# Working for the Bank

"His Good and Faithful Behaviour"

He was eighteen years old, a long way from home and very much in love. It was also his first job. Hired by the Merchants' Bank of Halifax in Victoria at an annual salary of \$200, Harold Penn Wilson had learned quickly that his first assignment would be as a junior at a newly opened branch in the province's northern interior. "I'm going up to Lake Bennett where a branch of the bank is being opened," he wrote his sweetheart, Mattie, from a Vancouver hotel room in February 1899, "and it must be kept secret until it's started so don't tell anybody." Sensing the distance growing between them, he added: "Send me that lock of hair in your next letter please." The next morning, Wilson joined James Fulton, his manager-to-be, and together they sailed north for Skagway, Alaska.

Wilson found Skagway locked in the grip of winter; he reported seeing men with frozen limbs being invalided onto their steamer as they disembarked. Three days later, Fulton and Wilson headed inland. They carried the bank's cash and documents in satchels and loaded revolvers in their pockets. A seven-hour train ride up White Pass was followed by three and a half hours of tough slogging on horseback down the other side. It was petrifyingly cold; "be sure the kisses are good and warm ones," he wrote Mattie, "or they'll freeze before they arrive." Bennett Lake was no paradise. Wilson found it "a dreary hole," a makeshift gold-rush town lacking in civility. Long hours in the bank were followed by the tedium of rooming-house life. To entertain himself, Wilson shot grouse with the bank revolver. In the spring, he fished. When a gentleman's club opened, he and his manager joined and "lived like princes": napkins and "nice people" had finally come to



Harold Wilson (left) and James Fulton on the doorstep of their Bennett Lake branch in 1899. Note the gold weighing scale in the window. Wilson: "The shack we are in at present and where I sleep is so full of cracks you can hear the wind whistling through them."

the frontier. The Merchants' branch was still, however, a "shack...so full of cracks you can hear the wind whistling through them." When Mattie's letters became infrequent, Wilson grew despondent. Although he was losing his sweetheart, he was becoming a banker. We have his photograph, captured on a spring day in March 1899, standing outside the branch. Fulton, a seasoned ten-year veteran, stands confidently on the doorstep, while Wilson, his junior, stares forlornly at the camera. Despite his emotions, Wilson already appears the banker: a dark suit, a tie, and a watch fob announce that he has become a novice in the growing ranks of Canada's turn-of-the-century professional class.<sup>1</sup>

Harold Wilson never married Mattie. Even if her affections had not turned elsewhere, Harold's masters at the Merchants' head office in Halifax did not allow the young males in their employ to marry until their salary reached \$1,000. Above all else, the directors of the bank expected "good and faithful behaviour" from their employees; they had even written the expectation into their 1869 charter. The early

years of banking demanded that career be placed ahead of affairs of the heart. Halifax rewarded Wilson's service at Bennett Lake with a \$300 raise in July 1899. In a sense, he had married the bank. We last catch sight of him in the staff ledger in 1905, earning \$900 a year as an accountant in Vancouver, after stints in Atlin, Washington State, and Victoria. James Fulton was by then a Royal Bank accountant in Santiago, Cuba. Few Canadians had ever seen far-flung careers like these. Thousands of "bank boys" would follow in their footsteps. "A bank officer, if loyal and wise," Edson Pease once observed, "goes where he is told to go. He does not choose his own position. If he did he would not get very far. All that we need to know is that he is a valuable officer, and advancement is sure to follow."<sup>2</sup>

From 1880 to 1930, the bank's staff grew from a meagre handful of twenty-five managers and clerks, spread thinly through the Maritimes, to 8,784 Royal Bankers scattered across three continents. Twelve "agencies" became 941 branches in these same years. In 1880, the staff thought of themselves as Maritimers, employed by a fledgling financial institution with a federal charter but no national exposure. Fifty years later, they saw themselves as Canadians and Royal Bankers. Some saw themselves as Cubans and Royal Bankers, or Puerto Ricans or Spaniards or Brazilians; over 2,500 members of staff, many of them non-Canadians, served beyond Canada's shores. What bonded them all together was a strong, homogeneous culture, which had been developed in them by unbendingly uniform training and which was displayed in a set of shared values and ambitions. If the Bank Act opened the way to a national bank system in Canada, the corporate culture that was bred in thousands of young bank employees fostered this wide national perspective. While enduring streams of Maritime nostalgia flowed through the bank, particularly for the Nova Scotia villages that had provided so much of its manpower, by the turn of the century the mental outlook of the organization was unshakeably national. When Stephen Leacock, in Sunshine Sketches of a Little Town, gave us Peter Pupkin, the teller of the Exchange Bank in Mariposa, he reminded us that, although Pupkin came from "somewhere down in the Maritime Provinces," he was in the eyes of the local citizenry a representative of a mobile, urban professional class. Pupkin might have found similar national prospects in the late-nineteenth century with the CPR, the Mounties, or possibly in religious ministry, but it was the banks that first moved large numbers of Canadians around within one institutional framework. That the banks were also able to place young Canadian Pupkins as far afield as Santiago, Cuba, and Lima, Peru, spoke even more convincingly of this new organizational ethos of mobility and nationality.3

#### → CHAPTER THREE <</p>

The pervasiveness of Royal Bank culture by 1930 was widely evident; the pages of the Royal Bank Magazine, correspondence between branches and head office, the very look of bank employees as they stare out from their cages and ledger tables in photographs, all speak of a remarkably durable set of values and attitudes. The banker's world was Anglo, male, and predominantly Protestant. Catholics were not ostracized; T. E. Kenny was devoutly Catholic. Similarly, French-Canadians, often non-Quebec francophones from Cape Breton, New Brunswick, Ontario, and Manitoba, found employment in the bank's Quebec branches and in French-speaking international operations such as Guadeloupe. The Protestants were, none the less, in the ascendancy. Bankers also saw themselves as "British," and in doing so subscribed to an Anglo-imperialist code which would send them to the trenches of Europe in the First World War, and to the Conservative Party in politics. Canadian bankers were rural in origin and urban in aspiration. Bank officers were small-town boys who had "done well"; in the bank's entire history only one chief executive of the bank has not called a small town home.\* Their careers embodied mobility, both geographic and social. Rhymed The Grip in 1892, "We bankers' clerks of Canada, / Are envied all throughout the land. / We are the true jeunesse doree, / And high in ladies' favor stand."

Wherever bankers established their homes, they cultivated middleclass respectability. After work, bankers disported themselves in manly ways; they took to the golf links, the curling rink, and the football field with near fanaticism. They became great "joiners": church groups, community clubs, and fraternal organizations were studded with bankers. They seemed charter members in the urban middleclass, fixed in attitude, yet mobile in career.

From their employers' point of view, this uniform bank culture produced a reliable, standardized bank employee whose loyalty to the organization was assured, after an initial period of testing and low pay was endured. Once trained, a Canadian "bank boy" could be despatched to the far corners of the earth, and head office could be assured of a favourable result. In return for such loyalty, the directors of the bank provided their employees with job security, reasonable remuneration, and a sense that, in adversity or retirement, their needs would be taken care of by their employer. Pensions, sick leave, and relocation allowances were provided with benevolent paternalism.

<sup>\*</sup> The one exception, Rowland Frazee, born in Halifax in 1921, was city-born only because his banker father had been posted to Dartmouth; he would spend his youth in small towns as his father moved from one rural branch to another. The bank's present CEO, Allan Taylor, was born in Prince Albert, Saskatchewan, in 1932.



"Bank boys" of the Charlottetown branch, 1928

In this environment, bank employees were reminded that what bound them together was their quasi-professional status and their loyalty to their employer; unionization has never made an inroad into Canadian banking for both practical and emotional reasons. However boastful it might sound, there was ample truth in management's annual salute to the bank's rank and file. "The history of the progress of the Royal Bank of Canada," General Manager Sydney Dobson noted in his 1935 New Year's message, "is the story of initiative, staunch loyalty and cooperation of the members of the staff." When Dobson – a Cape Breton boy who rowed across Sydney harbour every morning to work as a bank junior in 1900 – became president of the bank in 1946, the Canadian Press saluted him with the headline: "\$100-a-year bank clerk now in president's chair."

By the late 1930s, the culture that had propelled the bank so powerfully through its first seventy-five years was beginning to lose its potency. Always closely bound by its Anglo, male outlook, the bank's corporate culture found itself increasingly out of kilter with the ethos of a society that was now obliged to acknowledge significant ambitions elsewhere in Canadian society. A Canada in which women and a swelling multicultural population began to make their ambitions known announced the twilight of the old bank culture. It did not fade

#### → CHAPTER THREE <</p>



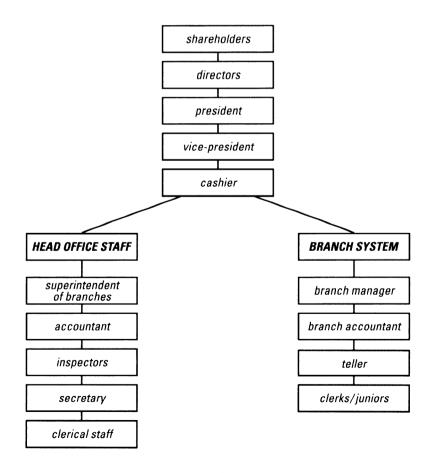
Bluenose bankers: Since 1864, six of the bank's eleven chief executives have been Nova Scotians. Maritime "boys" pervaded the Canadian banking system well into the twentieth century. Sydney Dobson (above, standing centre), a Cape Breton native who climbed to the bank's presidency in the late 1940s, returned home every summer for a cruise on his yacht, The Eskasoni.

overnight, however, a testament to its strength and the devotion of the males who inhabited it. What then was at the heart of this golden age of banking? Who were Canada's "bank boys"? What kept them behind their wickets?

If there was a blueprint for the staffing of Canadian banks in the latenineteenth century, it was drawn up in Scotland. Stimulated by the Industrial Revolution, Scottish bankers began displaying "a truly remarkable degree of banking initiative" in the early-nineteenth century, initiative aimed at creating a banking system that could move money to where industry and trade required it. By 1810, Scottish merchants had introduced the joint-stock bank, an institution which promoted stability by spreading ownership and branch coverage at the same time. 6 Scottish banking companies succeeded in introducing the circulation of uniform notes throughout Scotland, and in mobilizing savings and lending on a national basis. It was by no means an unblemished evolution; periodic bank failures and opposition from the established public banks in Glasgow and Edinburgh impeded the advance. The trend, however, was toward stability, induced by expansion. By the 1850s, Scottish regional banking entered a period of consolidation built upon legislative reform and upon the emergence of common procedures arrived at as a result of consensus between bankers. The result was a triumph of Scottish pragmatism. Names such as the Bank of Scotland, the Royal Bank of Scotland, and the Union Bank of Scotland became synonymous with stable, progressive banking. By the end of the century, the leading historian of Scottish banking has concluded that the "major Scottish banks were now so large, and under such strict management, and perhaps so careful, that none was ever threatened with liquidity problems."

Scotland's branch-banking system rested on the perfection of standardized procedures and staffing. There could be nothing capricious about the taking and lending of money. Scottish banks thus introduced many innovations in the interests of stability and dependability. Clearing houses, overdrafts, limited liability for shareholders, and internal inspection all originated in Scottish banks. The central

THE STRUCTURE OF THE MERCHANTS' BANK OF HALIFAX: c.1890





Twenty-one-year-old James Muir, freshly arrived from Scotland in 1912, sits in his Moose Jaw rooming house shortly after joining the Royal. Muir epitomized the notion that hard work and Scottish methods lay at the heart of Canadian banking.

connecting point was the bank head office. As branches spread out from Glasgow and Edinburgh, banks first sensed the difficulty of balancing the imperatives of "staff" and "line." Conformity with head-office procedure had to be ensured without extinguishing branch initiative. To achieve this, Scottish bankers became sticklers for on-the-job training and strictly defined job descriptions and hierarchies.

At the pinnacle of Scottish banking was the general manager. Once quaintly labelled a cashier,\* the general manager emerged in the latenineteenth century as a kind of "grandee" or "mandarin," the chief executive and strategist of the bank. Nominally responsible to a chairman and board of directors, the general manager was "virtually allpowerful within his bank, with the same kind of authority over his crew as the captain of a ship, for the rank-and-file employees had no trade union or organization of any kind."8 Under the general manager, banks were organizationally segregated into a small head-office staff, comprised of a corporate secretary, an accountant, and a pool of clerk trainees, with a branch system of managers, tellers, and clerks, overseen by a supervisor of branches. Scottish bank clerks led a dismal life, enduring low pay, little prestige, and stiff discipline, all in the interest of job security and later advancement. The entire apprenticeship experience in Scottish banking was intended to build character – accuracy, probity, and loyalty being the key attributes of a tenured bank officer.

It was exactly these attitudes and experiences that young Scottish bankers like David H. Duncan, who had worked for the Bank of Scotland in the 1860s, brought with them when they emigrated to the new world. Well into the twentieth century, Canada imported Scottish bank clerks in the belief that they contained the seeds of "the sternest frugality and industry." They also came as well-trained practitioners of the Scottish branch-banking system that seemed so ideally suited to Canada's vast expanses. As a consequence, Canadian banking is shot through with nostalgia for its Scottish connection. Like most nostalgia, this tends to romanticization, elevating the values of hard work and ambition while minimizing the mundane aspects of Scottish bank employment. James Muir, a craggy Scot who stepped off the boat in 1912 to a job at the Moose Jaw branch of the Royal, habitually harkened back to his Scottish origins. A fifteenyear-old lad "guid at tottin' up figures," Muir left high school at 1:00 p.m. one afternoon in 1907 and joined the Commercial Bank of Scotland an hour later as a clerk. Fifty-three years later, he died, president of Canada's largest bank.10

<sup>\*</sup> Even today, the second-most-senior executive in the Bank of Scotland is called the chief cashier.

#### → CHAPTER THREE <</p>

Immigration was not the only transmitter of Scottish banking practice. Would-be Canadian bankers devoured libraries of bank manuals published in the British Isles. This was a rich, practical literature, often written in epistolary form, full of moralistic axioms and heavy with "lessons" of prudent banking. The undisputed best-seller was George Rae's The Country Banker: His Clients, Cares, and Work, first published in 1850 under the pen name Thomas Bullion. "Bullion on banking" acquired almost biblical authority; a copy sat in the bookshelf of every Canadian bank manager's office. Scottish-born, Rae had become the general manager of the North and South Wales Bank in 1845 at the extraordinarily young age of twenty-eight. Aware of the danger of writing about banking in "dry and uninteresting details," Rae determined to convey the knack of canny banking in an appealing style. "Never," he wrote of the tricky task of assessing personal credit, "trust to a man's means or safety as seen through the telescope of rumour; you will find his truer diameter, as a rule, by reversing the glass."11 Similarly popular was the work of English banker James Gilbart, whose History, Principles and Practice of Banking appeared in 1859. A friend of nineteenth-century reformers Edwin Chadwick and J. S. Mill, Gilbart presented banking in scientific, professional terms, accessible to members of the emerging middle class.

Rae and Gilbart attracted Canadian apostles. Most prominent among them was Homer Eckardt, a former Merchants Bank of Canada employee who published prolifically through the turn of the century for a burgeoning army of young bank recruits. "The author," he wrote in his 1913 Manual of Canadian Banking, "hopes that what he has written will help his fellow bank men climb the ladder." A bank was "a great training school," where "raw material is being taken in all the time and moulded into the desired shape, the refuse being thrown away." Eckardt's work echoed Scottish precedent; the general manager was "practically despotic" in his authority. 12 Eckardt's work was shadowed by the writing of Gordon Tait, who joined the Merchants' Bank of Halifax in 1900 and for two decades acted as the bank's first theorist of Canadian banking practice. Tait's many contributions to the Journal of the Canadian Bankers' Association would bring to Canada the Gilbart tradition of banking as a science. He acknowledged that Canada's great distances strained the relationship between head office and far-flung branches; he would pioneer the use of the concept of "systems," by which he meant cutting away the "deadwood" and imposing a national organizational structure. 13

But for President Kenny and his directors back in the 1870s, the term "systems" had absolutely no meaning. The staffing and organization of their small bank proceeded along chaotic, *ad hoc* lines.

Inadequate training, an imprecise definition of the relationship of agent to head office, and the absence of checks and balances in financial management left the bank open to abuses. More than anything else, the Maclean defalcation of 1882 jolted the directors into action. If the bank was ever to expand, it needed reliable and loyal staff, rigorously standardized to bank-wide criteria. This David Duncan and Edson Pease delivered over the next two decades. Duncan, a Highland boy trained by the Royal Bank of Scotland in the 1860s, introduced the Scottish tradition, and Pease, inducted into Canadian banking by the Commerce, moulded it to Canadian circumstances. By 1900, their joint effort had provided the Merchants' with a steady supply of reliable bank clerks, the indispensable foot soldiers in the bank's campaign of expansion. In doing so, they created a corporate culture marked by an astonishing degree of standardization in pay and procedure, tremendous mobility, and durable loyalty. Charles Neill, the young Fredericton boy hired into this culture at \$100 a year in 1889. later reflected on the purpose of the whole exercise by quoting Emerson: "When duty whispers low, Thou must, / The youth replies, I can."14

Standardization was the primary goal. In 1885, a book of Rules and Regulations was distributed throughout the bank. Employees were instructed to memorize the contents of the thin, psalter-like book; inspectors were told to quiz staff on the rules whenever they visited a branch. In time, the rule book would grow as the bank matured; by 1931 it was a bulky 170 pages, with companion volumes in French and Spanish. Between its covers, the hierarchy of duties and privileges of every bank officer was precisely defined; messengers, junior clerks, tellers, accountants, and managers could all position themselves in the bank's great chain. Duties great and small were laboriously spelled out. from balancing the ledgers and maintaining the "character book" of clients' creditworthiness to oiling the branch revolver. Hours of attendance - nine to four on weekdays and nine to two on Saturdays - were set; these were "bankers' hours," less onerous than work on the farm or in the factory and enviously regarded by the rest of society. Smoking was outlawed during business hours. The rules were laden with penalties: instant dismissal awaited any clerk accepting an 10U - or "kiting" - from another clerk. Verification and probity were of utmost importance: a daily "double check" was to be performed on the cash book. All cash-book vouchers had to be cancelled by sundering them with a "hammer and chisel." In true "country-banker" style, the rules concluded with a set of "hints to agents": bankers must not "allow amiability or weak desire to be riend a customer, to permit him to make a rash advance."15

### BANKERS IN MOTION: 1890-1940 MOBILITY & THREE ROYAL BANKERS' CAREERS

#### HAROLD EDWARD GIRVAN b. 1881

1900 Bathurst - junior

1903 Halifax – clerk

1903 Edmundston – clerk

1904 Camagüey, Cuba – teller

1905 Halifax – clerk\*

1905 St. John – clerk

1906 Bathurst – accountant

1906 Winnipeg – accountant

1906 Plumas – manager

1914 Fort William - manager

1922 St. John – manager

1940 Retired

\*Doctor advises against return to Cuba

#### CHARLES EVERETT MACKENZIE b. 1877

1892 Pictou - clerk

1899 Truro – accountant

1900 Halifax - clerk

1901 Maitland – acting manager

1902 Sackville – acting manager

1902 Shubenacadie – acting manager

1904 Woodstock - manager

1904 Havana – manager

1914 Montreal – inspector

1915 New York – agent

1919 Barcelona – manager

1921 Rio de Janeiro – manager

1922 Cuba – supervisor

1924 Halifax – supervisor

1940 Retired

#### **JAMES WILLIAM FULTON** b. 1867

1890 Montreal - clerk

1892 Halifax – clerk

1892 Montreal – clerk

1897 Montreal – accountant

1897 Nanaimo – manager

1897 Bennett – manager

1899 Nanaimo – manager

1901 Montreal – accountant

1904 Santiago, Cuba – accountant

1905 Montreal – accountant

Burk's Falls – accountant

Porcupine – manager

Toroupino manag

1909 Cobalt – manager

Quebec - manager

**、** Rawdon − manager

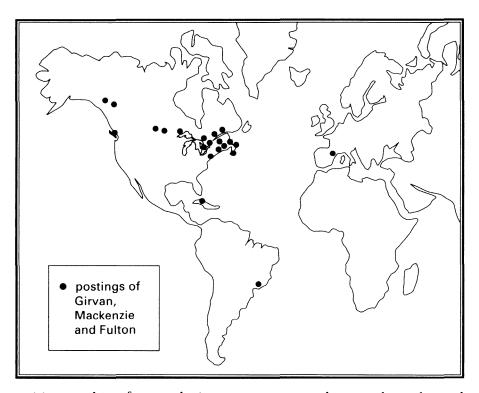
1909 Montreal – manager

1000 Montreal manager

1925 Retired

1906

to



Most striking from today's perspective was the way the Rules and Regulations intruded into the bank employee's personal life. Managers were instructed to maintain a strict watch over the conduct of their clerks, both in and without the office. "Should it be found that an officer is involved in debt, or is engaged in speculations, or is dissipated in habits, he will be dismissed from the Bank's service," it stated. Marriage was seen as an impediment in the path of any ambitious young clerk and was summarily prohibited until an employee's salary reached \$1,000 a year. Marriage encouraged a clerk to live in a manner "not becoming his position," and invariably led to debt, which in turn could lead to possible defalcation. Behind this paternalistic reasoning lay a more strategic objection: "An early marriage must retard the promotion of a clerk, as it prevents those frequent removals necessary for his proper training." Single men in the bank's employ were expected to live on the premises, frequently in small rooms above the branch or, in some primitive locales, downstairs in the bank itself. A junior posted to Erin, Ontario, in 1907 recalled acting as a human alarm by sleeping on a "folding bed which fitted snugly between the vault door and the teller's wire cage," with the bank revolver under his pillow.16 Where accommodation was unavailable in the branch, juniors were farmed out to local rooming houses and given small living allowances.

Mobility was thus the fundamental determinant of a capable young banker's prospects with the bank. A junior could expect that, after a short stint of evaluation in the branch nearest his home town, he would be shipped out with little prior notice to a new branch, usually one closer to the frontier. Transfer orders were delivered with military arbitrariness; few questioned their fate. Bankers were expected to travel light, packing their clothes and little else. "Due economy" was to be exercised on the journey, the bank agreeing to pay for only one or two nights' hotel accommodation. The bank developed a uniform pay scale, so that bonuses could be used to differentiate responsibilities and performance. A basic clerk's salary in the 1880s and 1890s was \$75 to \$100 a year, regardless of location. Special allowances were paid for arduous postings, like Bennett Lake. As the bank pressed to develop its trade in the West and in Cuba in the new century, separate, more-generous pay scales were introduced for those accepting these distant assignments. A teller could, for instance, expect a handsome \$300 increase on his \$300 Maritime salary for relocating to, say, Nanaimo or Havana, although the ceiling on salary permitting marriage was raised to \$1,200 in these areas. A return east or north brought a diminution in salary. Mobility had one other beneficial effect from the employers' perspective. It ensured that bank staff came to communities as strangers, free of emotional and personal bonds to the people they served. The prospect of imminent transfer minimized the temptation of marriage or local financial involvement that might lead to defalcation.

Management strove to condition its employees' behaviour and loyalty in a number of other ways. Guarantee funds, pensions, rudimentary training, and annual branch inspections were all introduced to ensure probity and improve efficiency. From the bank's inception, employees had been required to post bonds as a guarantee of honesty. Juniors were required to have their parents endorse such bonds until they reached the age of majority. In 1887, this process was systematized with the creation of an Officers' Guarantee Fund, for which monthly deductions were taken from juniors' pay. The fund indemnified the bank in the case of any "want of fidelity, mistake, negligence, or other misconduct" on the part of an employee. After an initial contribution by the bank of \$10,000, an employee placed ½ per cent of his annual salary into the fund until it reached \$25,000, an amount that was raised to \$50,000 in 1922.

The bank looked not only for mobility in its employees but also for longevity. With longevity came the need for pensions. At first, the directors dealt with the pension in an *ad hoc*, paternalistic fashion. Pensions were doled out at their discretion as circumstances dictated.

When the bank's Saint John manager drowned while fishing in 1904, the board voted his widow a monthly payment of \$50 for seven years. 17 In 1895, a Superannuation Fund was established to acknowledge the "vigilance and fidelity" of bank officers. The directors voted to contribute up to \$5,000 annually in light of "the necessity of having officers who will take an interest in the Bank and then encourage them to remain with us."18 Not until 1909 was an actual Pension Fund established, into which employees paid 3 per cent of their annual salary. In 1935, the fund would acquire a separate legal identity when it obtained a federal charter, becoming only the second federally incorporated pension fund in Canada. Throughout these years, pensions were considered a perquisite of career officers and, as such, an exclusive male preserve. When women entered bank employment early in the new century, the perception that they were uninterested in a career meant their exclusion from pension rights. Similarly, the bank's trusted male messengers were excluded. These older men, frequently ex-military, served as liveried messengers and were well paid, but were not considered part of the bank's "family." They received ex gratia payments upon retirement. Messengers and women would not become contributing members of the pension plan until the 1960s.

Other benefits in the late-nineteenth century bore a similar stamp of paternalism; they were dispensed as a reward for meritorious service, not as a right of employment. Holidays were shoehorned into slack periods. Those willing to take winter leave were given three weeks, as opposed to summer's two. Young clerks relied on the humanity of their manager to get permission for an annual trip home; in many cases their work schedule or wages kept them away from home for years. As the bank expanded abroad, provision for paid home leave was unavoidable. Canadians stationed in Cuba had an extended trip home every second year, subsidized by the bank. Similarly, foreign service brought special dangers to body and health. In 1900, Cuban employees were given life insurance, paid for by the bank, with the bank as beneficiary. Head office would allocate benefits where they saw fit. 19 When bankers died abroad, they were brought home and buried at bank expense.

Uniformity and probity had two further guarantees: branch inspection and after-hours bank education. The inspector's annual visit was the most galvanizing event in the life of a branch. The inspector and his team of accountants always arrived unannounced around four o'clock, just after closing time. They came as emissaries of the superintendent of branches at head office and were all-powerful. Upon arrival, they sealed the safe, took over the ledgers, and set to work vetting every aspect of branch operation, from the state of its loans

portfolio to the condition of the exterior paint. The manager's all-important bill case was scooped up and its telling contents – such as customers' promissory notes – examined for any irregularities. Through all this, the branch staff stood mutely by, unable to go home until the inspectors dismissed them or called upon their services. The vigour of this inquisition provided the banks with a ready response to outside critics who demanded government inspection of Canada's banks. <sup>20</sup> The inspectors were the master diagnosticians of the bank; they knew all "the worms in the woodwork," from the personal foibles of a manager to the strength of the local economy. <sup>21</sup> They identified promising young juniors and reported on their progress to head office; promotions, dismissals, and the very fate of a branch hung on their confidential reports.

Inspectors formed an élite corps within the bank. A stint of inspection became mandatory in the grooming of promising young Royal Bankers; Pease had prowled the Maritimes in the mid-1880s as an inspector, Charlie Neill did the same from Montreal in the 1900s, as did Graham Towers in the 1920s. Inspectors were respected, not liked. "An inspector is not usually a very successful manager," Pease once noted, "for the reason that he is so much given to measure with the square and act by the plumb line....We do not want a popular inspector." 22

By the turn of the century, the ethos of on-the-job apprenticeship in Canadian banks was coming under pressure for change. As business in general became professionalized, the demand for autonomous training of business professionals grew. The first business schools emerged in the United States in the late-nineteenth century; in 1919, Queen's University in Canada began offering commerce degrees. Little provision was, however, made for the formal education of bankers. The Monetary Times, for instance, frequently drew attention to the lack of theoretical training in Canadian banks, urging clerks to better themselves by reading texts ranging from Adam Smith to banking manuals.<sup>23</sup> By 1909, even the Royal's own Gordon Tait complained that bank clerks "have no instructors, nor tutors nor schoolmasters...nothing whatever beyond severe and constant drilling with a view to regularity and uniformity in the carrying out of internal clerical routine."24 Bank management met such criticism with ambivalence. On the one hand, the desperate need for new recruits made some measure of outside training enticing. On the other hand, academic-style training offended their deep-rooted intuition that banking was something one learned only as the result of long hours of practical experience. They believed that there was a "native judgement" in banking that no book could convey.<sup>25</sup> There was also the unspoken fear that external qualifications would boost junior bank employees' wage bargaining power and inter-bank job mobility.

#### → WORKING FOR THE BANK, 1880-1930 ←

By way of compromise, the banks turned to the Canadian Bankers' Association for educational assistance. In 1904, a Bank Clerks' Institute had been created in Montreal with management's blessing to provide after-hours courses for the large pool of aspiring young bankers in Canada's leading bank city. In Toronto, a Bankers' Educational Association pursued similar goals. Just before the First World War, the CBA began sponsoring courses on banking through Queen's and McGill universities. Evening lectures on banking were offered in Toronto and Montreal, drawing on the expertise of scholars such as Stephen Leacock at McGill and Toronto corporate lawyer J. D. Falconbridge. Eventually, these initiatives solidified into a systematic program in which young bankers could attain to Associate and Fellow status in the association's affiliate, the Institute of Canadian



Small-town boys enter the middle class: Alex Kearney (right) in the Traders' Embro, Ontario, branch in 1909.

Banking. Bank education, none the less, remained within the confines of the banking industry. Like a fraternal organization, one was taught its secrets only after a painstaking induction in which loyalty was assured.

Drilled, groomed, and inspected by his employer, the Canadian bank employee marched into the labour market with formidable efficiency. "A junior's loyalty to his bank," wrote *Saturday Night* magazine in 1908, "is a thing for the gods to marvel at, and comes but once in a lifetime." Rule books, journal articles, and circular letters give us, however, only one side of the story: what the banks wanted their employees to be. We are left wondering what this edifice of regimentation looked like *from below*. Why did thousands of young Canadian lads take up banking and stick with it? Why did Charles Everett Mackenzie, whose forty-eight-year career is charted in this chapter, join the bank in Pictou, Nova Scotia, in 1892 and stay with it in "service" across three continents?

Almost without exception, bankers' careers began with nervous adolescent interviews with their home-town bank managers. They were quite literally pushed through the bank door by fathers who banked at the branch, by high-school teachers who saw promise in a graduating pupil, or, in isolated cases, by their own desperation for employment. A simple examination followed, a two-sided sheet that tested the candidate's proficiency at spelling and arithmetic. Potential bankers ranged in age from sixteen to twenty; Charles Mackenzie was a stripling of fifteen. Their roots were rural or small-town; they were very often the second or third sons of farmers, who foresaw little chance of inheriting the family homestead and were eager to find employment that furnished both security and a degree of social respectability. Many were of English or Scottish stock; most were above-average-but-not-brilliant high-school students. For many, banking was simply "a job."

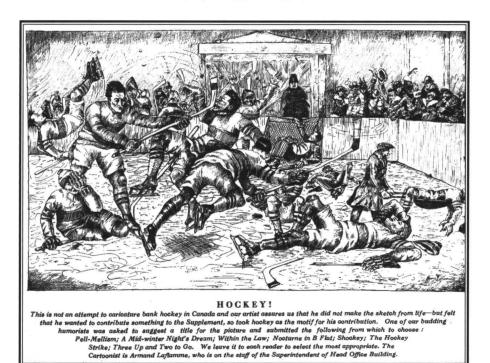
Two examples suffice to illustrate the remarkable homogeneity of recruitment to Canadian banks. Allan Grant Mackenzie was an Ontario farm boy, born outside Kincardine, Ontario, in 1890. He was the sixth child in a family of staunch Presbyterians; his father left farming to become a local merchant and insurance salesman. Allan was a competent student and a conquering athlete – in 1907 he ran an eleven-second hundred yards. In February 1909, he was given a note by his science teacher and told to go and see the local bank manager. That evening the manager stopped by the Mackenzie home to speak to his parents, and the next morning Allan was a \$150-a-year clerk with the Traders Bank. He decided to "try banking." Three years later, he became a Royal banker when the Traders became one of Edson

Pease's takeover targets. By then, Allan was in Saskatoon, well on his way to a career that would stretch to 1951.

Three months after Mackenzie joined the Kincardine branch, Alex Kearney took a break from his correspondence studies at the University of Toronto to spend the Victoria Day holiday with friends in Walkerton. There, on the holiday Monday, he peered through the window of the Traders to see the staff busy readying their month-end statements. A farm boy whose father had sold the farm, Kearney saw his opening: "I decided I was going to bank." Throughout his subsequent forty-one-year career he never doubted that he was "bank minded." <sup>28</sup>

A "job" at the bank fit into a broader social and economic transformation in Canadian life at the turn of the century. Although the country was still fundamentally a rural society, urbanization, driven by industrialization, was pulling Canadians into the towns and cities. This was also a society in which credentials and status carried increasing weight, where accreditation within professional ranks meant mobility and social and economic acceptance virtually anywhere in the nation. The term "middle class" has always proved very slippery in historians' hands, but in this context it was a middle class of trained, salaried employees and self-employed professionals that was at the core of the new Canadian society. When W. A. Rowat received an offer from D. M. Stewart to join the Sovereign Bank in 1903 as a \$200-a-year clerk, he immediately quit his job in a cheese-box factory, "elated that I was now in the white collar class." 29 When the Union Bank of Canada transferred young Norman Nagle to its Smithville, Ontario, branch in 1908, he reported to his parents that the larger town contained people "of a much higher class." Although he lived in a cramped little room above the branch, he found himself invited to dances, polo matches, and concerts. He was, he wrote home, "glad that I went banking."30

Banking provided all the trappings of middle-class life. There was a uniform of sorts: a dark suit, a white shirt, a wing collar, and polished boots. Tellers sported colourful arm garters, often in bank colours, to keep their cuffs above the grimy business of dealing money. All this was a big change from farm dungarees. The deportment of employees was enforced by the management. "There is no worse blot on the land-scape," the CBA Journal advised, "than an embryo General Manager with a cigarette in his mouth and his hat cocked on one ear." Bank clerks looked modern; they were clean-shaven, shunning the beards of the nineteenth century. "We were all young gentlemen and addressed each other as Mister even at 16 years," C. W. Frazee recalled of his 1890s clerkship. The social standing of bank employees was enhanced by the fact that they were always in the public eye. They



A cartoon from the Royal Bank Magazine in 1922 presents an image of bankers at play. The Bank Hockey League in Montreal drew crowds of 6,000 during the 1920s.

were among the first employees who were expected to embody and project a corporate personality. Just as a minister knew the secrets of a community's soul, so the banker knew its true financial worth. Thus the banker, however junior, had to act with discretion and rectitude. When the Ottawa branch manager was seen intoxicated in public, Pease reprimanded him, reduced his salary by \$250, and gave him "another chance." If the rule book prohibited "dissipation," management from an early date encouraged bankers to become pillars of the community, lending their talents to civic and religious groups. Bankers were never seen at the race track or the seamier saloons.

They were, however, paragons of amateur sport. "The bank officer in Canada is conspicuously of an athletic *genus*," Gordon Tait noted. "He is as much at home with paddle and tiller, and with rod and rifle during the summer and autumn months, as with hockey-stick and curling stone, with toboggan and snowshoe, enjoying to the full the delights of a vigorous winter." Curling and golf attracted legions of bankers. Both were manly, outdoor pursuits. Both were Scottish in origin. They were socially respectable, excellent means of building up social and business contacts. They lacked any speculative element and,



"Boys" will be "boys": The cocoon of regimentation in which a young bank clerk was expected to develop his skills invited occasional roguery. Here, a group of "bank boys" from the Republic, Washington, branch (c.1899) deliberately flouts the rules on a picnic. Liquor, games of chance, and big cigars are conspicuously displayed, but their ties — a badge of middle-class respectability — stay in place.

like banking, were carefully prescribed by sets of rules. Hockey, and its companions soccer and baseball, provided a healthy outlet for the afterhours energies of young juniors. By the 1920s, the Bank Hockey League in Montreal was drawing crowds of six thousand to witness an excellent calibre of junior hockey. Across the St. Lawrence, Pease and other senior bankers were prime movers in building up the posh Mount Bruno Country Club. The Royal exported its athletic prowess; Canadian bank boys played baseball in Cuba and hockey in New York, and sailed in Vladivostok. Above all else, sports built character and kinship in Canadian banking. In 1916, as the Northern Crown Bank tottered near collapse, Finance Minister Thomas White wrote to his confidant Frederick Williams-Taylor at the Bank of Montreal for an assessment of the Crown's general manager. "Personally I would like to give Campbell a helping hand for the sake of old times," came the response. "He is not only an ex Bank of Montreal man, but he and I

(continued on p. 110)

## SUNSHINE SKETCHES OF A ROYAL BANKER

irresponsible idiot" whenever he went near a bank. In the end, he decided to "bank no more," and elected to keep his silver dollars in a sock. He was, of course, Stephen Leacock, Canada's beloved humourist. It is from Leacock's Sunshine Sketches of a Little Town (1912) that most Canadians derive their quaint impression of turn-of-the-century banking. Few realize that Leacock drew his sketches from real life, from the staff of the Orillia branch of the Royal Bank.

A professor of political economy at Montreal's McGill University. Leacock was both an admirer of the Canadian banking system and a close friend of the Royal right up to his death in 1944. In the 1920s, he fed promising young economists from his classroom into the bank's economics department. He prompted the bank to offer an economics fellowship. During the Depression. he spoke out on behalf of the banks against Alberta Social Credit. "My Financial Career" was republished in the Royal Bank Magazine. Leacock also banked at the Royal.

When free of his McGill duties, Leacock retired to his summer home in Orillia, Ontario. There he enjoyed a weekly game of golf with George Rapley, manager of the Royal's branch there since 1899. A colourful banker with a penchant for aggressive representation of the bank's interests, Rapley was undoubtedly the model for Henry Mullins, manager of the Mariposa branch of the "Exchange" Bank. In fact, in the early editions of Sketches, Mullins was called "Popley," a name Leacock changed because of its similarity to Rapley's, Rapley died in 1931, "I wonder if it is on record that the Mr. Mullins in Stephen Leacock's Sunshine Sketches of a Little Town was our own unforgettable George Rapley?" a friend later wrote to the Royal's President Wilson. "The other banker in the tale was Scott of the Dominion Bank, Stephen once told me the story was true, which anyone knowing George well can readily believe."

It seems highly likely that Leacock acquired a good deal of his banking anecdotes and folklore from Rapley as they walked the golf course. There are striking similarities between reminiscences of various bankers now locked in the bank's Montreal archives and the exploits of characters in the Mariposa branch of the Exchange Bank. Let the reader be the judge.

Stephen Leacock on the porch of his Orillia home in 1941 (opposite). With him is Dr. Robert Picard, a McGill graduate and future corporate secretary of the bank. Leacock directed many promising young men toward the banks of St. James Street. Back at McGill he lectured to others on behalf of the Canadian Bankers' Association.

## From F. T. Walker's 1945 reminiscences:

McKane got mixed up in a shooting in 1896, was removed to Montreal in a clerical position, resigned, and went to Rossland where gold mining had started, from there to Tonopah, Nev., where he made a big strike and cleaned up a million. Always spectacular, he made a trip to Scotland, scattering sovereigns from the top of his fourin-hand coach in his home town, returned to New Brunswick to live, bought one of the leading dailies in St. John and proceeded to drink himself to death.

#### From Sunshine Sketches:

Then presently young
Fizzlechip, who had been teller
in Mullins' Bank and that
everybody had thought a
worthless jackass before, came
back from the Cobalt country
with a fortune, and loafed
round in the Mariposa House
in English khaki and a horizontal hat, drunk all the time, and
everybody holding him up as
an example of what it was
possible to do if you tried.



played football together side by side for several years. We never had a better captain, and my experience in life has been that a man who can successfully captain a football team has some of the qualities at any rate to run a Bank."35

A crucial ingredient of middle-class professionalization was the predictability given it by routine and standardized procedure – the same service dispensed over time with the same result. Bankers excelled at routine. Each rung in the bank hierarchy had its specific schedule of duties, but it was at the junior's level that the habit of routine first made its purchase. A junior's day began early. Many supplemented their meagre annual income with a \$50 stipend from the bank for undertaking janitorial work around the branch. The day would thus either begin or end with a bout of sweeping and tidying, a task made easier by the fact that the junior lived upstairs. Before the other employees arrived at 9:00 a.m., the junior was expected to have filled inkwells, cut pen nibs, and changed blotters. It took a deft hand to chip frozen ink out of inkwells, thaw it, and then refill the wells, a chore that befell juniors in many a poorly heated branch. Many a clerk scorched his fingers learning to seal packets of notes with a stick of molten wax. The official day began with the entering of maturing bills in the accountant's ledger. To this task the junior was expected to bring meticulous chancery cursive handwriting. Juniors who "blotted their copybooks" were expected to initial their errors for subsequent entry in the manager's Discrepancy Book, a document that fell under the inspector's critical eye. His entries complete, the junior set out on his daily round of "peddling" or "slinging" drafts, the delivery of due bills of exchange and other notes. If cash was involved, the bank revolver and messenger joined the expedition. Peddling drafts required another item of uniform: a respectable cloth coat. A sandwich lunch, taken in the basement, usually followed the morning round. The afternoon was devoted to writing up notices of dishonour for bills refused in the morning, copying the mail, and journeying to the post office. Overtime was frequent, especially at month's end. For all this, a junior in 1900 received \$8.33 monthly, from which 83 cents was taken for the Guarantee Fund.36

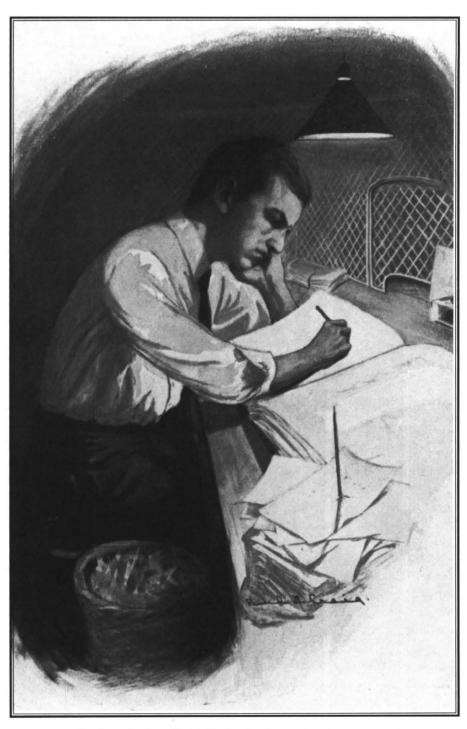
A junior's road to success rested on a foundation of loyalty, initiative, and consistency. As late as 1931, the *Royal Bank Magazine* published articles framed in the epistolary style of Rae's *Country Banker*. "Remember," a banker father told his would-be-banker son, "that your entire loyalty belongs to your employer as well as your entire time." He added, "Don't wait to be told everything but cultivate initiative." Initiative must not, however, usurp consistency. Well into the 1950s, James Muir, the archetypal bank clerk turned bank president, attributed

success in banking neither to "spasmodic genius nor occasional bursts of energy," but to "sustained performance."<sup>37</sup> The handwritten staff ledgers attest to the qualities sought in a clerk: "steady and accurate," "a good penman," "trying hard to improve himself so as to be of greater value to the Bank," "faithful and is always at his post," and "very conscientious, willing & industrious. A plodder."<sup>38</sup>

If the bank expected "unflagging, self-denying devotion" from its employees,<sup>39</sup> it did not always get it. There was tremendous attrition in the ranks of bank clerks. Many young men simply refused to buckle down to the rigorous discipline; others would not leave their home region. "Not suited to banking" was the curt ledger entry placed at the end of many a short career. Others were summarily cashiered because they failed the test of performance, showing "carelessness" or "intemperance," and "keeping fast company." Salary cuts were meted out for poor penmanship or habitual lateness.

There was constant grumbling in junior ranks over poor pay. The first five to six years of bank employment were marked by subsistence wages; the attainment of a teller's or accountant's job brought a salary at the turn of the century into the \$800 to \$1,100 range, and offered the prospect of relative comfort and, of course, marriage. As early as 1878, the Monetary Times published letters complaining that "all bank clerks do not live in clover,"40 and editorialized that, if clerks' pay were more generous, the incidence of defalcation might be lessened. With the new century, the issue became politicized every time the Bank Act came before Parliament for revision. "Go into any office in Toronto or Montreal, and you will find probably 200 young men from 16 to 20 years of age, white faced and anaemic, toiling over their ledgers" for \$300 to \$400 a year, one Tory MP complained in the Commons in 1911.41 At times even Merchants' Bank officers winced at the low salaries they paid. "Many of them," Superintendent of Branches Torrance wrote of his Maritime clerks in 1900, "are getting only sufficient to keep body and soul together." Torrance sometimes slipped \$50 bonuses to hard-pressed clerks. In general, however, senior management saw low starting salaries as part of the initiation to banking: the bank was teaching the clerks a profession that would sustain them for life, and their clerking was but a form of tuition. When confronted with one clerk's complaint of low pay, General Manager Duncan could bluntly reply in 1900: "Wait not one year, but a few." 42

The bank's marriage rule involved similar postponement of ambition. Here the bank was somewhat more flexible; permission to marry was often granted to clerks whose parents agreed to supplement salaries up to the required \$1,000 ceiling. The rule none the less attracted much criticism. In 1902, the Monetary Times reported that



"The Conscientious Clerk": The frontispiece to J. P. Buschlen's 1913 exposé of bank clerking.

the banks had been attacked by a Rev. John Langtry as "immoral tyrants" for their marriage prohibition; a decade later the policy was assailed in parliament as a "very unwise and an almost criminal interference with the personal right and personal liberty of our young men."43 Bank managers replied that the rule existed to allow the clerks a period of concentrated training, uninterrupted by the responsibilities of family and debt. This logic found some resonance elsewhere in society. In 1909, Finance Minister William Fielding confided in Sir Edward Clouston of the Bank of Montreal that having "undertaken to marry, myself, on less money than that [\$1,000 a year], and discovered my mistake in the financial calculations, I can more readily admit the soundness of the Bank's policy. I know," he concluded, "the necessity of discipline in all large organizations."44 The marriage rule, adjusted for inflation, would last into the 1950s. When women began entering bank employment in the 1910s, an even stricter, though unofficial, marriage rule governed their employment: marriage meant retirement. Many skirted these rules by marrying secretly.

There was always the growing possibility that bank clerks would cease to subscribe to the notion of deferred gratification implicit in their early years of employment. In 1907, the Monetary Times carried reports of an English Bank Clerks' Union and then, three years later, the news that a Bank Clerks' Association of Canada was being organized. 45 Since membership in the union was rumoured to be secret, bank officials found it difficult to gauge the extent of its appeal, but the public's attention was aroused. "The wage scale of the young banker," Saturday Night editorialized in 1912, "has been little better than stationary in many instances."46 Agitation for bank unionization received an added fillip in 1913 from the publication of a roman à clef, A Canadian Bank Clerk, written by a disgruntled Toronto bank clerk, Jack Preston. Using the pen name of J. P. Buschlen, Preston wrote to "enlighten the public concerning life behind the wicket and thus pave the way for the legitimate organization of bank clerks into a fraternal association." The novel portrayed the sorry career of Evan Nelson, an underpaid bank clerk subjected to long hours and frequent transfers, who eventually succumbs to "kiting" cheques and is fired. Stiff and didactic in style, Bank Clerk was a frontal assault on the culture that management sought to instil in Canadian banking. A year later, Preston described the book as "too serious" and published a more romantic picture of clerking under the title Behind the Wicket. 47 The object remained unchanged: the recognition and better pay of clerks as "specialists."

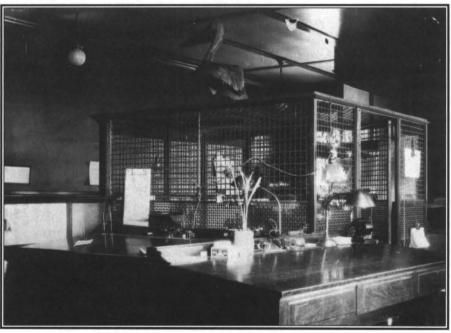
None the less, the early attempts to unionize bank clerks fizzled. Sporadic meetings in Montreal and Toronto failed to create much solidarity. The First World War and the fact that the majority of clerks

were scattered across the nation in small pockets – and could be transferred at management's discretion - meant that organization was impossible. Bank management was, however, rattled. The CBA president D. R. Wilkie saw "red flag people" behind the agitation, but counselled a passive response, trusting in the "loyalty" of most employees. 48 When talk of unionization reemerged after the war, the CBA hired a detective from the Thiel Agency to monitor organizational meetings in Montreal. The CBA president, however, assured the federal finance minister that the banks were not transferring troublesome clerks to distant branches. In June 1920, the American Federation of Labour brought Samuel Gompers to Montreal and, following his rousing convention speech, voted \$15,000 to organize the bank clerks. 49 Again, in the face of a depressed economy in the early 1920s, unionization made virtually no progress. Whatever their frustrations, bank clerks saw themselves as entry candidates to the middle class, and viewed unionization as working-class activism, contrary to their long-term interests. They subscribed to the ethos of "loyalty" that management so forcefully promoted, since most had their eye on the next rung of the bank's ladder of promotion, not the rung they stood on.

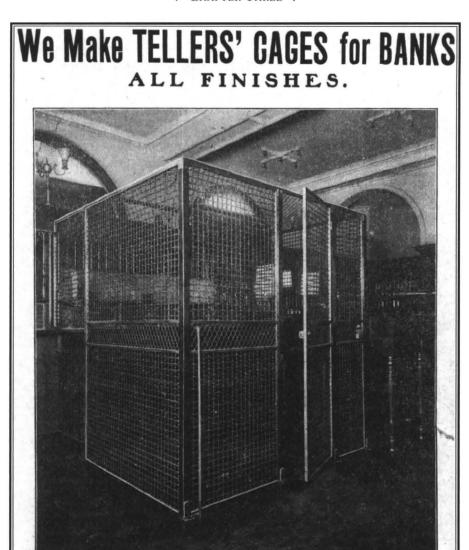
The mettle of any banker was first tested in the teller's cage. In the years up to the Second World War, the interior of any Royal Bank was dominated by a formidable piece of bank furnishing – the teller's cage. A hulking, Baroque contraption of heavy-gauge wire, wood, and iron struts, the cage was the centre of all cash transactions with the public. Some were brassy and ornamented, others were stark metal cages; all were fitted with lockable doors and a wicket. In larger branches, there were two cages, one for "paying" and the other for "receiving." The fortress-like security of the cage served a twofold purpose: hold-up protection and character building. In the cage, the teller became a selfcontained financial unit; character emerged from doing the job well. It was "foolish economy," the CBA Journal decreed, to provide tellers with "a poor, rickety, shaky cage." <sup>50</sup> The cage door had a knob only on the inside, and the teller was armed with a .38- or .45-calibre revolver. The cage was thus a formidable defence; a dead or wounded teller on the inside got the robber nowhere. The bank rule book stipulated that only "under absolute necessity" was a teller to exit his cage during business hours.

At 10:00 a.m. every morning, the teller stepped into his cage with his cash box, blotter, and revolver, and locked himself in. He stayed there until 3 p.m., taking a sandwich lunch at his post. Here he projected the bank's image to its clients; the cage was a visible signal that one's money was in safe hands. Its "isolation" from other bank activities meant that the teller's attention was undivided. A teller's first





Ambition's box: Tellers' cages at Truro branch, 1915 (top), and Morse, Saskatchewan, 1926 (below). The pelican was not standard bank issue and would not have met with the bank inspector's approval.



Supplying banks with furnishings was a flourishing business, as this advertisement from the Monetary Times of 1903 indicates.

duty on closing the cage was to balance his daily blotter; all the monotony of a clerk's training was intended to bear fruit in his meticulous handling of the cash entrusted to him. Juniors, for instance, often studied the hand action of an adept teller when he was dispensing cash and copied his style. Arrayed in colourful sleeve garters and visor, a proficient teller looked "sharp" and authoritative.

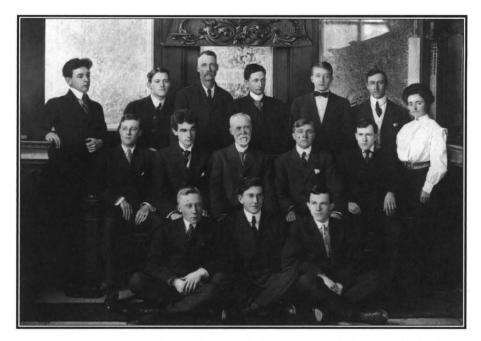
A promising banker was expected to develop his banker's intuition in the cage. The cage was the bank's window on the world. Even the

fictional J. P. Buschlen saw its worth: "My wicket was of burnished brass / And served me for a looking glass." The teller was expected to be an acute observer of the community, of the "character" of the bank's clientele. If the community in turn invested the teller with respect and social standing, it was because he alone in the midst knew their financial circumstances. <sup>52</sup> As Leacock once flippantly remarked, one needed "the ABC's of banking" to get into the cage, but "once you get past the ABC you can learn a lot that is mighty interesting."

Given its importance to career and branch alike, Canadian bankers developed an immense devotion to the cage. Their first instinct on opening a new branch was to erect a cage, even if only symbolically. "I bought a shack," one manager recalled of pioneering Swift Current branch in 1911, "and built a cage out of chicken wire and scantling." While some decried "being caged like monkeys" and having to handle filthy banknotes, 54 there was universal agreement that performance behind the grillwork of the cage set the course of a banker's career. Combined with a stint at the accountant's table behind the cage, success as a teller led to the manager's office, usually in a small Prairie or Ontario town out on the bank's frontier.

The manager "made" the branch. He was on his own, often tied to head office by no more than the telegraph. Rule books and circulars kept him abreast of bank policy, but it was his years of training that provided the stuff of branch leadership. Consequently, head office agonized over the choice of a manager – particularly those for new branches. "Spokane is likely to be the next branch," the superintendent of branches wrote in 1899, "if we can find the man." 55 Character had to be married to opportunity: "There are slow horses and fast horses, and in their proper place one is as valuable as the other," Pease once observed.<sup>56</sup> Once appointed, a manager had great autonomy and, aside from the inspector's annual visit, there was little to check his treatment of employees or clients. Mistakes were made, particularly during the headlong growth up to 1914; F. T. Walker recalled one British Columbia manager whom he could only describe as a "sadistic brute."57 These were the exceptions. If there was one factor that propelled the Royal forward during its spurt of growth from 1900 to 1920, it was its ability to put the right men in the right places. Early on, the bank acquired a reputation as an "up and coming" institution that trained its men well, treated them well, and promoted them quickly.58 As early as 1898, Pease quietly congratulated himself that "our service is considered a desirable one to get into." 59 Above all else, the Royal was a "young man's institution." 60 It gave promising young men plenty of leash; it trained them to be cautious and promoted them expecting boldness. In 1900, Pease, for instance, gave the crucial

#### → CHAPTER THREE <</p>



From "boys" to "girls": A typical staff portrait, Sydney, Nova Scotia, branch in 1910 (above).

The bearded manager sits surrounded by his clean-shaven male staff.

The messenger (back centre) is clearly older, and the lone female, probably a stenographer, stands to the side. (Opposite page) Sydney branch in 1945:

A male manager and messenger, together with nine "girls," now in the middle.

Unlike the situation in the First World War, women did not abandon the bank when the men returned. By 1945, 71 per cent of bank staff was female; in 1939 it had been 21 per cent.

Vancouver managership to Charles Neill, who had been with the bank only eleven years and who had just turned twenty-seven. Neill would become general manager in 1916 at age forty-three, the same age at which Pease took the post in 1899. The pattern continued deep into the twentieth century: men in their forties have consistently taken the helm of the Royal.

The coordinating hub of the entire Royal network was head office on St. James Street in Montreal. Since the ethos of the bank rested on the hands-on training of men in the branches, head office played a low-profile role in bank operations. Its staff was small and largely relegated to administrative duties. Head office embraced: the general manager's staff; the central inspection, credits, and accounting staffs; the stationery and routine departments (to provide the branches with forms and circular letters); and the corporate secretary and staff to coordinate international operations. There was no training department; the inspectors maintained an informal watch on promising young officers. Montreal main branch, downstairs in the same building, served



as a proving ground for promising talent. Head office consolidated accounts, ensured consistent procedure throughout the bank, and vetted large credit applications sent in from the regions. A desk in national credits provided a window on the Canadian economy and a stepping stone to promotion.

The routine department in Montreal also controlled the pace of modernization in the bank. In terms of technology, that pace was slow. Reliance on machines was viewed with suspicion, since it eroded the basic skills which a banker was expected to master unaided. The first typewriter was purchased in 1879, but by 1937 there were only 1,981 machines in the entire system. Adding machines were cautiously introduced in busy urban branches by 1900, ledger-posting machines in 1918, and cheque-encoding machines in 1928. A year later the first Recordak machine for photographing batches of cancelled cheques appeared. Loose-leaf ledger books were introduced with reluctance; despite the ease they offered in posting balances, managers feared that their flexible spines might promote record tampering. Banking thus remained a labour-intensive profession, with head office strictly controlling technology. 61

The dynamic centre of head office was the small office of the bank's general manager, and Edson Pease was the first of a long line of hard-driving occupants of that office. In true Scottish tradition, the general

managers of Canadian banks ruled their charges with imperial sway. The general manager was the highest-paid officer of the bank; at the height of his career in the early 1920s Pease earned a princely \$50,000 a year. Herbert Holt, as the bank's president in the 1910s earned an honorarium of \$7,500 and seldom darkened the door of his bank office. The general manager, particularly Pease, travelled prodigiously: branch tours, CBA lobbying in Ottawa, and active involvement in international operations kept him constantly on the move. In photos of the early 1920s, Pease looks like a worn-out man.

While the general manager made the bank's strategic decisions, he was at least obliged to seek the approval of the board. In 1880, the board was still a tight group of six Halifax merchants; by 1930 it had become a regionally diverse group of twenty-seven, drawn from Canada's leading centres of commerce. The board met twice a week, the directors earning a small fee for attendance. In practice, Montreal directors monopolized the board after the head-office shift, although subcommittees operated in Halifax, Toronto, Winnipeg, and Vancouver. Certain boardroom rituals evolved: the directors were obliged by the charter to count the bank's cash quarterly. Their presence was also required whenever the bank destroyed worn-out banknotes, a duty fulfilled in front of a stinking furnace in head-office basement. Directors were expected to alert the bank to promising opportunities in their regions, but in reality the directors played a quiescent role in bank affairs. They acted on the advice given them by the general manager. Board meetings seldom lasted more than an hour, followed by a chatty lunch. Directors occasionally went on tours of inspection to Cuba and other far-flung reaches of the Royal network.

From the boardroom to the teller's cage, the Royal was thus a manly meritocracy. Ability, not social background or patronage, governed movement through the bank's ranks. Bankers were by nature careful gradualists in the administration of their industry; those prone to impatience or dramatic change were quickly weeded out. Within the framework of Canadian banking set out in the Bank Act, the loyalty that was developed in "bank boys" soon proved a powerful instrument of growth. Embedded in this culture were prominent characteristics – mobility, merit, and maleness – which would ultimately serve to shift and broaden the ground on which it so securely rested. Until the late 1930s, Canadian banking was thus an Anglo, male pursuit; after the 1930s it hesitantly opened its doors to women and a less Anglocentric definition of Canadianness.

"Bank boys," for all their Scottish inspiration, saw themselves as "British." As historian Carl Berger has pointed out, being "British" in Canada at the turn of the century did not necessarily imply a denial of

a distinctly Canadian identity.<sup>62</sup> Anglo-Canadians saw themselves as contributing members of an imperial federation of English-speaking peoples, sharing a common cultural, linguistic, and political heritage. In this, they found pride in being Canadian. Theirs was a narrow, exclusive view of Canadian nationhood, but it was one with a broad and powerful reach. It touched federal politicians, educators, and bankers. School curricula throughout the Maritimes and Ontario were redolent with lessons in the virtues of Britishness. High-school graduates carried these values with them into their banking careers. When asked who his role models were, Charles Neill, who had risen to the general managership in the 1920s, cited Canadian imperialists Sir George Parkin and poets Bliss Carmen and Charles G. D. Roberts. It was Parkin, the New Brunswick educator who headed the Rhodes Scholarship Fund. and George Foster, the well-known professor at the University of New Brunswick, who educated Francis Sherman, a leading Canadian romantic poet and the bank's assistant general manager in Cuba. Bank employee Allan Grant Mackenzie in Kincardine was, for instance, named for a distant relative, George Munro Grant, principal of Queen's University and a muscular Christian. In politics, Canadian bankers voted Tory, in large part because it was the British party in Canadian politics. When the Boer War erupted in 1899, the CBA Journal urged its readers to uphold "the cause of freedom in South Africa." It is perhaps no coincidence that Earle McLaughlin, the Royal's Ontario-born president in the 1960s and 1970s, possessed one the finest collections of G. H. Henty, a British writer of boys' adventure books set in the glory days of Empire.

In 1914, news that England was at war with the "Hun" brought out the jingoism of Canadian bankers as never before. They enlisted without hesitation. By 1918, 1,495 Royal Bank men had enlisted; 191 never returned. For a staff of 2,832 in 1914, this had far-reaching implications. It put the organization's maleness at risk. Women had traditionally occupied a peripheral role in bank life. As wives, they were "charming little wives," saluted at the end of letters between managers, companions in the social respectability of Canadian banking. 63 As clients, women were not seen by Canadian society as financially significant. By the early 1900s, some banks in affluent, urban areas were opening women's branches, fitted out to appeal to women's supposedly more delicate sensibilities. <sup>64</sup> By 1910, a trickle of single women had found employment in the Royal as stenographers and clerks. They worked, chaperoned, behind the scenes; the public expected men to deal with money. For bank "girls," the war proved an opportunity for advancement. As their male clerks rushed to the recruiting office, management reluctantly turned to the women in the

#### → CHAPTER THREE <</p>

back room and put them behind wickets. By 1916, "the question as to whether women are to obtain a foothold in banks" was "past the stage of debate," 65 but after the war, the feminine mystique prevailed, and women abandoned the banks for the altar, while the "boys" repossessed their cages. But the watershed had been crossed. Banking was no longer a male preserve. Women would maintain a minority presence in the banks between the wars, and during the Second World War return in numbers to stay.

The "Britishness" of the bank, which had inadvertently opened the door to women, proved a more persistent legacy of the Royal's founding culture. Not until the 1950s did the Anglo cohesiveness of the bank find itself out of alignment with the increasingly diversified nature of Canadian society. By then, the retirement speeches and reminiscences of men who had served the Royal for the last half century carried a strong vein of nostalgia for a world of male camaraderie and banking adventure, a world, they believed, that was fast slipping away.