

# “Always Moving, Alive, and Active”

FREDERICK T. WALKER WAS A YOUNG BANKER WITH A MISSION ON THE WEST Coast. Like so many of his fellow employees, he was a Maritime “boy,” Moncton born and bred, caught up in the floodtide of Canadian bank expansion at the turn of the century. In 1890, at age fifteen, he had joined the Merchants’ Bank of Halifax, an upstart Maritime bank just entering its third decade of operation, as a clerk for the paltry salary of \$75 a year. Within a decade he found himself in Vancouver, where the Merchants’ was eagerly attempting to tap into the mineral, forest, and fishery wealth of the burgeoning British Columbia economy. By 1904, Walker was earning \$2,000 a year as assistant manager in Vancouver and, three years later, he was manager, earning \$3,000. Walker’s growing stature reflected that of his bank; in 1901 it had shed its original Maritime title and had adopted a more cosmopolitan identity as The Royal Bank of Canada. In 1907, form followed style as the Royal moved its head office from Halifax to Montreal’s bustling St. James Street, Canada’s undisputed financial capital.

In the summer of 1907, Montreal had a special assignment for its man in Vancouver. Success in Canadian banking came to those who anticipated national growth and were there to meet it. The Royal’s initial plunge into British Columbia in the late 1890s had conformed to this pattern of frontier-mindedness; branches were frantically established in mining boom towns such as Rossland and Atlin. So great had been the haste in the gold-rush town of Bennett Lake that the bank had made the mid-winter purchase of a lot, only to discover in the warmth of spring that their prize location was in fact a piece of frozen lake. Despite such folly, aggressive expansion paid handsomely. By 1907, the Royal had a profitable network of twenty branches throughout the province. Elsewhere in Canada, sixty-four branches bore the Royal name, companions to a small chain of foreign branches in Cuba, New York, Puerto Rico, and Newfoundland.

The key to frontier banking was to beat the competition to these outposts of development; careful scouting and decisive commitment were essential. Such was the case in August 1907, when the directors in Montreal approved plans to open in the as-yet-unincorporated timber town of Alberni on the Pacific coast of Vancouver Island.<sup>1</sup> Caught in the grip of real-estate fever, Alberni beckoned to eastern bankers. To this date, its banking needs had been provided at distance from Victoria and Nanaimo. The task of seizing the opportunity fell to Walker. Stealth would be the key to the operation.

Walker was instructed to “proceed to Alberni in the most secret manner and engage premises.” So as not to attract suspicion, Walker brought his wife along on the expedition; tourists, not bankers, travelled with their wives. In Victoria, the couple boarded the CPR coastal steamer *Tees* and sailed north. As the ship lurched through the heavy Pacific swells, Walker succumbed to seasickness. He spent the entire journey “reclining on a pile of lumber and hoping the ship would sink.”<sup>2</sup> Only once the *Tees* had gained the more tranquil waters of the Alberni Canal could Walker turn his thoughts to the task at hand. Docking at midnight, he took a room in the local hotel, only to be roused early the next morning by the arrival of a coded cable from his supervisor in Vancouver. Rumours had reached the Vancouver branch that a rival bank, probably the Commerce, was launching its own bid for Alberni’s business. Time was now of the essence.

Armed with “a very moderate sum in cash,” Walker set to work. Within two hours of the telegram’s arrival, he secured rented space in a dilapidated building on the main street, bought a selection of pens, ink, and paper suitable for passbooks, and prevailed on the local undertaker to prepare a cloth banner announcing the “Temporary Office – Royal Bank of Canada.” At ten o’clock sharp, the branch opened for business. Almost immediately, a customer – the publisher of the Alberni *Pioneer News* – appeared, deposited “nearly \$2,000,” and was issued a makeshift passbook. Throughout the day, Walker stuck to his job and “did almost every form of banking business, including even the sale of drafts.” At day’s end, lacking a safe, he locked up his deposits in the local dry-goods store and retired to the hotel, where he bought a round of drinks for all and sundry.

The next morning’s overland stage from Nanaimo brought representatives of the competition, who, upon seeing the Royal well established in Alberni, abandoned their plans and retreated on the afternoon stage. A day later, reinforcements arrived from Vancouver in the form of a regular manager, a clerk, and a crate of banking supplies. Thus The Royal Bank of Canada came to Alberni.

Frederick Walker’s expedition up the Pacific coast is remarkable



*Alberni branch, c.1910.*

*This was a typical frontier branch, with upstairs living quarters for the manager.*

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in two respects. In the first place, the Royal's arrival in Alberni, like the arrival of its rival banks in numerous other frontier towns, vividly demonstrated that, by the turn of the twentieth century, Canada had coast-to-coast banking, a *national* financial system that was able not only to keep pace with but also to facilitate national development. In the first four decades of Confederation, Canadians had displayed particular genius in devising a banking system that was not inextricably tied to the regional components of the national economy. It was a system that had borrowed the best characteristics of Scottish branch banking and American bank methods and had applied them to the exigencies of a young, sprawling nation, thinly populated and dynamically expanding.

Despite periodic bank failures, it was a system that bred growth and stability through trust in its integrity. What could speak louder to this fact than the willingness of an Alberni citizen to entrust \$2,000 to a “bank” that lacked a safe and operated under a flimsy cloth banner? By the advent of what Laurier christened Canada's century, Canadians had learned to put their financial trust in a collection of emerging national banks, all of which boasted metropolitan affiliations with cities like Halifax, Montreal, Toronto, Winnipeg, and Vancouver. By 1925, this process would have further condensed – by means of aggressive amalgamation and isolated failure – into a banking system that radiated

from Montreal and Toronto almost exclusively. Walker's hurried mission to Alberni was but one brief episode in this evolution, an evolution which would coincidentally see the Royal emerge by the mid-1920s as Canada's largest bank – a status it has never relinquished.

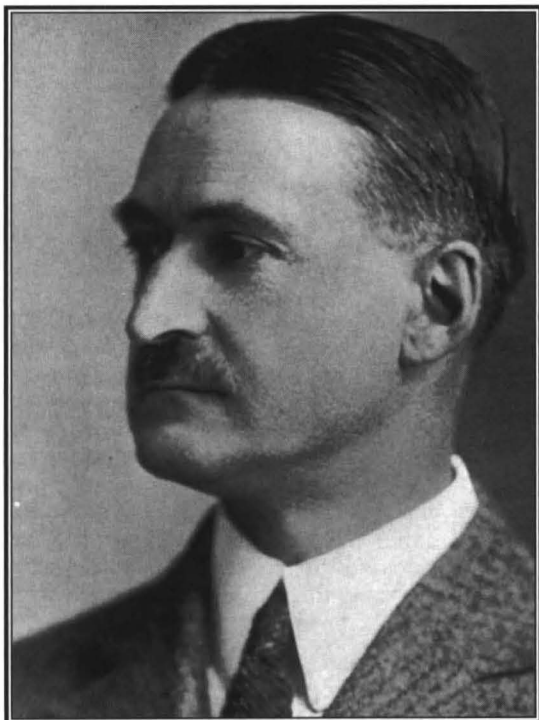
F. T. Walker's progression from Moncton to Alberni is illustrative of a second crucial aspect of Canadian banking at the turn of the century: banking institutions were *national* employers at a time when the vast majority of Canadians spent their entire working life tied to unending local employment or, if they were transient, a succession of small employers. For innumerable young men from small-town Canada, banking was a step up into the urban, professional, middle class. It furnished stable-yet-mobile employment. Pay was often poor and working conditions arduous, but for the determined young banker, a career with a bank opened up professional vistas largely unknown in the nineteenth century.

Walker was a superb example of a “bank boy” on the move. Vancouver was not his ultimate resting place. In 1912, he became manager in Montreal, at the Royal's flagship branch. Five years later, he was appointed agent in the bank's pivotal New York office. After the First World War, he busied himself cruising the coast of South America, seeking banking opportunities in Latin American trade. Just as he had in Alberni, Walker supervised the Royal's establishment in

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*F. T. Walker near retirement  
in the 1930s, at the  
end of a remarkable career.  
Bankers seldom relaxed  
for portraits: a tie and  
a countenance of steadfastness  
and foresight were standard  
trademarks.*

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Rio de Janeiro, Buenos Aires, and innumerable Caribbean islands. His yearly salary on retirement in 1937 was well in excess of \$20,000. He had grown with the bank. When Walker had become a lowly clerk in 1890, the Merchants' employed fewer than 200 men. By 1907, he was one of 629, and by his retirement there were 6,877 Royal Bankers spread throughout Canada, the United States, Europe, the Caribbean, and Latin America.

The history of Canadian banking is thus the history of a *national* institution, both in the broad sense of material development and in the human sense of those who worked in banking. This is hardly a new observation. Since the original seed of the system was sown in the 1870 Bank Act, Canadian banking has been laboriously honed through a process of ten-year reviews of the same act. Foreigners are often struck by the seeming oddity of Canada's "big banks" being obliged to renew their charters every decade. "I say that there is no class of company in the world," Tory finance critic R. B. Hanson noted at the 1944 Bank Act revision hearings, "that is so cabined, cribbed and confined as the commercial banks of Canada."<sup>3</sup> Within this framework, Canadian banking has cautiously evolved, pushing up against the boundaries of prescribed practice every decade or so, broadening its horizons in a new Bank Act, and again moving ahead.

There is something quintessentially Canadian in the success of our banks. The values held up as being at the heart of Canadian banking – prudence, conservatism, evolutionary change, "character," and stability – are the same broad values Canadians tend to embrace. One of our leading novelists, Robertson Davies, has remarked that at the heart of English Canada's identity is the instinct "to present itself to the world as a Scotch banker."<sup>4</sup> Americans, fed on a diet of persistent bank failure and instability, induced by overreliance on regional banks, have been quick to cast envious glances across the border. As early as 1910, Joseph Johnson, Dean of New York University's School of Commerce, praised Canadian banking as "a product of evolution... grown up gradually under the fostering care of experienced bankers, no changes having been made until experience proved them necessary or advisable."<sup>5</sup> It is not too much to argue that, by the turn of the century, the success of banking in the country had become a mainstay of Canadian nationalism; banking was something Canadians did right. As the first historian of Canadian banking, the American academic R. M. Breckenridge, noted in 1894: the system was "unique" and "productive of the highest possible advantage."<sup>6</sup>

Indeed, Canadian banking can best be described in oxymoronic terms. To borrow a uniquely Canadian phrase from our political lexicon, it is a "progressive conservative" system. When in 1893 the

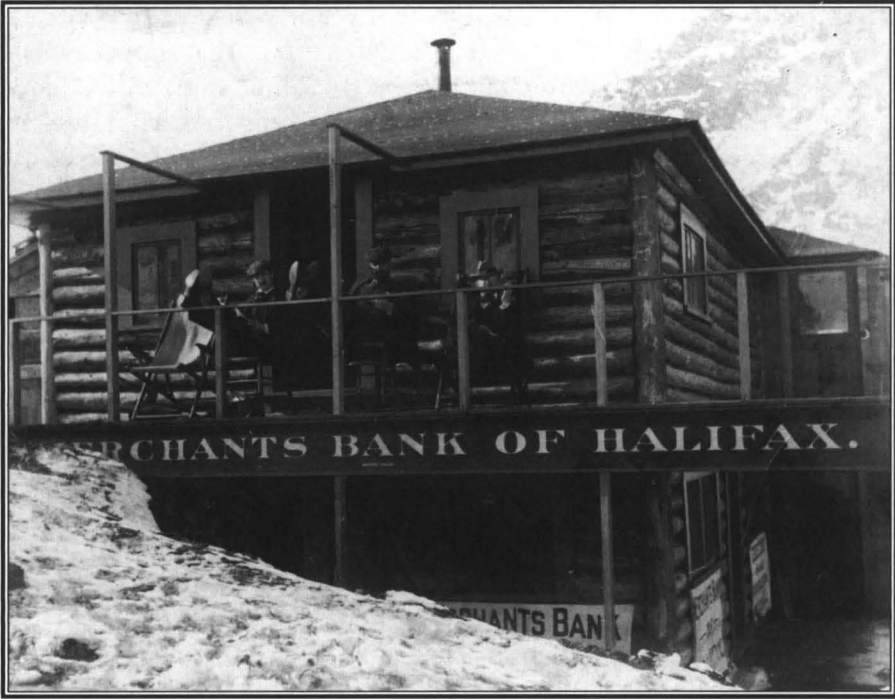
Canadian Bankers' Association began offering an annual prize to the best essay on banking practice, one of the first winners extolled the virtue of "cautionary boldness" in the young teller.<sup>7</sup> Similarly, Canada's leading financial journal, the *Monetary Times*, in 1918 upheld the success of "careful and efficient and daring banking" in Canada.<sup>8</sup>

If the Royal Bank of Canada has prospered in the years since its creation in the Halifax of the 1860s, it is because it has always been quick to test the outer limits of the Canadian banking consensus; it has tended more to "boldness," while never losing sight of the necessity for "caution." As early as 1875, the *Halifax Chronicle* saw the bank as "always moving, alive and active."<sup>9</sup> The pattern persisted, leading the Royal not only to Alberni, but also as far afield as Havana, Paris, and even revolutionary Russia. The Royal usually has found itself on the leading edge of Canadian banking procedure, technology, and "corporate culture." It remains the only domestic chartered bank listed in the *Financial Post's* one hundred "best companies" to work for in Canada.<sup>10</sup>

Although the Royal has displayed corporate reticence about any public declaration of its place in Canadian history, individual Royal Bankers have acquitted themselves more boldly. Since coming to national prominence in the 1910s, the Royal has taken a highly visible role in the moulding of Canadian banking. Edson Pease, the bank's chief executive until 1922, was the first public proponent of a central bank for Canada. In 1934, when the Bank of Canada was finally created, it was Graham Towers, a Royal assistant general manager, whom the government appointed as governor. In the grim days of the Depression, another assistant general manager, S. R. Noble, championed, as John Maynard Keynes had, the idea of monetary expansion as a solution to the nation's ills.<sup>11</sup> Throughout, the Royal maintained intimate links with influential Canadian academic economists, notably Stephen Leacock at McGill and Frank Knox and Clifford Curtis at Queen's.

Other Royal Bankers have acted as prominent theoreticians of the Canadian banking system. A succession of seminal works on Canadian banking have come from Royal Bank pens, notably those of A. B. Jamieson, D. B. Marsh, J. A. Galbraith, and E. P. Neufeld.<sup>12</sup> Thus, we have come to understand the fundamental underpinnings of Canadian banking without any clear appreciation of one of its central structures, the Royal Bank.

How does one write the history of a bank? There are abundant examples of what might be called "traditional" bank histories. They are generally impressive tomes, handsomely illustrated, regally paced,



*A quiet, spring-thaw day at Bennett Lake branch in March 1900. James W. Fulton, the manager, seated on the left, would enjoy the kind of mobile career that banks expected of their employees in the late-nineteenth century. After joining Montreal branch as a clerk in 1890, Fulton served in Halifax, Vancouver, Skagway, Nanaimo, Bennett Lake, Montreal, Santiago (Cuba), and various Ontario mining towns like Cobalt and ended his career back in Montreal where, by the mid-1920s, he was known as “the dean of our Montreal branch managers.”*

and, in the final analysis, rather lifeless. In the Canadian context, these volumes do usually succeed in conveying a solid sense of the structural development – the nuts and bolts of the Bank Act – of our banks. They tend to be Whiggish and “top down” history, a celebration of “great” bank presidents marching onward and upward. Lastly, they contain little sense of the broad social and economic context of banking. In short, one is often left wondering: where are the people?

As early as 1910, the *Journal of the Canadian Bankers’ Association* warned that “books on banking and financial matters are voted dry reading” by the young bank employee and that “some definite incentive” is needed to induce readership.<sup>13</sup> The same is perhaps true today. There is undeniably no escaping the central role of the men at the top of the Royal and the strategic direction they have imparted to the organization. Similarly, the Bank Act is important. None the less, the “definite incentive” this volume seeks to present to its readers is an

investigation of what has come in recent years to be labelled “corporate culture,” the core values, beliefs, and traditions that propel a business. What made a Maritime lad like Fred Walker stick with a bank that initially paid him poorly and exposed him to seasickness in strange places? How has a huge, unwieldy organization like the Royal handled the transition from the exclusively male culture – a world of “bank boys” – that dominated its first half century to one that must now acknowledge the fact that 74 per cent of its members are female?

Special challenges confront the historian of the Royal, especially if the history produced is to engage Canadians at large. How has the bank interacted with the society it serves? Most prominent among its “stakeholders” are its employees. Given its size (57,000 employees in 1991), the Royal has had an immense reach in Canadian society. Again, Mr. Walker in Vancouver provides us with a telling example. As Vancouver manager, Walker secured the services of Charles Hibbard Tupper, son of a Tory prime minister and a former Maritime politician resident on the West Coast, as bank legal counsel. At the same time, he employed William Woodward, son of a prominent local dry-goods merchant, as a bank clerk and shipped him off to service in Havana. The pattern continues. Employment in the Royal has in more recent times touched the lives of Canadians as varied as Gordon Lightfoot, Peter Jennings, and Gerald Bouey. At one time all these extraordinary Canadians were “ordinary” Royal Bank employees. This history will endeavour to measure the culture they inhabited. How has technology affected the bank workplace? Why are bankers such avid golfers?

What of the Royal’s other stakeholders? Some attention must be paid to the marketplace, to the bank’s customers and their needs. From travellers’ cheques to electronic banking, the Royal has responded to societal changes and, to some degree, moulded them. Customer relations have at times been fractious; given the cyclical nature of Canadian agriculture, bankers and farmers have seldom seen eye to eye. Similarly, bankers have been obliged to frequent the corridors of power in Ottawa. Despite the success of collective action through the Canadian Bankers’ Association, individual banks have had individual axes to grind with politicians and bureaucrats. The Royal has been no exception.

No Canadian bank history would be complete without acknowledging the multi-ethnic composition of this country and Royal Bank of Canada today. For much of its history the Royal staff was fundamentally Anglo-Canadian. Its customers have frequently been otherwise. How has the bank responded to this tension? In the first decade of the century, Walker’s East End Vancouver branch at Hastings and



Main opened a Chinese Department, staffed with Chinese-Canadians.

In the East, the bank has always grappled uneasily with the French fact in Canada. Not until the social tumult and “Quiet Revolution” of the 1960s did the Royal fully recognize Canada’s multicultural make-up and its implications for employment and customer service. While James Muir in the 1950s may have believed that the past was “long since dead,” the bank historian quickly learns that the past informs the present and that attitudes formed concerning customers, ethnicity, and products can powerfully stimulate or impede an institution’s growth. Once formed, corporate cultures in banks are tough and resilient.

One last challenge awaits the bank historian. In the absence of a published history, a pervasive mythology has grown up around some aspects of the Royal’s evolution. Probably the hoariest notion about the bank is the belief that the Royal was the creature of Sir Herbert Holt, its secretive president from 1908 to 1934 and chairman until his death in 1941. Holt, it is said, “made” the Royal. It is an inviting belief. As Canada’s most prominent, and most reviled, monopoly capitalist, Holt has become a shibboleth of capitalist wrongdoing. Those expecting substantiation of this view in these pages will come away disappointed. Whatever his other business activities, Holt’s role in the Royal’s affairs was titular and transitory. Professional bankers, particularly Edson Pease from 1899 to 1930 and Morris Wilson up to 1946, in fact “made” the Royal. Pease invited Holt to join the bank; Holt did not barge his way through the doors on St. James Street in 1905. Only once, in the early Depression, did Holt’s personal business adventures intrude, admittedly in disastrous proportion, on the Royal’s stability. If there are to be heroes in this history, they are the men – and today women – in dark suits who put in long hours and mastered the art of “cautionary boldness.”

Similarly, there is the persistent notion that the Royal consciously forsook its Maritime roots, that it, together with other Halifax banks, somehow conspired to deny the region its legitimate economic destiny. In fact, the Royal never left the Maritimes. The bank’s longest-serving president, Haligonian businessman Thomas Kenny, was part of an influential coterie of Nova Scotians who turned their business and political talents in the 1870s and 1880s to ensuring that the marriage of the Maritimes and Upper Canada succeeded. Himself a Tory MP, Kenny repeatedly assured John A. Macdonald, Charles Tupper, and John Thompson – all prime ministers – that it was his “desire to do anything I can to help the development of this end of Canada.”<sup>14</sup> The same was true of the Merchants’. Commerce and industry in the Maritimes have always received a sympathetic hearing

in the bank's boardroom. The Royal has, however, also pursued the dictates of the Canadian marketplace, responding to the pattern of Canadian resource endowment and the financial requirements it threw up.

The historian's ability to unravel the realities and myths of the Royal's past is contingent upon the quality of the documentary record put at his disposal. It is to the everlasting credit of bygone managers at the Royal that behind the glass-and-aluminium façade of Place Ville Marie in Montreal lies one of Canada's finest corporate archives. It is in this huge collection that the real contribution of Sir Herbert or loan practices in late-nineteenth-century Halifax come to life in correspondence, minute books, and reminiscences. To these pages we now turn our attention in order to enter the cozy, but precarious, business world of Halifax in the 1860s.