

PETROLEUM INDUSTRY ORAL HISTORY PROJECT
TRANSCRIPT

INTERVIEWEE: Allan Insley

INTERVIEWER: Nadine Mackenzie

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NM: This is Nadine Mackenzie speaking. I am interviewing Mr. Allan Insley. Mr. Insley, thank you for having accepted to participate in our project, can you tell me, when and where were you born?

AI: 1910, in Virden, Manitoba.

NM: What did your parents do?

AI: Farmers.

NM: Were they Canadian?

AI: Yes. They came from Ontario.

NM: Both of them?

AI: Yes, both of them.

NM: And what about your family background, were they all farmers?

AI: Yes, they came from farming families in Ontario.

NM: And so where were you educated?

AI: In Virden, Manitoba, grade school and high school to grade 12.

NM: And then what did you do?

AI: Started in the bank.

NM: Why did you choose banking.

AI: In 1928 when I was looking for a job, the banks were about the only people that were hiring. I chose the Royal Bank because I lived next to the bank manager.

NM: And what was your first job at the Royal Bank?

AI: Junior in Birtle, Manitoba. I was there for a year and then I was transferred to The Pas, Manitoba and it's away north.

NM: How were the offices of the bank at the time, were they small offices?

AI: Oh yes, the staff in the first branch I worked in had four, just enough for a tennis match or a bridge game.

NM: So you were working where exactly?

AI: Birtle, Manitoba. It's a farming community.

NM: And how long did you stay there?

AI: Just a year.

NM: And then you were transferred to . . .?

AI: The Pas, Manitoba.

NM: And how long did you stay there?

AI: Another year.

NM: Doing the same job?

AI: No, I was a ledger keeper then, that was a big promotion.

NM: What was. . . .?

AI: The ledger keeper looks after the customers pass books and ledgers. Anybody of my vintage would know that there was a junior ledger keeper, a teller, an accountant and a manager and that was our whole staff.

#023 NM: And then after that, what did you become? . . . so you were working in small places?

AI: Yes, that's right. The first larger place that would be called a city at that time was Brandon, with a population of about 17,000. We had a staff of 12-14, all men, except one secretary. I worked in a number of small places outside of Brandon and in 1936 I was transferred to Winnipeg.

NM: And what did you do in Winnipeg?

AI: After a few years, I was the Assistant Manager of one of our larger branches and in 1944 I was our Personnel Officer for the province. In 1946 I was transferred to Calgary as Assistant Manager of our main branch.

NM: Can I ask you , in '46, how was Calgary, that was just before Leduc?

AI: Oh yes, I was here when Leduc came on the scene. It was a small, really a small, small city. You know, maybe 100-110 thousand. Somebody could check that and I might be out a few thousand. But it was one streetcar line down 8th Avenue and out to Bowness.

NM: So where did you stay when you were in Calgary?

AI: When I first arrived in Calgary, I stayed at various boarding houses and finally got an apartment of my own. In 1950 I was transferred to London, England, where I soon obtained an apartment, although they're scarce, being so close after the war. 1951 I was transferred to New York. In New York I had a real nice apartment downtown and part of my work was travelling the southern states, Texas, Oklahoma, Louisiana. And in 1952 when the oil business had really taken off in Calgary I was transferred back to Calgary and I was here when the first bank loans were made against oil properties. I must say that for the first 10 years, we really didn't have a problem account. We lent many millions of dollars to the oil industry.

NM: Can you go back to 1946 when you were in Alberta, how was the banking business at the time?

AI: Business was really good, it was an expansion time for our bank and we were opening branches in many centres. When Leduc came in, we opened a branch the same week, in a garage as a matter of fact, and your namesake, Rollie Mackenzie was one of our first officers in the bank at Leduc.

#056 NM: Do you remember oil people you met at the time?

AI: I don't now but I made it a point, it was my job to get to know all the of oil people that came in.

NM: I was thinking if you could talk about people like Eddie Labord??? or Harry the Horse.

AI: Yes, I knew Eddie Labord from the day he arrived in Calgary and he's still a friend of mine. He was our Master of Ceremonies deluxe. When the Oilman's Golf Tournament

was on, Eddie was there with

NM: That's right, he started it.

AI: Yes, well, he was one of the people who started it.

NM: And he started also, the Petroleum Club.

AI: Yes, he was there. It was up in the Palliser Hotel then, up on the top floor. My introduction to Harry the Horse was one evening when I came into the hotel after work, and he was on his hands and knees looking at a map with some people from British Petroleums. I wasn't surprised to see Harry the Horse down on his knees looking at a map but I was sure surprised to see the Englishmen gathered around him. They had a very high regard for him because he was helpful, he knew the local people and. . .

NM: He knew everything, he knew everybody.

AI: Yes, and he was . . . what was his name?

NM: Harry Heath or Harry the Horse.

AI: Harry Heath. Harry got to know a lot of people and they helped him and it was mutual. They helped Harry and Harry helped them, so any advantage he obtained he earned because he really was helpful.

NM: What about Neil McQueen???, did you know him?

AI: Yes, I knew him. He was one of the real old-timers and following him was John Hardy and he, up until his death was a close friend of mine. And a close friend of the Royal Bank, which I must mention.

NM: Art Newburn???

AI: Yes, well, they were both in it at the same time. They were in central Leduc and that was the name of their ??? company, I guess you knew that.

NM: Did you come across a lot of promoters?

AI: A few. Yes, there were 3 or 4 here, I won't mention their names but they were part of the scene and they made it seem authentic. It was a high risk, expensive business to get into. They had seen opportunities when the oil business was at its peak in the States and they came up here with a lot of know how that helped us but they were . . . you know. . . .

#088 NM: I remember Eddie Labord telling me about a promoter who had a little black box and was pretending he could, from Calgary, discover the oil fields in Alberta.

AI: Oh yes. Those people were really part of the scene and everybody knew them. They were trying to promote everybody and raise funds. They were successful, some of them didn't come to a very good end but. . .

NM: Some ???

AI: That's right. One of them ended up in jail in your country, in Switzerland.

NM: Trying to put money in

AI: I don't know what he was trying to do but it was something that your people didn't like.

NM: What about the Royal Bank, was the Royal Bank lending a lot of money for the oil companies?

AI: Yes. That was our . . . it wasn't too easy to get good loans at that time and we soon had many millions of dollars out in the oil industry. For years, we didn't have any real problems you know, we had some things that had to be changed but that'll happen in any

industry.

NM: So people were paying you back?

AI: Oh yes. Some of the banks, to our advantage, some of the banks thought it was too risky. But we didn't find it that way and for that reason we, in a few years, had over half of all of the oil business. Some of our customers told us that, of the drillers, 90% of them dealt with the Royal. They would look at the endorsements on their cheques and they would see, Royal Bank, Royal Bank. A lot of them were just paid out automatically. It was no effort for the borrower and it was no effort for the bank to collect, because it was automatic. They made a percentage of their income available for paying loans and that's what bankers like.

NM: What was the requirement for borrowing money from the bank, for somebody who wanted to go into the oil business?

AI: To start with, if they had no exposure to the oil industry, the banks at that time, insisted on some type of security. It might be an endorsement of somebody who could respond.

NM: A partner or . . . ?

AI: Yes, a partner or just a friend. Usually if a person endorsed, they made a charge for it you know. But this made the banks feel more comfortable. We used to lend as much money as could be paid back, and this will seem odd to anybody in the oil business, and a lot of them know of course, it had to be paid back in 18 months. So if the payments that you could make would pay a loan off in 18 months, we were happy and so was the customer. But payments for 18 months didn't amount to a lot of money. So gradually, with competition from other banks and trust companies, this changed and finally, when I retired a few years ago, we were lending what would be paid back in 4 and 5 years. Unfortunately the banks along the way, stopped relating the income to the size of the loan and the time it would take to pay it back. This was unfortunate, both for the oil companies and the banks. The oil companies got borrowing more than they could handle and the banks weren't being paid. Some of them, they had to realize on their security and take over the company. While I was working we only took over the management of one oil company and it worked out fine.

#132 NM: What about the interest?

AI: You mean the rates.

NM: Yes, the rates in '46 or '47, it must have been quite low comparing to what it is now.

AI: It would be 6 and 7%. When you borrowed and you had a loan that the interest wasn't at a fixed rate, this caused problems when it went up to 18 and 19% because the people who had borrowed and assumed they could pay 7% had no way of paying 19%, 20% and this was just unfortunate. It was unfortunate for the banks, it was unfortunate for the clients. The last thing the banks want to do is get in the oil business but in spite of themselves they did. There's some, just recently, that the banks have had to take over and the banks have had to hire technical people. When we started ours, we had no technical people, I was the closest thing to a technical person and I had no knowledge of requirements but we used outside consulting firms to tell us what the reserves were worth.

NM: That was the best way.

AI: It was the only way. Finally while I was still manager of the oil department, we hired an engineer and we found this a great help because without. . .we were going to the consultants for no reason really, just things that anybody in the oil business knew, we had to go and get it confirmed. When we had our own engineer then he was able to do that for us and the other banks did the same.

NM: Because that was easier.

AI: Oh yes. You have to have somebody on your staff. And this was a good job for the engineer that we hired, it was a good job. The Canadian Bank of Commerce did the same thing at the same time. So we ended up, I think now our bank has 3 or 4 technical people. They have some senior people that they hired from outside of the bank, who weren't career bankers and they've been able to help us a lot. They have information and knowledge that you can only get from exposure.

NM: Were there a lot of deeds??? where people were trying to get to borrow money and there was nothing really.

AI: Yes, they wouldn't have the background for a loan. Any bank loan you speak of the collateral and they just wouldn't have the collateral and there were a lot of deals that didn't go through for that reason. But the thing was finally, that the people looking for money had to go outside of the bank that they were used to working with and see, every bank had a different opinion of different properties and they got different advice from outside. So they would have to just shop around till they could find something. I used to tell them not to feel bad if we couldn't go for one deal. If you go into a tailor's shop and he hasn't got the kind of suit you want you go somewhere else, so I'd tell them not to feel badly because we couldn't make a deal, go and try our competitors. Sometimes it worked. And they appreciated it and often they'd come back finally, when they had other deals, they'd come back to us.

#174 NM: How long did you stay in Alberta, when you arrived in '46, was it until '52.

AI: Yes, from '52 I stayed here until 1970 and then I went to Montreal.

NM: In '52 you went to London, England.

AI: No, I came back. 1950 I went to London, 1951, to New York, 1952, I came back to Calgary. Then I was transferred to Montreal in 1970 and oil loans were on my desk there. I was in international and my territory was all of the United states, west of the Mississippi, so that was a big territory. But I enjoyed it. I liked the American people, they taught us a lot.

NM: What about England?

AI: In England I was the Assistant Manager of our main branch. That was absolutely connection to the. . . That was before I got into it really. But they have a business that's peculiar to London. People do an awful lot of borrowing just on the wave of a hand. It's different. They'd frown on making a loan to a stranger whereas a person they'd known for 20 years, they would never question them. And we made an awful lot of unsecured loans there that we didn't ever have any trouble with them, not while I was there.

NM: Do you think there is a different attitude between the European banking system and the North American banking system?

AI: Our system. . . well, first, in downtown London we were never exposed to people that made their living off of their farm or. . .we didn't know anybody like that. They were all brokers or international financiers. That business had been established. I don't think I made more than two new loans all the time I was in London. It's just because they put a lot of stock in your past, if you've always been prompt with your payments and things work out the way you say they will, they really lend a lot of money. They would . . .is this of interest to you. . .on a business day in London, we would know right away how much money we had to lend. You see, we were a Canadian bank, we didn't have unlimited funds but say, we had 20 million pounds and we couldn't afford not to have that lent every day of the year. So we had some people that we would phone and say, we have 5 million pounds left today, this is right at noon and have you any use for it. They'd say, yes, at 2% we'll take it all or at 2% we'll take a million and then we'd phone others and we would lend it to them. Now, those are brokers and they would be re-lending it at a higher rate. So any relationship between that and banking in Canada are just. . .there isn't any.

NM: And when you came back, you went to New York?

AI: That's right. That's when I had the territory in the south of the U.S. They seemed to think that because I came from western Canada that would give me an audience. Our business was real good. New York's business has changed and has grown so much. We have many offices in the states now, at that time we just had one, just New York. While I was there we opened a branch in San Francisco and we opened 2 or 3 branches in Denver. I haven't kept up with it but there are a lot of branches in the states now. Some of them you obtain by buying smaller banks and then just operating their system.

#232 NM: What about the training of the staff?

AI: Here in Canada. It's changed so much, we learned mostly by exposure. We were put on a desk that was a lending desk and we just learned by making mistakes really. Now, they have a training program and they take people in, they have training officers and they train them for different posts. If they're short of tellers, they even have a course for tellers. They have an office where the tellers are trained and what these girls know about banking just amazes me and we had to learn it over 20 years and here, they've been in 6 months and they know more than we did. However I guess girls are smarter than fellows anyway. That's just for you.

NM: You said one year in New York?

AI: Yes.

NM: And then you came back to Calgary?

AI: That's right.

NM: What were the reasons for you to come back to Calgary?

AI: The oil business had just started and I was familiar with an awful lot of the oil people in the southern states. So they phoned from head office and told me that they would give me four days to make up my mind, whether I wanted to come back to Calgary. I said, don't hang up the phone because I'll come back right today. I love Calgary. It suited my way of life to work in Calgary more than in New York. New York is a large, large, impersonal

city. You know what they're like, it's just . . . what would you say. . . things happen in New York, I guess they're happening in Canada now but I couldn't believe it then. I was going home one night to my apartment and I saw somebody lying on the street and I didn't know whether he was dead or alive. I went over and I nudged him and I said, are you all right and then I could see he was drunk. Then I said, can I help you and he said, if you'll just help me up and I can get hold of the fence, I'll be alright. So I did and he said to me, you're a stranger in New York, I said, yes I am, he said, don't ever do that again, what you just did for me, because that's the favourite way for people to. . . you bend over and they pull you down and rob you.

NM: So a lot of violence.

AI: A lot of violence. When I went out with the staff in downtown New York in the evening, they'd say, you just mind your own business. They'd heard me tell about this and they said, no matter what you see, don't you do a thing, just ignore it, if there's somebody on the street step over them, go around them. And this is terrible. That's why I like Calgary but it's getting bad too.

#275 NM: Not too bad, comparing to New York. And how was the oil situation here in Calgary in '52, was it booming?

AI: Oh yes. That's when the people were coming in by the hundreds. I stayed at the Palliser then for 9 months and I met most of the people that were coming in. I might have met Eddie Labord there. That's when we started the Petroleum Club. I couldn't get the dates straight that I met Eddie, I've known him so long.

NM: So were the oil companies approaching you for borrowing money?

AI: Yes. But we went down and we had some managers at that time, you may have heard from other people, Ernie Maclean was our manager. He was an Irishman and good looking, full of good humour. He went down to Houston and Dallas and Oklahoma City and Tulsa. Every trip that he went down he'd come back with a major oil company accounts, he'd sometimes have 2 or 3. Like Phillips and Sun, oh just. . . I'd have to do a lot of research to see how many he brought, but he brought hundreds of accounts. And when I went down over the years after that, the only person they were interested in was, how's Ernie Maclean. Unfortunately he's not living, he'd have been too old now anyway but the Royal Bank owes him a lot. He was a real good ambassador, he liked to socialize, he liked people and they liked him.

NM: Where was your office when you came back?

AI: Centre Street. 8th Avenue and Centre Street, on the second floor. Our supervisor's department was there then. Incidentally, my superior there was Mr. Durham and he died last week at 94. That's a pretty ripe old age. I hadn't seen him for a good many years, he'd been ill, just old age really. He was a hard worker.

NM: I want to ask about Bill Hyland???

AI: Bill came here from the east. He was an easterner and he was our supervisor in this building, his office was in this building on the corner. He was here and he was a very good friend of Eddie Labord and most of these people. He was a real sociable fellow who was well liked and well accepted I guess is a good expression. He is living in Vancouver

now, he's retired and was up to Edmonton for Christmas, but didn't come down here. But he's like the rest of us, he's not young.

NM: This is the end of the tape.

Tape 1 Side 2

NM: Were you dealing with other people outside the oil industry?

AI: Not really. Possibly because I came from a farm, some farmers came to me and told me what their problems were and I could direct them to the right person. During my time in Calgary we opened an agricultural department and we hired Keith Swingson???, who is still with the bank and in my opinion is the best banker, farmer in Canada. I guess the other banks think theirs are just as good, but he's a very personable, good looking, tidy fellow, who is accepted by the farmers and can talk to the bankers or the presidents of any company.

NM: Tell me about the story of the Royal Bank?

AI: It was the successor to the Merchants Bank, which started in Halifax. We can look at it and we can fill it in after if you want.

NM: What about the adding machine, did you have them?

AI: We didn't have one in the first branch that I worked in. We used to list everything by hand and then add it up in our heads. We got pretty good at adding and then the second branch I went to, they had an adding machine and we thought they were spoiling us with the machines. Because the new fellows that came in, they soon took to the machines and they couldn't add either.

NM: And what about the hand written ledger?

AI: We were typing, very old typewriters. The first town I worked in, Birtle, Manitoba, there was a private bank there and we used to often go down there and see that they were doing the same as the British. They were writing a lot of their letters and then they had some kind of duplicator and they would copy them on this. . . school teachers used to use it, I don't know what you call it. . . they'd put the letter on a pad that would duplicate it.

NM: They don't do that anymore.

AI: No, I don't think anyone has those anymore, they'd be an antique.

NM: This is the end of the first interview with Allan Insley.

Tape 2 Side 1

AI: I feel it would be appropriate at this time, to record a brief history of the Royal Bank of Canada. Originally called the Merchants Bank, formed in 1864, by a group of Halifax merchants with head office in Halifax. After 15 years the name was changed to the Merchants Bank of Halifax. The total cost of the first head office building was \$100,000. By the early 1900's, the bank had 32 branches and the name was changed to the Royal Bank of Canada. In 1907 the head office was moved to Montreal. Several locations were used by the head office, the last two being, 360 St. James St. and the present known as Place Ville Marie. This complex reflects the modern trend in architecture, there are 45 stories, each floor measuring almost one acre. Included in the building are two theatres, a shopping promenade, an indoor car park and many restaurants. Over the past more recent years, much of Montreal's financial business has moved to Toronto and now several of the head office functions have moved there. In that city the Royal Bank Plaza is ideally suited for the financial community. The Plaza must be considered one of Canada's most impressive buildings, it was completed in 1976. Not to be outdone by Montreal's Place Ville Marie, there are two levels of boutiques, a landscaped open garden court and three levels of parking. At the end of 1983 the Bank had over 1,700 branches and assets over \$86 billion.

NM: Let us go back to your career, Mr. Insley, who were the most influential persons in your career?

AI: I feel that the most influential individual that I had the opportunity to work for, and with, was James Muir, who headed the Royal Bank for a good many years. He died in 1960 while visiting his hometown, Peebles??? in Scotland.

NM: What were the most rewarding experiences in your career, several or just one?

AI: I would say that the most interesting or rewarding experience was probably starting the Royal Bank's Oil and Gas Department in the early 1950's and operating it for 20 years, during which period we secured and serviced over 50% of all of the oil and gas related industries in Canada. This is not to imply that we didn't have terrific support from our senior officers in Calgary and our head office and some of staff locally, including Jim Boyle, who's contacts invariably became friends and supporters of our bank.

NM: What about your publications?

AI: We, in the Royal Bank, put together and published yearly, a resume of the Canadian government regulations relating to energy, along with maps, which were well recognized in the industry. While I am not an engineer or a geologist, all of our department took in many of the meetings of most of the energy related professional groups.

#040 NM: Looking back at your career, what do you think of it?

AI: If I was to pick a career again, I would do much the same as I did. Where else could one expect opportunities to visit and work in Calgary, London England, New York, Dallas, Houston, Denver, San Francisco, Los Angeles and Montreal. I just think it was great.

NM: That's a very good positive attitude. Mr. Insley, I have really enjoyed interviewing you. Thank you very much.