



THE ROYAL BANK OF CANADA

HEAD OFFICE, MONTREAL

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THIS Letter is to mark Canada's 80th Birthday, which she celebrates on Dominion Day, July 1st.

In earlier Letters we dealt with government, our place within the British Empire, our relations with the United States and various aspects of economic and social life. This article is frankly a birthday tribute, addressed to a country which though old in terms of human age is young and lusty in the measurement of time applied to nations, and eager to take her most helpful place among the communities of freedom-loving democracies.

The proper place to start a birthday story is in the past. There is no need, on this occasion, to wrinkle our brows in attempting to disentangle the web of events, because all Canada's history is woven into the fabric of the dress she wears today.

The past is not drab. It was exciting in its happening, and diversified enough to suit the most exacting story-teller. It was full of sharp contrasts, both in motive of exploration and method of settlement. Many nations were represented among the pioneers who trespassed the unbelievable virgin geography of the new continent. Colour, bold and rich, splashes every century, and some of the spirit of those ages has been handed down to this generation of Canadians. It is said that the greatest benefit of inheritance is to succeed to an ancestor's virtues. Together with practical qualities there has come down to us a love of right things and the desire to live life for all it is worth.

Though Jacques Cartier made his first voyage to Canada in 1534, the event we celebrate did not take place until 333 years later. Those three centuries were marked by the hardship of pioneering in a country for which life in French and English villages was a poor rehearsal. Besides the difficulties of climate and loneliness there were hostile clans, belligerent neighbours, natural barriers, and the uncertainty of life under

rulers who were three thousand miles away across an ocean traversed slowly by sailing vessel, rulers who knew little about conditions in their colonies. As the country filled up with adventuresome immigrants, tensions grew, and finally, as Chief Justice Smith wrote to Lord Dorchester in 1790: "All America was . . . abandoned to Democracy."

By 1867 it was evident to the people who made up the evolving democracies that something more was needed than the independence of their isolated settlements.

Why Confederation?

They thought of confederation as the solution for a great many political and economic difficulties. Chief among the political aims was to establish a new nation to meet the changed conditions of British policy and to unite the scattered provinces against possible aggression from the south; economically it was designed to spread dependence over many industries instead of only a few, and thus lessen exposure to the effects of economic policies then being pursued by both Great Britain and the United States. Through mutual concession it was hoped to preserve cultural and local loyalties, and reconcile them with political strength and solidarity.

Impossible though it seemed to draw these diverse interests together, events conspired to bring it about. Each of the separate colonies arrived at a crisis in its affairs at the same time, and confederation held out hope of relieving many worries. Fools undertake great things because they think them easy, but the Fathers of Confederation were not foolish. While they knew the anxieties connected with a federation, they believed that not only an escape from the misfortunes of the moment but the hope of a brighter future rested upon co-operation.

Making one political body out of two is among the most difficult of human tasks, and, says Arthur R. M. Lower in "Colony to Nation": "The difficulty in-

creases as the square of the number to be united, so to speak. It took centuries to unite England and Scotland, more centuries to form Italy or Germany. But here on this North American continent two political miracles have occurred: thirteen American states peacefully united to form the United States of America, and then three British provinces equally peacefully formed the Dominion of Canada."

The Canada of 1867 would be a strange world to us. It had none of the features we take for granted, such as great factories, large cities, highways, automobiles, airplanes, radios, electricity. There were only a few miles of railway along the St. Lawrence. The people numbered about 3½ million, 80 per cent of whom lived in the two provinces of Upper and Lower Canada. Four-fifths of the population was rural; Montreal had about 100,000 people, and it was by far the largest city. Cultivation of the soil and the extraction of raw products from the forest and from the sea supported a small group of manufacturing, handicraft and service industries scattered through the settled areas. These industries were sheltered from foreign competition as much by isolation, the advantage of cheap local raw material and the lack of transportation as they were by the incidental protection of a tariff primarily intended for revenue.

The time was marked, too, by the self-sufficiency of separate families, a needful part of the frontier nature of the economy. In today's Canada about 40 per cent of the gainfully employed are engaged in supplying services rather than in producing goods; in the Canada of 1867 the extraction and processing of natural products absorbed the energies of most of the population, and only about 18 per cent were engaged in supplying services. Material income was largely limited to the basic requirements: food, clothing and shelter. Factory industry, such as there was, was simple and decentralized. The worker could retreat at will to the farm, where he became self-sufficient. This, naturally, gave the economy great capacity for adjustment to fluctuations.

However, pressures of population and desire for a more abundant life were being exerted. Western expansion had been disappointing to the two Canadas. As to other parts, the historical summary of the Royal Commission on Dominion-Provincial Relations remarks: "The Maritimes, tied to a dying industry, were in even greater, if less conscious need. The tiny Red River Settlement was beginning to find its feet, but was toddling into the arms of the United States in the process. The Pacific Coast gold rush had fostered some basically sound development, but its recession had left a small population stranded with a large debt."

Of course, enactment of the British North America Act establishing confederation did not of itself assure solution of either political or economic difficulties. It did, however, provide a framework within which we are still working to bring about the balance of loyalties and interests, needs and supplies, which an effective federal system requires.

It cannot be said too often that new situations need new measures to meet them, but perhaps the point may be reinforced by showing a few factual contrasts. Early figures are from The Year Book and Almanac of Canada for 1868, while recent statistics are taken from such periodical reports as Trade of Canada, Operating Revenues, Expenses and Statistics of the Railways in Canada, and the Return of the Chartered Banks.

That there were optimists in the days of confederation is shown by the section on population in the 1868 book where it is remarked: "We may, with some pretension to probability, assume that the rate of progress of the population of all British America will be as rapid for fifty years or more as it has been for the past decade, and this would give as the population . . . in 1941, 42,598,000." Our census that year showed that we fell short by 31 million.

Despite this, large segments of our economy have made advances which might have satisfied those who ushered in confederation so hopefully. Railway lines have expanded from 2,495 miles to 42,546 miles and gross railway receipts from \$11½ million to \$711½ million. Exports in the year which ended the day before confederation in 1867 had reached a sum of which the new Dominion was proud: \$45,070,219. In the calendar year 1946 our exports amounted to \$2,312,215,301. Imports in these two periods were \$59,044,982 and \$1,927,279,402. Financial affairs have made equally big advances. The old Year Book reports the Merchants' Bank, which later became The Royal Bank of Canada, as having total deposits of \$100,000; the last general annual statement of this bank showed deposits totalling \$1,963,103,952. "Agriculture" or "Farming" have no mention in the 1868 Year Book index, but agriculture and related topics take up nearly as many pages in the 1946 Year Book as there are total pages in the early report. It is mentioned, in an 1868 table, that there were between 321,000 and 450,000 farmers in Nova Scotia, New Brunswick, Quebec and Ontario. In 1941 these four provinces had a farm population of 1,850,696, and in all Canada the farm population was 3,152,449.

To all of these changes, each of which meant a new environment for the people, add the growth of industry and the specialization incident to the introduction of machinery of ever-increasing complexity, and it is obvious why at 80 Canada is not the same kind of place to live in as it was at confederation. It is evident also that we are severe judges if we criticize the Fathers for not foreseeing all that we were going to do to the country.

It would be a mistake to concentrate upon numbers and masses in judging either the growth or progress of a nation. Individuals are important because of their leadership, initiative and inventiveness — features which do not belong to crowds. In the fine booklet "Forward With Canada" prepared and distributed by the Northern Electric Company Ltd., there are 12 stories of Canadian achievements that have, in the

The Record
Of 80 Years

As Things Were
In 1867

Personal
Achievements

words of P. F. Sise, "affected the lives of all of us." Mr. Sise, President of Northern Electric, and a Director of this bank, continues in his foreword: "We, as Canadians, owe much to the great Canadians who have gone before us and their deeds may well serve as an inspiration for the future."

First in this roster of Canadian achievements is the maritime saga of the Royal William which sailed from Pictou on August 18, 1833 and, first of all steamships, crossed the Atlantic. Tom Willson produced the first electric light in Hamilton, Ontario, and then went on to discover that calcium carbide could be manufactured in an electric furnace, paving the way for wide use of acetylene in industry. Nine years after confederation, Alexander Graham Bell made the world's first long-distance telephone call. It was from Brantford to Paris, Ontario, and the message was a quotation from Hamlet's soliloquy: "To be or not to be." In 1882, John Wright of Toronto visited Thomas Edison and brought away with him a crude electric locomotive. Out of his experiments came the trolley pole, solving a 50-year-old problem and making the electric street car practicable. Robert Foulis of Saint John, N.B., invented the steam fog horn; Dr. William Saunders and his son, Dr. Charles Saunders, developed Marquis wheat, opening up a whole new land to wheat growing. Professor John Cunningham McLennan devised a method for extracting helium from natural gas at a time when Britain needed it for balloons and blimps. The Red Cross outpost hospitals were planned in answer to the needs of the frontier; insulin was found by Dr. Frederick Banting who started his search in London, Ontario in 1920; silicosis, the "dust disease" which took a heavy toll among miners, was conquered by the Banting Institute in co-operation with the Ontario Mining Association; the electron microscope, which can magnify a human hair to the size of a telegraph pole, was built by three men, Professor Burton, James Hillier and Albert Prebus, after 3 years of nerve-wracking work. Last story in "Forward With Canada" tells how the Mounted Police patrol ship Saint Roch, under Sergeant Henry Larsen, sailed the Northwest Passage from west to east in two years starting in June, 1939 — the first time in history.

There is probably no figure in Canadian life linking the early days with 1947 as does Mrs. George Black, pioneer of the Yukon, adventurer in the gold rush on the trail of '98, authority on the flora of the northland and second woman elected to the Canadian House of Commons. Mrs. Black's first memory is of fleeing before the great Chicago fire, when she was five years old. She hiked over Chilkoot Pass with the gold-seekers, set up housekeeping in Dawson, and grew with the settlement. In 1935 she replaced her husband as member from the Yukon, and her maiden speech in the House of Commons was one of sympathy with Queen Mary in the death of King George V. That was two weeks before her seventieth birthday. Mrs. Black's book, "My Seventy Years," published in 1938, is a thrilling story of how men and women subdued Canada's northland.

It was as a result of ambition backed by such energy that Canada grew from the scattered settlements of 1867 to its present stature. It developed in spite of obstacles which might have tamed and disheartened lesser people. Our country is divided by natural barriers, mountains and lakes, and confined by rocks and tundra. Even today, our settlements still fringe the southern boundary, and only on the prairie is there any important town more than 100 miles from the United States border. So large are the geographical divisions that even within themselves they have distinctive types of people and differing manners of living. At the time of confederation people talked of the "two Canadas"; today we have six Canadas — the Maritimes, the St. Lawrence Valley and the Lower Lakes, the Canadian Shield, the Prairies, the Pacific Slope, and the Yukon and northland. Separated by miles of mountain, forest, lakes, and wide rivers, every division is making its special and necessary contribution to development of the Dominion.

At first, and indeed until not so many years ago, there was an inclination on the part of France, Britain and the United States to look upon Canada as merely a source of raw materials, chiefly furs, timber, wheat, minerals and, more recently, wood pulp. We have plenty of resources: our problem is to use them in the best way for the benefit of our people. This problem is wrapped up in the world problem. We are living in the midst of nations which are passionately realistic. We have to think of our internal development, not only from the viewpoint of our own people, but through the eyes of others. Mr. Churchill and Mr. Roosevelt summed up the issue when they devised that paragraph of the Atlantic Charter which reads: "to further the enjoyment by all States, great or small, victor or vanquished, of access, on equal terms, to the trade and to the raw materials of the world which are needed for their economic prosperity."

Canada's problem in regard to resources is not one of getting, but of developing and disposing in an equitable and sensible manner. Exploration of the economic capacity of our country is still in its early stages, but we are aware that Canada is very richly endowed. Everyone knows of our wheat-growing potential. In the past five years we have averaged for export and carry-over 633 million bushels a year. Everyone has heard about our treasure caves of nickel, gold, silver, asbestos, radium and scores of other minerals vital to modern life. Our forests are exceeded in size by those of only two other countries. We have the largest fishing grounds in the world. We are the world's largest producers of newsprint, platinum, asbestos, nickel and radium. We are second in aluminum, wood pulp, and hydro-electric power. We are third in producing copper, lead and zinc. And yet, and this is the rub, we have only one — one hundred and seventy-fifth (1/175) of the world's population.

Added to the question of how best to use our raw materials is the problem of efficient maintenance of industry. Canada's manufacturing capacity doubled

during the late war as manufacturers built new plants, perfected new processes, invented new products, and even erected new communities.

Eighty years ago our problem was to wrest from the untamed wilderness sufficient food, clothing and shelter to keep us alive in a rough life and hard circumstances. Today's great problem is to find uses at home for the abundance of goods produced in factories formerly busy with war goods, or to find markets abroad in which to dispose of them. These things are necessary if our living standard is not to be reduced. They are also necessary if other nations, once they have settled down, are not to become jealous of our natural wealth. We are seeking a way to make economical use of our resources, spreading them around the world where they are needed.

Our ideas of geography have changed. Our neighbours are no longer the people in the next county or province, but people in continents at the other side of the earth. Every day sees thousands of transactions pass through this bank's foreign department, evidence of business being done by Canadians in Australia, Africa, Asia, Europe and the Americas.

Insofar as events of the past quarter century have opened our eyes to distant prospects, Canada must be classed with those nations which have gained in stature. When peace becomes real, this Dominion will be at the centre of the world's airways, which will form the nerve-lines of world commerce. We are no longer at the northern extremity of the American continents, but in a central location relative to all land masses and in the centre of global communications between the leading powers of Europe, America and Asia.

Not only Canada but all other nations are faced with the task of adjusting to new conditions. In the course of that adjustment, however, we have features and attributes which should, if we use them sensibly, put us well in the lead in the building of a good world.

Canada stands between the great and the small powers, too limited in population to form a menace to any nation, even if she were belligerently-minded, but too highly developed as an industrial and trading nation to rank with the small powers. Our manpower weight is light, but our economic weight — not alone because of our natural resources but because of our ability to process them efficiently — entitles us to a seat near the top in world planning.

Canadianism, which started before confederation but was given definite direction by that union, is no mean instrument with which to face new conditions. As J. B. Brebner said in his presidential address to the Canadian Historical Association in 1940: "Canadianism . . . is made up of over three centuries of

successful struggle with a recalcitrant environment, of over a century's original and successful political adaptation and inventiveness, and of a kind of conservatism which history has shown can be converted by adversity into stubborn, indomitable will." During these years our country has, with some measure of success, welded an Anglo-Saxon and a Latin culture, found a middle way between the British and the United States philosophies of life, established a reputation for seeking world peace, and shown the way to peace by our co-operative dealings with our neighbour.

We have a canny, deliberative approach to questions of political, social or cultural change, an approach which can be useful when it saves Canadians from some impulsive enthusiasm or fad long enough, as Dr. Brebner puts it, "to have its emptiness exposed in Great Britain or the United States."

Statements regarding the future, especially when made in the enthusiasm of a birthday celebration, must be hedged around with appropriate qualifications. You cannot have a clockwork regularity in a nation's expansion. There is no such thing as a universal law of growth in national affairs. There are too many variables, too many casual events colliding with national life, too many outside influences over which the nation has no control. But there is no harm in looking ahead to what might be.

As has been shown, Canada has made wonderful progress in her 80 years of federation, and has at least as good prospects of an equal share of advancement in the next 80 years. She has broken through frontiers of geography and climate and philosophy and custom to reach her present position: today she is leading in attempts to breach old-time prejudice and selfishness and insularity so that world economic reconstruction and stability may march side-by-side with political peace.

This country, of all in the world, has a good chance to make good in its constructive efforts, and in this country, if anywhere on the globe, is opportunity: not alone because of the natural resources of which we are so prone to boast, but because here of all places there is a sane, balanced way of life in which to develop nature's — and our individual — gifts.

We cannot look back, this 80th birthday, on the past as a pageant which calls merely for applause and gratification. As the procession of the years passes in review this July First, each year decked with its crown of laurel leaves for achievement and its chaplet of rosemary for memories, we must not forget that 1947 will take its place in the cavalcade. This year and years to come must not be unworthy.