.⁷⁹

have allowed it to remain so long unpaid were it owing by any other body or person." *Ibid.*, Memorandum, n.d. 1876, James Mason to Archbishop Lynch, January 10, 1874; Archives of the Archdiocese of Toronto, The Papers of Archbishop Walsh, James Mason to Archbishop Walsh, December 15, 1890.

⁷² *Irish Canadian*, May 23, 1877.

⁷³ Lynch Papers, Lynch to Board of Directors, Toronto Savings Bank, September 18, 1876.

⁷⁴ *Ibid.*, James Mason to Lynch, September 24, 1878.

⁷⁵ *Ibid.*, Smith to Lynch, February 20, 1879.

⁷⁶ *Ibid.*, James J. Foy to Lynch, March 10, 1879.

⁷⁷ *Ibid.*, Memorandum re. Toronto Savings Bank, n.d., 1878. See also Diocese of Peterborough Archives, The Papers of Bishop Jamot, Lynch to Jamot, July 29, 1878.

⁷⁸ House of Commons, *Debates*, April 28, April 30, May 5, 1879.

⁷⁹ G. Mercer ADAM, *Toronto, Old and New* (Toronto, 1891), p. 196.

There was continuation within the new company. Smith and O'Keefe became president and vice president respectively. James Stock and Edward Foy continued on the Board of Directors and James Mason, who after 1872 had been appointed manager of the Savings Bank, continued in that capacity with Home Savings and Loan. After Smith's death, O'Keefe became president. Eventually the savings company became the Home Bank. As such it enjoyed many years of prosperity, though its demise in the last and largest Canadian bank failure was a sad one.⁸⁰

⁸⁰ *Ibid.*, p. 197.

TABLE II

Assets of the Toronto Savings Bank at Time of Sale, 1879

Stocks	Par Value
Ontario Bank	\$ 48,000
Bank of Commerce	38,350
Dominion Bank	10,000
Gas Company, Toronto	4,300
Freehold Building Society	10,000
Ontario Trust	2,500
Dominion of Canada	316
Debentures	<u>33,541</u>
	\$147,007
	Collateral
Commerce	\$ 10,850 due in about 2 months
Commerce	10,000 due July next
Commerce	5,000 uncertain
Royal	10,000 due July next
Royal	6,000 uncertain
Dominion	1,000 due July next
Imperial Building Society	3,450 due 2 months
Western Building Society	<u>2,000</u> due 2 months
	\$ 48,300

Source: Lynch Papers, Memorandum to Archbishop Lynch regarding the Toronto Savings Bank and the Home Savings and Loan, n.d., 1879.

Some very broad conclusions can be drawn from the very brief life of the bank. While there is no reason to question the sincerity of Archbishop Lynch in his belief in the need for charitable institutions, it is clear that he failed to exercise the amount of administrative control that was needed to make the bank function as the viable charitable institution that he envisioned. An ancillary part of this administrative failure was the inconsistency in Lynch's attitude concerning the role that the bank should play. His failures in these two areas allowed those who were interested in doing so to pervert the intended aims of the Toronto Savings Bank and turn it away from charity and to their own, somewhat more secular, ends. The negotiations surrounding the request for the ten year exemption reveal even more. While at first consideration Lynch appears to have acted from a position of power, he quickly found himself in a vulnerable position. The poor choice of personnel that he chose to employ; the lack, in this instance, of true manipulative ability, and above all, the necessity of accepting a barely acceptable compromise in return for substantial concessions clearly call into question the traditional view of Lynch as an ally of certain politicians. In this instance he appears, rather, to have been their victim.