

# The Financier's Viewpoint

An Authorized Interview with Sir Edmund Walker, President of the Canadian Bank of Commerce

By John W. Ward

Outside the arena of active politics there is probably no one whose name is better known throughout the length and breadth of Canada than Sir Edmund Walker, C.V.O., LL.D., D.C.L., president of the Canadian Bank of Commerce. Sir Edmund for a score of years has been a prominent and powerful figure in the financial world of Canada, and he is regarded, and justly so, as a worthy representative of the comparatively small group of men who by reason of their high abilities and their control of large financial interests have more influence than most people in shaping the course of our national and commercial progress. He is in fact one of those who have "made Canada what it is." Besides being president of the Canadian Bank of Commerce, an institution with assets amounting to over \$240,000,000, Sir Edmund Walker is a director of the Massey-Harris company, Canadian Collieries (Dunsmuir) Limited, Mond Nickel company, Ltd., Monterey Railway, Light and Power company, and of the Toronto General Trusts Corporation. Sir Edmund was born in the county of Haldimand, Ont., on October 14, 1848, so that he is now sixty-four years of age. He was educated at the public schools and entered the service of the Bank of Commerce as a discount clerk when a young man of twenty. From that position he has risen by virtue of his own ability to be president of the bank. He became general manager in 1886, a director in 1906, and has been president since 1907. Sir Edmund has long been recognized as one of the leading banking authorities on the continent, and is the author of a number of standard works on the Canadian and United States banking system. He was created a C.V.O. in 1908, and was knighted by King George in 1910. He is a well known art connoisseur, chairman of the board of governors of Toronto University and a member of many other important bodies. He is also one of the eighteen Toronto Liberals who signed the famous manifesto against Reciprocity.

Sir Edmund visited Winnipeg recently on the occasion of the opening of the new premises of the Bank of Commerce in that city, and while there was good enough to grant an interview to a representative of The Guide, who had expressed a desire to learn his views on some of the problems which are occupying the minds of the farmers of the West at the present time. Sir Edmund received the interviewer in the Vice Regal suite of the Royal Alexandra Hotel, where he was a guest during his stay in Winnipeg. His reception was cordial and though Sir Edmund probably does not always agree with the attitude of The Guide he gladly consented to express his views on a number of important questions for the benefit of our readers.

## Loans to Farmers

The first question Sir Edmund was asked to discuss was that of agricultural credit. It was suggested that the present banking system was not adequate to meet the needs of the agricultural industry and that some provision ought to be made whereby farmers who were unable to market their grain in the fall would be able to raise money on the security of grain stored on the farm, and further that there was need of credit being extended to farmers to enable them to keep stock and practice mixed farming.

"Without admitting that our banking system is inadequate," Sir Edmund replied, "let me say at once, that I have the greatest sympathy with any effort to give the farmer all the financial assistance which it is necessary for him to have. We have always made a great point in the Bank of Commerce of loaning money to farmers. Indeed, I have often quoted to our managers

the fact that the Bank of France loans to the French farmers as little as 50 francs, that is \$10. Such small loans are probably not necessary in Canada, but our idea regarding the farmers' loans is that the size of the loan has nothing to do with it if the conditions are correct. There is no reason why a loan to a farmer of \$100 should not have the same consideration as a loan to a manufacturer of \$100,000, if the conditions are right. Now, let us get at the conditions. No new settlement was ever made in a new country accompanied by such banking conditions as we have here. No one else ever got money so readily or at so low a rate of interest.

## The Farm Mortgage

Let me point out that in this country, unlike Australia, New Zealand and Great Britain, commercial banking and land banking are absolutely separate. A commercial bank in Canada is not allowed to lend money on the security of land, and for many good reasons

believe, 6 to 7 per cent. is the rule. If any plan can be devised that would provide that money more cheaply, one would like to see it accomplished, but personally I do not think it can be done unless you are to suppose that the state is to use the credit for that purpose which might otherwise be necessary for public works. If the Provincial or Federal Governments were to pledge their credit for the purpose of obtaining any large sum of money to loan to the farmers at low rates of interest, the inevitable result would be that the rate of interest would go up and all the money they required not only for this purpose but also for the public works which are necessary in this growing country, would cost them more. There are only a certain number of people who are seeking investment securities such as those of the Canadian governments, and the moment you ask for more money than is readily forthcoming your interest rate goes up."

The experience of New Zealand and Australia where the governments have

system of government banks and loans to farmers had been a success, he would distrust the final outcome.

The proposal of those who advocate government loans to farmers, it was pointed out to Sir Edmund, was practically that the government should do the work that the trust and loan companies are doing in bringing money from Great Britain for investment in farm mortgages. Asked as to the methods of these companies, Sir Edmund said:—

"I am not interested in any company that lends money on farm mortgages, but I understand that they pay the English investor 4½ per cent. when they guarantee the investment, and 5 to 5½ per cent. when they do not. They loan the money to the farmer at 7 and 8 per cent., and to the farmer that may seem rather a large margin. But you must remember that every operation connected with such a transaction costs money. When we in the bank borrow money from our depositors at 3 per cent. and lend it at 6 per cent. people seem to think we are making a lot of profit. They have no idea what it costs us to carry on business—in salaries, buildings, or rent, stationery and so forth. Of course, with a mortgage where the interest is only collected yearly or half yearly, and the loan runs for five years the expense is not so great as where the money is continually coming in and going out again, as it is in a commercial bank, and mortgage loans might perhaps be handled on a margin of 1½ or 2 per cent. Still you must remember that they, just like the farmers, are trying to make as much money as they can. Nevertheless, I do not believe that the advantage which would inure to the individual farmer in getting his loan at one or two per cent., or even three per cent. less than he is now paying, would compensate the country for the loss that would result from the depreciation of the public credit that would be sure to follow. No," he said, "I do not believe in government interference in matters of this kind. Governments in Canada at all events are never as efficient or as economical in their operation as private enterprises."

## Would Lend Money on Grain

Coming to that part of the question of agricultural credit that banks are directly interested in, Sir Edmund was asked how he regarded the proposal which has been much discussed of late, that banks should be given authority to lend money to farmers on the security of grain stored in their own granaries when the lack of transportation facilities or the condition of the market make it impossible or undesirable to market it immediately. To this proposal Sir Edmund was decidedly sympathetic.

"It is desirable for many reasons," he said, "that all the grain crop of the country should not be rushed on the market at one time. In the first place, it is not reasonable to expect the railways to have facilities to handle the whole crop within a period of ten or twelve weeks. It would not be economical on their part to do so, because it would mean keeping a lot of rolling stock and motive power that would be idle a great part of the year, and if they were forced to do this freight rates would remain higher than is necessary, because of the loss of interest on the cost of such idle rolling stock. Then to rush all the grain on to the market at one time would inevitably be to depress the price when the farmer was selling, and to raise it when he had none to dispose of. The farmer, however, must have money in the fall to meet his liabilities. The machine agent, the storekeeper and the thresherman all want their money at that time, and it is desirable that he should be able

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SIR EDMUND WALKER IN HIS ART GALLERY

"We have no business to make our money or prosperity at the expense of Canada as a nation." "Generally speaking, I think the revision of the tariff should be downward."

"The farmers are paying a very small portion of the cost of government in this country."—Sir Edmund Walker.

that it is not necessary to go into now. Let us take the land side of it first, a matter that I personally am not connected with. The man who has secured the patent for his homestead in Saskatchewan or Alberta and gets his first small loan from a mortgage company at 8 per cent. may think that rate high because someone may be borrowing money elsewhere at 5 or 6 per cent. As a matter of fact the farmer similarly situated anywhere else in North America never got his money at anything like that rate. Very much higher rates were paid in the Western States when they were in the same stage of development. As conditions become more settled rates will go down, as they have done in Manitoba, where, I

for more than 20 years borrowed money in England at 4 per cent. and loaned it to farmers at 5 per cent. was quoted to Sir Edmund, but he was not prepared to admit that Canada could safely follow the example of those countries.

## Distrusts Australian Experience

"New Zealand," he said, "is almost a perfect country. Nature has done everything possible for those small islands, and it seems possible to make a success of experiments there that would bring disaster anywhere else in the world." As to Australia, he dismissed the experience there by saying that London was complaining that Australia was continually coming for more and more money and even if their accounts did purport to show that their