# Banking in the Global Village

EARLE McLAUGHLIN WAS A TRAVELLING MAN. THE MAN AT THE TOP IN THE Royal Bank had always been a man on the move. As president of the bank in the 1880s, Thomas Kenny had been obliged to travel up and down the Intercolonial Railway from Halifax to Montreal and then on to Ottawa. Edson Pease led as dizzy a life as early-twentieth-century transportation would permit him: steamers to Cuba, overnight trains to New York, and chauffeured limousines through eastern Canada. Jimmy Muir became the first president of the bank to circle the globe. But all this paled in comparison with McLaughlin's globetrotting.

As retirement neared in 1980, McLaughlin relished telling reporters that, during his tenure as president, he had logged 2.4 million kilometres of air travel. By his count, he had 2,456 take-offs and landings to his credit. He had visited every continent except Africa and India. "I've got friends on a first name basis from Sydney, Australia, to Helsinki, Finland, and a lot of places in between. We're an international bank and it's extremely important to be seen and to be known," he told the *Canadian Banker* in 1980. "When I travel I am the Royal Bank." Although, in 1960, the board had hastily disposed of Muir's Viscount airliner, deeming it an unbankerly frivolity, in the 1970s, the bank quietly went back into the airplane business when a corporate jet was again bought, not just to ease the strain of travel on its executives but also to give them greater flexibility and privacy in their travel.

But the travel destinations changed. Pease, Holt, and their generation had made inspection tours of the bank's sprawling international network – sweeps through Cuba, the Caribbean, and Latin America. Muir's sorties to the Soviet Union and China had hinted that the horizons of international banking were changing. Certainly, the Royal Bank's exit from Cuba in 1960 had shown that the foundations of traditional export banking were weakening. McLaughlin's years saw the process continue; Canada no longer enjoyed the same success in exporting its skills as a retail banker to the south. The overall trend was towards divestment in the Caribbean and parts of Latin America. Parts of the region suffered from deteriorating economic conditions – Jamaica's mercurial economy, for instance – while others wrapped their new-found political independence in legislation which restricted foreign access to their economies. In 1971, for instance, the bank was obliged to take out local incorporation in Trinidad, and by 1978, majority control was held by Trinidadians. By the mid-1980s, operations would cease in Guyana, Jamaica, St. Vincent, Haiti, and the Dominican Republic. In Latin America, the bank had already closed in Uruguay in 1963 and in Peru in 1971. By 1986, the *Financial Times* of London could proclaim that the Canadian banks' "Caribbean holiday" was over. As late as 1992, the bank's Puerto Rican retail system – established in 1907 and enlarged in 1980 by the acquisition of Banco de San Juan – was sold, leaving only a corporate banking presence. All these were painful decisions. They touched the lives of people who had worked for the bank in the Caribbean through decades – and sometimes through generations. At head office there was a sense of a loss in the "family."

In some areas of Latin America, the promise of growth held. In 1969, the bank had incorporated in Brazil as Banco Real do Canada S.A. As Brazil's "economic miracle" hit its stride, retail banking flourished. Two years later, Bank of America joined the Canadians in Brazil in a joint venture which was eventually given the name Banco Internacional. To coordinate these activities, an area headquarters for the Caribbean and Latin America was established in Coral Gables, Florida, in 1980, just in time to see Latin America deliver some rude shocks to the northern banks' unbounded optimism about the continent.

The slippage and reorientation of the bank's traditional retail strength in the south was, however, but a subplot to far greater shifts in international banking. After the Second World War, prosperity had restoked the fires of world trade. For the banks, this had meant a return of the lucrative ebb and flow of foreign exchange, something the Royal Bank had always relished. The same prosperity had also made the American economy the locomotive of the world economy. By the 1950s, a rising tide of liquidity lapped against the shores of world financial centres. Jimmy Muir's frequent treks to New York were prompted by much more than relish for the city's hedonistic delights; he sensed that New York was at the crossroads of powerful new currents of global finance – and that the bank had to be there. McLaughlin followed suit. Traditional international banking, well rooted in the nineteenth century, linked nations and banks together along relatively straightforward bilateral lines. Now banking abroad was becoming a complex skein of multinational and multilateral ties. Hence, McLaughlin made a point of making his name known at the annual meetings of the IMF and World Bank, post-war agencies designed to facilitate world trade and finance.

At the centre of this new financial order was the Eurodollar. A Eurodollar can innocuously be defined as a U.S. dollar liability on the books of banks anywhere outside the United States. Its power was, however, far from innocuous. As one wag put it, the Eurodollar was, in fact, neither European nor exclusively for dollars. It was, instead, a versatile new medium of exchange which began to emerge in the late 1950s as European and North American banks began to accumulate large deposits of trade-generated "hard" currencies, largely American dollars. These deposits allowed the emergence of a Eurocurrency market – an international market for short- and medium-term capital. Euroloans were usually denominated in currencies other than that of the borrower or host country. In the late 1950s, for instance, the Royal Bank helped to pioneer the Eurodollar market by taking U.S. dollar deposits of the Moscow Narodny Bank in Toronto.

The Russians did not want to bank in New York and, on a less-ideological basis, were aware that Regulation Q of the Federal Reserve Act placed a low ceiling on the interest paid in New York on offshore deposits. Offshore deposits made in Eurodollars in, say, Toronto offered a higher rate of return. As Eurodollar deposits grew, the possibilities of drawing on them to make Euroloans to multinational companies and governments also grew. The booming prosperity of the 1960s served to fatten the Eurodollar markets. Prosperity also drove energy prices upwards, bringing a windfall of U.S. dollar deposits – largely from the oil-rich Middle East – to western banks. International banking now became a business of "recycling" these deposits into Euroloans; both the potential profits and the risks were immense.

Towards the end of his presidency, Earle McLaughlin reflected that the Eurodollar was "a pretty good invention. I don't know what we would do without it." Twenty years before, in 1960, he had found them a little intimidating. Euroloans and Eurobond issues were of unprecedented size – well beyond the boundaries of lending familiar to single banks. Not only were the risks seemingly higher, but Eurodollar banking was peculiarly footloose, unconstrained by traditional regulatory and political pressures. Samuel Hayes and Philip Hubbard, in their 1990 study of global investment banking, have aptly described the Eurobond market as "the first marketplace without a home base." As investment banking became "globalized," so did its clients. Banks were now confronted with the huge capital needs of sprawling multinational corporations. If the banks failed to meet the multinationals' needs, they stood the danger of corporations going directly to the capital markets themselves. Faced with the need to satisfy these new demands, banks instinctively attempted to spread their risk through consortia. Here McLaughlin did not shy away. (Neither can today's historian, habitually wary of judging the recent past, back away from the momentous developments of these decades. However tentative the historian's judgements may be, the magnitude of the shift cannot be denied.)

In 1962, Arthur Chesterfield, the chief general manager of London's Westminster Bank, approached McLaughlin with a proposal that his bank and the Royal Bank form a joint venture to penetrate the world of European banking. The idea, McLaughlin reported, "set my mind awhirling," but when Britain backed away from entry into the European Common Market, so did the Royal Bank from the Westminster's offer. New York soon beckoned. In 1963, the National City Bank had bought control of Canada's smallest bank, the Dutch-owned Mercantile. The subsequent political furore had seen Ottawa cap foreign control of the stock of any Canadian banks at 25 per cent. Control by any one individual was limited to 10 per cent. American bankers, however, remained interested in an expanded base in Canada.

At a summer school for international bankers at Queen's University in 1967, a Chase Manhattan Bank vice-president informally floated the idea of his bank and the Royal Bank undertaking a straightforward swap of 10 per cent of each other's shares. McLaughlin was not interested, but the idea of some kind of alliance with the Chase intrigued him. "Both our banks were rather sizeable," he recalled, "and we decided that there were many deals that we could see were going to come along which would be too big for us individually and (we wondered) should we get together some time?" That fall, at the Reserve City Bankers' meetings in Phoenix, McLaughlin and David Rockefeller, president of the Chase, began to thrash out the details of a consortium bank that would move both of them comfortably onto the stage of global banking.

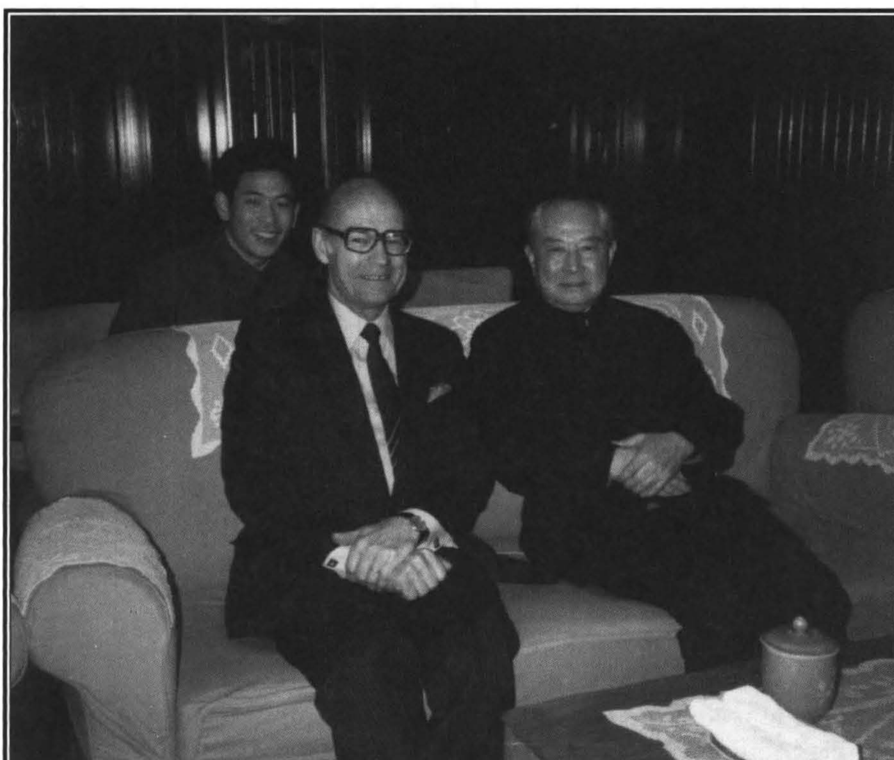
Both Rockefeller and McLaughlin were spurred in their discussions by the aggressive international expansion of the Chase's principal rival, First National City Bank of New York. In 1967, the head of National City's overseas division, Walter Wriston, had taken over as its president and launched a crusade to make his bank a global financial-services company. Two years later, Wriston created a worldwide Corporate Banking Group in a bid to service its business clients on a flexible, multinational basis. A year later, Wriston changed the name of his bank to Citibank. The Royal Bank was no stranger to Citibank's vigorous policies; in the 1920s, National City had competed head-to-head with the Canadian bank in Cuba, Latin America, and even in Vladivostok. In the 1960s, the old rivalry re-emerged, with Wriston clearly in an early decisive lead. Through the next decade, where Wriston went, other international bankers were sure to follow.

In October 1970, Orion Bank Ltd. was born. McLaughlin and Rockefeller succeeded in finding two European partners – National Westminster in London and Westdeutsche Landesbank in Germany – to join them in this new international merchant bank. A year later, Credito Italiano joined, and finally, in 1972, Mitsubishi Bank of Japan rounded out the consortium. Each parent would refer international business to Orion, which in turn would put together deals that spread the risk of lending. Orion offered a triad of services: merchant banking for international underwriting and consortium loans, a termbank to provide medium-term Euroloans, and a management-services group. With headquarters on the prestigious London Wall in the City, Orion joined the swelling ranks of consortium banks, and, given its lineage, quickly became a leader. By 1976, it had financed over U.S.$7 billion in loans. Orion's loan announcements had a truly global flavour: Shipping Corporation of New Zealand, the Kingdom of Sweden, the Province of Quebec, and Massey-Ferguson Credit Corporation, for instance, all came to Orion for financing.

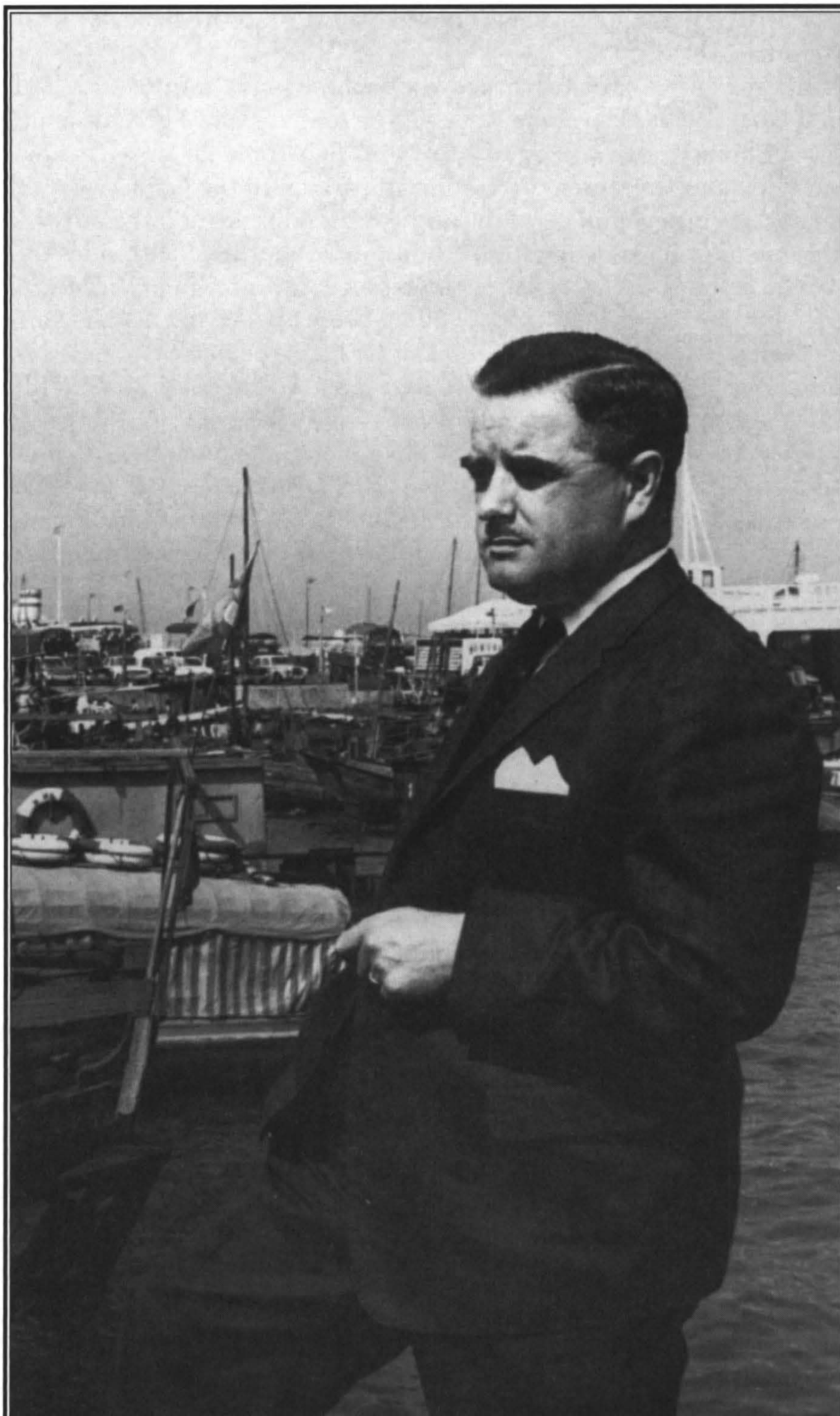
Orion was but the most visible aspect of the Royal Bank's reinvigorated international presence. In 1970, the bank took a page out of Walter Wriston's book and decentralized its international operations, breaking them into regional bailiwicks, best suited to the needs of an increasingly diversified global marketplace. The staff newsletter, *Between Ourselves*, justified this "new closeness" by noting that "McLuhan's 'global village' has gone from catch phrase to reality." Once again the bank was seeking "new frontiers – Beirut, Tokyo, Frankfurt, Brussels." Under this umbrella, the Royal Bank would grow through the 1970s and the early 1980s to an impressive array of two hundred branches and other operating units in forty-five countries.

In the United States, the bank's traditional beachhead in New York was supplemented with actual branches – in New York and in Portland, Oregon – and an array of representative offices and agencies in San Francisco, Denver, Houston, Pittsburgh, Miami, Dallas, Los Angeles, and Chicago. These allowed the bank to tap into American corporate business, most notably in the booming energy field. The Caribbean and Latin American system was anchored in Coral Cables, Florida. Responding to the new-found vitality in parts of Latin America, the bank in 1972 joined another consortium bank – Libra Bank – dedicated to mobilizing European, North American, and Asian capital for Latin American purposes.

Across the Atlantic, London coordinated the bank's activities in England, Ireland, and the Nordic countries. A trade-financing subsidiary, Royal Bank of Canada Trade Finance Ltd., was added, and retail exposure was gained through the acquisition of Western Trust and Savings in Plymouth. In 1988, the Queen honoured the bank by opening its new London offices in the City. On the other side of the Channel, the bank attempted to penetrate European retail banking by acquiring control of three small German banks and the Banque Belge pour l'Industrie S.A. in Belgium and establishing The Royal Bank of Canada (Suisse). By the mid-1980s, the map of Europe from the Isle of Man to Madrid was dotted with Royal Bank affiliates and subsidiaries. From London, the bank ventured into the Middle East and even Africa. After the opening of a subsidiary in Beirut in 1971, other representative offices and subsidiaries had been added in Cairo, Dubai, Athens, and Bahrain. In 1975, the bank became a shareholder



*On the Pacific Rim: In 1958 the bank opened a representative's office in Hong Kong. In 1962, R. A. "Bob" Utting, the bank's representative in the Far East, posed by Hong Kong's crowded harbour (opposite). Other Royal Bankers followed. In 1981, an office was established in Beijing; CEO Rowland Frazee (above) pays a courtesy call on Wang Dao-Han, the mayor of Shanghai, where the bank soon opened a second China office.*



in Equator Bank, a consortium bank catering to the needs of post-colonial Africa.*

In the Far East, the bank picked up where Jimmy Muir had left off in the late 1950s. The Hong Kong representative's office became a full-service branch and, in 1981, the Royal Bank became the first Canadian bank to open a representative office in Beijing. In the Chinese capital for the opening, bank CEO Rowland Frazee remarked on the growing volume of Canada–China trade, but noted that the office's chief role would be to give China access to syndicated Eurodollar and Eurocurrency loans. Further Chinese offices were opened in Shenzhen and Shanghai. Along the edge of the Pacific Rim, the bank expanded its influence through a majority participation in InchRoy Credit Corporation and a mixture of branches and representative offices in Sydney, Bangkok, Taipei, Seoul, Tokyo, and Singapore. A 1986 joint venture with the National Mutual Life Assurance Association of Australasia gave the bank access to retail banking in Australia. Finally, in 1986, the bank completed its embrace of the globe by opening a representative office in New Delhi.

There was a heady optimism behind the bank's sweeping global expansion. "Everything we do now," Frazee told the *New York Times*, "we think globally no matter what type of business we're dealing with." The bank proceeded on the instinctive, but untested, assumption that it could simply translate its traditional expertise in exporting retail banking into international eminence in merchant and investment banking. If the bank could prosper in Caribbean retail banking, then surely it could repeat the feat in Germany or Belgium. The bank's strategy throughout these years of international growth was therefore to establish "little footholds" wherever it could find them, and then to hope that it could pry these niches open to establish lucrative positions in far-flung foreign markets. Through the 1970s, there was much to sustain this belief. International banking profits outstripped domestic profits by a healthy margin; by the early 1980s international banking comprised 38 per cent of the bank's assets, but contributed 51 per cent of its profits. In 1980, for instance, the bank's domestic operations – strictly regulated by the Canadian Bank Act – returned 50 cents per $100 of assets, while international operations posted an 84 cent return. There was, however, an illusory quality to these gains.

* Back in Canada, the bank found itself under pressure from anti-apartheid groups concerned about Canadian financial support of the South African regime. In 1976, the Royal Bank stopped all lending – hitherto small – to the South African government, but refused to impose a blanket embargo on South African lending, lest projects with a humanitarian benefit suffer.

Initially, Orion found lucrative hunting in the Euroloans game. A window of opportunity opened for it in the mid-seventies, and it briefly ran near the front of the financial pack in Euroloans. But there were soon signs that all was not well at No. 1 London Wall, Orion's head office. From the outset, there were tensions in the bank's management. With each participating bank appointing a managing director to Orion, and with overall leadership left to a chairman, there were almost instantly "too many cooks" hovering over the Orion pot. Resignations and jealousies soon emerged. Adverse comment in the financial press began to tarnish Orion's initial lustre – one prominent financial publication took a catty delight in portraying Orion as a "clumsy quadruped in the nimble world of global finance." Even more damaging was the tendency of some of the participating banks to compete against their own creation in bidding for Eurocurrency business. As bankers' unfamiliarity with the new Euromarkets diminished, there was a natural tendency to pull this profitable line of business back within the confines of the parent bank and launch independent

*In March 1988, the bank opened a new banking centre in London's financial district. The centre incorporated much of Beaver House, the London Headquarters of the Hudson's Bay Company, and was inaugurated by Her Majesty the Queen. (Above) A beaming Allan Taylor accompanies Her Majesty around the centre.*

*Allan Taylor participates in the rituals accompanying the earlier opening of the bank's Bangkok office; Buddhist priests blessed the branch and were in turn honoured with food offered by a bank executive.*

merchant-banking activities. The late 1970s brought further resignations, increasing overheads, and a dividend that refused to budge upwards. Finally, in 1981, the Royal Bank bought out its partners and rechristened Orion as Orion Royal Bank, its own merchant bank. As *Newsweek* quipped, a consortium bank had "recycled" itself.

Throughout the 1980s, Orion remained the centrepiece of the bank's international strategy. Through it and the six regions into which it had decentralized its global banking activities, the Royal Bank pursued a goal of "worldwide marketing of a full range of financial services." "The Royal," CEO Rowland Frazee told *Euromoney* in 1982, "was international before it was national." The bank backed this boast with an array of services specially designed for the global marketplace. An international-banking division coordinated the now-decentralized network of branches, representative offices, and agencies. From 1977 to 1983, the bank's international efforts were directed by Executive Vice-President Allan Taylor. Taylor's education as an international banker had begun in 1965, when he was appointed as the bank's senior assistant agent in New York. Complementing this network were functional units, dedicated to select sectors and clients. World corporate banking, under Executive Vice-President Vince Kelly, targeted multinationals. It was flanked by an internal merchant-banking group, a trade-financing group, a global-energy group, and a net of private banking facilities for wealthy clients. All this was backed up by the bank's perennial strength in foreign exchange – the Royal Bank dominated international trading of the Canadian dollar and was ranked sixth in 1983 in total worldwide volume of all currencies traded. The sustained success of this impressive grid of international services depended on the exponential hopes of the 1970s extending into the 1980s. Vigorous expansion abroad hinged on a healthy domestic investment base, capable of feeding Orion and its affiliates, and the continued ebb and flow of a generous tide of Eurocurrency. Events of the early 1980s brought disappointment on both counts.

The energy shocks of the 1970s had spelled economic dislocation for the western economies, but they brought a windfall of "petrodollars" to the OPEC cartel. Finding themselves awash with these energy-driven deposits, banks in Europe and the United States began recycling them to the growth opportunities in the developing world. Third World governments and corporations crowded bankers' waiting rooms, usually returning home with petrodollar loans to feed their economic development. Photographs of Brazilian steelworks and Mexican railway construction found prominence in bank annual reports as evidence of petrodollars at work.

Two assumptions underlay this huge commitment to what would soon be labelled LDC – Less Developed Country – debt. Any sense of the high risk of lending to the less disciplined economies of the developing world was soothed by the assurance that this was "sovereign risk," that money lent to governments was unshakeably secured by the integrity of the borrowing government. It was also syndicated lending; it was assured that no Latin government, for instance, would risk offending the whole banking establishment of Europe and North America. (Nobody seemed to remember that Brazil and Argentina had both defaulted before – in the 1890s and 1930s). Once again, Walter Wriston at Citibank set the tone. "For the first time in history," Wriston would tell the *New York Times*, "it is within the power of a less developed country to obtain from external savings the capital needed for growth. One by one, those countries are finally breaking through the vicious circle of poverty." Armed with this brash confidence, Citibank put itself at the cutting edge of LDC lending. Other bankers' willingness to follow Citibank was, in the second place, a reflection of the belief that it was appropriate business for commercial banks to finance developing economies. This view was heartily endorsed by finance ministers in the developed world, particularly since their own efforts to develop petrodollar recycling mechanisms through the IMF and the Organization for Economic Co-operation and Development bore little fruit. Bank lending therefore became a vital component of the overall effort of the developed world to help the developing world pull itself up by its bootstraps. Royal Bankers were soon rubbing shoulders with American and European competitors in the waiting rooms of Latin American finance ministers.

The pervasiveness of these two assumptions soon tainted the credit culture of northern banks. What one Royal Bank executive later described as "a creeping type of disease" etherized the credit-approval process. The high rate of return on LDC debt disguised the fact that the debt was not the kind of long-term bonded debt – underwritten by merchant bankers – that Latin America had traditionally relied upon, but short-term debt, subject to what were to prove volatile interest rates and even-more-volatile economic performance. There were contradictions buried in the LDC loan portfolio; energy-poor Brazil was, for instance, extremely vulnerable to the very oil shocks that generated the petrodollars on which its foreign bankers depended. In the late 1970s, the Royal Bank began to recognize the extent of its exposure and started to withdraw from further participation in syndicated LDC loans. By mid-1982, all LDC lending would dry up completely; the damage was, however, already done. The onset of a global recession in 1981 hastened the day of reckoning. Ironically, the bad news was delivered right on the doorsteps of the Canadian banking industry. As the world's finance ministers assembled in Toronto for the 1982 IMF meetings, rumours spread that Mexico was defaulting on its debt payments. Even as Prime Minister Pierre Trudeau welcomed the delegates – with a speech rumoured to be written by a Royal Bank executive – news of a Mexican default spread through the outside corridors. A sense of shock gripped the delegates; action at the conference hastily shifted out of the conference and into the back rooms. A decade of trust in the sanctity of lending to sovereign states evaporated instantly. The sense of shock and confusion that replaced it would last for years.

"Non-performing" and "restructuring" became the bywords of the LDC debt crisis. As the crisis peaked in 1983-85, the statistical picture became daunting. In 1983, international loan losses were \$318 million; a year later they touched \$362 million. Such losses immediately took the glow off once-luxuriant international earnings. By the end of its 1984 financial year, the bank had made a net cumulative provision for loan losses of \$2.7 billion. Of this, \$832 million came out of the Latin American and the Caribbean situation. By way of comparison, the recession of the early 1980s produced $1.68 billion in non-performing loans by 1984 in Canada and the United States. Slow economic recovery, some tough IMF medicine, and agonizing restructuring negotiations brought the LDC debt situation under control by the late 1980s. Provisions for bad debts inched downward; by 1988 net provision for loan losses was down to just over a billion dollars, of which $293 million reflected the LDC situation. A further $1.9 billion was set aside for sovereign loan exposure, mainly in Brazil and Argentina.

Several facets of the LDC crisis bear examination. The Royal Bank had been active in Latin American lending for many decades, and was not prepared to abandon its stake in the region. From the outset, the bank therefore refused to give ground on the issue of absolute forgiveness of the debt. It would restructure debt, but not write it off entirely. "Brazil's the eighth biggest industrial economy in the world," Taylor told Canadian Press, "and to think in terms of forgiveness of the debt.... Where would you stop?" Restructuring negotiations thus dragged on throughout the decade, not ending in the case of Brazil until 1992. Restructuring, however, allowed the bank to leave the door open in the developing world. Other banks chose to withdraw completely from Latin America, but the Royal Bank maintained its presence with offices in Buenos Aires, Caracas, Mexico City, and São Paulo.

Despite the unprecedented loss provisions, it is worth remarking on the overall ability of the Canadian banking system to weather the debt storm. Even at its height, the LDC loan portfolio never equalled 10 per cent of the bank's total earning assets. In 1986, for instance, the Royal Bank's $1.6-billion exposure in Brazil amounted to only 1.8 per cent of the bank's earning assets. Canadian banks – long inured to the nineteenth-century habit of building up their rest accounts – were able to bring down their LDC debt exposure far quicker than their American counterparts. The same ability of the system to absorb the costs of other shocks – the energy slump of the mid-1980s, the fallout from the leveraged buyouts of the late decade, and the real-estate downturn of the early 1990s – provided a painful but salutary demonstration of the stability of Canadian banking. None the less, the LDC debt crisis exacted a heavy toll in damaged public credibility and depressed profits, and obliged the bank to adopt a much-more-selective international strategy – one concentrating on its strengths.

The LDC debt crisis also revealed the cohesiveness of the bank's senior management; the team spirit that had helped the bank weather

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# BANKING ON THE PAST

ONLY A FOOLHARDY HISTORIAN WOULD insist that the past can in any direct way predict the future. The past can, however, illuminate the present, and thereby help to inform our options for the future.

Beyond all the dates, personalities, and strategies, the history of the Royal Bank leaves us certain "lessons," certain values or ways of doing things that explain the bank's rise and resilience. Canada's banks have thrived in large measure because they have built these values into strong corporate cultures. From the teller's cage to the president's office, one can detect these values throughout Royal Bank's 125 years. Canadian banking has by its very nature bred a conservative culture. Its knack has been to modify this culture continuously, under the pressure of social, economic, and political events. There is surely no more Canadian instrument of change than the decennial revision of the Bank Act – slow, sure, unexciting, but none the less progressive. The same rhythm is detectable within individual banks.

Out of the Royal Bank's history, five of these abiding "lessons" seem to emerge:

• ***Royal Bank has been a bank quick to the frontier***: The bank has never shied away from making bold moves when bold moves offered new growth. The Royal Bank has succeeded because, in the words of America's pre-eminent business historian Alfred Chandler, Jr., it has tended to be a "first mover," the first to capture new territory and new methods. Edson Pease's dash into Cuba in 1899 and Jimmy Muir's unprecedented visit to China in 1958 typified this spirit. In the 1980s, the bank took an early lead in electronic banking and has never relinquished it.

• ***Royal Bank is a "young man's institution"***: The bank has grown because it has challenged its employees hard when they were young. It has always been prepared to take a chance on youth. It sent its "bank boys" to the mining-boom towns of northern British Columbia and to the sugar towns of Cuba, and gave them ample scope for initiative and ambition. In 1960, it made young Earle McLaughlin – at forty-five – the president of North America's fourth-largest bank. Since 1960, the bank has confronted the necessity of remaking itself into a "young woman's institution," of opening itself to visible minorities, and of recognizing Canada's multicultural reality.

• ***Royal Bank has always cast itself in national terms***: Ever since its dramatic decision to open in Montreal in 1887, the bank has construed itself in national terms. A national framework has given it a diversity of clients, which has enabled it to withstand the uneven rhythm of regional development in Canada and at the same time develop a broad and flexible range of products. Banking's transcontinental evolution has also bred a natural nationalism in Canadian bankers and a consequent willingness to take on a prominent role in national affairs. The bank's first president, Thomas Kenny of Halifax, went to Ottawa as an MP in the 1880s to support Sir

John A. Macdonald's National Policy. In the 1980s, Rowland Frazee and Allan Taylor have been outspoken on the need to consider Canada's prospects – such as Quebec's place in the nation and free trade – in a national, not parochial, context. Taylor has recently likened some Canadians' talk of national dissolution to a "march of folly." "In union there is strength," Edson Pease said of the Royal Bank's amalgamation with five regional banks between 1910 and 1925. Without a solid national foundation, the Royal Bank could not – and cannot – venture abroad with confidence and competence.

• ***Royal Bank has been a "progressive conservative" organization***: Canadian banking has succeeded because it is a national industry, carefully constructed and regulated to ensure a balance between dependability and responsiveness to Canadians' needs. Royal Bank has always tested this slow-evolved consensus to its outer limits and has been quick to advocate progressive change in its perimeters. As early as 1918, the bank acknowledged the necessity of a central bank in Ottawa. When the Bank of Canada finally emerged in 1935, the Royal Bank offered one of its own – Graham Towers – as its first governor.

• ***The strength of Royal Bank has been its people***: From paternalism in the nineteenth century to a contemporary meritocracy, the bank has never strayed far from realizing that an efficient and well-motivated staff is the key to success. Corporate culture at Royal Bank is, as one forty-three-year veteran said, "a composite of a million things that *we* do." The bank has also learned to adapt to the social and economic ambitions of its employees – systematic training in the 1960s came to supplement the old on-the-job ethos of educating "bank boys" for their work. Successful management in the bank has drawn on the synergies of team effort; there has always been the sense that it is "a most marvellous association of people." Consequently, the bank has never been an "establishment bank." From President Thomas Kenny's avuncular inquiries after a young teller's folks back home on Cape Breton to an employee share-ownership plan in the 1980s, Royal Bankers have been made to feel that they have a stake in their bank. On this foundation, the bank has been able to build a tradition of good service.

These are not "lessons" of unbroken success. The values embedded in any corporate culture can play varied roles over time. What might drive an organization powerfully forward in one period – the maleness of the "bank-boy" culture at the turn of the century, for instance – can prove an obstacle in a later era. Similarly, the bank has not always flourished on the frontiers it has chosen – such as revolutionary Russia in 1919, or consortium banking in the 1970s and 1980s. But as in any education, it has learned the wisdom of modifying the lessons of its past. Early in its history, Edson Pease taught the Royal Bank that there was nothing to be gained from clinging to the status quo, and since then it has consistently embraced "progressive ways."

the bad loans of the mid-1880s and the dark days of the Depression reasserted itself. A Special Loans Group, under Executive Vice-President Brian Gregson, was created to handle the restructuring, thereby removing the anxiety generated by the problem from the day-to-day administration of the bank. The crisis also provoked a thorough reassessment of the bank's international strategy, and it abandoned those niches in global banking where it lacked a strategic advantage. Unprofitable Caribbean operations – such as Guyana – were sold; German, French, and British retail-banking operations were closed. There was a general recognition that the international system, which had spread so exuberantly in the optimistic 1970s and early 1980s, had to be given much sharper focus. The bank had learned that there was no easy transference of skills from the world of traditional trade and retail banking in the South to the crowded stage of global banking. This was a complex, volatile, high-risk financial world, in which the competition was keen and well honed.

The confusion over the bank's best international strategy persisted well into the late 1980s. Much energy and money was poured into trying to improve the footing that Orion gave the Royal Bank in global investment banking, and to link it with the bank's investment-banking activities in Canada. In 1986, Orion took advantage of Britain's "Big Bang" – its dramatic, overnight deregulation of its financial services – to acquire full ownership of the renowned London brokerage house of Kitcat and Aitken. Long practised in drawing English investment to Canada, Kitcat and Aitken allowed Orion to link its expertise in international debt markets with that of a seasoned player in the secondary share market. On the other side of the globe in Australia, the bank plunged into another joint-venture bank. In 1984, the Australians had opened up their banking industry to foreign entrants and, sensing an opportunity to gain access to a new retail market, the Royal Bank soon struck a deal with the National Mutual Life Association of Australasia to operate the National Mutual Royal Bank. With this affiliation also came access to Australian investment banking through the Capel Court stock brokerage. These initiatives looked good on paper. The Royal Bank would be placed in what seemed to be an emerging tricornered global financial marketplace, stretching from the Pacific Rim through New York to London. Back in Canada, the bank took advantage of Canada's own "big bang" of deregulation to acquire a 75 per cent interest in Dominion Securities to act as the Canadian anchor for Orion's investment activities. By mid-decade, the bank declared its objective of "being a round-the-clock, global financial institution."

In reality, Orion and the other bold initiatives of the 1980s had seriously overloaded the bank's credit culture. The bank found itself making loans in markets for which it lacked any intuition. At the same time, Orion generated extravagant overheads trying to penetrate markets that were already extremely competitive. High costs were accompanied by confusion in Orion's London executive suite, as senior executives continued to exit with alarming frequency. There were always "too many cooks" at Orion. Once again, the bank discovered that, as global finance became more homogeneous and instantaneous, it also became more crowded. Other banks – like the Canadian Imperial Bank of Commerce and Citicorp – were laying the same bets, building international investment-banking grids. Their experience in Britain would be the same. In London, Kitcat and Aitken found itself trying to promote investments in an overcrowded

*"It's been nuts. These are the three busiest days I've ever had," Royal Bank money trader Joe Cortese told the* Globe and Mail *when European currencies rode a financial roller-coaster in September 1992. "We've had a brilliant, brilliant time." Foreign exchange is the oldest of the bank's international activities. Once a simple matter of receiving and selling foreign-exchange drafts, it has now become a nerve-wracking electronic game. Cortese and his colleagues in the bank's Toronto Trading Room trade billions of dollars every day on global money markets.*

equity market. Orion's loan portfolio became littered with non-performing debts. Back in Canada, Dominion Securities enjoyed a healthy trade in domestic equities, but could not provide a sufficient investment base for the bank's international ambitions.

By the end of the decade, the writing was on the wall. Senior Vice-President Paul Taylor had been despatched from international corporate banking in Toronto to act as vice-chairman of Orion. There he joined Orion's new chairman, John Sanders, and its new director, David Pritchard, the man credited with inventing the "swap" market. Together, they had a mandate to fix Orion. They quickly concluded that Orion was pursuing an unpursuable strategy. Orion was chasing business in Europe that in no way complemented the bank's strengths back in Canada. Why should Orion seek to underwrite the Finnish pulp-and-paper industry when some of the bank's best clients back home in Canada were in the same business? It was hard news for head office to swallow, but changes followed. In 1987, Orion abandoned the Eurobond market, a market which now offered slim pickings. The acquisition of Dominion Securities that same year gave Kitcat and Aitken a stay of execution; it might serve as the Canadian brokerage's European arm. Kitcat and Aitken still, however, found itself in a tight and unprofitable market and, in 1990, it was closed, followed a year later by Orion itself. In 1990, the bank also divested itself of its share in the National Mutual Royal Bank in Australia; here at least it could boast of a $31-million after-tax gain. The heady global optimism of the last two decades was exhausted. In the future, the bank's global ambitions would be measured in terms of its realistic abilities; expansion would flow into strategic niches, not across broad plains of ambition.

On the surface, the bank had paid an expensive price for its tutorial in global banking. Orion became an uneasy memory. People grimly referred to the "O" word. Royal Bank had, however, by 1990 learned its strengths and weaknesses and was still well positioned abroad. The rationalizations of the late 1980s and early 1990s still left RBC International with a "global reach" of 125 operating units in 32 countries. These units provided corporate and institutional clients with corporate, investment, and private-banking services in virtually every major financial centre around the world. Foremost among its exportable strengths were the bank's long-polished prowess in rate-risk management, investment management, investment banking, private banking, correspondence banking, and trade services. It also continued to excel as Canada's leading foreign-exchange dealer. Foreign exchange was the one truly global market, free of any regulation and working by a twenty-four-hour clock. On an average day in 1992, for instance, Royal Bank trading rooms in Toronto, New York, and London would handle $13 billion in exchange transactions. Since global investment banking was crowded with major leaguers, perhaps, the financial press began to speculate, Royal Bank might again take what it did best – retail banking – abroad. Would, many asked, the bank find its next frontier in the American retail market?

If the Royal Bank spent much of the 1980s trying to establish itself in comfortable foreign niches, it was also busy conceding a place for foreign banks on its own turf. The 1980 Bank Act revision opened the door to the granting of charters for foreign banks to operate in Canada. Although their participation in Canada was capped at 8 per cent of total bank assets "booked" in Canada, over fifty of the now-so-called "schedule II" banks soon established themselves in Canada. At a time when it was seeking to penetrate foreign markets itself, the Royal Bank saw this foreign invasion as a fair reciprocity, and in fact was soon arguing for the lifting of the 8 per cent ceiling. The schedule II banks were indicative of the continued opening-up of Canadian banking in the 1980s. The slow creep of competition, first evident in the 1967 Bank Act revision, became a gallop. By mid-decade, the strict old demarcations in Canadian finance – the famous four pillars that supported separate banking, trust, insurance, and securities industries – crumbled, allowing new financial constellations to emerge. Here the Royal Bank moved with authority and confidence, surer of its skills and advantages than it had been in the turbulent world of international banking. The Royal Bank entered *and* left the decade as Canada's leading purveyor of financial services.

The decade began with heady optimism. Earle McLaughlin's successor, Rowland Frazee, brought a mixture of traditional "bank-boy" charm and modern management skill to the bank's executive direction. Frazee's father and uncle had been Royal Bankers. As a junior in Harvey Station, New Brunswick, he had acquired a wonderful reputation for his ability to put hockey pucks in nets. The story is told that, one night, young Frazee was detained at the Harvey Station branch balancing his ledger under the watchful eye of the inspector. Across town, the local hockey team was being thumped by a visiting team. A local businessman, incensed by the bank's insensitivity to the town's pride, appeared at the branch and threatened to pull his account if the "star" junior was not allowed to strap on his skates. Young Rowland duly hurried across town and pumped six goals into the opponents' net to ensure a come-from-behind home-town victory. His luck continued on the European front lines in the Second World War; as a young officer in the Carleton and York Regiment, he escaped death when a piece of German shrapnel deflected off his cap badge. Promotion to major came at the tender age of twenty-three. He emerged from the war a devotee of T. E. Lawrence, in whose writings he claimed to find inspiration for a leadership style that blended charisma and the common touch. Peace brought no automatic return to the teller's cage; Frazee felt the lure of higher education and took a commerce degree at Dalhousie University in his native Halifax before returning to the bank in 1949.

His career over the next three decades blended proficiency in the workings of Canadian retail banking and an acknowledgement of the need to break down the walls of tradition in banking. An apt student of McLaughlin, Frazee was an ardent decentralizer and strategic planner by the time he took the CEO's seat in 1980. Affable and polished, he seemed to be the man who could *plan* the bank's way to a better future. Like McLaughlin, he was not averse to seeking outside expertise. From the Department of Finance in Ottawa, he recruited E. P. Neufeld as chief economist. Pollsters and political consultants were retained to discern the public's perceptions of the bank and to help "manage" the bank's public affairs. At the bank's annual strategic-planning symposium, executives confidently discussed scenarios which made the attainment of a $200-billion asset base by the mid-1980s seem assured.

Domestic banking would, however, prove no golden road. Just as the LDC debt crisis derailed international banking, the Canadian economy slipped into its deepest recession since the thirties. Business and personal-banking volumes lurched downward. Energy prices plunged, and interest rates soared. Almost overnight, Frazee was faced with conditions his predecessors would have thought impossible. Public concern over bank profits and service charges, plus all the social consequences of banking in a recession, suddenly impinged on the CEO. Frazee joined Canada's other bank presidents as witnesses before a 1982 Commons Committee on bank profits, which ultimately concluded that the banks were "efficient instruments" of Canadian finance which returned "average" profits. None the less, it was clear that, in an environment of volatile interest rates, the social and political implications of banking in Canada had become "hot" issues. The return of prosperity in 1983-84 diminished these anxieties, only to see them replaced by the bad debts of the Canadian energy sector. As Canada's leading energy banker, the Royal Bank now found itself embroiled in restructuring the indebtedness of many energy companies in western Canada.

While decentralized management may have been a shrewd policy in the prosperous McLaughlin years, a more hands-on style was demanded by the "shocks" of the early 1980s. Frazee quickly realized that he had to pull management back towards head office; in doing so he tapped into the collegiality that had always been the mark of Royal Bank senior management. The Special Loans Group – dedicated to unravelling and restructuring LDC and energy bad debts – typified this sense of cooperative action.

Through all this, Frazee kept his eye on the horizon. The work of remaking retail banking continued. The sleepy world of old-style retail banking had been awakened by the 1967 Bank Act revision. In the fifties, branch managers concerned themselves with polite service and covering their exposure to loans; by the 1980s branch managers saw themselves as profit centres, which contributed to regional and national performance goals. For the first time in the bank's history, retail staff found that their daily performance in the branch could be reflected in their salaries. The "Great Performances" program could, for instance, bring a quarterly bonus or a Caribbean cruise to a CSR who excelled. Even the branches looked different: machines provided twenty-four-hour service, seniors were provided with sit-down lounges, and private banking centres sprouted under separate roofs. Saturday banking returned.

Remodelling its retail banking base presented the bank with an immense challenge. Banking became geared to the lifestyles of an increasingly segmented market. The goal, in the words of Reg MacDonald, who spearheaded retail banking through the decade, was to provide "cradle-to-grave" banking, tailor-fit to the saving, spending, investment, and retirement needs of Canadians through their entire "life cycle." The days of a person carrying only a savings and a chequing account through his or her whole life were gone. The bank thus began trying to enhance its services by segmenting them into products targeted at distinct consumer groups. "Relationship banking" would allow the individual needs of particular client groups to be precisely served.

As the decade progressed, the bank consciously began styling itself as a "financial services centre," Canada's largest. To this end, it accelerated its efforts to introduce automated banking; the Royal Bank jumped out to an early lead in the number of banking machines installed, and it has never surrendered that lead. In 1984, a $50-million research-and-support facility for electronic banking was announced for Toronto. Credit cards with various add-on features could, for instance, be offered. Innovative consumer products – like the launch in 1984 of "Buy-Back" car loans – would allow the bank to capture increased market share. RoyFund quickly expanded from its simple 1960s roots into a wide array of mutual funds, available at any branch. Separate private banking facilities were developed – the first of which opened in Vancouver in 1984 – providing personalized, expert advice for people with complex financial needs. In all these instances, the goal was to emphasize the quality of retail service by

*The "Superbranch" that was opened in Burlington, Ontario, in 1991 epitomizes the new wave in retail banking. Amongst many other services, customers can bank from their cars on a twenty-four-hour-a-day basis.*

backing it with solid training and by pushing responsibility for it right down to the branch level. From the corporate point of view, quality service would broaden the base of the bank's fee-driven income. It would also give the bank a competitive edge in a marketplace that showed every sign of being deregulated as the decade progressed.

If retail banking became more geared to the varied social and economic needs of Canadians, so too did banking become even more involved in Canadian public affairs. Frazee's experiences in the early decade taught him that bank presidents had to spend more and more time "outside the plant fence." Frazee acquired a reputation for "speaking out" on public issues. He attacked the National Energy Policy for "damaging Canada's reputation abroad and fomenting wasteful bickering at home." He championed the need for corporate philanthropy. Toronto director John Tory was asked to study the workings of the bank's board; one of his recommendations was the creation of a public-policy committee to advise on the bank's "social responsibility."

Frazee applied these same instincts to the bank's 42,000 employees. Throughout the decade, corporate employment policies became proactive. The bank learned, after decades of reacting to social change *after* the fact, to anticipate its employees' needs. An ACCESS substance-abuse program was introduced. Later, employees were, for instance, offered "Eldercare" counselling to ease their concern over aging parents. In 1985, a Royal Employee Savings and Share Ownership Program was introduced. For the first time, bank employees were encouraged to invest in their own bank. Within a year, 17,800 did; by the early 1990s, 85 per cent of Royal Bankers owned shares in their own bank. Similarly, Frazee warned that women would no longer tolerate "empty propaganda" on their employment prospects in the bank. The work of the Equal Employment Opportunity program continued; the bank committed itself to 50/50 male-female hiring at the trainee level. Women's progress in the bank was steady, but slow at the top. In 1991, only 5 per cent of the executive cadre was female; lower down in the corporate structure, women registered much more impressive gains. Perhaps as a reflection of all these efforts, the Royal Bank was the only major bank listed in the first issue of *The Financial Post's 100 Best Companies in Canada.*

Frazee's turbulent ride in the early 1980s seemed to underscore several paramount lessons. Despite the shocks of LDC and energy debts, the Canadian financial system had illustrated its stability in the face of adversity. The failure of two regional banks – the Northland and the Canadian Commercial – in 1985 seemed to illustrate the wisdom of breadth rather than narrowness in national financial services. For the larger banks, the 1980s had provided a painful lesson in the necessity of a disciplined credit culture. The body blows landed in successive rounds of troubled LDC, energy, and, in the early 1990s, real-estate lending and concentrations in large loans to single borrowers like Olympia and York revealed the folly of straying from a balanced loan portfolio. These lessons were taught not only in Canadian bank classrooms. Banks everywhere were learning to refocus their strategies, to avoid the overenthusiasms that could lead to undue exposure in any one company or industry. Canadian banks would have to find roles appropriate to their strengths on the world stage. At the same time, they were coming to realize that they could no longer regard their own national banking turf as sacrosanct.

The tremendous opening up of international banking in the previous decades had accentuated the compartmentalized, regulated nature of Canadian banking. Throughout these same decades, for instance, Canadian banks had slipped steadily down the list of the world's largest banks, as the Asian banks emerged in force and as European banks engaged in activities that were off-limits to banks in Canada. The debate over the future of Canada's financial-services industry therefore came to focus on balancing existing efficiency and public confidence in the system with the need to allow these same institutions a broader base of activities. It was a complex calculation. If deregulation was the answer, the public would want their confidence in the new more-open system assured by continued ceilings on ownership, controls on self-dealing, and deposit insurance.

As early as 1969, a provincial study group in Quebec, headed by Montreal economist Jacques Parizeau, had reported that the banks' age-old prerogative of deposit-taking could now safely be spread among the entire financial-services industry, while the banks might at the same time take on some of the segregated fiduciary and investment privileges of the other three pillars. Throughout the seventies and early eighties, initiatives towards any measure of deregulation tended to bog down in the usual crosshatch of Canadian jurisdictions. Ottawa, for instance, regulated the banks, but the provinces oversaw the investment industry. By the early 1980s, however, the banks began to grow restless. Their ability to marry banking and investment functions off-shore heightened their sense of exclusion from the Canadian securities industry. Orion's 1985 affiliation with Kitcat and Aitken in London made little sense if the bank was unable to build similar bridges at home. Although he urged "extreme caution" in reforming Canada's financial services lest competition be decreased, Rowland Frazee became outspoken in favour of deregulation, "as long as we all play by the same rules." The first bank to actually try to break the logjam was the Toronto-Dominion, which in 1983 began offering a discount-brokerage service to its customers and managed to defend its initiative before the Ontario Securities Commission.

The dam actually broke in 1986. Robert MacIntosh, the president of the Canadian Bankers' Association at the time, has argued in his memoirs, *Different Drummers*, that the four pillars were finally brought down by an elemental federal-provincial squabble. Since the turn of the century, Montreal and Toronto had been jealously eyeing each other's financial prerogatives. The Royal Bank had first encountered the intensity of this rivalry when it unsuccessfully attempted to take over the Bank of Hamilton in 1915. The fever never really subsided, but in the decades after the Second World War, Toronto had clearly gained the upper hand. By the early 1980s, Montreal was eager to reassert its financial prowess and began pressuring Ottawa to allow it to become a mecca for off-shore banking, a kind of "New York North," where international bankers could shelter from taxes. Few had really thought out the actual economic benefit of such a centre, but its genesis quickly became political, and by the time Ottawa announced its go-ahead for the scheme in 1986, Vancouver had been added as a second international banking centre – to balance, as it were, the political ticket.

Toronto's reaction to Montreal's gain was predictable. Within months, Queen's Park announced that it would slacken its investment-industry guidelines to allow banks, trust companies, and even off-shore financial companies to acquire up to 30 per cent of investment companies domiciled in the province. Financial deregulation had arrived in Canada through the back door. The integrity of the Canadian financial system was at risk; the agenda of reform was being set and altered by political caprice. In September 1986, Ottawa finally stepped into the breach. Michael Wilson, the federal minister of finance, flew by helicopter into the Quebec resort of Montebello, and there, in conference with the heads of Canada's six big banks, acceded to the banks' demand that the barrier between commercial banking and investment banking be taken down.

Wilson's decision was made easier by the knowledge that the investment dealers themselves were asking for the 30 per cent restraint to be lifted. Three months later, a federal policy paper, *New Directions for the Financial Sector*, unveiled the blueprint for a financially deregulated Canada. Within a year, all the Canadian banks but one – the Toronto-Dominion – had bought a controlling interest in a Canadian brokerage house. The Canadian financial industry now stood on a new, broader, more-integrated foundation. The bank's December 1987 purchase of a controlling interest in Dominion Securities would soon allow Royal Bank to refer its clients to RBC Dominion Securities for their investment. Dominion Securities clients would be but a telephone call away from the services of a banker.

One of the men waiting for Michael Wilson's helicopter at Montebello that fall weekend in 1986 was Allan Taylor, the Royal Bank's new CEO. Throughout the Montebello consultations, Taylor had spoken forcefully on the need for new "ground rules" in Canadian finance, rules that would preserve public confidence and, at the same time, make Canada's banks globally competitive. Three months earlier, Frazee oversaw a smooth transfer of executive authority. Perhaps sensing that change was on the horizon, the board used the changeover to restructure the bank's executive. The emphasis was on breaking down the old truncation between the bank's domestic and international operations. Taylor would be served by two vice-chairmen, Mike Michell and Geoff Styles, and a president, John Cleghorn. A native Montrealer, Cleghorn was a relative newcomer to the bank, but he brought the kind of wide-ranging experience that would equip the bank well for the rapidly changing world of global and domestic banking. McGill-educated, Cleghorn was also a chartered accountant, with experience as a sugar-futures trader and banker at Citibank's Montreal, New York, Winnipeg, and Vancouver operations. In 1974, the limitations of working the restricted base of a foreign bank operating in his native land convinced Cleghorn that his future lay with the Royal Bank, the "bankers' bank."

Cleghorn, Styles, and Michell were all given "worldwide" mandates, which stressed the need to push quality of customer service down into the grass roots of the organization, wherever the bank operated. Mindful of balancing national obligations, Taylor placed the CEO's office in Toronto, and asked Cleghorn to run the bank's operational life out of Montreal.

Like banking itself at the watershed of the mid-1980s, there were hints of the old and the new in Allan Taylor. A thirty-seven-year veteran who had joined the bank in 1949 at age sixteen in his native Prince Albert, Saskatchewan, Taylor had become a banker the traditional way: on a stool in a small-town branch, as an inspector working out of Regina, and then poring over credit approvals in Toronto in the mid-1950s. He toyed with the idea of a college education. When friends asked why he stuck with the low-paying bank in the salad days of the fifties, he simply replied that he liked the work. In 1957, he married Shirley Ruston, a secretary at the bank's Saskatoon branch. The bank took him out of Saskatchewan, but he never lost the Saskatchewan touch: a low-keyed mix of warmth and directness. In 1965, the broader vistas of banking began to open up for Taylor when he was posted to New York as senior assistant agent. For most of the next eighteen years he found himself at the heart of the bank's attempt to remake its international operations, becoming head of its international division in 1977. By the time he was appointed president and chief operating officer in 1983, Taylor was intimately aware that global banking was a nervous, fast-changing affair, a world apart from the secure world of domestic banking of the fifties.

Taylor inherited a bank that faced some major challenges. Profits had sagged under the weight of energy-loan write-offs; the Royal Bank was still first in assets and in overall profits in Canada, but it had slipped to second in profitability and fourth in loan quality. A note of scepticism often tinged reports on the bank in the financial press: "stiff challenges at Royal Bank," wrote the *New York Times*. But Taylor quickly brought certain bank traditions to bear on these challenges. At fifty-three, he too was another Royal Bank "young man," and he too had a new frontier before him – to make the Royal Bank Canada's leading financial-services company. At his first annual meeting as chairman, he told the shareholders to expect "ambitious goals." He would maintain the quality that had always been the mainstay of Canadian retail banking and at the same time open it up to new products and new competition. In doing this he knew he had one trump card to play: the breadth and stability of Canada's national banking system. "You've got banks as big as ours," he told *The Times*, "but find one that has the diversity as well." The Royal Bank had a "hard-rock backbone" of $35 billion in consumer deposits. On this he would build a bank that was domestically progressive and "a prominent force in selected international markets." Such ambitions, Taylor knew, invited risks; his exposure to the "shocks" of the seventies and eighties had shown him that global banking was unavoidably volatile. But when, in 1987, the bank passed the $100-billion milepost in assets, there was a sense that Taylor had set it on the right course. There would be further shocks – the fallout from real-estate overdevelopment in the late eighties – but once again the innate stability of Canadian banking prevailed. As the decade of its 125th anniversary appeared on the horizon in 1990, the bank could report that its asset base was keeping pace with its age – $125 billion.

By 1993, Taylor would have his eye on the twenty-first century. Pursuing the logic of financial deregulation, Royal Bank reached an agreement in principle to buy one of Canada's oldest and best-established trust companies, Royal Trust. The press made the predictable play on this "Royal marriage," but shrewd financial observers were quick to note that the bank was once again placing itself on a bold new frontier: the combination of traditional banking with the fiduciary services of a trust company. "Royal Bank gains a huge block of assets," the *Financial Post* was quick to note, "and becomes the fourth-largest financial institution in North America." Business columnist Peter C. Newman reached a blunter and more-flattering conclusion in *Maclean's*: it was "the deal of the century."

"What a serious trade it has become!" wrote Stephen Leacock in a 1939 issue of *Banking*. Gone were the days when a "bank manager was supposed to turn up with the key of the bank about ten; the clerks dropped in soon after." Yet, for all its foibles, banking was "a profession calculated to enlarge the amenities of life," and it was something Canadians did well. By some measures, banking had become just that much more "serious" by the 1990s. At its core, however, the bank told its employees, shareholders, and clients, banking was still a matter of "quality service, quality people, quality leadership, quality assets, and quality earnings."

Some of the bank's 57,000 employees and some of its 7.5 million customers live in Truro, Nova Scotia. Five days a week, Al Keilty, the

*The Truro branch, c.1900. Since 1871 Royal Bank has served the Nova Scotian town of Truro. Few towns have enjoyed as long a relationship with the bank; two bank presidents – Morris Wilson and Sydney Dobson – trained as juniors in this branch.*

area manager at the bank's Truro main branch, shows up with the key. Shortly thereafter, Keilty, a thirty-nine-year bank veteran out of Canterbury, New Brunswick, and his full-time staff of thirty set to work serving the daily financial needs of the people of downtown Truro. Royal Bankers have been doing this in Truro, as we have seen, since 1871 – very few other branches have been so closely tied to one community for so long. On March 4, 1871, the Truro agency first opened its doors. Its doors were in fact the doors of John Dickie's general store. Dickie, whose career had wandered through shipbuilding, farming, teaching, and even a stint as the town coroner, had struck a deal with Thomas Kenny, the Halifax wholesaler who had long supplied him with dry goods. Kenny now offered Dickie a banking affiliation. "Banking services," Dickie later recalled, were "of a very primitive nature." Customers were served at a counter in the rear of his store. Dickie's ambitions soon shifted to politics. In 1874, he was elected to the Assembly in Halifax as the member for Colchester; his son, Martin, assumed charge of the Merchants' Bank agency three years later. He remained as manager in Truro until 1926.

John Dickie lived a lonely life as a banker, connected only by infrequent circulars to what must have seemed a distant head office in Halifax. The old "head office" on Bedford Row in Halifax is now long gone, but Royal Bank still operates on Truro's Prince Street, just up the block from where Dickie once operated his general store. As its manager, Al Keilty today lives a much livelier existence, connected by a net of telecommunications and couriers to a banking industry that straddles not just his own country but the world. Keilty's staff also offer the people of Truro a range of financial services that would have astounded John Dickie, whose understanding of banking extended no further than the intermittent financing of local trade.

Today, Truro main branch is one of the most venerable members of a Royal Bank "family" that wraps around the globe. Electronic communication, staff transfers, frequent training, and computer banking can make this family seem very small – a flicker on a screen away. But each branch or unit still serves the peculiar needs of the community in which it resides. As the staff in Truro locks the door each evening, the staff in Shanghai – where in 1993 Royal Bank became the first Canadian bank to open a full-service branch in China – are preparing to unlock theirs. Some branches never close: in Burlington, Ontario, Royal Bank's Drive-Thru Superbranch services clients in their cars at any time of the day – or night. Wherever Royal Bankers find themselves – in the front line of the branches or maintaining the structure that supports them – history seems to have bred in them an instinct for the social worth of what they are doing. Today they are encouraged to see this role in terms of "quality service" and "quality people." But some may still see themselves and their bank more in Leacock's terms – "enlarging the amenities of life."

# Appendix

Royal Bank is today Canada's largest financial institution; in 1864 it was a relatively insignificant copartnership on the Halifax waterfront. The following statistics are intended to provide a bold picture of the bank's tremendous growth – both domestic and international – over the last 125 years. Some areas of the bank's record-keeping in its earliest decades were rudimentary, a fact that is indicated in explanatory notes accompanying this table. By the late decades of the nineteenth century, the statistical series became more consistent and were reflected in the figures reported every year in the bank's annual report. These figures in turn reflect an annualized compilation of the bank's monthly submission of operating statistics to the Minister of Finance, an obligation stipulated in the Bank Act.

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**SYMBOLS USED IN TABLES**

(a) Pre-1883 share prices inconsistent

(b) In certain years the bank paid a bonus dividend, shown following the + sign

(c) 10-for-1 stock split

(d) Bank Act of 1944 terminated note-issuing privileges of Canadian banks

(e) 5-for-1 stock split

(f) Full-time equivalent from 1978

(g) 2-for-1 stock split

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# ANNUAL STATISTICS

($ thousands, except Dividends, Share Prices, Branches, and Employees)

| | Loans | Assets | Deposits | Royal Bank Notes in Circulation | Net Income |
|---|---|---|---|---|---|
| **MERCHANTS BANK** | | | | | |
| 1864 | No Record | No Record | No Record | No Record | Average |
| 1865 | " | " | " | " | of |
| 1866 | " | " | " | " | 9% |
| 1867 | " | " | " | " | on |
| 1868 | " | " | " | " | Paid-Up |
| 1869 | " | " | " | " | Capital |
| **MERCHANTS' BANK OF HALIFAX** | | | | | |
| 1869 | $ 267 | $ 729 | $ 285 | $ 90 | $ – |
| 1870 | 792 | 954 | 288 | 199 | 18 |
| 1871 | 1,102 | 1,336 | 424 | 364 | 42 |
| 1872 | 1,279 | 1,792 | 486 | 583 | 83 |
| 1873 | 1,870 | 2,392 | 779 | 645 | 110 |
| 1874 | 2,384 | 2,912 | 1,022 | 724 | 107 |
| 1875 | 2,202 | 2,595 | 869 | 486 | 97 |
| 1876 | 2,165 | 2,599 | 913 | 528 | 75 |
| 1877 | 2,383 | 2,963 | 1,291 | 503 | 82 |
| 1878 | 2,241 | 2,826 | 1,203 | 443 | 82 |
| 1879 | 2,093 | 2,668 | 1,097 | 414 | 62 |
| 1880 | 2,087 | 2,875 | 1,232 | 479 | 70 |
| 1881 | 2,745 | 3,395 | 1,616 | 626 | 74 |
| 1882 | 3,219 | 3,729 | 1,777 | 777 | 68 |
| 1883 | 3,098 | 4,162 | 1,928 | 870 | 98 |
| 1884 | 3,226 | 4,356 | 2,258 | 782 | 83 |
| 1885 | 2,854 | 3,761 | 1,743 | 745 | (45) |
| 1886 | 2,558 | 3,848 | 1,741 | 824 | 76 |
| 1887 | 3,251 | 4,559 | 2,294 | 955 | 93 |
| 1888 | 3,845 | 5,286 | 2,901 | 993 | 112 |
| 1889 | 4,185 | 5,569 | 2,972 | 1,032 | 124 |

| Retained Earnings | Capital Stock | Average Share Price | Dividends per Share | Number of Branches | Number of Employees |
|---|---|---|---|---|---|
| No Record | $ 160 | N.A. | N.A. | 1 | 3 |
| " | No Record | " | " | 1 | 3 |
| " | " | " | " | 1 | 3 |
| " | " | " | " | 1 | 3 |
| " | " | " | " | 1 | 3 |
| " | " | " | " | 1 | 3 |
| $ 20 | $ 300 | | N.A. | 1 | 4 |
| 20 | 400 | | 4.5% | 2 | 4 |
| 20 | 400 | | 6.5% | 7 | 12 |
| 60 | 600 | | 7.5% | 8 | 13 |
| 100 | 798 | | 8.0% | 10 | 15 |
| 150 | 800 | | 8.0% | 11 | 17 |
| 180 | 900 | | 8.0% | 11 | 19 |
| 180 | 900 | | 8.0% | 11 | 19 |
| 180 | 900 | | 7.5% | 12 | 19 |
| 180 | 900 | | 8.0% | 12 | 22 |
| 180 | 900 | | 7.5% | 12 | 23 |
| 180 | 900 | | 7.0% | 12 | 24 |
| 180 | 900 | | 7.0% | 13 | 29 |
| 180 | 900 | (a) | 7.0% | 22 | 43 |
| 200 | 1,000 | $ 123.50 | 7.0% | 22 | 55 |
| 200 | 1,000 | 114.00 | $7.00 | 22 | 59 |
| 120 | 1,000 | 102.00 | 7.00 | 22 | 61 |
| 120 | 1,000 | 101.75 | 6.00 | 22 | 64 |
| 160 | 1,000 | 109.00 | 6.00 | 25 | 64 |
| 200 | 1,000 | 117.50 | 6.00 | 25 | 69 |
| 275 | 1,100 | 125.25 | 6.00 | 24 | 84 |

| | Loans | Assets | Deposits | Royal Bank Notes in Circulation | Net Income |
|---|---|---|---|---|---|
| 1890 | 4,435 | 5,849 | 3,278 | 996 | 144 |
| 1891 | 4,799 | 6,264 | 3,485 | 949 | 143 |
| 1892 | 5,665 | 7,602 | 4,252 | 1,020 | 127 |
| 1893 | 5,732 | 7,641 | 4,273 | 1,014 | 180 |
| 1894 | 6,328 | 8,539 | 4,966 | 941 | 159 |
| 1895 | 7,135 | 9,812 | 6,199 | 1,001 | 188 |
| 1896 | 7,874 | 10,759 | 6,328 | 1,185 | 208 |
| 1897 | 7,498 | 10,967 | 6,927 | 1,187 | 200 |
| 1898 | 8,499 | 12,682 | 8,275 | 1,387 | 187 |
| 1899 | 11,813 | 17,102 | 11,324 | 1,854 | 249 |
| 1900 | 12,282 | 17,844 | 12,016 | 1,833 | 182 |

**ROYAL BANK OF CANADA**

| | | | | | |
|---|---|---|---|---|---|
| 1901 | 13,261 | 19,377 | 13,363 | 1,847 | 209 |
| 1902 | 14,132 | 21,870 | 13,929 | 1,921 | 280 |
| 1903 | 16,342 | 25,107 | 16,087 | 2,304 | 373 |
| 1904 | 18,198 | 31,184 | 21,945 | 2,535 | 435 |
| 1905 | 22,489 | 36,374 | 26,436 | 2,821 | 492 |
| 1906 | 28,669 | 45,438 | 32,465 | 3,780 | 604 |
| 1907 | 29,816 | 46,351 | 33,265 | 3,654 | 742 |
| 1908 | 30,661 | 50,470 | 37,443 | 3,556 | 747 |
| 1909 | 43,839 | 67,051 | 50,822 | 4,580 | 838 |
| 1910 | 60,586 | 92,510 | 72,080 | 5,926 | 951 |
| 1911 | 73,631 | 110,529 | 88,295 | 6,338 | 1,152 |
| 1912 | 124,240 | 179,211 | 137,892 | 12,585 | 1,527 |
| 1913 | 122,536 | 180,247 | 138,178 | 13,177 | 2,142 |
| 1914 | 114,812 | 179,404 | 136,051 | 13,505 | 1,886 |
| 1915 | 126,023 | 198,299 | 154,976 | 14,225 | 1,906 |
| 1916 | 157,779 | 253,261 | 200,228 | 18,178 | 2,111 |
| 1917 | 183,227 | 335,574 | 252,987 | 28,159 | 2,328 |
| 1918 | 218,190 | 427,513 | 332,592 | 39,381 | 2,810 |
| 1919 | 284,083 | 533,647 | 419,121 | 39,837 | 3,423 |
| 1920 | 344,705 | 594,670 | 455,017 | 41,673 | 4,254 |
| 1921 | 290,185 | 500,648 | 375,616 | 31,290 | 4,038 |
| 1922 | 291,548 | 479,362 | 372,004 | 26,646 | 3,958 |
| 1923 | 311,096 | 538,359 | 421,334 | 31,227 | 3,909 |
| 1924 | 291,477 | 583,790 | 461,829 | 29,822 | 3,879 |

| Retained Earnings | Capital Stock | Average Share Price | Dividends per Share | Number of Branches | Number of Employees |
|---|---|---|---|---|---|
| 375 | 1,100 | 130.75 | 6.00 | 25 | 97 |
| 450 | 1,100 | 131.63 | 6.00 | 24 | 101 |
| 510 | 1,100 | 132.00 | 6.00 | 25 | 105 |
| 600 | 1,100 | 138.50 | 6.50 | 25 | 113 |
| 680 | 1,100 | 145.25 | 7.00 | 25 | 115 |
| 975 | 1,500 | 156.00 | 7.00 | 26 | 118 |
| 1,075 | 1,500 | 161.50 | 7.00 | 27 | 123 |
| 1,175 | 1,500 | 171.25 | 7.00 | 30 | 138 |
| 1,250 | 1,500 | 185.00 | 7.00 | 36 | 151 |
| 1,700 | 1,985 | 183.50 | 7.00 | 42 | 210 |
| 1,700 | 2,000 | 177.50 | 7.00 | 40 | 245 |
| 1,700 | 2,000 | 175.00 | 7.00 | 41 | 256 |
| 2,500 | 2,481 | 183.75 | 7.50 | 42 | 276 |
| 3,000 | 3,000 | 213.25 | 8.00 | 47 | 316 |
| 3,000 | 3,000 | 204.63 | 8.00 | 52 | 378 |
| 3,400 | 3,000 | 219.13 | 8.25 | 59 | 404 |
| 4,390 | 3,900 | 234.75 | 9.25 | 80 | 514 |
| 4,390 | 3,900 | 230.00 | 10.00 | 97 | 629 |
| 4,600 | 3,900 | 222.38 | 10.00 | 109 | 719 |
| 5,700 | 5,000 | 222.50 | 10.00 | 130 | 887 |
| 7,000 | 6,200 | 234.75 | 11.25 | 179 | 1,264 |
| 7,056 | 6,251 | 233.00 | 12.00 | 207 | 1,500 |
| 12,560 | 11,560 | 227.00 | 12.00 | 340 | 2,408 |
| 12,560 | 11,560 | 220.50 | 12.00 | 378 | 2,823 |
| 12,560 | 11,560 | 223.50 | 12.00 | 392 | 2,855 |
| 12,560 | 11,560 | 261.00 | 12.00 | 380 | 2,671 |
| 12,560 | 12,000 | 216.13 | 12.00 | 380 | 2,733 |
| 14,000 | 12,912 | 211.00 | 12.00 | 434 | 3,474 |
| 15,000 | 14,000 | 211.50 | 12.00 | 548 | 4,218 |
| 17,000 | 17,000 | 213.25 | 12.00 + 2.00 (b) | 662 | 5,294 |
| 20,134 | 20,134 | 211.25 | 12.00 + 2.00 | 745 | 6,548 |
| 20,400 | 20,400 | 199.25 | 12.00 + 2.00 | 722 | 6,241 |
| 20,400 | 20,400 | 200.50 | 12.00 + 2.00 | 687 | 6,136 |
| 20,400 | 20,400 | 215.25 | 12.00 + 2.00 | 684 | 6,555 |
| 20,400 | 20,400 | 225.75 | 12.00 + 2.00 | 668 | 6,665 |

| | Loans | Assets | Deposits | Royal Bank Notes in Circulation | Net Income |
|---|---|---|---|---|---|
| 1925 | 409,286 | 788,479 | 641,678 | 41,497 | 4,082 |
| 1926 | 440,445 | 766,377 | 612,860 | 39,171 | 4,516 |
| 1927 | 534,650 | 894,664 | 722,636 | 42,556 | 5,370 |
| 1928 | 543,203 | 909,396 | 707,467 | 43,830 | 5,881 |
| 1929 | 640,503 | 1,001,443 | 772,088 | 43,566 | 7,145 |
| 1930 | 552,984 | 889,917 | 695,589 | 36,730 | 6,573 |
| 1931 | 502,356 | 825,702 | 647,303 | 33,237 | 5,448 |
| 1932 | 432,744 | 765,513 | 619,094 | 28,734 | 4,862 |
| 1933 | 384,666 | 729,260 | 600,448 | 29,350 | 3,902 |
| 1934 | 386,889 | 758,424 | 637,479 | 33,222 | 4,398 |
| 1935 | 379,286 | 800,920 | 688,367 | 32,568 | 4,341 |
| 1936 | 341,252 | 855,588 | 746,764 | 29,525 | 3,504 |
| 1937 | 338,360 | 869,538 | 756,090 | 28,645 | 3,711 |
| 1938 | 347,456 | 908,065 | 804,109 | 26,397 | 3,696 |
| 1939 | 355,882 | 1,014,708 | 911,519 | 26,028 | 3,725 |
| 1940 | 351,637 | 955,570 | 852,398 | 25,103 | 3,527 |
| 1941 | 363,223 | 1,075,120 | 956,104 | 22,326 | 3,536 |
| 1942 | 366,967 | 1,291,616 | 1,181,217 | 18,271 | 3,390 |
| 1943 | 400,340 | 1,509,098 | 1,399,891 | 12,851 | 3,426 |
| 1944 | 420,174 | 1,790,252 | 1,676,885 | 9,580 | 3,812 |
| 1945 | 493,925 | 2,007,547 | 1,888,757 | 7,007 | 3,828 |
| 1946 | 486,593 | 2,131,974 | 1,963,104 | 5,679 | 6,906 |
| 1947 | 615,742 | 2,093,641 | 1,934,186 | 4,761 | 8,725 |
| 1948 | 664,855 | 2,222,488 | 2,067,489 | 4,321 | 9,517 |
| 1949 | 660,723 | 2,334,985 | 2,192,141 | 3,704 | 10,918 |
| 1950 | 792,896 | 2,497,376 | 2,337,503 | 250 | 11,845 |
| 1951 | 854,725 | 2,515,645 | 2,350,314 | 156 | 12,983 |
| 1952 | 987,303 | 2,691,457 | 2,527,510 | 101 | 14,745 |
| 1953 | 1,149,308 | 2,895,856 | 2,734,644 | (d) 83 | 18,953 |
| 1954 | 1,217,846 | 3,026,896 | 2,797,548 | | 20,914 |
| 1955 | 1,350,639 | 3,284,144 | 3,062,220 | | 10,858 |
| 1956 | 1,654,460 | 3,571,298 | 3,278,375 | | 12,467 |
| 1957 | 1,895,367 | 3,760,545 | 3,426,683 | | 13,920 |
| 1958 | 1,781,482 | 4,133,559 | 3,782,069 | | 15,868 |
| 1959 | 2,186,000 | 4,129,659 | 3,777,620 | | 17,119 |

| | Retained Earnings | Capital Stock | Average Share Price | Dividends per Share | Number of Branches | Number of Employees |
|---|---|---|---|---|---|---|
| | 24,400 | 24,400 | 241.38 | 12.00 + 2.00 | 922 | 8,532 |
| | 24,400 | 24,400 | 259.25 | 12.00 + 2.00 | 901 | 8,457 |
| | 30,000 | 30,000 | 300.50 | 12.00 + 2.00 | 903 | 8,422 |
| | 30,000 | 30,000 | 383.50 | 12.00 + 2.00 | 912 | 8,366 |
| | 35,000 | 35,000 | 341.00 | 12.00 + 2.00 | 944 | 8,656 |
| | 35,000 | 35,000 | 293.50 | 12.00 + 2.00 | 941 | 8,784 |
| | 35,000 | 35,000 | 276.00 | 12.00 | 909 | 8,217 |
| | 35,000 | 35,000 | 145.50 | 11.00 | 860 | 7,717 |
| | 20,000 | 35,000 | 153.00 | 8.50 | 817 | 7,331 |
| | 20,000 | 35,000 | 150.00 | 8.00 | 789 | 6,956 |
| | 20,000 | 35,000 | 153.50 | 8.00 | 766 | 6,877 |
| | 20,000 | 35,000 | 184.00 | 8.00 | 737 | 6,849 |
| | 20,000 | 35,000 | 195.75 | 8.00 | 728 | 6,877 |
| | 20,000 | 35,000 | 178.50 | 8.00 | 716 | 7,046 |
| | 20,000 | 35,000 | 166.50 | 8.00 | 712 | 7,016 |
| | 20,000 | 35,000 | 167.63 | 8.00 | 705 | 7,180 |
| | 20,000 | 35,000 | 157.75 | 8.00 | 705 | 7,280 |
| | 20,000 | 35,000 | 135.00 | 7.50 | 667 | 7,803 |
| | 20,000 | 35,000 | 141.13 | 6.00 | 653 | 7,788 |
| | 20,000 | 35,000 | (c) 14.73 | 0.60 (c) | 652 | 8,034 |
| | 20,000 | 35,000 | 17.69 | 0.60 | 654 | 8,823 |
| | 40,000 | 35,000 | 22.88 | 0.80 | 669 | 9,640 |
| | 40,000 | 35,000 | 23.50 | 0.85 | 692 | 10,427 |
| | 44,000 | 35,000 | 24.57 | 1.00 | 709 | 10,567 |
| | 44,000 | 35,000 | 26.38 | 1.00 | 727 | 10,983 |
| | 50,000 | 35,000 | 28.75 | 1.00 | 751 | 11,720 |
| | 52,000 | 35,000 | 28.00 | 1.00 + .20 | 761 | 12,409 |
| | 55,000 | 35,000 | 29.75 | 1.00 + .25 | 778 | 12,580 |
| | 70,000 | 35,000 | 35.13 | 1.20 + .20 | 793 | 13,291 |
| | 103,620 | 41,810 | 44.25 | 1.425 + .10 | 813 | 14,077 |
| | 108,918 | 42,000 | 56.88 | 1.575 + .20 | 851 | 14,510 |
| | 136,403 | 50,299 | 62.50 | 1.80 + .25 | 872 | 15,214 |
| | 151,603 | 50,400 | 66.00 | 2.00 + .10 | 903 | 15,760 |
| | 189,323 | 60,422 | 65.50 | 2.00 + .25 | 935 | 15,869 |
| | 195,541 | 60,480 | 83.75 | 2.025 + .30 | 969 | 15,870 |

| | Loans | Assets | Deposits | Royal Bank Notes in Circulation | Net Income |
|---|---|---|---|---|---|
| 1960 | 2,209,030 | 4,296,822 | 3,884,134 | | 19,504 |
| 1961 | 2,357,165 | 4,954,610 | 4,501,789 | | 20,760 |
| 1962 | 2,622,186 | 5,128,750 | 4,673,708 | | 21,492 |
| 1963 | 2,872,277 | 5,713,936 | 5,191,490 | | 22,580 |
| 1964 | 3,166,714 | 6,231,598 | 5,655,230 | | 23,757 |
| 1965 | 3,771,999 | 6,571,055 | 5,921,645 | | 23,239 |
| 1966 | 3,940,142 | 6,935,931 | 6,304,215 | | 27,432 |
| 1967 | 4,402,748 | 7,779,659 | 7,028,816 | | 30,279 |
| 1968 | 4,739,084 | 8,743,218 | 7,955,074 | | 35,324 |
| 1969 | 5,752,525 | 10,196,159 | 9,308,225 | | 40,530 |
| 1970 | 6,166,013 | 11,368,623 | 10,303,212 | | 44,620 |
| 1971 | 6,973,914 | 12,953,578 | 11,772,301 | | 44,052 |
| 1972 | 8,111,053 | 14,767,516 | 13,537,382 | | 51,399 |
| 1973 | 9,972,051 | 18,363,535 | 16,800,301 | | 56,047 |
| 1974 | 12,713,031 | 21,669,880 | 19,441,373 | | 63,879 |
| 1975 | 15,816,493 | 25,211,131 | 22,870,875 | | 103,936 |
| 1976 | 17,825,430 | 28,831,586 | 26,290,831 | | 101,050 |
| 1977 | 23,066,315 | 34,275,159 | 31,874,374 | | 184,727 |
| 1978 | 26,977,407 | 40,603,054 | 37,564,356 | | 271,105 |
| 1979 | 32,714,333 | 50,675,587 | 45,574,896 | | 309,691 |
| 1980 | 40,805,248 | 61,482,111 | 55,833,184 | | 334,032 |
| 1981 | 57,131,133 | 85,359,452 | 76,865,388 | | 458,176 |
| 1982 | 60,284,459 | 88,455,992 | 78,405,462 | | 181,648 |
| 1983 | 58,066,890 | 84,681,823 | 74,389,208 | | 312,993 |
| 1984 | 59,014,248 | 88,002,708 | 77,588,345 | | 385,085 |
| 1985 | 63,830,803 | 96,016,863 | 83,542,969 | | 454,104 |
| 1986 | 65,934,201 | 99,606,565 | 84,253,271 | | 452,037 |
| 1987 | 69,292,539 | 102,170,201 | 85,811,030 | | (287,686) |
| 1988 | 77,781,339 | 110,054,340 | 87,238,280 | | 712,318 |
| 1989 | 83,238,785 | 114,659,558 | 89,186,275 | | 529,073 |
| 1990 | 92,694,057 | 125,938,027 | 99,167,997 | | 964,929 |
| 1991 | 98,344,455 | 132,352,007 | 105,022,395 | | 983,466 |
| 1992 | 99,527,473 | 138,292,738 | 112,222,064 | | 107,355 |

| | Retained Earnings | Capital Stock | Average Share Price | Dividends per Share | Number of Branches | Number of Employees |
|---|---|---|---|---|---|---|
| | 225,429 | 66,434 | 72.50 | 2.125 + .25 | 1,018 | 16,662 |
| | 239,856 | 66,528 | 78.69 | 2.20 + .30 | 1,040 | 16,541 |
| | 244,716 | 66,528 | 73.88 | 2.25 + .25 | 1,084 | 17,602 |
| | 251,332 | 66,528 | 75.50 | 2.40 + .15 | 1,110 | 17,670 |
| | 257,792 | 66,528 | 75.50 | 2.40 + .20 | 1,146 | 18,495 |
| | 263,734 | 66,528 | 77.13 | 2.60 | 1,184 | 19,436 |
| | 271,207 | 66,528 | 72.25 | 3.00 | 1,202 | 20,090 |
| | 281,528 | 66,528 | (e) 15.48 | 0.60 (e) | 1,221 | 20,597 |
| | 293,567 | 66,528 | 20.25 | 0.70 | 1,241 | 21,737 |
| | 308,484 | 66,528 | 23.00 | 0.77 | 1,264 | 23,181 |
| | 324,497 | 66,528 | 21.38 | 0.86 | 1,312 | 24,306 |
| | 341,316 | 66,528 | 26.19 | 0.88 | 1,366 | 24,435 |
| | 375,781 | 66,528 | 33.63 | 0.96 | 1,393 | 25,701 |
| | 424,746 | 66,528 | 35.59 | 1.02 | 1,409 | 28,225 |
| | 450,258 | 66,528 | 31.75 | 1.10 | 1,470 | 31,094 |
| | 570,326 | 72,951 | 31.25 | 1.23 | 1,524 | 32,464 |
| | 657,721 | 73,181 | 27.19 | 1.305 | 1,567 | 34,429 |
| | 781,049 | 73,181 | 25.69 | 1.38 | 1,595 | 35,335 |
| | 1,005,686 | 73,181 | 32.07 | 1.565 | 1,600 | (f) 37,746 |
| | 1,219,329 | 73,181 | 41.32 | 2.18 | 1,604 | 38,895 |
| | 1,605,621 | 80,243 | 49.57 | 2.52 | 1,592 | 39,439 |
| | 1,908,263 | 233,128 | (g) 28.32 | 1.70 (g) | 1,574 | 42,040 |
| | 1,992,544 | 438,871 | 22.75 | 2.00 | 1,568 | 42,904 |
| | 2,019,893 | 1,278,972 | 29.75 | 2.00 | 1,536 | 42,321 |
| | 2,094,484 | 1,646,751 | 30.06 | 2.00 | 1,510 | 41,888 |
| | 2,328,842 | 1,839,009 | 29.94 | 2.00 | 1,494 | 41,951 |
| | 2,444,081 | 2,217,561 | 31.38 | 2.00 | 1,496 | 43,229 |
| | 1,806,622 | 2,557,208 | 32.31 | 2.02 | 1,517 | 42,839 |
| | 2,171,766 | 2,915,258 | 31.31 | 2.08 | 1,560 | 46,096 |
| | 2,322,361 | 3,459,593 | 41.25 | 2.20 | 1,607 | 47,989 |
| | 2,857,333 | 3,596,089 | (g) 22.72 | 1.16 (g) | 1,665 | 50,106 |
| | 3,374,899 | 4,386,716 | 24.00 | 1.16 | 1,747 | 50,547 |
| | 3,001,757 | 4,503,930 | 25.25 | 1.16 | 1,744 | 49,628 |

# Notes

**LIST OF ACRONYMS USED IN NOTES**

| | |
|---|---|
| CBA | Canadian Bankers' Association |
| CBAA | Canadian Bankers' Assocation Archives |
| CHA | Canadian Historical Association |
| CL | Circular Letter |
| CMHA | Canada Mortgage and Housing Corporation |
| JCBA | Journal of the Canadian Bankers' Association |
| MBH | Merchants' Bank of Halifax |
| NAC | National Archives of Canada |
| NHA | National Housing Act |
| PANS | Public Archives of Nova Scotia |
| RBC | Royal Bank of Canada |

## Introduction

1 Royal Bank of Canada, Minute Books, RBC-2 31-el, Aug. 6, 1907.

2 F. T. Walker, "Neck and Neck Banking–How Branches were Established in the 'Good Old Days,'" *Royal Bank Magazine*, vol. 176, Aug.-Sept. 1937, pp. 8-9 and 23. Walker Reminiscences, RBC 4 Wa.

3 *Debates of the House of Commons*, July 26, 1944, p. 1296.

4 Robertson Davies, *The Enthusiasms of Robertson Davies*, Toronto, 1979, p. 314.

5 The *Monetary Times*, Oct. 8, 1910, Supplement p. 3.

6 R.M. Breckenridge, *The Canadian Banking System 1817-1890*, Toronto, 1894, p. 3. See also: "As Others See Us" (editorial), JCBA, vol. 16, #1, Oct. 1908, pp. 4-5 and Adam Shortt, *History of Canadian Currency and Banking, 1600-1880*, republished by CBA, Toronto, nd.

7 J. M. McPherson (Molsons Bank), *JCBA*, vol. 1, Sept. 1893, p. 59.

8 W. W. Swanson, "Canada's Remarkable Banking Record," *Monetary Times*, Sept. 27, 1918, p. 46.

9 Halifax *Chronicle*, March 4, 1875.

10 Eva Innes, Jim Lyons and Jim Harris, *The Financial Post 100 Best Companies to Work for in Canada*, Toronto, 1990, pp. 235-58.

11 See, for instance: R. Craig McIvor, *Canadian Monetary, Banking and Fiscal Development*, Toronto, 1958, pp. ix-x.

12 See: A. B. Jamieson, *Chartered Banking in Canada*, Toronto, 1953, J. A. Galbraith, *The Economics of Banking Operations*, Montreal, 1963 and E. P. Neufeld, *Bank of Canada Policy Appraised*, Toronto, 1958 and *Money and Banking in Canada*, Toronto, 1964 and *The Financial System of Canada: Its Growth and Development*, Toronto, 1972.

13 R. J. Gould, "Training the Man," JCBA, vol. 16, #1, pp. 174-75.

14 Kenny to Thompson, July 27, 1889, Thompson Papers, MG 26 D, NAC.

## Chapter One

1 For port information, see: Luke Hutchinson, *The Halifax Business Directory*, Halifax, 1863, David McAlpine, *Halifax City Directory 1869-70*, Halifax,

and *Halifax and Its Business: Historical Sketch and Description of the City and Its Institutions*, N.S. Printing Co., Halifax, 1876.

[2] A. G. Jones Reminiscences, Halifax *Morning Chronicle*, Jan. 4, 1892.

[3] T. & E. Kenny & Co. postcard, April 6, 1880, James Dickie Papers, Dalhousie University Archives.

[4] See: Dickie and Frieze Papers in the Dalhousie University Archives, especially: T. & E. Kenny to Frieze & Roy, March 1, 1877, and May 25, 1882, Frieze Papers.

[5] *Monetary Times*, March 7, 1873, p. 775.

[6] Johnston to Jones, April 8, 1864, A. G. Jones Papers, MG 1, vol. 523 PANS.

[7] See: D. A. Sutherland, "Sir Edward Kenny," *Dictionary of Canadian Biography*, vol. 11, pp. 480-82 and T. M. Punch, *Some Sons of Erin in Nova Scotia*, Halifax, 1980.

[8] See: A. C. Dunlop, "John Barnhill Dickie," *Dictionary of Canadian Biography*, vol. 11, pp. 262-63.

[9] See: G. F. Butler, "The Early Organization and Influence of Halifax Merchants, *Collections of the Nova Scotia Historical Society*, vol. 25, 1942, Julian Gwyn, "'A Little Province Like This': The Economy of Nova Scotia under Stress, 1812-1853," in D. Akenson, ed., *Canadian Papers in Rural History*, vol. 6, Gananoque, 1983, and David Sutherland, "Halifax Merchants and the Pursuit of Development 1783–1850," *Canadian Historical Review*, vol. LIX, 1978.

[10] *The Weekly Citizen* (Halifax), Dec. 31, 1864, and various petitioners to J. Howe, July 5, 1866, Jones Papers, vol. 523, PANS.

[11] *British Colonist*, July 2, 1867.

[12] *Monetary Times*, Aug. 16, 1872, p. 124.

[13] F. H. Bell, "The Nova Scotia Act Respecting Assignments and Preferences," JCBA, vol. 7, #3, April 1900.

[14] R. G. Dun & Co. mercantile ratings, vol. 11, p. 324, NAC.

[15] *Acadian Recorder*, Sept. 16, 1874.

[16] Halifax *Herald*, Feb. 18, 1880.

[17] *British Colonist*, June 10, 1869. Tobin left an estate of $270,000.

[18] All quotations taken from Dun's mercantile ratings for Halifax, 1852-1880, *Op. cit.*

[19] Connolly to J. A. Macdonald, Sept. 16, 1868, cited in F. J. Wilson, "The Most Rev. Thomas L. Connolly, Archbishop of Halifax," *Canadian Catholic Historical Association Report*, 1943-44, pp. 84-86.

[20] Kenny to Macdonald, May 30, 1878, Macdonald Papers, #160732-3, NAC. For T. E. Kenny biography, see: Halifax *Morning Chronicle*, Oct. 26, 1908.

[21] R. M. Breckenridge, *The Canadian Banking System, 1817-1890*, New York, 1895, p. 205.

[22] R. Craig McIvor, *Canadian Monetary, Banking and Fiscal Development*, Toronto, 1958, pp. 59-63.

[23] *Ibid.*, p. 61. See: Joseph Schull and J. Douglas Gibson, *The Scotiabank Story: A History of the Bank of Nova Scotia, 1832-1982*, Toronto, 1982.

[24] See: Acadia Fire Insurance Co. file, MG 100, vol. 155, file 5, PANS.

[25] Breckenridge, *Op. cit.*, p. 210.

[26] *Halifax and Its Business: Historical Sketch and Description of the City and its Institutions*, Halifax, 1876, p. 51.

[27] Minute Book of the Union Bank of Halifax, Feb. 4, 1864, RAB 4 B-1.

[28] *Acadian Recorder*, Sept. 24, 1872.

[29] Halifax *Morning Chronicle*, April 26, 1864.

[30] R. G. Dun & Co. Mercantile Ratings, *Op. cit.*

[31] Merchants' Bank of Halifax, *Prospectus*, April 1869, MBH-1 Ab-2.

[32] "Resolutions adopted by the Halifax Banks," *Monetary Times*, May 13, 1869, p. 615.

[33] See: E. P. Neufeld, *The Financial System of Canada: Its Growth and Development*, Toronto, 1972, chap. 4.

[34] See: Adam Shortt, *History of Canadian Currency and Banking 1600-1880*, reprinted by CBA, Toronto, nd, pp. 560-82

[35] Neufeld, *Op. cit.*, p. 88.

[36] Through the 1870s, T. E. Kenny acted as a confidant to Macdonald's Nova Scotia political lieutenants. See, for instance:

Kenny to Charles Tupper, Dec. 15, 1872, Tupper Papers #1878, NAC.

37 MBH 1 Ab-2.

38 An Act to Incorporate the Merchants' Bank of Halifax, chap. LIX, 32-33 Victoria.

39 *Monetary Times*, May 13, 1869, p. 615.

40 MBH Minute Book, Oct. 18 and Nov. 10, 1869.

41 *Ibid.*, March 10, 1870.

42 *Monetary Times*, March 25, 1870, p. 503.

43 *Debates of the House of Commons*, March 4, 1890, p. 1411. Kenny's salary as president in 1872 was $800 a year.

44 W. M. Botsford Reminiscences, RBC 4 Bo.

45 MBH Minute Books, March 9 and 10, 1870.

46 MBH Minute Book, March 5, 1879.

47 MBH Minute Book, April 26, 1875.

48 *Ibid.*, March 3, 1875.

49 Halifax *Recorder*, July 5, 1877.

50 Kenny to Jones, Oct. 3, 1883, RBC 5 Ken-3. Amazingly, Kenny was wrong in placing the bank at Granville and George; it was actually at Hollis and George.

51 Petition of Shediac merchants to MBH, June 23, 1886, MBH 2 D-19.

52 MBH Minute Book, July 25, 1870, and Chisholm and Dickie Reminiscences, RBC 4.

53 *Royal Bank Magazine*, vol. 3, #1, Dec. 1923, p. 86.

54 For a glimpse into these early agencies, see: Frieze & Roy (MS-4-57) and Dickie Papers (MS-4-63) at the Dalhousie University Archives.

55 See, for instance: MBH Minute Book, Sept. 5, 1882.

56 MBH Minutes, May 26, 1875.

57 Maclean to Frieze, March 31, 1877, Frieze Papers, *Op. cit.*.

58 MBH Minute Book, Dec. 11, 1974.

59 *Monetary Times*, Jan. 2, 1874, p. 636 and Jan. 24, 1874, p. 722.

60 Halifax *Morning Chronicle*, Feb. 9, 1887.

61 Northup to Frieze, April 12, 1877.

62 MBH Minute Book, April 23, 1873 and *Monetary Times*, April 25, 1873, p. 939.

63 MBH Minute Book, Sept. 4, 1874.

64 MBH Minute Book, Nov. 28, 1881. See: Douglas Baldwin, "The Growth and Decline of the Charlottetown Banks, 1854-1906," *Acadiensis*, vol. XV, #2, Spring 1986.

65 *Ibid.*, Oct. 17, 1883. The Maritime Bank went into voluntary receivership in 1887.

66 *Monetary Times*, March 28, 1884, p. 1089.

67 *Monetary Times*, Sept. 12, 1879, p. 331.

68 MBH Minute Book, Jan. 3, 1882 and *Monetary Times*, Feb. 17, 1882, p. 1004.

69 MBH Minute Book, Dec. 19, 1882.

70 *Ibid.*, April 20, 1883.

71 *Ibid.*, Dec. 12, 1883.

72 *Ibid.*, Nov. 28, 1884.

73 Good examples of early circulars are available in the Frieze and Roy Papers at Dalhousie.

74 MBH Minute Book, June 7, 1886.

75 *Ibid.*, Oct. 22, 1886.

76 *Ibid.*, May 10, 1886.

77 *Ibid.*, Feb. 25, 1885.

78 *Monetary Times*, Feb. 13, 1885, p. 910 and p. 916.

79 *Monetary Times*, March 19, 1886, p. 1065.

80 MBH Minutes, July 23 and Nov. 28, 1883.

81 *Monetary Times*, July 10, 1887, p. 465.

82 *Ibid.*, March 12, 1886, pp. 1042-43.

83 Nov. 20, 1885. The interaction of industry and finance in post-Confederation Atlantic Canada has been extensively researched. Two excellent articles are: T. W. Acheson, "The National Policy and the Industrialization of the Maritimes, 1880-1910," *Acadiensis*, vol. 1, Spring 1972 and James Frost "The 'Nationalization' of the Bank of Nova Scotia, 1880-1910," *Ibid.*, vol. 12, Autumn 1982.

84 Kenny to Macdonald, Jan. 31, 1887, Macdonald Papers, NAC.

[85] *Debates of the House of Commons*, May 6, 1887, p. 300 and April 20, 1887, p. 1413.

[86] MBH Minute Book, July 15, 1885.

[87] *Ibid.*, Aug. 4, 1887.

## Chapter Two

[1] Excellent sources exist for Canadian bank architecture. See, in particular: Susan Wagg *et al.*, *Money Matters: A Critical Look at Bank Architecture*, New York, 1990, and Kelly Crossman, *Architecture in Transition: From Art to Practice, 1885-1906*, Montreal, 1987. Leacock quotation from Marion Scott, "Banking Halls," Montreal *Gazette*, Dec. 17, 1990.

[2] E. P. Neufeld, *The Financial System of Canada: Its Growth and Development*, Toronto, 1972, p. 99.

[3] See: Merrill Denison, *Canada's First Bank: A History of the Bank of Montreal*, 2 vols., Montreal, 1967.

[4] F. T. Walker Reminiscences, RBC 4 Wa.

[5] Torrance to Pease, Jan. 31, 1900, MBH 2 D-14.

[6] MBH Minute Book, Sept. 17, 1891.

[7] Duncan to Pease, April 4, 1888, MBH 2 D-14.

[8] S. G. Dobson, *The Royal Bank of Canada, 1864-1945*, Montreal, 1954, p. 63.

[9] Pease to Duncan, Jan. 8, 1889, MBH 2 D-10-11.

[10] *Ibid.*, April 12, 1890.

[11] Duncan to Pease, May 28, 1888, MBH 2 D-10.

[12] For Pease's reforming zeal, see: G. R. Chisholm and C. E. Mackenzie Reminiscences RBC 4. The systematization of the Merchants' procedures and particularly its branch network was fundamentally influenced by Scottish banking practice. See: S. G. Checkland, *Scottish Banking: A History, 1695-1973*, Glasgow, 1975, parts three and four.

[13] *Monetary Times*, Feb. 17, 1888, p. 1034.

[14] *Monetary Times*, Dec. 28, 1888, p. 788, and John Knight, "The Montreal Clearing House: Its History and Mechanism," *JCBA*, vol. X, #1, Oct. 1902.

[15] A good survey of each revision is available in A. B. Jamieson, *Chartered Banking In Canada*, Toronto, 1953, chap. 2.

[16] Bank Act Revision 1880 - Minutes of Meeting with Government Officials, Mar. 18, 1880, CBAA, file 87-505-02. The Merchants' did not send a representative to Ottawa in 1880.

[17] Pease to E. Clouston, CBA president, July 11, 1910, CBAA, file 87-505-05.

[18] *Monetary Times*, Jan. 20, 1905, p. 982 and Jan. 26, 1906, p. 968.

[19] R. L. McCormick Reminiscences, RBC 4.

[20] Pease to G. Hague, Sept. 24, 1887, MBH 2 D-14.

[21] Pease to Duncan, June 18, 1888, *Ibid.*

[22] Duncan to Pease, Aug. 28, 1888, *Ibid.*

[23] Pease to Duncan, Jan. 25, 1888, *Ibid.*

[24] *Ibid.*, Aug. 2, 1888.

[25] Pease to Duncan, June 18, 1888, MBH 2 D-14. In a marvellous touch of irony, Pease and the two Merediths are buried in facing plots along bankers' row in Montreal's Mount Royal Cemetery.

[26] Torrance to Pease, April 9, 1900, MBH 2 D-16. By the early twentieth century, "progressive" seems to have become the adjective of choice in public commentary on the Merchants'/Royal: "this progressive bank" (*Monetary Times*, Sept. 14, 1912, p. 441) and "careful and progressive direction and management" (*Ibid.*, Jan. 16, 1914, p. 175).

[27] See: Ronald Rudin, *Banking en français: The French Banks of Quebec, 1835–1925*, Toronto, 1985.

[28] Pease to Duncan, Feb. 6, 1889, *Ibid.*

[29] N. G. Hart Reminiscences, RBC 4.

[30] H. A. Porter, "Christmas, 1903", *RBC Magazine*, Oct.-Nov., 1945, p. 6.

[31] *Morning Chronicle*, May 20, 1896.

[32] Kenny to Macdonald, July 16, 1891, Macdonald Papers, NAC.

[33] *Monetary Times*, Jan. 8, 1904, p. 871, and Jan. 15, 1904, p. 916.

[34] See: Alfred Chandler, *The Visible Hand: The Managerial Revolution in American Business*, Cambridge, Mass., 1977.

[35] Hosmer entry, *Who's Who*, 1910.

[36] *Monetary Times*, Nov. 12, 1897, p. 633.

[37] For a portrait of Montreal's "Square Mile" society, see: Donald MacKay, *The Square Mile: Merchant Princes of Montreal*, Toronto, 1987.

[38] John Heron, "Sgt. Vines...Chauffeur Par Excellence," Royal Bank Magazine, April-May 1949, p. 15, and Victor Ross, *A History of the Canadian Bank of Commerce*, vol. 2, Toronto, 1922, p. 72.

[39] F. Wolferstan Thomas, *JCBA*, vol. 5, #2, Jan. 1898.

[40] Van Horne Register #6, incoming letter #28911, from C. R. Hosmer, June 12, 1890, Canadian Pacific Archives, Montreal.

[41] Pease to Kenny, April 19, 1889, MBH 2 D-14.

[42] Torrance to Pease, Oct. 12, 1888, MBH 2 D-10.

[43] Schull and Gibson, *The Scotiabank Story*, *Op. cit.*, p. 70.

[44] Pease to Kenny, April 22, 1890, MBH 2 D-10.

[45] Statement of Bond Account, May 25, 1899, MBH Minute Book. The account also contained Canadian municipal bonds.

[46] MBH Minute Book, Feb. 9, 1898. For an example of the sudden fever of eastern interest in western resources, see: "Animated Banking Proceedings," *Monetary Times*, Nov. 25, 1898, p. 704, and a description of "boosterism" in Rossland, *Ibid.*, p. 706.

[47] Botsford Reminiscences, RBC 4 and "A Bank at Bennett," *Monetary Times*, April 14, 1899, p. 1368.

[48] See: Torrance to G. H. Bayne (Homestake Mine, Rossland), Dec. 8, 1899, MBH 2 D-16.

[49] B. E. Walker, "Banking in Canada", *JCBA*, vol. 1, #1, Sept. 1893.

[50] Torrance to S. Voorhees, Oct. 23, 1900, MBH 2 D-16.

[51] Profit and Loss Statement, June 1902, RBC Minute Book, July 1902.

[52] See: W. Pinder, Arthur manager, to Pease, Nov. 29, 1909 and Strathy to Pease, Nov. 27, 1909, RAB 5 D-25.

[53] J. A. Terrace Reminiscences, RBC 4.

[54] See: W. S. Fielding to E. S. Clouston, Nov. 5, 1906 and June 19, 1908, Fielding Papers, PANS, vols. 458 and 467, and Jeremy Adelman, "Prairie Farm Debt and the Financial Crisis of 1914," *Canadian Historical Review*, LXXI, 4, 1990.

[55] MBH Minute Book, Feb. 3, 20, 21, and March 27.

[56] *Monetary Times*, Sept. 1, 1899, p. 274, and MBH Minute Book, July 11, 1899.

[57] Pease remarks at annual meeting, *Annual Report*, 1922, p. 18.

[58] *Ibid.*

[59] Torrance to W. F. Brock, Nov. 2, 1899, MBH 2 D-16.

[60] See: Z. A. Lash, "Warehouse Receipts, Bills of Lading, and Securities Under Section 74 of the Bank Act of 1890," *JCBA*, vol. 2, Sept. 1894.

[61] Torrance to Pease, April 9, 1900, MBH 2 D-16.

[62] G. R. Chisholm and Martin Dickie Reminiscences, RBC 4.

[63] For coverage of the scandal, see: *Monetary Times*, Aug. 31, Oct. 12 and 16, and Dec. 12, 1900.

[64] *Ibid.*, Dec. 12, 1900, p. 768.

[65] Torrance to Pease, June 15, 1900, *Ibid.*

[66] Pease to Duncan, Sept. 22, 1898, MBH 2 D-15.

[67] *Ibid.*, Feb. 22, 1899.

[68] See: T. D. Regehr, "A Backwoodsman and an Engineer in Canadian Business: An Examination of Divergence of Entrepreneurial Practice in Canada at the Turn of the Century," *CHA Historical Papers*, 1977.

[69] *Monetary Times*, Sept. 12, 1904, p. 760, and Oct. 17, 1908, p. 647.

[70] RBC Minute Book, Feb. 8, 1905.

[71] See, for instance: J. A. Terrace Reminiscences, RBC 4. "the greatest stroke of his career was in getting H. S. Holt...as president."

[72] See, for instance: *Canadian Annual Review*, 1904, p. 509.

[73] Torrance to Kenny, Nov. 24, 1902, MBH 2 D-16.

[74] See: *Debates of the House of Commons*, June 1, 1906, p. 4389, and June 25, 1906, p. 6022.

## Chapter Three

[1] All Wilson quotations from: Harold P. Wilson Papers, Provincial Archives of British Columbia, E/C/W692. See also: Victoria *Daily Colonist*, April 11, 1965, and Wilson and Fulton entries in List of Officers, MBH 2, D-12 and 13

[2] Pease to T. R. Whitley, RBC Winnipeg, Aug. 30, 1912, RBC 5 Pea-5.

[3] To suggest that nineteenth-century Canadians rooted their identities in locality is not to suggest that transience was not also a factor in their lives. As demographers such as Michael Katz have shown for cities such as Hamilton, Canadians, especially young men, were constantly in motion. Large numbers of low wage, unskilled labourers ebbed and flowed across the land in a chaotic, seasonal search for work. What bank employment pioneered was mobile, professionally oriented employment within the confines of one national employer. Furthermore, while work as a "navvy" offered little upward mobility, a "bank boy" who persevered had a good chance of moving up the ladder of middle-class advancement.

[4] *Royal Bank Magazine*, Jan. 1935.

[5] Toronto *Star*, June 6, 1946.

[6] S. G. Checkland, *Scottish Banking: A History, 1695-1973*, Glasgow, 1975, pp. 711-15.

[7] *Ibid.*, p. 502.

[8] *Ibid.*, p. 502.

[9] *Monetary Times*, Oct. 13, 1905.

[10] The Muir Papers in the Royal Bank Archives are packed with evidence of Muir's mania for things Scottish. In 1952, he was made a freeman of his home town, Peebles. See: *Royal Bank Magazine*, Dec. 15, 1952, p. 15. See: H. B. Selwyn, "Bonnie Laddie, Hielan' Laddie," JCBA, vol. 31, #2, Jan. 1924, pp. 194-200.

[11] George Rae, *The Country Banker: His Clients, Cares, and Work*, Scribner's New York edition, 1886, p. 9.

[12] H. M. P. Eckardt, *Manual of Canadian Banking*, Toronto, 1913, preface, p. 191 and p. 183. For a synopsis of Eckardt's career, see: JCBA, vol. 26, #2, Jan. 1919, pp. 88-89.

[13] Gordon Tait, "The Branches: From the Vantage-Point of Head Office," JCBA, vol. XIII, #3, April 1906, p. 215.

[14] C. E. Neill, "Address to the Graduating Class-University of New Brunswick, May 15, 1924," RBC 5 Nei-2.

[15] All quotations from Merchants'/RBC *Rules and Regulations*, 1885, 1901, 1916, 1921, and 1931 versions.

[16] A. C. Hoffman Reminiscences, RBC 4.

[17] RBC List of Officers, MBH-2 D-12 and 13.

[18] *Ibid.*, Feb. 13, 1895.

[19] MBH Minute Book, Dec. 10, 1900.

[20] See, for instance: "Bank Auditors and Inspection," *Monetary Times*, Nov. 3, 1906, p. 633, and G. J. Nutt, "The Canadian System of Branch Inspection," *Royal Bank Magazine*, June 1921, pp. 828-32.

[21] Interview with Warren Bull (Feb. 14, 1991).

[22] Pease to Kenny, nd, c. 1895, MBH 2 D-14.

[23] *Monetary Times*, May 15, 1896, p. 1478.

[24] A. G. Tait, "John Jarvis, Banker?" JCBA, vol. 16, #3, April 1909, p. 223.

[25] E. R. Campbell interview, April 9, 1991.

[26] *Royal Bank Magazine*, vol. 1, #1, Dec. 1920, p. 18.

[27] *Saturday Night*, April 18, 1908.

[28] All quotations from Allan Mackenzie interview, Oct. 17, 1990, and Alex Kearney interview, Aug. 29, 1990. Mackenzie and Kearney were by 1990 both centenarians; no historian could find more charming and lucid voices from the past.

[29] W. A. Rowat, "Backward Glances (Memoirs of a Minister's Son)," nd., np., RBC 4.

30 Norman Nagle letters, 1908-09, RBC 14 D-34.

31 Victor Heron, "More Hints to Juniors," *JCBA*, vol. XIII, #1, Oct., 1905, p. 72.

32 C. W. Frazee Reminiscences, RBC 4.

33 MBH Minute Book, July 31, 1900. See also: W. S. Fielding to T. E. Kenny, Feb. 12, 1902, vol. 438, Fielding Papers, PANS. "Hope you will be able to give him a further chance...conditional on total abstinence."

34 *RBC Magazine*, Oct. 1906, vol. 14, #1, p. 42.

35 Williams-Taylor to White, Jan. 25, 1916, MG 27 II, D 18, NAC.

36 Details taken from T. B. O'Connell Reminiscences, RBC 4.

37 "On Commencing a Banking Career," *RBC Magazine*, April 1931, p. 19, and *James Muir: 1891-1960*, *RBC Magazine*, March-April 1961, p. 13.

38 All quotations from: Merchants' Bank of Halifax and Union Bank of Halifax staff ledgers, MBH 2, D-12 & 13 and RAB D-12, 1890-1910. Such ledgers were kept until the 1920s when a more scientific system of card records was introduced. The comments in the ledgers reflect the views of a junior's manager.

39 C. E. Neill, "Banking as a Profession," *The Canadian Banker*, vol. 34, #2, pp. 178-80.

40 *Monetary Times*, Dec. 6, 1878.

41 *Debates of the House of Commons*, May 10, 1911, p. 8698.

42 Torrance to D. M. Stewart, Jan. 6, 1900, and Torrance to M. Dickie, Feb. 23, 1900, MBH 2 D-16.

43 *Monetary Times*, vol. 36, #4, p. 114, and *Debates of the House of Commons*, May 10, 1910, p. 8699.

44 Fielding to Clouston, Feb. 26, 1909, vol. 469, Fielding Papers, PANS.

45 *Monetary Times*, May 4, 1907, p. 1724, and Nov. 26, 1910, p. 2214.

46 *Saturday Night*, March 25, 1912, p. 24.

47 J. P. Buschlen (pseud), *A Canadian Bank Clerk*, Toronto, 1913 and *Behind the Wicket: Short Stories Relating to Life in the Canadian Banks*, Toronto, 1914. Preston probably worked for the Bank of Toronto.

48 Wilkie to H. B. Shaw, Feb. 16, 1914, CBAA file 87-516-17.

49 See: CBAA file 87-516-17 and "Bank Employees' Association," *Union Bank of Canada Monthly*, Jan. 1920.

50 *JCBA*, vol. VII, #2, Jan. 1900, p. 142.

51 Buschlen, *Behind the Wicket*, *Op. cit.*, introduction.

52 See: "The Opportunities of the Telling Box," in *Practical Suggestions for Bank Officers*, CBA, Toronto, 1918.

53 B. B. Carter reminiscences, RBC 4.

54 W. D. Melvin Reminiscences, RBC 4 and "Filthy Lucre," *JCBA*, vol. XI, #3, April 1903. There is persistent complaint from tellers that the greasy, worn bills in circulation endangered their health.

55 Torrance to M. Dickie, Dec. 9, 1899, MBH 2 D-16.

56 Pease to Duncan, April 12, 1890, MBH 2 D-14.

57 F. T. Walker, "British Columbia, 1899-1912," RBC 4.

58 R. L. McCormick Reminiscences, RBC 4.

59 Pease to Duncan, Dec. 13, 1898, MBH 2 D-14.

60 This phrase appears with uncanny frequency in reminiscences and commentaries on the bank's progress. See, for instance: W. H. Malkin to annual general meeting, *RBC Magazine*, Jan. 1936, I. R. Carlin to S. G. Dobson, Jan. 7, 1954, and C. H. Hunt to Dobson, Jan. 23, 1954, RBC 5 Dobson.

61 Thomas Craig, "Streamlining Routine Methods and Procedures," 1944, RBC 4. See also: A. J. Wilkins and R. M. Woollatt Reminiscences, RBC 4.

62 Carl Berger, *The Sense of Power: Studies in the Ideas of Canadian Imperialism, 1867-1914*, Toronto, 1970.

63 See: Edith Davis, "A Word to the Wives," *Canadian Banker*, vol. 34, #4, July 1931, pp. 402-04.

64 See: *Monetary Times*, Feb. 20, 1903, p. 1133.

65 *JCBA*, vol. 23, #4, July 1916, p. 294.

## Chapter Four

[1] *Monetary Times*, March 11, 1904, p. 1218.

[2] *Ibid.*, Jan. 18, 1908, p. 1166.

[3] *Saturday Night*, Jan. 10, 1920, p. 15.

[4] All banking statistics in this section taken from E. P. Neufeld's *The Financial System of Canada: Its Growth and Development*, Toronto, 1972, chap. 4. Also useful are: R. Craig McIvor, *Canadian Monetary Banking and Fiscal Development*, Toronto, 1958, chap. 4, and A. B. Jamieson, *Chartered Banking in Canada*, Toronto, 1958, chap. 2.

[5] *Monetary Times*, July 13, 1912, p. 135. The sentiment is echoed in an October 20, 1913, letter of Nathaniel Curry, a Nova Scotian industrialist, to Finance Minister Thomas White: the scale of Canadian development in the Laurier boom made it "absolutely necessary to have large banks." White Papers, NAC.

[6] H. A. Richardson to Thomas White, Feb. 17, 1919, White Papers, NAC.

[7] House of Commons, Committee on Banking and Commerce, *Journals of the House of Commons*, vol. XLVIII, 1912-13, p. 544.

[8] Torrance to R. P. Foster, Nov. 24, 1899, MBH 2 D-16. The branch deferred was Saint John, N. B.

[9] See: Smith-Craig correspondence, 1900, RBC 6 British Columbia-Grand Forks.

[10] J. A. Terrace Reminiscences, RBC 4.

[11] Pease to T. R. Whitley, October 16, 1916, RBC 5 Pea 5.

[12] *Monetary Times*, Oct. 28, 1898, p. 568-69.

[13] *Monetary Times*, Jan. 25, 1908, p. 1213.

[14] Minute Book, RBC, Oct. 16, 1906, and Jan. 21, 1908. T. D. Regehr, "The Sovereign Bank," unpublished paper.

[15] Whitley to Pease, April 17, 1913, RBC 5 Pea 5. See: Jeremy Adelman, "Prairie Farm Debt and the Financial Crisis of 1914," *The Canadian Historical Review*, LXXI, 4, 1990, pp. 491-519.

[16] W. D. Melvin, "Section 88," *Canadian Banker*, vol. 61, Feb. 1954, #1, pp. 22-35, and A. B. Jamieson, *Chartered Banking in Canada*, Toronto, 1953, pp. 243-72.

[17] See: Fielding Papers, vol. 467, PANS and McIvor, *Op. cit.*, pp. 82-85.

[18] *Journals of the House of Commons*, *Op. cit.*, pp. 535-49.

[19] RBC Minutes, December 12, 1902, Torrance to Kenny, Nov. 24, 27, and 28, 1902, MBH 2 D-16, and shareholders' list in 1903 *Annual Report*.

[20] MBH Minutes, Oct. 22 and Dec. 12, 1883.

[21] Torrance to Kenny, Mar. 16, 1902, MBH 2 D-16.

[22] *Monetary Times*, Oct. 20, 1906, p. 568.

[23] J. F. Stairs to W. Robertson, July 14, 1902, RAB 4 DI-7.

[24] C. N. S. Strickland Reminiscences, RBC 4.

[25] RBC Minute Book, July 14, 1910, and Union Bank of Halifax *Minute Book*, circular dated July 26, 1991.

[26] C. E. Neill to T. C. Boville, Nov. 15, 1910, RG 19, vol. 488, NAC.

[27] See: "The Emergence of Corporate Toronto," Plate 15 in *Historical Atlas of Canada: vol. III–Addressing the Twentieth Century, 1891-1961*, Toronto, 1990.

[28] F. T. Walker Reminiscences, RBC 4.

[29] Amalgamation documents, RAB 5 D-10. Before the Commons Banking and Commerce Committee a year later, Pease stated that the Traders "sought us" through "outside agents." *Journals*, *Op. cit.*, pp. 545-8.

[30] Amalgamation proposal to Traders shareholders, May 10, 1991, RAB 5.

[31] *Monetary Times*, July 13, 1912, p. 135.

[32] Neill to Dyment and Ridout, April 18, 1912, RAB 5-Traders.

[33] All quotations from RG 19, vol. 489, NAC.

[34] The Toronto *World*, April 30, 1912.

[35] Peter Ryan to T. White, May 28, 1912, RG 19, vol. 489.

[36] White to Borden, Aug. 2, 1912, MG 26 H, NAC.

[37] Solemn Oath, Aug. 7, 1912, RG 19, vol. 489.

[38]Strathy to ?, June 18, 1913, RAB 5 D-10.

[39] Pease to T. R. Whitley, Aug. 28, 1912, RBC 5 Pea 5.

[40] *Monetary Times*, Sept. 14, 1912, p. 441.

[41]For examples of Canadian commentary, see: H. M. P. Eckardt, "What Will Check the Merger Movement?" and "Competition That Persists in Spite of Bank Mergers," *Saturday Night*, May 5 (p.24) and June 22 (p.24), 1912.

[42] Fielding to Clouston, Dec. 6, 1907, Fielding Papers, vol. 464, PANS.

[43] Laurier to W. B. Hamilton, Feb. 27, 1903, Laurier Papers, NAC.

[44]*Journals of the House of Commons*, *Op. cit.*, p. 545.

[45]J. P. Bell to White, Aug. 19, 1915, White Papers, MG 27 II D 18, vol. 1, file 4a.

[46] See: John Taylor, *Ottawa: An Illustrated History*, Toronto, 1986.

[47] See, for instance: Borden to Holt, Aug. 14 and Oct. 8, 1914, Borden Papers, NAC.

[48] Holt to White, July 15, 1915, White Papers, vol. 1, file 4a. Pease and Brown personally took the letter to Ottawa.

[49] Pease to White, Aug. 16, 1915, *Ibid.*

[50] Willison to White, Aug. 7, 1915, *Ibid.*

[51] All foregoing quotations from White Papers, vol. 1, file 4a. See: *Monetary Times*, Aug. 27, 1915, p. 11.

[52] Pease to White, Aug. 23, 1915, *Ibid.*

[53] *Ibid.*, p. 24.

[54] Pease to White, Oct. 26, 1920, RBC Nei 5.

[55] See: R. Rudin, *Banking en française: The French Banks of Quebec, 1835-1925*, Toronto, 1985, and B. B. Stevenson, "The Quebec Bank, 1818-1916," typescript RBC Archives.

[56] P. S. Ross & Sons report, Dec. 20, 1916, RAB 9 C-3 and *Monetary Times*, Dec. 10, 1915, p. 14.

[57] Quebec Bank Minute Book, May 28–Aug.21, 1908, RAB 9 B-14.

[58] *Monetary Times*, Oct. 13, 1916, p. 24B.

[59] Pease to T. R. Whitley, Oct. 16, 1916, RBC 5 Pea 5.

[60] Rogers to White, Jan. 26, 1916, White Papers, vol. 1, file 4a.

[61] The Northern Crown duplicated the Royal in fourteen Prairie locations. These were closed. The merger also brought twenty-four Ontario and seven British Columbia branches. Because of duplicate branches and the yeasty growth of the Royal's own branch network, it is always difficult to calculate the *net* gain in branches from each merger.

[62] See: Robinson to A. K. Maclean, March 1, 1918, and G. M. Holbrook to T.C. Boville, March 25, 1918, RG 19, vol. 488.

[63] Pease to Robinson, May 21, 1918, RAB 11 D-1.

[64] *The Royal Bank of Canada, 1869-1919*, n.a., Montreal, 1919, introduction.

[65]*Journals of the House of Commons*, *Op. cit.*, p. 540.

[66] E. L. Pease speech, Minutes of the Annual General Meeting of the Canadian Bankers' Association, Nov. 14, 1918, and Pease to Z. A. Lash, Dec. 2, 1921, CBAA file 87-524, file 87-524.

[67] Cables, White to Pease and Pease to White, Nov. 13, 1918, White Papers, vol. 1, file 3b.

[68] See: R. Craig McIvor, *Canadian Monetary, Banking and Fiscal Development*, Toronto, 1958, p. 110 and Pease to F. T. Walker, Oct. 19, Warburg to Pease, Oct. 30, and Pease to Warburg, Nov. 3, 1918, RBC 5 Pea 6.

[69] Pease to Walker, Nov. 5, 7 and 8, 1918, *Ibid.*

[70] *Monetary Times*, Jan. 18, 1918, p. 27.

[71] CBA Minutes, Nov. 14, 1918, *Op. cit.*

[72] Pease to White, July 19 and Aug. 8, 1918, White Papers, vol. 1, file 2.

[73] Williams-Taylor to White, Dec. 5, 1918, White Papers, vol. 1, file 3b. See also: Z. A. Lash to Pease, Nov. 30, 1918, RBC 2 29A 17.

[74] Minutes of Toronto meeting of Z. A. Lash and Henry Ross (CBA Secretary), Jan. 28, 1919, *Ibid.*

[75] Minutes of Meeting of Confidential Committee, Feb. 3, 1919, and Meredith to White, Mar. 4, 1919, *Ibid.*

[76] Z. A. Lash, "The United States Federal Reserve Act and the Canadian Banking System with Some Contrasts," *JCBA*, vol. 26, #3, April 1919, p. 243.

[77] Walker Reminiscences, RBC 4.

[78] Pease to Williams-Taylor, Nov. 7, 1917, RBC 5 Pea 3.

[79] Meredith to White, July 21, 1915, White Papers, vol. 1, file 1.

[80] White to Pease, May 14, 1919, White Papers, vol. 2, file 5a.

[81] Merrill Denison, *Canada's First Bank*, vol. 2, Toronto, 1967, pp. 345-46.

[82] Jackson Dodds, "General Position of the Bank," May 26, 1923, RAB 14 D-7.

[83] Riley to Meighen, June 2, 1925, Meighen Papers, #061472-3, MG 26 I, NAC.

[84] For an excellent graphic representation of this concentration of Canadian banking, see: "Financial Institutions," Plate 9 in *Historical Atlas of Canada, Op. cit.*

[85] *RBC Magazine*, Nov. 1925, p. 606.

[86] Cable R. J. Cromie to Mackenzie King, May 23, 1925, King Papers, MG 26 J, NAC.

## Chapter Five

[1] MBH Minute Book, March 30 and May 1, 1882. Bermuda was a popular destination for wealthy Canadians in search of a salubrious climate; a year later the Governor-General's wife, Princess Louise, wintered in the colony making it a fashionable resort.

[2] See: H. C. Butterfield, *Butterfield's Bank: Five Generations in Bermuda*, Hamilton, Bermuda, 1958, pp. 82-84, and *Bermuda Pocket Almanac*, Hamilton, 1890, p. 144. The N. T. Butterfield Papers in the Bermuda Archives (Accession # 2246) indicate that Butterfield was trading to the West Indies and Halifax as early as the 1840s.

[3] MBH Minute Book, May 9, 1883.

[4] MBH Minutes, Nov. 22, 1888.

[5] S. R. Noble Reminiscences, RBC 4.

[6] W. L. M. King to James Malcolm (Minister of Trade and Commerce), May 19, 1930, #151428, King Papers, NAC.

[7] *Monetary Times*, Jan. 8, 1886, p. 772. Trade statistics were reported in an awkward mixture of quintals, barrels, and hogsheads, making aggregation difficult. McAlpine's *Halifax and Its Business* (Halifax, 1876) estimated 1875 exports at $2.5 million and imports at $1.9 million.

[8] *Ibid.*, July 23, 1880, pp. 92-93.

[9] See, for instance: Kenny to J. A. Macdonald, Oct. 22, 1889, Macdonald Papers, MG 26 A, NAC.

[10] Ambrose Shea to A. T. Galt, Feb. 20, 1866, Galt Papers, MG 27 I D8, NAC.

[11] MBH Minute Book, Dec. 13, 1894, and Jan. 15, 1895. *Monetary Times*, Feb. 2, 1895, p. 1068. *Monetary Times* later portrayed the Newfoundland bank panic as the product of "mushroom banking" practices by unscrupulous directors in a volatile regional economy (June 28, 1895, p. 1686).

[12] Minutes of Committee on Banking and Commerce, *Journals of the House of Commons*, vol. XLVIII, 1912-13, p. 547.

[13] E. P. Neufeld, *The Financial System of Canada: Its Growth and Development*, Toronto, 1972, p. 125.

[14] *Ibid.*, pp. 123-25.

[15] MBH Minute Book, May 25, 1888.

[16] See: Mira Wilkins, *The History of Foreign Investment in the United States to 1914*, Cambridge, Mass., 1989, pp. 454-63, and H. van B. Cleveland and T. Huertas, *Citibank, 1812-1970*, Cambridge, Mass., 1970, chaps. 2 and 3.

[17] *Anuario Azucarero de Cuba*, 1959, cited in: Cuban Economic Research Project, *A Study on Cuba*, University of Miami, Coral Gables, 1965, p. 333.

[18] I am indebted to the work of Harold G. Hesler, a gifted amateur historian and Royal Bank official in Cuba from 1919 to 1930, for his exhaustive, typescript history of "Cuba: Banking and Currency, 1492-1950," in RBC Archives. See also: Louis A. Perez, Jr., *Cuba Between Empires 1878-1902*, Pittsburgh, 1983, and *Cuba Under the Platt Amendment, 1902-1934*, Pittsburgh, 1986.

[19] Perez, *Cuba Between Empires, Op. cit.*, pp. 377-78.

[20] Cited in Perez, *Cuba Between Empires, Op. cit.*, p. 345.

[21] See: Jules Robert Benjamin, *The United States and Cuba–Hegemony and Dependent Development, 1880-1934*, Pittsburgh, 1974, and Leland H. Jenks, *Our Cuban Colony: A Study in Sugar*, New York, 1928.

[22] MBH Minute Book, Dec. 7, 1898.

[23] Hesler Diary, p. 43.

[24] Perez, *Cuba Between Empires, Op. cit.*, p. 347, and Hesler Diary.

[25] See, for instance: Franklin Matthews, "The Reconstruction of Cuba," *Harper's Weekly*, July 15, 1899.

[26] Pease was not alone in sensing these possibilities. In October 1898, CBA President D. R. Wilkie had urged Canadian bankers to rise to the challenge of banking beyond their borders. See: "Spanish-American War," *JCBA*, vol. 6, #2, Jan. 1899, pp. 140-41.

[27] Staff reminiscence files frequently comment on the closeness of this relationship. See, for instance: R. W. Forrester, RBC 4 Fo 1-7. Hesler credits Hosmer with initially turning Pease's attention to Cuba. *Op. cit.*, p. 40. For an overview, see: Christopher Armstrong and H. V. Nelles, *Southern Exposure: Canadian Promoters in Latin America and the Caribbean, 1896-1930*, Toronto, 1988.

[28] Jenks, *Our Cuban Colony, Op. cit.*, pp. 150-51, and "Canadian Capital in Cuba," *Monetary Times*, Oct. 19, 1900, p. 501.

[29] Van Horne to Senator Platt, nd. c. 1901, vol. 9, Van Horne, Letterbooks, NAC, MG 29 A60.

[30] MBH Minute Book, Jan. 3 and 14, 1899.

[31] R. W. Forrester Reminiscences, RBC 4.

[32] *Ibid.*, Feb. 18, 1899.

[33] *Ibid.*, July 11, 1899, and *Monetary Times*, Sept. 1, 1899, p. 274.

[34] *Monetary Times*, August 19, 1898, p. 250.

[35] See: Neil C. Quigley, "The Bank of Nova Scotia in the Caribbean, 1889-1940," *Business History Review*, Winter 1989, vol. 63, pp. 797-838.

[36] Notes on April 1899 trip to New York and Albany by T. E. Kenny, RBC 3. The Bank of Commerce did eventually enter Nova Scotia in 1903, when it bought the Halifax Banking Company.

[37] Kenny notes, *Op. cit.* See: S. H. Voorhees, "Looking Back," *Royal Bank Magazine*, June 1942, pp. 2-5, 13.

[38] *Royal Bank Magazine*, Oct.–Nov., 1945, p. 11.

[39] Graham Towers, "A Trip to the South," *Royal Bank Magazine*, September 1922, p. 378.

[40] "The chief question of course is, where are we going to get men for this important branch...it will be essential to have the best men we can find." Pease to D. H. Duncan, Dec. 8, 1898, MBH 2 D-15.

[41] R. W. Forrester Reminiscences, RBC 4.

[42] *Royal Bank Magazine*, March, 1950, p. 10.

[43] Fredrico Mejer, "A Havana Old-Timer," *Royal Bank Magazine*, July/August 1950, pp. 4-5.

[44] Staff ledger, MBH 2 D-13, p. 25. Bacardi stayed with the bank only a year.

[45] *JCBA*, July 1, 1926, vol. 33, #4, p. 528.

[46] Torrance to Kenny, November 26, 1902, MBH 2 D-14.

[47] C. E. Mackenzie Reminiscences, RBC 4.

[48] Pease wanted accreditation with the War and State Departments. Pease to H. W. Cannon, Dec. 8, 1898, MBH 2 D-15.

[49] See: Cleveland and Huertas, *Citibank, Op. cit.*, chap. 5.

[50] *Financial Post*, Feb. 9, 1907.

[51] Grant Watson to Sir John Simon, Oct. 14, 1933, #144115, Bennett Papers, MG 26 K, NAC.

[52] Hesler Diary, p. 57-8.

[53] Van Horne to Pease, Oct. 19, 1904, Van Horne Letterbooks, vol. 6, NAC. Pease boasted that the bank had paid no bribes – "subsidizing" – to win the contract.

[54] Van Horne to Pease, April 2, 1905, Van Horne Letterbooks, vol. 8, NAC.

[55] Van Horne to D. A. Galdos, Jan. 6, 1913, *Ibid.*, vol. 32.

[56] See: Robert Sobel, *ITT: The Management of Opportunity*, New York, 1982.

[57] Benjamin, *Hegemony, Op. cit.*, p. 14, *A Study of Cuba*, chap. 16 and Jenks, *Colony*, pp. 154ff.

58 See: Pease to W. T. White, Jan. 15, 1916, vol. 265, RG 19, NAC.

59 Graham Towers, *Financing Foreign Trade*, Montreal, 1921. See: *Monetary Times*, Jan. 7, 1921, p. 41.

60 "Royal Bank of Canada–Twenty Years of Progress in Cuba–Opening of New Havana Premises," *The Bankers Magazine*, July 1919.

61 *Journals of the House of Commons*, *Op. cit.*, pp. 536-37.

62 RBC Minute Book, June 30, 1909.

63 See: "Canadians Abroad," plate 57 in *Historical Atlas of Canada: Addressing the Twentieth Century*, Toronto, 1990, J. Schull and J. D. Gibson, *The Scotiabank Story*, Toronto, 1982 and H. van B. Cleveland and T. F. Huertas, *Citibank 1812-1970*, Cambridge, Mass., 1985.

64 See: Stephen Randall, "The Development of Canadian Business in Puerto Rico," *Revista Interamericana*, vol. VII, #1, Spring 1977, pp. 5-20.

65 J. R. Stewart to S. R. Noble, Oct. 9, 1918, RBC 2 16-31.

66 W. M. Botsford, Staff Defalcation Book, RBC 2 25-63.

67 H. J. Meagher to Pease, June 30, 1914, RBC 3 Martinique.

68 H. Thomasset (Point-à-Pitre) to F. C. Harding, Sept. 20, 1934, RBC 3 Guadeloupe.

69 Jan Kippers Black, *The Dominican Republic: Politics and Development in an Unsovereign State*, London, 1986, p. 19.

70 H. H. Gosling to A. Macpherson, June 27, 1916, RBC 3 Dominican Republic.

71 See: M. M. Knight, *The Americans in Santo Domingo*, New York, 1928, and Bruce Calder, *The Impact of Intervention: The Dominican Republic during the U.S. Occupation of 1916-1924, Austin, 1984.*

72 *Cleveland and Huertas, Citibank, Op. cit.*, pp. 77-79.

73 Manager, Aux Cayes to Inspector, Dominican Republic, Nov. 27, 1930, RBC 3 Haiti.

74 C. A. Crosbie to head office, May 11, 1916, RBC 2 16 7 126.

75 J. W. Ross to New York Agency, August 31, 1916, *Ibid.*

76 Borden to George Foster, Minister of Trade and Commerce, Feb. 22, 1914, White Papers, vol. 1, NAC.

77 Neill to Foster, October 31, 1918, and Foster to Neill, Nov. 1, 1918, RBC 2 16-104. See: *Monetary Times*, June 25, 1915, p. 10, Nov. 19, 1915, p. 9, and March 21, 1919, p. 7.

78 Neill to Rea, Nov. 22, 1918, *Ibid.*. Rea was Pease's nephew-in-law, although one can hardly assume nepotism in such an arduous posting.

79 East Reminiscences, RBC 4 Ea 1-2.

80 C. E. Neill to F. T. Walker, Dec. 24, 1918, RBC 2 16 7. See: Dana Wilgress, *Memoirs*, Toronto, 1967, and Roy Maclaren, *Canadians in Russia*, Toronto, 1975.

81 F. T. Walker, "South America," Aug. 22, 1919, RBC 2 16-25.

82 Pineo to Neill, Sept. 22, 1919, RBC 2 16-5:1.

83 Pineo to Neill, Feb. 19, 1921, RBC 5 Nei-12.

84 Pineo to Neill, Feb. 21, 1921, RBC 5 Nei-12.

85 R. W. Watt Reminiscences, RBC 4.

86 *Monetary Times*, January 2, 1920, p. 37.

87 I have relied heavily on H. G. Hesler's interpretation of the Dance of the Millions.

88 Pease to Pineo, Jan. 30, 1922, RBC 5 Nei-12. See: Pease, "Great Opportunities in Brazil and Argentina," *Royal Bank Magazine*, June 1920.

89 Hon. Smeaton White, *Notes by the Way in South America*, Montreal, 1925.

90 C. R. Beattie, "A Story about Chicle," *Royal Bank Magazine*, Sept. 1922.

91 MBH Minute Book, Dec. 10, 1900. The bank paid the premium but made itself the beneficiary, making payment to a dead employee's family a matter of discretion.

92 *Ibid.*, November 1920, p. 1.

93 Charlottetown *Evening Patriot*, July 10, 1928. My thanks to Kevin Macdonald of the Provincial Archives of P.E.I.

## Chapter Six

[1] N. G. Hart Reminiscences, RBC 4.

[2] *Monetary Times*, Jan. 2, 1927, p. 178-80.

[3] C. E. Neill, "Address to the Graduating Class–University of New Brunswick," RBC 5 Nei-2.

[4] W. M. Botsford Reminiscences, RBC 4.

[5] F. T. Walker Reminiscences, RBC 4.

[6] RBC Minute Book, July 3, 1912.

[7] Montreal Trust Company Minute Books, 1907-10. Royal Bank executives dominated the board of the trust company until the 1967 Bank Act obliged banks and trust companies to distance themselves.

[8] *Royal Bank Magazine*, Feb. 1929, p. 3.

[9] *Journals of the House of Commons–Select Standing Committee on Banking and Commerce*, Ottawa, 1924, C. E. Neill testimony, pp. 249-84.

[10] See: Jeremy Adelman, "Prairie Farm Debt and the Financial Crisis of 1914," *Canadian Historical Review*, LXXI, 4, 1990, pp. 491-519.

[11] *Ibid.*, p. 276.

[12] Pease to Senator W. B. Ross, April 28, 1921, file 87-524-41, CBAA.

[13] Pease to T. R. Whitley, Jan. 27, 1913, RBC 5 Pea-5. *Monetary Times*, January 13, 1912, p. 211.

[14] *The Law Reports, House of Lords, JCPC & Peerage Cases*, London, 1913, pp. 283-298, and *Monetary Times*, Feb. 8, 1913, p. 329.

[15] F. T. Walker Reminiscences, RBC 4 and Lougheed, Bennett and McLaws legal bills, RBC 1 K-235.

[16] Pease to Whitley, Dec. 12, 1912, RBC 5 Pea-5. See: R. Craig McIvor, *Canadian Monetary Banking and Fiscal Development*, Toronto, 1958, chap. 4.

[17] Pease to Whitley, April 15, 1913, RBC 5 Pea-5.

[18] Whitley to Pease, April 17, 1913, *Ibid.*

[19] See: *Monetary Times*, Sept. 27, 1913, p. 531.

[20] White to Pease, Aug. 25, 1914, Pease to White, Aug. 27, 1914, and Pease to Whitley, Oct. 14, 1914, RBC 5 Pea-4 & 5.

[21] *Canadian Annual Review*, Toronto, 1915, p. 246.

[22] W. T. White, *The Story of Canada's War Finance*, Montreal, 1921, chap. 1. See: C. A. Curtis, "The Canadian Banks and War Finance," in *Contributions to Canadian Economics III*, Toronto, 1931.

[23] White, *War Finance, Op. cit.*, RBC 5 Pea-4 and *Monetary Times*, Aug. 7, p. 12, Aug. 14, p. 9 and Aug. 28, 1914, p. 7.

[24] Holt to White, Sept. 9, 1914, RBC 5 Pea-4.

[25] White to Pease, Sept. 5, 1914, *Ibid.*

[26] Pease to White, Dec. 29, 1915, vol. 264, RG 19, NAC.

[27] Minutes of CBA General Meeting, Nov. 14, 1918, file 87-524-41, CBAA.

[28] White, *War Finance, Op. cit.*, p. 12.

[29] See: *Monetary Times*, January 5, 1917 and McIvor, *Canadian Monetary, Op. cit.*, pp. 105-08.

[30] Minutes, CBA Council meeting with Finance Minister, Nov. 2, 1915, file 87-500-34, CBAA.

[31] McIvor, *Canadian Monetary, Op. cit.*, p. 114.

[32] *The Canadian Annual Review*, published in Toronto, provided an excellent annual synopsis of war finance.

[33] *Journal of the Canadian Bankers' Association*, vol. 25, #2, July 1917, p. 84.

[34] Pease to Whitley, Oct. 22, 1917, RBC 5 Pea-5.

[35] Borden to Holt, Oct. 8, 1914, #105526-7, Borden Papers, NAC and *Monetary Times*, Nov. 26, 1915, p. 8.

[36] White to Pease, Dec. 19, 1917, file 87-500-37, CBAA.

[37] *Ibid.*, file 87-500-34.

[38] CBA Circular #219, June 7, 1918, CBA archives. For a detailed record of bank-government war bond cooperation, see: RG 19, vols. 2673, 4010, & 4011, NAC.

[39] Pease to Borden, July 16, 1917, RBC 5 Pea-9 and Borden to Holt, Dec. 30, 1930, #156691, Borden Papers, NAC.

[40] White to Pease and Pease to White, cables, Nov. 13, 1918, vol. 1, White Papers, NAC.

[41] Pease to Whitley, Dec. 6, 1917, RBC 5 Pea-5.

[42] *Monetary Times*, Dec. 20, 1918, p. 12, and Jan. 3, 1919, p. 33.

[43] *Monetary Times*, Feb. 20, 1903, p. 1133.

[44] *Ibid.*, Jan. 1, 1094, p. 849.

[45] *Royal Bank Magazine*, March 1946, p. 15.

[46] Mrs. E. B. Reesor, "Women in Banking Life," *Monetary Times*, May 4, 1907, pp. 1734-35.

[47] G.H. Balfour to G. Burn (CBA president), Nov. 29, 1915, file 87-516-19, CBAA.

[48] Balfour to Burn, Jan. 6, 1916, *Ibid.*

[49] Miss J. Macdonald Murray, "Woman in the Banking World," JCBA, July 1916, p. 317.

[50] *Ibid.*, p. 317 and "Beauty in the Bank," *Saturday Night*, July 27, 1918, p. 5.

[51] Mrs. E. G. Cowdry, "Women in the Banking World," JCBA, vol. 23, July 1916, p. 318. See also: Jean Graham, "The Woman Bank Employee and the Canadian Bank," *Ibid.*, vol. 26, July 1919.

[52] Staff Register, RBC 2 25-22. See: "Women in Banks," *Saturday Night*, March 11, 1922, p. 1.

[53] *Royal Bank Magazine*, Dec. 1937, pp. 20 and 32.

[54] "A Word to the Wives," *Monetary Times*, July 1, 1931, pp. 402-04.

[55] Earle McLaughlin interview, 1979, RBC archives tape.

[56] G. W. Mackimmie to A. M. Chandler, Dec. 21, 1927, RBC 3 NB

[57] See: file 87-516-17, CBAA, and chap. 3.

[58] Murray Latimer, *Industrial Pension Systems in the United States and Canada*, New York, 1932, chap. 2. Latimer incorrectly dates the RBC pension plan to 1904.

[59] *Monetary Times*, Jan. 2, 1927, pp. 178-80.

[60] See, for instance: JCBA, Dec. 1910, pp. 55-57 and Marc, 1911, pp. 175-76.

[61] JCBA, March 1928, pp. 132-39.

[62] See: JCBA, Oct. 1919, pp. 96-98.

[63] See, for advertising: W. F. Dorward (RBC Rexton, NB), "Advertising to Increase Bank Business," *Monetary Times*, July 23, 1920, pp. 5-6.

[64] See: Donald Gordon, "Machinery in Banks," JCBA, April 1930, pp. 299-303, C. H. Bible, "A New Labour-Saver," *Royal Bank Magazine*, Jan. 1930, and Thomas Craig, "Streamlining Routine and Procedures," RBC 4.

[65] H. Ross to Fielding, May 30, 1923, Box 532, Fielding Papers, PANS.

[66] Williams-Taylor to J. S. Dennis (CPR), Oct. 14, 1922, file 87-506-01, CBAA.

[67] See: *Monetary Times*, Feb. 23, 1923, p. 7.

[68] *Journals*, *Op. cit.*, 1924, p. 250 and 281.

[69] See: C. E. Neill, "Canadian Banks and Local Business," RBC 2-1:95.

[70] Neill to Mackenzie King, Jan. 5 and 31, 1922, Mackenzie King Papers, NAC.

[71] Mackenzie King to Neill, *Ibid.*, Feb. 6, 1922.

[72] Gray to Neill, Nov. 20, 1922, RBC 5 Nei-10.

[73] Larkin to Mackenzie King, April 28, 1924, #86961-3, King Papers, NAC. Larkin also banked at the Royal Bank in London and later carried £25,000 line of credit.

[74] Neill to J. H. Gundy, Nov. 10, 1926, RBC 5 Nei-10.

[75] See: Holt to J. J. Carrick, Jan. 13, 1925, #073017, Meighen Papers, NAC and Neill to J. H. Menzies, May 19, 1927, RBC 5 Nei-11.

[76] Neill to Robb, Oct. 28, 1927, RBC 5 Nei 4-1.

[77] British Legation, Havana, to Sir Austen Chamberlain, April 15, 1926, vol. 817, RG 19, NAC and *Monetary Times*, March 16 (p.13) and 23 (p.7), 1926.

[78] JCBA, Jan. 1928, p. 203.

[79] See: T. D. Regehr, "A Backwoodsman and an Engineer in Canadian Business," CHA Historical Papers, 1977, p. 172.

[80] Neill to Sir John Aird, July 9, 1924, RBC 5 Nei-9.

[81] For the convoluted history of Holt's adventures in the paper industry, see: Gilles Piedalue, "Les Groupes Financiers et la Guerre du papier au Canada 1920-1930," *Revue Histoire de l'Amérique Française*, vol. 30, #2, septembre, 1976, pp. 223-58 and *Proceedings of the Select Standing Committee of the House of Commons on Banking and Commerce*, Ottawa, 1934, pp. 764-814 and 892-918.

82 Proceedings, *Op. cit.*, p. 894.

83 RBC Minute Book, Dec. 11, 1926.

84 N. Hart Reminiscences, RBC 4.

85 Wilson to George MacLaren Brown, Jan. 14, 1932, RBC 5 Wil-12.

## Chapter Seven

1 Sept. 14, 1933, evidence before *Royal Commission on Banking and Currency*, Ottawa, 1933, p. 3479.

2 See: S. T. Halton, "Waterton Lakes," *Royal Bank Magazine*, Sept. 1929, pp. 9-13.

3 Foregoing based on Lavoy branch records, Halton personnel file, and interviews with Norm Stewart, Mrs. Matthew Halton, and Mrs. Joan Jewell.

4 See: Reg Fife, "Classic Canadiana came from Royal banker's pen," *Interest*, June/July 1983, p. 17.

5 Bennett to J. A. McLeod, June 1, 1933, Bennett Papers, NAC.

6 H. A. Doraty to F. R. MacMillan, Feb. 28, 1933, and Bennett to Wilson, March 9, 1933, *Ibid.*

7 Wilson to Bennett's secretary, Jan. 3, 1933, and Wilson to Bennett, March 11, 1933, *Ibid.*

8 J. H. Thomas to Secretary of State for External Affairs, Sept. 22, 1931, #144039, Bennett Papers, NAC.

9 *Proceedings of the Select Standing Committee of the House of Commons on Banking and Commerce*, Ottawa, 1934, Wilson evidence, p. 593.

10 H. L. Gagnon Reminiscences, RBC 4.

11 J. A. McLeod, "Historical Outline of Banking Legislation in Canada," presented in Ottawa, Aug. 8, 1933, RG 33/17, vol. 7, RG 33/17.

12 Wilson to S. L. Cork (Winnipeg), Nov. 30, 1929, RBC 5 Wil-6.

13 All quotations from president's and general manager's annual meeting speeches, 1928-33.

14 For an excellent encapsulation of the Depression's impact, see: Plates 40 and 41, *Historical Atlas of Canada – Volume III – Addressing the Twentieth Century 1891–1961*, D. Kerr, D. Holdsworth, and S. Laskin, eds., Toronto, 1990.

15 See: RBC 2 16 31, file 164 and Paul Enzig, *World Finance Since 1914*, London, 1935, chap. 27.

16 N. G. Hart to C. C. Pineo, Dec. 4, 1931, RBC 2 16 31.

17 Wilson to Bennett's secretary, Jan. 3, 1933, Bennett Papers, NAC.

18 RBC Minute Book, Jan. 14, 1932, and letter to directors, Jan. 1932, RBC 2 30B 7.

19 Under Section 114 of the Bank Act, shareholder statistics were submitted annually to the finance department. See: RG 19 C3, NAC.

20 *Canadian Forum*, July 1934, p. 390.

21 S. L. Cork to Wilson, June 12, 1931, RBC 5 Wil-9.

22 W. G. Yule to Wilson, Oct. 6, 1931, *Ibid.*

23 Wilson to Yule, Oct. 10, 1931, *Ibid.* and RBC Minute Book, Nov. 11, 1931.

24 Wilson to Macaulay, April 16, 1932, and Macaulay to Wilson, April 20, 1932, RBC 5 Wil-11.

25 All Islemont documentation is located in RBC 30B 2 8 3.

26 ("I have always thought that some of these difficulties should not have arisen, and would not, had the directors been dealing with other than merely the commercial business of the bank.") Bennett to Dobson, Nov. 29, 1946, Bennett Papers, NAC. Bennett returned to the RBC board in the 1940s.

27 Wilson to Walker, March 31, 1932, RBC 5 Wil-3:5.

28 RBC Minute Book, Dec. 27, 1932.

29 Wilson to Holt plus attached memo, Nov. 30, 1934, RBC 30B 2 8 3.

30 Memorandum of Loans, Nov. 30, 1933, RB C 2 30B 7.

31 See: Memorandum of Agreement with Islemont, May 31, 1943, RBC 30B 2 8 3, and RBC Minute Book, Oct. 29, 1946.

32 British Legation, Havana to Sir John Simon, Sept. 5, 1933, Bennett Papers, NAC.

33 *Proceedings*, *Op. cit.*, p. 594.

34 Bennett to Sir Charles Gordon, Sept. 15, 1933, Bennett Papers, MG26 K, NAC.

35 RBC Minute Book, Dec. 22, 1933.

36 Wilson to F. T. Walker, Dec. 14, 1933, RBC 5 Wil-10.

37 Wilson to S. L. Cork, Dec. 13, 1933, *Ibid.*

38 T. R. Free to C. S. Tompkins, May 5, 1936, RBC 5 Wil 3:9.

39 *Monetary Times*, Dec. 12, 1929, p. 6.

40 Wilson to Walker, *Op. cit.*

41 P. S. Ross and Sons to RBC President, Jan. 5, 1935, RBC 2 30B 7.

42 *Proceedings*, *Op. cit.*, p. 924.

43 Bennett to Dobson, Mar. 23, 1937, Bennett Papers, NAC.

44 C. F. Martin to Wilson, March 26, 1934, RBC 5 3:7.

45 *Proceedings*, *Op. cit.*, p. 447.

46 RBC Minute Books, Nov. 30, 1934, and 1934 *Annual Report*. Wilson's salary as president was $50,000.

47 *Monetary Times*, Dec. 12, 1934, p. 6 and *Halifax Herald*, Sept. 16, 1936.

48 Wilson to R. H. Travers, July 21, 1937, RBC 5 Wil 12 and "Morris Wilson," *Canadian Banker*, July 1937, pp. 366-68.

49 See: R. Craig McIvor, *Canadian Monetary Banking and Fiscal Development*, Toronto, 1958, chap. 7.

50 See: A. B. Jamieson, *Chartered Banking in Canada*, Toronto, 1953, chap. 5.

51 Wilson to Bennett, May 19, 1934, Bennett Papers, NAC. See: P.C. 1577, July 11, 1932, and T. D. Regehr, *The Beauharnois Scandal: A Story of Canadian Entrepreneurship and Politics*, Toronto, 1990.

52 P. C. Order 2490, Nov. 29, 1933 and RBC 5 Wil 5.

53 Holt to Beaverbrook, April 13, 1932, RBC 5 Wil 4.

54 See: "Criticism of Banks," *JCBA*, July 1935, pp. 442-45, and McIvor, *Op. cit.*, pp. 134-37.

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# Acknowledgements

IT SEEMS ONLY FITTING IN A BOOK ON BANKING THAT I PAY MY DEBTS. MY creditors throughout this project have been both generous and, I hope, far-sighted. I must first thank the people of Royal Bank. I have argued throughout these pages that the bank has built its success on the strength of its corporate culture. That culture gave birth to this book. The bank's chairman and chief executive officer, Allan Taylor, and its board of directors initiated this project in 1989 with an eye to celebrating the bank's 125th anniversary in 1994. In some hands, this instinct could easily have been converted into an exercise in superficial celebration. Their intention was instead to give *carte blanche* to an independent academic to write a critical history of their institution. They have never wavered in that commitment. Through hundreds of metres of documents, innumerable interviews and days of just plain snooping around, I have had their unobtrusive support. Beginning with John Cleghorn, the bank's president and chief operating officer, and continuing through a journey that brought me into contact with many, many of the bank's nearly 60,000 employees, I have invariably encountered unquestioned and generous cooperation. Thanks to all of you for making this book possible: it is *my* attempt to understand *your* bank, and I could not have done it if you had not taken me into your midst.

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OTTAWA, 1993

# PICTURE CREDITS

The vast majority of illustrations in this book are drawn from Royal Bank's photograph collection. This collection has been recently enhanced by donations by: Robert Picard, John Dobson, Joan Jewell, William Hesler, Veronica Noble, Sheila Boivard, Jack Boyle, and Herbert McNally. Exceptions to the above pattern of credit are: the *Globe and Mail*, p. 421; the Montreal *Gazette*, p. 265; the Bank of Montreal archives, p. 262; the Public Archives of Nova Scotia Notman Collection, pp. 13, 15, 17 (Tobin), 19, 22 (Cunard), 23, 26, 31, 35, and 42; and Notman Photographic Archives, McCord Museum of Canadian History, pp. 52, 58, 62, 66, 76, and 82.

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# Z

FAITH BY EXPERIENCE
The Royal Bank has always believed in the worth of Canada's basic resources and in sound industrial enterprise as an essential of national development. It is a belief which experience has justified and which varying conditions have not altered.
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G530
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G528
The Royal Bank of Canada


The Measure
of
Our Service
Not a Guardian of Mon
alone; but also—
An Ally of Comm
An Aid to Busine
An Advocate c
The Royal E
of Canada
THROUGH MANY YEARS
In historic Halifax, over sixty years ago, seven merchants founded The Royal Bank upon sound and conservative principles. To these principles the Bank has steadfastly adhered. Changing conditions have only established its strength and experience.
THE
ROYAL BANK
OF CANADA
Save t
CARELESS
the woo
dollars damage
By helping
you are helpi
ada's wealth.
Canada can
The Roya
of Can
ROOTS THAT GO DEEP
Strength comes to a tree by steady growth that drives its roots deeper each year. The history of the Royal Bank, ever since its establishment sixty-four years ago, has been one of soundly conservative progress; its strength is deep-rooted in experience.
THE
ROYA
CANADA
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Canada is the Land of Opportunity.
The Royal Bank
of Canada
ALWAYS CO
Ever since the first ye
The Royal Bank has
factor in the develop
dustry and trade. To
strength and expe
stabilizing force in
A Survey of
Business Conditions
HELPFUL information concerning trade, finance and agriculture in Canada and abroad is to be found in our Monthly Business Letter.
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The Royal Bank
of Canada
OF PROVEN STRENGTH
The great bridge stands firm upon bedrock; the changing waters which flow past it only prove its strength. The Royal Bank is solidly established upon sound practice and experience; the changing years have served to demonstrate its stability.
THE
ROYAL BANK
OF CANADA
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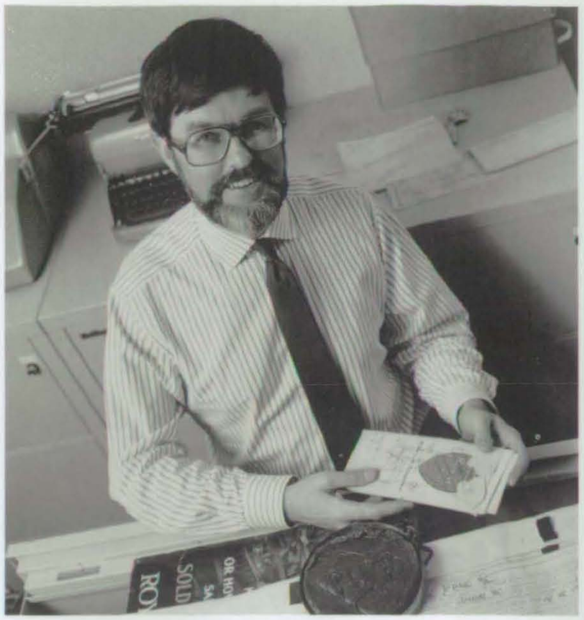

Duncan McDowall teaches Canadian history at Carleton University in Ottawa. A native of Victoria, he received his university education at Queen's and Carleton universities. Before taking up an academic career in 1987, he worked in the federal government and as a senior research associate at the Conference Board of Canada. He has written extensively in the area of Canadian business history. His history of Algoma Steel, *Steel at the Sault*, appeared in 1984, followed in 1988 by *The Light*, a study of Brazilian Traction – now known as Brascan – the Canadian conglomerate that dominated Brazil's power industry for almost seven decades down to the 1970s. He is at present at work on a book on Bermuda in the twentieth century.

Jacket photos: (Front, modern) Royal Bank Plaza, Toronto (Royal Bank/DietrichNebelung);
(Front, archival) Royal Bank branch in Gowganda, Ontario, 1909 (Royal Bank Archives);
(Back) Royal Bank headquarters, 360 St. James Street, Montreal, 1957 (Royal Bank Archives).
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