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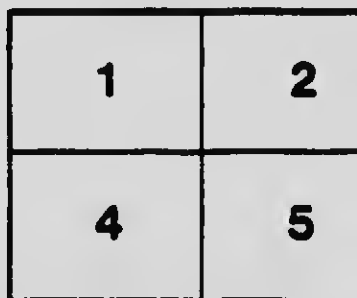
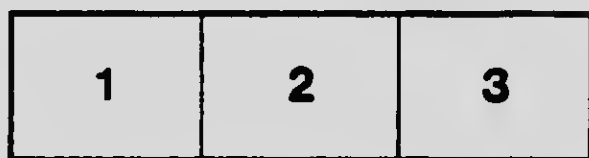
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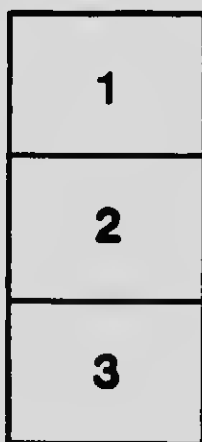
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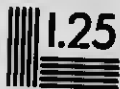
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**CANADIAN
CREDIT AND ENTERPRISE**

ADDRESS

OF

B. E. WALKER,

President, The Canadian Bank of Commerce,
delivered on 5th March, 1908, before the
Canadian Club of Halifax, N.S.

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Walker, Byron E. ~~1888~~
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CANADIAN CREDIT AND ENTERPRISE

My first pleasant duty, Mr. Chairman, is to thank you cordially for the honour you have done me in asking me to address the Canadian Club of Halifax. Our Canadian Clubs have now been so long established that it is not necessary to insist any longer upon their usefulness in building up national sentiment and, what is much more important, national character. These Clubs are open arenas where very varied opinions may be expressed and, indeed, I fancy their greatest usefulness may be in causing people to hear opinions which are opposed to those commonly held. The last occasion on which I addressed a Canadian Club was upon the shores of the Pacific instead of the Atlantic, and I must hear grateful testimony to the courteous attention I was granted when, in referring to the development of British Columbia, I ventured to express some views which are decidedly unpopular with a large part of the people of that province. I wish, with your permission, to speak to-day upon the subject of "Canadian Credit and Enterprise." It is not my purpose to join in the general song of praise because of the very high credit we enjoy in British and foreign markets. Too much self-congratulation at such a happy state of affairs is neither wise nor dignified. As I had occasion to say to a Canadian Club in Ontario, we did not create Canada. We are indeed mere stewards for Canada, and we shall have to answer as to whether we do well or ill by it. If its wonderful resources and the energy and character of its people entitle us to high credit, we shall have to answer if we do that which lessens in any manner our right to this lofty position.

Let us begin by considering the mere material credit we enjoy and why we need this credit. During the past six years the total imports of Canada have been \$1,633,571,000, while the total exports have been \$1,369,086,000, the difference against us has therefore been \$264,485 000. This difference is not, as in Great Britain's case, lessened by freight and insurance earned by us or by goods sent to us to pay the interest on debts due by the rest of the world to us. It is in our case lessened by the money and goods brought in by settlers, and much more by the very large investments made in Canada by manufacturers and by other industrial ventures, but apart from this it represents the extent to which we are borrowing money which must some time be repaid, or in other words, the extent to which we are mortgaging our future. Now, fortunately, Canada has not mortgaged its future largely as yet, and its powers of repayment are recognized in Europe as extraordinarily great when compared with many other new countries. As our West develops, however, we shall need to sell our securities abroad in increasing amounts, and it must be plain to every thinking man that we shall obtain money or fail to obtain it in proportion to the maintenance of our high credit. It must also be plain that our credit as borrowers rests upon the opinion held regarding us by the lender and not upon the opinion we have of ourselves. And this lender or investor in our securities is in the main advised by his banker, his broker, or his lawyer. All of these are greatly influenced by the press; indeed, it is largely through the press that opinions regarding foreign countries are formed by most people in Great Britain. Again, we must remember that our securities are offered in the markets of the world in competition with the securities of other countries, and that it is at all times a matter of selection by the lender as to who gets money readily and at

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the lowest current rates. If then any country is supposed to be filled with agitators who are opposed to capitalists and to corporations generally, and if the politicians in such a country are supposed to be listening to the ground swell from the newspapers and are ready to do what such newspapers recommend, whether the integrity of contract is violated or not, it is not likely that such a country will obtain capital as against those countries which maintain the sacredness of contract and which do not exhibit hatred of corporate wealth. I am not, of course, at the moment discussing the merits or demerits of corporate wealth. I am discussing the influence on foreign capital of maintaining the sacredness of contract and also the right of the lender to invest in whatever country or community he chooses to select.

Why do we in Canada enjoy high credit? In the first place, it is admitted that we have enormous natural resources, and this is the main source of our credit. As to how we shall conserve these resources is most important, but we cannot enter on that large subject to-night. The second source of our credit is the agricultural and pastoral basis of our industrial life, and the fact that such communities as a rule live simply, hate public and private debt, and are not easily moved by social vagaries. Thirdly, this is eminently a country loving law and order, and we have shown that in the rudest frontier life, whether of farming, cattle ranching, or of mining, we have the instinct of social organization, and we can successfully police vast areas where the inhabitants are not enough in number to ensure to our splendid riders of the plains an occasional meal or a bed for the night.

For a long time our cities were only large market towns or centres for distributing goods mostly made abroad. We only possessed the classes of manufact-

urers which come early in a country of well-to-do farmers. We frankly wanted more important manufactures, more railroads, more public franchises granted, whether worked by the municipalities or by private individuals, and generally everybody desired that capital should come in indefinitely large quantity to Canada. With such natural resources, such respect for law and order, such economy and such intelligent energy, our credit slowly rose to the highest point enjoyed by any part of the Empire, except Great Britain.

The wealth coming from our energy applied to our natural resources, and the accompanying economy, made many new things possible. Our cities are growing rapidly; we have developed manufacturing, even in some lines for foreign consumption, very rapidly; we are building thousands of miles of new railroads; and we need more money than ever from abroad. But many have become rich in a marked degree; many of our corporations earn dividends not much smaller than similar corporations in Great Britain; many of our people have become extravagant, and almost all desire at least to spend money freely in comparison with the past. As our expansion has been coincident with a great rise in prices everywhere, the man who works for a stated sum, whether a daily wage or a yearly salary, too often finds himself no better off when the wage or salary is increased and worse off when it is not. These things have brought us labour troubles and some of that bitterness towards all success which, when encouraged by the press, leads towards the most violent aspects of democracy. If the press attacks franchise-holding companies for violating the conditions of their franchises; or wealthy men for wrong doing; or wealth generally for being blind to its duties; or rich people for the vulgar display sometimes made of their suddenly-acquired social position, we cannot blame our

journalists, indeed if they do it fairly and temperately they deserve every good man's praise.

But if we desire to maintain the splendid credit we now enjoy, and if we reflect on the quantity of new capital we shall require year after year as we build up our country, then it behooves every good citizen to see that this incipient hatred of success which is being encouraged every day by hundreds of inexperienced writers in our daily press be stopped, otherwise we certainly must suffer severely in credit. I hope that in Halifax you have seen very little of this, but elsewhere the tone of certain papers has been so full of violence in advocating what would practically be confiscation, so full of levity regarding the binding nature of contracts, and so utterly regardless of truth in making statements of what purport to be facts, that it is indeed fortunate that our politicians do not often yield to the temptation to do wrong. I am not here to defend the sins of franchise-owning corporations or of men owning great wealth who make a bad use of it, or who exercise too great a power because of it. If we have granted franchises out of which large profits can be made, let us remember: 1st, that capital will go to the countries which are fairly liberal to franchise-holding companies; 2nd, that the remedy of public ownership by expropriation is open if we pay the full value of the thing expropriated; 3rd, that there are two tests in public ownership—one, as to how far lenders, after past experiences, will invest in such securities; and, two, as to whether we can, with our political conditions, manage public trading concerns successfully. My personal opinion has not changed in the last twenty years. I believe in the municipality sharing when the franchise is very profitable, and using the profits to reduce the general rates or to reduce the charge made by the franchise owners, as may seem best. It will be found that most franchises must run for some years without much if any profit to

divide, but, again, others in large cities make a profit very soon. I believe better results as a whole will be obtained by any municipality if a franchise is managed by private effort on a fair basis of sharing profits than by municipal working direct

But whatever any of us believe, the main point is that we shall have much money to raise in order that many franchises may be worked, and in the long run we must satisfy the lender or we shall not get the money. We cannot satisfy him by cultivating a hatred of all corporate wealth, or by making him think that at a certain stage of irritation with the terms we have ourselves granted to a franchise owner we may use our sovereign power to undo our own contract. The fact that we know that such wrong doing is practically impossible and that such views do not represent the people at all, but are the vicious mouthings of that part of our community which represents Thersites in his envy of Achilles, will not always avail. English opinion is proverbially slow to change. It took a long time for them to conclude that we would succeed, and they will not now listen to Thersites too much, but if we ever justify by our acts what certain newspapers have urged, and England, as a result, suspects our good faith, it will be a sorry day for Canada.

I, of course, do not believe that we shall do anything which will materially injure our credit at home or abroad. I only urge that we remember the dangers of democracy and that we take lesson by what extreme democracy has done elsewhere. Let us take pride not in our exultant youth and our confidence in a great future, but in our northern reserve and caution, our inherited instinct towards honour and high ideals. Let men say that we are provincial, rather than that they shall say we are corrupt. We shall surely need to possess strong national virtues in the great task which lies before us of developing the

West. We cannot make a great country out of great material resources alone—greatness must be inherent in the people themselves. Your fathers were slow to believe the immortal Joseph Howe, when in 1851 he set forth the future of British North America and told the people of the Maritime Provinces that they were the Atlantic frontage of a vast region which must be organized and improved, and which reached to the beautiful islands of the Pacific, and was entitled to share in the commerce of the great ocean beyond. Now we know not only how true was his prophecy but how great is the burden entailed upon us if we are to do our duty by that West which is now an integral part of the united and enlarged British North America which we call Canada. We are only about six million people and we have half a continent as our burden of development. In 1830, up to which time there had been practically no immigration to America since the original settlements in the 17th century, the United States had thirteen million people. By the time that immigration began to be pressing enough to create problems the United States had thirty million people. We have only about six millions, and we have built canals and railroads out of all proportion to what had been done at a corresponding time in the United States. But we have a constantly increasing quantity of public and private improvements to accomplish if we are to keep pace with the future which is plainly marked out for us. What we have done, great as it is, is but an earnest of the future. We in the East might like to rest on our oars a bit, but we cannot without national shame do so. We must pledge our credit—mortgage our future—in order that this great Northern outpost of the Empire may fulfil its manifest destiny. The power to accomplish these material things rests upon the national wisdom and honour we display. For this reason we must never forget that the intellectual and moral

problems are greater than the material. The educational problems created by the West are all but appallingly difficult. Schools, colleges, even universities, they will have, but we must largely supply the teachers. Later the more ambitious, or those who are more able for other reasons, will flock to our Eastern schools and colleges, and especially to our universities, and woe betide us if we do not send them home with higher ideals than mere money-making. May we hope, gentlemen, that Canadians will gravely realize their responsibility for our national enterprise, and holding fast to every good thing which will build up our national character, that we shall not fail to openly reprehend those things, even if they be but straws in the wind, which must tend to lessen our national self-respect and therefore to diminish our credit in other countries?



