

McDOWALL

QUICK TO THE FRONTIER

CANADA'S ROYAL BANK



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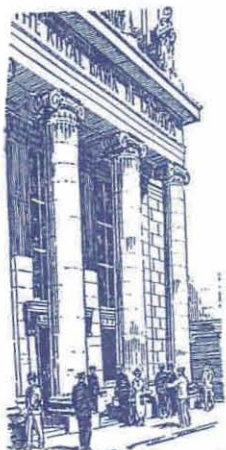
A HISTORY BY DUNCAN McDOWALL

QUICK TO THE FRONTIER

The Royal Bank, which in 1994 celebrates 125 years of doing business as a chartered bank, has roots that stretch back even beyond Confederation, to 1864. In that year the Merchants Bank began on the Halifax waterfront, offering short-term credit to merchants operating in the bustling trade out of the international port. Growth was swift: by 1869 the company had gained a government charter as the Merchants' Bank of Halifax; by 1901 it had become a national institution, the Royal Bank of Canada, with branches from coast to coast; and by 1925, it had established a significant international presence in the Caribbean, South America, and Europe. Since then it has expanded and diversified its services within Canada, maintained its international profile, and, most recently, has moved into the world of integrated global banking. Through all this, the Royal Bank has been an "up-and-coming" institution – always in the forefront of any move towards any frontier, geographical or technological.

Quick to the Frontier, then, is the story of the Royal Bank, told not only in terms of executive personalities and corporate strategies, but also through an exploration of its corporate culture – of the lives of the people of the Royal – and of the part this corporate culture played in the opening of the country and the expansion of international trade. Throughout are vignettes that focus on some diverting details in the life of the Royal Bank. How many, for instance, know that Henry Mullins, the manager of the Mariposa branch of the Exchange Bank in Stephen Leacock's *Sunshine Sketches of a Little Town*, was based on a real-life Royal Banker, George Rapley, of the Orillia, Ontario, branch? Or that, in an effort to foil robbers, tellers were often expected to sleep on the bank premises (sometimes in front of the vault) with loaded revolvers under their pillows?

Eminently readable as well as informative, *Quick to the Frontier* fills an important gap in Canadian business history.



The Measure of Our Service

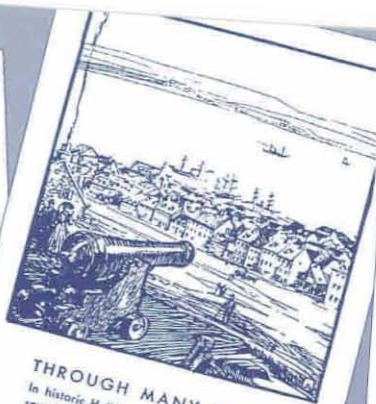
Not a Guardian of Mon
alone; but also—

An Ally of Comm

An Aid to Busine

An Advocate o

**The Royal Bank
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

CARELESS
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By helping
you are helpi
ada's wealth,

Canada can

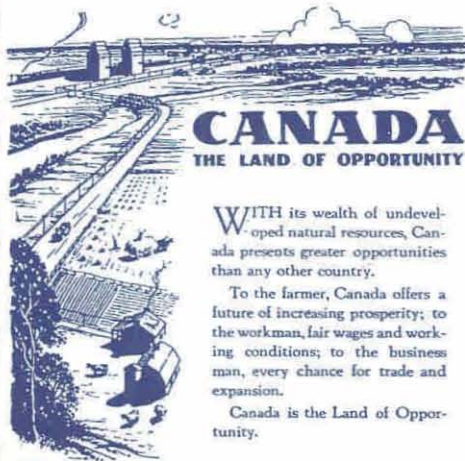
**The Royal
of Cana**



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.

HE
ROYAL



CANADA THE LAND OF OPPORTUNITY

WITH its wealth of undevel-
oped natural resources, Cana-
da presents greater opportunities
than any other country.

To the farmer, Canada offers a
future of increasing prosperity; to
the workman, fair wages and work-
ing conditions; to the business
man, every chance for trade and
expansion.

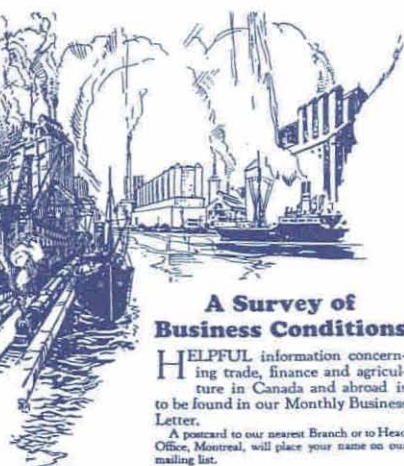
Canada is the Land of Oppor-
tunity.

**The Royal Bank
of Canada**



ALWAYS CON

Ever since the first year
The Royal Bank has been
a factor in the develop-
ment of industry and trade. Its
strength and experi-
ence are a stabilizing force in C

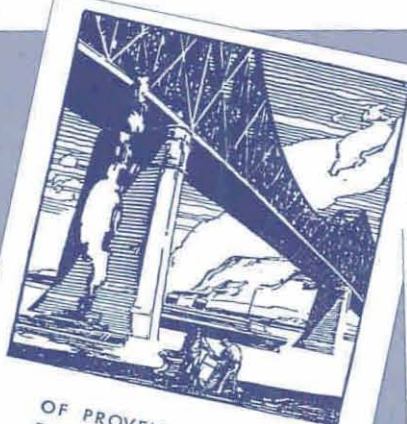


A Survey of Business Conditions

HELPFUL information concern-
ing trade, finance and agricul-
ture in Canada and abroad is
to be found in our Monthly Business
Letter.

A postcard to our nearest Branch or to Head
Office, Montreal, will place your name on our
mailing list.

**The Royal Bank
of Canada**



OF PROVEN STRENGTH

The great bridge stands firm upon bed-
rock; the changing waters which flow past
it only prove its strength. The Royal Bank
is solidly established upon sound prac-
tice and experience; the changing years
have served to demonstrate its stability.

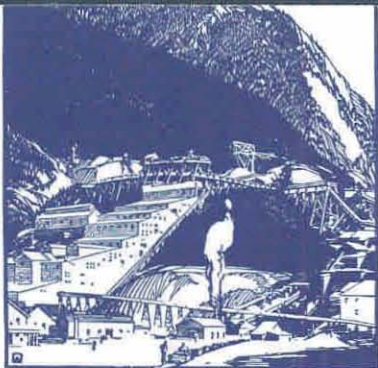
THE
ROYAL BANK
OF CANADA

New Business



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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.

THE
ROYAL BANK
OF CANADA

A CORNER-STONE OF THE COMMUNITY

THE Bank is indispensable to modern civilization. Its activities are bound up with the welfare of the community, to which it both gives and owes its life daily. It must be conservative, yet it must move to meet the times. It must fill worthily a position of honour, responsibility and trust.

You will like banking at the Royal

The Royal Bank of Canada

Holiday Money

THE extent of your holiday will be governed by the amount of money you have saved toward it.

Small sums saved regularly throughout the year will enable you to realize your dreams, whether of pleasure or more serious things.

When travelling, protect your money by carrying Travellers' Cheques.

The Royal Bank of Canada

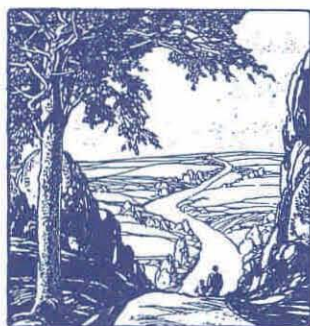
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YOU will find our monthly review of business conditions an authority on matters affecting agriculture, trade and finance.

Particular attention is given to conditions in Canada, the West Indies and South America.

We shall be glad to place your name on our mailing list.

The Royal Bank of Canada



THE LONG VIEW PAYS

Experience proves that it pays to look ahead and make provision for unknown future needs when one is able. Regular deposits in a Savings Account soon accumulate. The money is always ready for use, and it never depreciates in value.

THE
ROYAL BANK
OF CANADA

Progress

SOUND business principles and a policy of gradual expansion have marked the steady growth of this Bank for over fifty years.

Today, one of the largest and strongest banks in the world, it serves every phase of business and private life at home, and is taking a leading part in the expansion of trade in foreign markets.

The Royal Bank of Canada

Quick to the Frontier

Quick to the Frontier

*Canada's
Royal Bank*

Duncan McDowall



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TABLE OF CONTENTS

Preface	vii
INTRODUCTION: “Always Moving, Alive, and Active”	1
CHAPTER ONE: “The <i>Little Bank in the Big Building</i> ”	11
CHAPTER TWO: “ <i>Our Progressive Ideas</i> ”: Going National, 1887–1908	51
CHAPTER THREE: “ <i>His Good and Faithful Behaviour</i> ”: Working for the Bank, 1880–1930	87
CHAPTER FOUR: “ <i>In Union There Is Strength</i> ”: Growth Through Amalgamation, 1908–1925	123
CHAPTER FIVE: “ <i>Deep in the Gulf Stream</i> ”: International Banking, 1899–1930	163
CHAPTER SIX: “ <i>The Top of the Tree</i> ”: The Challenge of Maturity, 1914–1929	203
CHAPTER SEVEN: “ <i>No Glory in Being Head of a Bank</i> ”: The Depression, 1930–1939	245
CHAPTER EIGHT: “ <i>Our Patriotic Duty</i> ”: Banking for Victory and Peace, 1939–1949	285
CHAPTER NINE: “ <i>The Wave of Optimism</i> ”: Jimmy Muir’s Royal Bank, 1950–1960	319
CHAPTER TEN: “ <i>The Right People... in the Right Spots</i> ”: Royal Banking in a Changed Canada, 1960–1980	357
EPILOGUE: Banking in the Global Village	405
Appendix: Annual Statistics	435
Notes	445
Acknowledgements	467
Picture Credits	470
Index	471

Preface

BANK HISTORIES ARE SUPPOSED TO BE ABOUT MEN IN DARK SUITS AND buildings with pillars. They are also supposed to present their subjects as the embodiment of unshakeable probity and stability. In 1994, Royal Bank celebrates 125 years of doing business as a chartered bank. Indeed, its roots reached back even before its incorporation in 1869, to 1864, when it began as a private merchants' bank. Its history is one of probity and stability – these are the abiding virtues of Canadian banking in general. And, yes, it has frequently been a bank of dark-suited gentlemen. In 1908, it even built a Montreal head office fronted with four massive pillars.

For many at Royal Bank, however, there has been a sense that there is more to their corporate culture than sober wardrobes and neo-classical façades. This is not just because Royal Bank is Canada's largest bank or its most internationally diverse. From the time it stepped onto the national stage at the turn of the century, there was always the sense – in the words of one early-century junior – that this bank was an “up-and-coming” institution.

Despite this, the bank had not given much systematic or sustained thought to its history. To some degree, this has been the product of self-effacement; other banks, notably the Bank of Montreal, were perceived as Canada's “national” banks. To a larger degree, there was overt scepticism about the prospect of the snooping inquiries of an historian. When a senior manager in the 1950s mooted the idea of hiring Merrill Denison, a seasoned business journalist, to celebrate the Royal's evolution in book form, James Muir, the bank's autocratic president, killed the scheme with a flat “Drop it!” “History and all that goes with it was made by people long since dead and gone,” Muir wrote a friend in London, “and the past is theirs.” The bank's hundredth anniversary in the 1960s slipped quietly past with only the publication of a competent, but internally published, chronology, Clifford Ince's *The Royal Bank of Canada: A Chronology, 1864-1969*.

In 1989, with the bank's 125th anniversary looming, the Royal was finally prompted to action. Allan Taylor, the bank's chairman and chief executive officer, took a proposal to the Public Policy Committee of the bank's board. Should the bank celebrate its upcoming anniversary by producing a history that would not only reliably chronicle its long road from Halifax but would also explore its uniqueness? The idea

was given form by Edward Neufeld, the bank's chief economist and a former academic, who had himself written extensively on Canadian financial and business history. Taylor and Neufeld were in agreement that a history of the bank was not only long overdue, but that it had potential not simply as an instrument of public relations but as something of lasting value. Good history could provide illumination and confidence for those who serve and are served in the bank today.

The Public Policy Committee and the board as a whole agreed. They also agreed that, if a history was worth doing, it was worth doing thoroughly. From the outset, therefore, they agreed to give the research and writing of this book sufficient time and freedom to maximize its chances of success. In June 1990, I left my teaching duties at Ottawa's Carleton University and for two years immersed myself in the life and times of Canada's largest bank. Wherever I turned, there were helping hands. Ed Neufeld set the main timbers of the project in place. Deputy Chief Economist Bob Baguley provided operational overview. Gordon Rabchuk, the bank's archivist, put his superbly organized collection of documents at my disposal. Archivists Diane Brazeau and Beth Kirkwood guided me through the bank's magnificent photo collection and trained me in the efficiencies of computer-assisted research. It was a huge task, made manageable by the constant help of two marvellous research assistants, David Boucher and Kathy Minorgan. Kathy opened my eyes to the richness of bank popular culture – seventy years of the bank's fine magazine packed into an efficient database. David Boucher's research and analytical skills made my journey through the rooms of primary documents immensely easier and more enjoyable.

Archives elsewhere helped to fill out the picture, as did numerous interviews with former bank employees. Perhaps the most memorable of these interviews came on a hot, August afternoon in Brampton, Ontario, when 101-year-old Alex Kearney, the bank's oldest pensioner, told me of his 41 years with the bank. "I decided I was going to bank," he said of his 1909 decision to join the Royal, "and I never regretted it." In my own way, I believe I can now say the same thing.

I returned to Ottawa in June 1991 to write this book. For thirteen months, I enjoyed the use of a fine little office in the bank's Ottawa Towne Centre branch. It was a splendid place to work. Not only did its manager, Claude Lauzon, and his wonderful staff accommodate my every need, but I was privileged to live the life of a modern branch for a year. I saw loans made and mutual funds purchased. I saw the automatic banking machines replenished. The annual RRSP campaign came and went. Above all else, I saw the constant ebb and flow of clients that is the lifeblood of any branch. Vivid also is my memory of the

masked man, who, on a February night last year in the Ottawa branch of a competitor, gave me some first-hand exposure to the unrewarding art of bank robbery.

This, then, is the story of Canada's largest bank and its relation to the nation it serves. Royal Bank found its origins on the waterfront of Halifax in the 1860s. By 1900, it had become a national institution with branches from coast to coast. By 1925, it had established a significant international presence in the Caribbean, South America, and Europe. Since then, it has expanded and diversified its services within Canada, maintained its international prowess, and, most recently, moved into the world of integrated global banking.

The book thus concludes with a brief, narrative Epilogue on the dramatic changes of the 1980s: global banking and financial deregulation. Historians are generally ill at ease dealing with the near past – the dust, as they say, has hardly settled. Yet, the events of the 1980s are of such magnitude that it is impossible to resist the temptation of making some initial observations on them and the bankers who moulded and reacted to them.

I should make one final comment about nomenclature throughout the book. In 1990, The Royal Bank of Canada changed its legal name to Royal Bank of Canada. The former name had been in use since 1901, when it replaced the name Merchants' Bank of Halifax, which had, in turn, been in use since 1869. From 1864 to 1869, the bank was simply called the Merchants Bank. The convention adopted for use in this text has been to represent the bank in authentic title according to the foregoing chronology. Thus, the bank in 1875 was the Merchants' Bank of Halifax, in 1925 The Royal Bank of Canada, and since 1990 Royal Bank of Canada.

DUNCAN MCDOWALL
OTTAWA, 1993