

## **Business as Usual?** **Some Recent Business History**

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## Business as Usual? Some Recent Business History

FOR READERS OF THE BUSINESS PAGES of the national press over the last year, an inescapable aura of *gotterdammerung* hovered over the fortunes of Canadian business. Structural fatigue seemed everywhere in evidence. The slow erosion of the branch plant economy had been accelerated by the abrasive effects of a deep, lingering recession and the adoption of a national commercial policy more in tune with the dictates of a “globalized” economy. In short, the landscape of Canadian business has been changing in a painful, seismic fashion. The venerable sureties of the National Policy, the forceful “visible hand” of C.D. Howe and two decades of interventionist government all now seemed to be in question. The cloistered, protected industrial base of the Canadian economy was finally being reconciled with the traditional openness of our trading economy. Canadian business found itself beset by menacing acronyms: FTA, NAFTA and the Uruguay Round.

Canadian companies could no longer be assured the comfort of a protected national market. Even those companies which had successfully shifted onto the global stage — Bombardier and Northern Telecom, for instance — found life beyond Canada’s borders an anxious and not always profitable affair. Whole other sections of Canadian retailing and manufacturing simply failed to make the adjustment. The nation’s once sacrosanct transportation system sagged under the strain of restructuring. The national airlines reported staggering losses that would have made C.D. Howe blanch. Canadian National, once a pampered crown corporation, slashed its workforce, but was still obliged to report a loss of \$90 million for 1992. Old habits, however, ran deep and Ottawa chose to “rescue” CN by parachuting a career civil servant, Paul Tellier, into the chief executive’s job at the railway.

If Canadian business seemed to be playing out a kind of *fin de siècle* final act in the early 1990s, so did many of its *dramatis personae*. The old order was changing. There seemed, for instance, telling evidence of Andrew Carnegie’s adage that the great entrepreneurial families passed “from shirtsleeves to shirtsleeves” in three generations. In November 1992 we learned that Sir William Aitken, the grandson of that most roguish of Canadian promoters, Max Aitken, had gone bankrupt. The 40-year-old deal maker owed \$3 million and was unable to satisfy his creditors. “Credit? Overdraft? Are you kidding?”, he told the press. “I need another overdraft about as much as an alcoholic needs a drink”.

Even first-generation Canadian dynasties were suffering. Sir William’s insolvency palled into insignificance with the news that the sprawling real estate empire of the Reichmann brothers — Olympia and York — was unable to service the \$18.6 billion it owed to Canadian and foreign banks. The binge of real estate development that had mesmerized the nation in the 1980s had turned sour — very sour. Paul Reichmann’s Cinderella touch, which had once given Canadians cause for pride as it wrought profit from urban decay in New York and London, quickly became paralysed by debt. His reputation, the *Globe and Mail* concluded, was “forever shattered”. Instead, the Reichmann empire now became home to a circus of lawyers and bankers vying to divide the remnants and restructure the debt. The

Reichmanns lost control of their empire.

In December 1992 the curtain dropped further on the old stage of Canadian capitalism. K.C. Irving, reputedly the nation's richest man, died at the age of 92. The "Paul Bunyan of New Brunswick", the master of oil, pulp and paper, shipbuilding and telecommunication, had gone to a Bermuda grave. Like the Reichmanns, Irving had wrapped his activities in secrecy, but unlike his Toronto counterparts he had built sufficient breadth into his empire to protect it from cyclical downturns. Irving bequeathed not only a fortune, but also stability. There was, nonetheless, the sense that however successful Irving had been, Canada had seen the last of this kind of self-made industrial empire. "Today", reflected Ken Thomson on the Irving death, "it's almost impossible to achieve those huge dreams, to achieve the visions — it's a different kind of achievement now".

Amid these racking changes, what could Canadians expect from their business historians? There were, of course, the predictable encomiums of the Business Hall of Fame. There was also the predictable spate of "instant" books on the "rise and fall" of the Reichmanns. Neither of these carried much insight or research. Journalists Peter Cook and Peter C. Newman could be relied upon to introduce a telling business history perspective to their *Globe and Mail* and *Maclean's* columns. There was also value in the trenchant essays of scholar and public commentator Michael Bliss as he brought a historian's insight to the fast-breaking news of the fall of 1992. But, beyond Bliss in *Canadian Business* or on the CBC, academic business history made its offering at arm's length on the book page of the newspapers. Historians produce their analysis out of perspective and documentation and, as the secrecy of the Reichmann and Irving empires so forcefully demonstrated, neither was in abundance for the events of the early 1990s. Thus, if Canadian business *was* experiencing a fundamental reorientation as the century drew to its close, Canada's business historians were still fixated on the "world we have lost".

The books surveyed in this review — all published between 1989 and 1993 — are by no means an exhaustive portrait of the work of Canadian business historians. They do, however, provide a revealing indication of some of the main trusses of recent Canadian business history and, as such, suggest several abiding historiographic themes. Primary among these is the addiction of business historians to Canada's turn-of-the-century development, the hothouse of the Laurier boom. This period continues to be seen as the great hinge of Canadian business and economic history, a primordial period, which, once understood, is assumed to unlock the secrets of the later century. These several volumes reflect a powerful interest in some of the main thrusts of this period: the twilight of the fur trade, national railway development, industrial promotion and the first stirring of a state response to unbridled capitalism. Since Ramsay Cook and Craig Brown proclaimed this "triumph of enterprise" in their fine 1974 overview of the Laurier years,<sup>1</sup> business historians have returned again and again to the "transforming" nature of these events. The ease with which one can extrapolate from this powerfully formative period has, however, tended to hold our business historians

1 *Canada, 1896-1921: A Nation Transformed* (Toronto, 1974).

back from boldly venturing further into the century. To an alarming degree, the 1920s are all too often the high-water mark of Canadian business history. We know, for instance, so little about the Depression experience of Canadian business. Great frontiers thus remain unvisited, particularly the post-Second World War years. Hence, the alacrity with which journalists have taken over the interpretation of recent Canadian business history.

These volumes also remind us of the tremendous centrality of Montreal to the shape of Canadian business. Since Donald Creighton so evocatively wove Montreal's commercial aspirations into the fabric of our national history in the 1930s, we have dutifully followed the logic of metropolitanism westward up the St. Lawrence. The 1970s and 1980s, for instance, witnessed scholarship that tended to celebrate the rise of Toronto's business prowess, often at the expense of overshadowing Montreal's continuing influence. The superb work of H.V. Nelles, Christopher Armstrong, Douglas McCalla and Michael Bliss was generally Ontario-centric. Bliss's 1978 portrait of Sir Joseph Flavelle as *A Canadian Millionaire* seemed, for instance, to place Toronto at centre stage of Canadian capitalism. The volumes under review here display a new-found magnetism for Montreal: the late fur trade, the meteoric rise of Max Aitken, the birth of Canadian National Railways, the monopoly capitalism of Sir Herbert Holt and the emergence of the Seagram empire all draw our attention back to Montreal. Even capitalists intent on dominating other regions of the country — such as Sir William Mackenzie in the 1910s and K.C. Irving in the 1920s — were occasionally obliged to walk the pavements of St. James Street in order to realize their dreams. It is worth noting that even Bliss has found reason for returning to Montreal, albeit to study the effects of the 1886 smallpox epidemic.

The current of the "empire of the St. Lawrence" thus continues to flow through these books. Whether in the guise of the declining glories of the fur trade, or the distilling ambitions of Sam Bronfman or Herbert Holt's designs on the hydro-electric potential of its rapids, the St. Lawrence remains an unavoidable organizing factor in our business life. These same books betray several other persistent traits in our business historiography. As in other branches of history, biography continues to command the attention of both writers and readers, probably more powerfully than any other facet of the genre. Here we are given four biographies: Beaverbrook, William Mackenzie, K.C. Irving and Sam Bronfman, including almost 1,200 pages on Beaverbrook and Bronfman alone. In business, as in other spheres of human endeavour, biography still offers an irresistible window on accomplishment and, on occasion — such as the dramatic collapse of Mackenzie's railway empire — failure. Business readers have always hankered after some understanding of how others have succeeded and, more pointedly, got rich. We need only remember Beaverbrook's own best-seller of 1922 — brashly entitled *Success* — which was intended to furnish the reader with "a sure will- tonic. It will nerve him to be up and doing". Biography sells. So in Canada do books about railways. Three of these volumes are about Canada's unavoidable but troubled addiction to railway building. We have, in Rae Fleming's work, a vivid episode of swashbuckling railway promotion in Mackenzie's Canadian Northern, then in Ken Cruikshank's work an initial chapter on the state's attempts to protect the public interest through

the regulation of the Board of Railway Commissioners and, finally, Donald MacKay's history of the "people's railway", Canadian National. In Canadian economic history, railways have tended to be a reflection of our dependence on staples, and this selection of books revisits the staple trades in two ways: a study of fur trading in the industrial age and the political and entrepreneurial outcomes of the hydro-electric staple in Quebec.

If these volumes illustrate the persistence or reintroduction of certain standard themes in Canadian business history, they also draw our attention to certain lacunae. Business historians cling tenaciously to their historians' skills; these books all generally provide evidence of superb mining of archives, astute interviewing and well-constructed narrative. Equally striking is their imperviousness to the theories and methodologies of disciplines with related interests in business history. There is seldom a hint that our business history might be better illuminated by the shedding of a little light from the world of management science, political science, economic history or econometrics. We have, for instance, no history of Canadian business schools, no analysis of the impact of American management doctrines nor a historical perspective on the advent of corporate planning or other organizational specializations.

To some degree, this avoidance may be a reflection of business history's fixation on the turn-of-the-century period, a period which may not readily lend itself to the imposition of concepts of corporate strategy or organizational planning. Although not reflected in these volumes, there has been past debate on the applicability of the work of America's master business historian, Alfred Chandler, and his "structure follows strategy" and "visible hand" doctrines to Canadian business history.<sup>2</sup> Only in several of the papers from the Second Canadian Business History Conference is there a hint of cross-pollination from other disciplines: labour history, women's studies, management science, legal history and statistical analysis. Such interaction will not necessarily lead business history down the path to jargon and inaccessible theoretical concepts. It may, however, perhaps make Canadian business history more appealing and relevant to constituencies — particularly the business community itself — which have traditionally given little thought to business history's utility and appeal.

The fur trade is the meat and potatoes of early Canadian business history. No survey course in the field is complete without a rousing lecture on the intricacies and implications of this first transcontinental business; most of us relish the opportunity to bring alive the world of partnerships, canoes, portages and the competitive scramble for furs. In recent decades, we have even learned to bring the native peoples — once seen as guileless non-businessmen — into the trade. Like Harold Innis, the patron saint of fur trade scholarship, we have tended, however, to do a fast fade on the later years of the fur trade, conveniently shifting our focus to the rise of the railway as a facilitator of "new" staples. Despite his assertion in *The Fur Trade* that the post-1860 period was "one of the most interesting periods in the

2 See, for instance, Michael Bliss, *Northern Enterprise: Five Centuries of Canadian Business* (Toronto, 1987) and H.V. Nelles, "Commerce in a Cold Climate: Bliss on Canadian Business History", *Business History Review*, Vol. 62, No. 2 (Summer 1988), pp. 310-6.

history of the trade”, Innis furnished his readers with only a flimsy sketch of the “decline of monopoly”, briefly suggesting some of the technological, entrepreneurial and social changes that enervated the trade in the late 19th century. Thus, the most evident virtue of Arthur J. Ray’s *The Canadian Fur Trade in the Industrial Age* (Toronto, University of Toronto Press, 1990) is that it ends the short shrift usually given the declining years of the fur trade. And it does so in a lively, convincing and well-illustrated fashion.

Unlike most of his earlier work on the fur trade, Ray concentrates in this volume not on the social structures surrounding the business of trading but on the company itself. The Hudson’s Bay Company that emerges from these pages is a company with a chronic inability to adapt its corporate strategy to a staple trade experiencing fundamental shifts in its supply and demand. Most obvious on the supply side was the need to penetrate and dominate the subarctic; the heyday of the beaver was over and the muskrat became the dominant pelt in the business. Similarly, the company was faced with the fundamental decision of whether it ought to diversify away from its reliance on fur and into new areas — transportation and communications systems, land sales — or cling exclusively to its established business. On the whole, the latter option prevailed and, even when the company tried its hand at new endeavours, the ingrained habits of an enterprise nurtured on centuries of monopoly tended to negate any attempt at diversification. The HBC remained “the most conservative force in the industry” (p. 29), paralysed by the constant “bickering” (p. 198) between head office in London and operational officers on the ground in Canada. Ray stresses “the fundamental defects of the company’s administrative structure” (p. 13) as a root cause of its woes. The company failed to anticipate the consumer needs of its native customers, failed to develop efficient inventory and invoicing procedures, failed to meet competition from rivals in fur-bearing regions and failed to meet challenges to London’s dominance of fur marketing from Montreal, St. Louis and New York. Ray’s application of the dictates of corporate strategy to the company’s performance is thus thoroughgoing and at times damning.

This assessment of decline in terms of internal failings is broadened by chapter-length analysis of other dynamics in the trade contributing to the “complex interplay of economic and technological forces” which served to undermine the trade. Once again, the company’s officers stumbled in trying to make the transition from a mercantilist outlook on the trade, one in which the natives played a partnership role, to a more paternalistic system in which the natives found themselves dependent on white society. Ray chronicles this shift by showing how the company attempted to transfer its responsibilities towards the natives onto the government, thereby setting in place “the groundwork for the modern state welfare system so prevalent in the north today” (p. 221).

It is the encompassing sweep of Ray’s book that gives it power. One is constantly reminded of Ray’s mastery of the HBC archive. The book is full of well-chosen examples: the company attempted to chase consumers’ appetite for Alaska seal by glazing, shearing and dyeing hare skins and presenting them as “electric seal”. Superb illustrations convey a sense of changing fur fashion, the daily life of subarctic fur traders and company policies in action, such as the adoption of

mechanized transportation. There is overuse of rather complex charts and statistical tables; the average reader interested in the broad corporate, social and economic contours of Ray's analysis can well afford to skim over this detail. Business historians will come away from *The Fur Trade in the Industrial Age* with a fine reminder that good business history, like effective corporate strategy, must set a company's organizational imperatives in the changing context of the society in which it operates. The HBC often attempted to defy these imperatives; Ray does not.

Of all the HBC's missed opportunities, the company's failure to transfer its energies and land wealth from fur trading to railway-building ranks highest. This never proved a problem for young William Mackenzie of Kirkfield, Ontario. Mackenzie cut his entrepreneurial teeth in the backwoods of Ontario in the 1870s as a general contractor, pulling stumps, running a sawmill and making furniture. This quickly led to railway contracting and a taste for the continental enticements offered by this new technology. There can be no doubt that William Mackenzie became Canada's most aggressive practitioner of railway entrepreneurship; he and his partner, Donald Mann, never succumbed to "bickering" over their course of action. Ironically, for all his initial success and national renown, Mackenzie, unlike the Hudson's Bay Company, left behind no magnificent archive. His ultimate failure and disgrace tended to be his documentary undoing: we have no consolidated body of Mackenzie papers. It leaves would-be biographers with a daunting challenge.

In 1976 T.D. Regehr chose to circumvent this problem by writing a biography not of Mackenzie, but of his principal creation, the Canadian Northern Railway. It was assumed that Regehr's book would be the last word on Mackenzie. The "inner" Mackenzie had thus eluded the historian.<sup>3</sup> R.B. Fleming's *The Railway King of Canada: Sir William Mackenzie, 1849-1923* (Vancouver, University of British Columbia Press, 1991) takes up the challenge anew. Fleming is convinced that some interpretive middle ground lies between the "cheery picture" presented by Regehr of Mackenzie as a frontier developer and the view of Mackenzie and Mann as "melodramatic crooks" who fleeced not just the region but the nation (pp. xviii-xix).

Fleming's work as a biographer commands two initial observations. One can only but admire his doggedness. In the face of Mackenzie's skimpy documentary legacy, Fleming has combed a life out of every available source — both written and oral — that touches on Mackenzie and his business activities. There is thus an exhaustive quality about the book; the book is a labour of love. (So much so that Fleming has taken to signing himself as "Sir William Mackenzie's biographer" in his letters to newspapers). Secondly, Fleming uses his book as a statement on the nature of the art of biography. Biography, he suggests, is a slippery art. He dwells, for instance, on the image of the historian as storyteller. Like Mackenzie's rural ancestors, we spin tales out of remembered fact and bits of fancy. Protagonists have a way of fooling their biographers even from beyond the grave. The theatre of

3 T.D. Regehr, *The Canadian Northern Railway: Pioneer Road of the Northern Prairies, 1895-1918* (Toronto, 1976).

life can confuse and mislead the biographer: there are no “definitive explanations of character”. Biographers can “only suggest motivation”. The line “separating history from fiction...is very fine, perhaps non-existent” (pp. xx-xxi). To reinforce the point, Fleming begins each of his chapters with epigrams that underline his belief in the slipperiness of history. “It’s all theatre”, we are reminded in the words of Brian Mulroney, “once I understood that, I was all set.” All this strikes the reader as a bit jejune; biographers’ judgements are always tentative and such *caveat emptors* seem a bit self-indulgent.

What is perhaps most daunting about writing a biography of William Mackenzie is the sheer scope of the man’s endeavours. He was not only a “railway king”. His entrepreneurial energies extended over four decades and at the height of his prowess in the first years of the new century he controlled urban utilities, resource companies and numerous affiliated enterprises that spread from Alberta to Brazil. Mackenzie was also a financial “wizard” whose name attracted investors in England, Europe and North America. On top of this hectic business life, the biographer is faced with accounting for Mackenzie’s personal and social life. Earlier attempts to encompass the many facets of Mackenzie’s life have tried to impose an ideological centre-line on this busy life: Mackenzie was an exemplar of the unregulated, turn-of-the-century capitalism that played on politicians’ and investors’ credulity. Yes, he helped to “build” a nation but did so in a reckless manner which eventually brought on reform. Mackenzie’s endeavours flourished in what H.V. Nelles and Christopher Armstrong have so skilfully portrayed as “monopoly’s moment”.<sup>4</sup> Fleming’s Mackenzie is more quixotic. His empire was acquired in a fit of absent-mindedness; he was a “man directed more by chance than by design” (p. 73). His achievement can best be analyzed in terms of “magic, masks and theatre”. In the words of his lieutenant D.B. Hanna, Mackenzie was a “juggler”. If he eventually failed, it was because he was “always too much in a hurry” (p. 26). His impetuosity often obliged him to “walk the fine line between profit and propriety” (p. 36).

One is left, however, feeling that Fleming never really gets at the heart of Mackenzie. Surely there was more to one of Canada’s greatest captains of industry than “masks” and “hurry”? On one level, Fleming has given us a lively and readable biography. We learn much that has eluded others more interested in an ideological approach to Mackenzie: he was, for instance, the patron of Robert Flaherty, the pioneer of documentary films. Elsewhere, the book stops short. At times, it tries to tumble too much into a single chapter — slices of Mackenzie’s domestic life sandwiched in between thicker slices of Mackenzie’s global business adventures. There is also a tendency to supposition; “perhaps” and “must have” condition many judgements. There is little attempt at a conclusion: a few contemporary opinions that Mackenzie was “too sanguine” about the times or should have “concentrated” his energies on fewer ventures (p. 245). Beyond this there is little on what Mackenzie’s meteoric career has to tell us about Canadian capitalism in gestation at the turn-of-the-century. Fleming has succeeded only in

4 Christopher Armstrong and H.V. Nelles, *Monopoly’s Moment: The Organization and Regulation of Canadian Utilities, 1830-1930* (Philadelphia, 1986).



realizing his own goal: Mackenzie need no longer languish as a forgotten "hero" of Canadian history. Fleming has brought him vividly back to life and has left no stone unturned in doing so.

Ken Cruikshank's *Close Ties: Railways, Government and the Board of Railway Commissioners, 1851-1933* (Toronto, University of Toronto Press, 1991) takes us on a different railway journey, one less lively than Fleming's tale of the railway king, but one that on arrival at its destination has covered a good deal more territory. Cruikshank's point of departure is the mid-19th century, when the public venerated the railway promoter's right to serve the community's social and economic needs on his own terms. The spirit of T.C. Keefer etherized any sentiment that railways had to be controlled in the public's interest. The weak-kneed 1851 Railway Clauses Consolidation Act gave the state some limited means of influencing freight rates, but society placed its trust in competition and contractual obligation as guarantees that the public interest would be served. As systems grew and regional and sectional groups began to question this naive faith, the state upped the ante, hoping to produce competition by placing contractual obligations on the railways: land grants for guaranteed rates. Public ownership remained anathema. The political heat continued to grow. An 1886 Royal Commission on Railways prescribed a timid measure of direct regulation of rates. Tory D'Alton McCarthy agitated for a commission to arbitrate rates in the interests of all parties concerned. Finally, in 1902 railway minister A.G. Blair created the Board of Railway Commissioners, a "come-at-able" tribunal of "common sense" (p. 64). Railway regulation had arrived in Canada.

Cruikshank excels in analyzing this shifting relationship of private right and public authority. He understands the growing complexity of the Canadian economy, the conflicting agendas of regional and sectional groups dependent on the railways. He shows how evolving technology and the emergence of transcontinental rail systems altered the regulatory balance. This is not just a book of inanimate forces. The Board was very much the outcome of a young, university-trained "expert", Simon McLean, who — much like Willie King — found Ottawa at the turn-of-the-century in the mood to expand its power and helped to shape that power. Cruikshank also carves his own ideological line. He does not accept the interpretation, made popular by American scholars such as Gabriel Kolko, that regulation was a railway-induced defence mechanism. Like most things Canadian, the Board was the product of compromise: "Mediation, conciliation, and arbitration prevented railway freight rate regulation from becoming the kind of winner-take-all, zero-sum game that the 'capture' thesis often suggests" (p. 95). Canada would have "regulatory pluralism".

By the 1920s the Board itself was compromised. Regulation did not work quite as smoothly as McLean had naively expected. Both railways and special interest groups learned the tricks of the process. Much of what Cruikshank describes in embryo has become the trade of modern lobbyists: "the strategic use of information" (p. 117) and the "web of compromises" that condition any public policy decision. Regulation cannot be an airtight, scientific affair, divorced from the imperatives that politics transmit. By the end of the First World War, it was apparent that the Board could not reconcile all the pressures brought to bear on it,

especially since the politicians began to resort to new extensions of public authority to bring calm to the railway front. The Maritime Freight Rates Act, for instance, confirmed Ottawa's resort to "a rate policy in the regional and national interest without damaging the earning power of the publicly-owned Canadian National and the last major private railway corporation, the Canadian Pacific" (p. 205). A "national" railway policy would be ensured by government compensation to regions and carriers. The "pattern of future regulatory initiatives had been established", Cruikshank concludes, and the Board ceased to exist in 1933. It had been but one of "the plurality of strategies" that characterize the modern democratic, administrative state.

One of these new strategies was, of course, that the state assumed ownership of a large chunk of the nation's railways and rolled them into a crown corporation, Canadian National. In effect, the profligacy of Fleming's railway king and the ideological outcome of Cruikshank's "regulatory pluralism" come together in Donald MacKay's *The People's Railway: A History of Canadian National* (Vancouver, Douglas & McIntyre, 1992). This is a popular history that succeeds in capturing the interest of the general reader — one suspects that it has sold well to CN staffers and pensioners — while at the same time conveying good, academic value. MacKay is one of a handful of popular business writers in Canada who consistently produce worthwhile books that rise above the temptations of anecdotalism and a fixation on last week's corporate crisis.

So much can be crammed into the history of CN: it has always been more than a railway. It has over time operated merchant ships, a national airline, hotels and even a radio network. It has felt the full brunt of social and technological change as steam has been replaced by diesel power, as trucks have infringed on railways' one-time monopoly on ground freighting and as its once solid male work culture broke down under equity employment pressures. MacKay chooses to bring order to all this change by driving two themes through the book. He is reluctant to hold CN up as a Canadian success story because it has never shaken itself free from two persistent debilitations. In the first place, CN was saddled from birth with "the mountainous financial obligations of its debt-ridden ancestors" (p. 1) and has never got out from under this burden. This "boulder of Sisyphus" (p. 281) has repeatedly denied it the luxury of a clean corporate slate; any attempt to wipe clean the debt invariably triggered an ideological debate over CN's privileges vis à vis its free enterprise rival, CPR. Thus, CN remained in the opinion of Henry Thornton, its president in the 1930s, "the prime joke of the financial world" (p. 85).

CN could also never keep the politicians out of its affairs. From the outset, the corporation lacked "clear and unequivocal guidelines to govern the relations between politicians and the People's Railway" (p. 21). CN's presidents have always spent half their tenures looking over their shoulders. Ottawa sent out conflicting signals; sometimes the line was to be run on a "purely commercial basis" and other times as a "public utility". As late as 1992, Ottawa parachuted two non-railroaders into the chairman's and CEO's job at CN; Paul Tellier's appointment as CEO, MacKay notes, was greeted with "palpable surprise" (p. 303) at head office. The lack of a strict demarcation between Ottawa and the people's railway also bred a kind of public sector entrepreneurship in its presidents. MacKay

gives us splendid portraits of Henry Thornton — who King concluded was “too hoggish” — and Donald Gordon. Like Adam Beck at Ontario Hydro, Thornton and Gordon existed in a kind of no-man’s land of public accountability, sometimes with glorious results and other times with ruinous outcomes.

*The People’s Railway* is generally a traditional top-down corporate history, but, given the strong corporate culture of railroading, MacKay gives us a bottom-up glimpse of CN from its workers’ perspective. A chapter, “Railway People”, provides a series of verbatim sketches of men who devoted their lives to the railway. Here we learn something of the rhythm, language and mateship of railway men. More could have been done with this chapter, especially an attempt to distill this culture into a collective portrait, but it nonetheless broadens the book and should remind other corporate historians of the need to escape the cloisters of the executive floor.

The corporate politics of Canadian railways were fought out in Montreal. The creation of CN represented the pulling of control of the remnants of Mackenzie’s Canadian Northern away from Toronto to Montreal, where the new crown corporation squared off against its arch-rival, CPR. On this same turf other corporate and ideological battles were being fought out and new corporate stars were rising and falling. T.D. Regehr’s *The Beauharnois Scandal: A Story of Canadian Entrepreneurship and Politics* (Toronto, University of Toronto Press, 1990) takes us to the centre of this drama. Like Cruikshank’s railroaders, Regehr’s utility developers wove their history out of the interaction of technology, entrepreneurship and politics. The technology was the immensely profitable potential of hydroelectric development along the St. Lawrence. The entrepreneurship was the parallel ambitions of would-be power monopolists Robert Swezey and Herbert Holt, and the politics were the federal-provincial tussles over power jurisdiction. Between 1929 and 1931, these three reached critical mass in the Beauharnois Scandal, “one of the biggest scandals in Canadian history” (p. 3).

Regehr is a marvellous historical detective. His painstaking research has produced a densely-packed, intricate tale of corporate and political intrigue. Like most scandals, Beauharnois was not the outcome of some master plan. Instead it unfolded by expedient, corporate desire leading to political influence-peddling, followed by investigation and obfuscation. In true Canadian fashion, it avoided sex and hinged on property rights. It is therefore not a particularly gripping or rollicking tale. Exposure of the principals did not turn the tide of Canadian political or business history — Herbert Holt reinforced his hold on Montreal’s utility services, Mackenzie King held on to his Liberal leadership and the Liberals stayed in power in Quebec. A few Senators and power promoters had their wings clipped. Beauharnois, Regehr concludes, had “little effect on Canadian business practices” (p. 4). Similarly, it did “not significantly change” the practice of Canadian political life. In the long run, however, the scandal may have contributed to some tightening of the regulatory and political contributions process as well as to the rise of people’s power in Quebec.

The strength of *Beauharnois* lies in Regehr’s use of the scandal to illuminate the business and political mores of the time. It was “a fairly typical story”. Like Cruikshank’s tale of railway regulation, power regulation was a messy process in

which promoters had to resort to “dubious means in order to capture and retain the attention and approval of politicians and bureaucrats”. “Promoters and lobbyists cannot rely solely on the merits of their proposals to obtain prompt legislative or bureaucratic approval of their legitimate projects” (pp. 190-1). Regehr resists the temptation to come down hard on the ethics of Beauharnois; like so much of 20th century ethics, its message seemed to be “don’t get caught” and, if caught, “be more careful in the future”. As business schools today more and more endeavour to teach their students ethics, Regehr has furnished us with a very thorough early case study of ethical impropriety.

Herbert Holt was not the first Montreal businessman to play fast and loose with the sensibilities of investors and politicians. Max Aitken had blazed the trail two decades before. If this review is to be allowed one nit-pick, it is that Regehr consistently misspells “Aitkin’s” name. Of this, we are amply and brilliantly reminded in *Beaverbrook: A Life* by English journalists Anne Chisholm and Michael Davie (London, Hutchinson, 1992).

The relatively smallness of the Canadian historical community has given rise to the unfortunate notion that history ought to be visited only once, that once something has been “done”, it is off-limits to future historians. The 1972 publication of A.J.P. Taylor’s *Beaverbrook* had exactly this effect. Partly a reflection of Taylor’s stature as a historian and partly a reflection of the biography’s stoutness, *Beaverbrook* was considered “done”. In fact, Taylor’s treatment of Aitken’s early Canadian years was superficial and, at times, condescending to Canadian sensibilities.<sup>5</sup> In Taylor, Aitken simply got rich in Canada by rather vaguely chronicled means and then went across the Atlantic where the important part of his life began. Taylor’s treatment of the Beaver’s escapades in English business and politics tended, given the close personal relationship of the two men, to be uncritical and laudatory. Chisholm and Davie have returned to the archives and have presented us with a biography that is much closer to a definitive life — a powerful coupling of journalistic talent and thorough historical research.

Like Taylor, Chisholm and Davie portray Aitken’s homeland as a “colonial backwater”, but unlike Taylor they have visited the backwater’s archives and produce 85 excellent pages on the rise of a Canadian “money spinner”. They follow the bumptious young Aitken on his ascent of the metropolitan ladder — moving ever closer to the heights of power: Chatham, Halifax, Montreal and finally London. Aitken’s meteoric business success seems a natural outcome of his personality: he was a seductive salesman with an urge to control. He realized, for instance, that “inside information” (p. 47) was crucial to business success, just as it would later be in politics. He realized also that publicity was a potent force, either in promoting a company or in influencing the readers of a mass circulation daily. Business taught him the necessity of “deploying others to assist his purposes” (p. 543), a lesson he would carry into politics. Chisholm and Davie thus supply an insight into the powerful ego drives of a man bent on controlling his

5 See, for instance, Michael Bliss, “Beaverbrook: The Canadian Adventuress”, *Acadiensis*, III, 1 (Autumn 1973), pp. 109-13.

business and political (and sexual, one might add) environment. There was, Diana Cooper once said, "an odour of genius" about him.

*Beaverbrook* conveys much about turn-of-the-century Canadian business: "Aitken's methods were usually devious, but his ideas were always simple". He would sell bonds in companies exploiting lucrative new technologies, he would combine companies to reap economies of scale and he would capitalize on the possibilities of mass circulation journalism. His methods *were* devious. Even though Aitken appears to have "well covered" his documentary tracks, Chisholm and Davie give us a detailed appendix on Beaverbrook's most notorious merger, the Canada Cement deal of 1909-13. Once again, we are given an instructive case study in business ethics and, while Chisholm and Davie cannot conclusively indict Aitken, the ample watering of Canada Cement stock in itself justifies the "cloud of suspicion" (p. 68) that hung over Aitken's business methods ever after the deal.

Business history surfaces elsewhere in this thick biography. There is evidence of early tycoon newspaper proprietorship in Beaverbrook's management of the *Daily Express*. Beaverbrook understood the needs of the age and gave it the tabloid journalism it craved. (At least one Canadian expatriate has surely bought this book: Conrad Black). There is, however, much more to this biography, much in particular on British and Canadian politics and Beaverbrook's often erratic role in them. Chisholm and Davie have thus given us one of those "big read" biographies which continue to sell well because they combine solid analysis with good research.

*Beaverbrook* succeeds in part because of the rich trove of Beaverbrook papers on deposit in London and Fredericton. John DeMont's *Citizens Irving: K.C. Irving and His Legacy* (Toronto, McClelland and Stewart, 1991) gives us a foretaste of the kind of biography which awaits those who consciously hold history at bay. K.C. Irving shunned publicity, spurned interviews and left no publicly accessible body of papers. *Maclean's* writer DeMont has tried to penetrate the Irving shield of secrecy and has come away with an engaging but perforce superficial portrait of how an empire was built. The book depends upon oral evidence, outside documentation, bits of journalism and Irving mythology, not a solid archive. Hence, there is little sense of the inner workings of the Irving empire or the inner workings of K.C.'s mind. We get brief glimpses of the culture of the Irving group of companies, its relations with government and some sense of the overall corporate strategy ("Expansion is the thing"), but no integrated picture ever emerges. DeMont shies away from definitive judgements. The Irvings, he writes, "on balance, have been good for the province" (p. 5), but beyond this it is a toss-up whether K.C. was a "triumph of entrepreneurial genius" or an "archetypical ugly industrialist".

The Irving mystique has continued to attract biographers. The fall book lists of 1993 brought yet another attempt to capture the wily old New Brunswicker. In 1980 the Irving family encouraged veteran journalist Douglas How to begin work on an "objective account" of K.C.'s life. "Fairness and balance" would be the guidelines of the biography. Ninety hours of interviews between How and the patriarch followed. Then, How reports, the family had "second thoughts" and withdrew their support. How's manuscript was consigned to a "filing cabinet". A decade later Ralph Costello, publisher of the Saint John *Telegraph-Journal*, managed to pry the manuscript away from the family and, in collaboration with How, revamped it for

publication as *K.C.: The Biography of K.C. Irving* (Toronto, Key Porter Books, 1993). What follows is a familiar tale of the “bare knuckles” Buctouche boy who rose to be “bull of the woods”.

*K.C.* is driven by an anecdotal chronology reaped during How’s interviews with the aging Irving; in this sense, it is a better book than DeMont’s. It is readable in a chatty, easy-flowing fashion. There is more information and better illustrations. The heart of its analysis of the Irving empire, however, echoes previous studies. Again we read of the young Irving’s “penchant for controlling his own interests”, an instinct which developed into vigorous vertical integration. Irving’s career is portrayed as a brilliant response to “how vulnerable a small operation could be and how dependent the Maritime provinces were upon an economy whose power centre lay far away” (p. 32). This then is a sympathetic biography which views Irving as “a voice for the region’s soured hopes, an architect of its aspirations, as close to a New Brunswick nationalist as the province has known” (p. 88). Beyond this framework, the book disappoints. Its rambling style seldom probes beneath the surface; newspapers have been consulted, but archives apparently avoided. *K.C.* ends meekly with no bold attempt to situate Irving in the history of Maritime or national capitalism. We are left wondering in these days of corporate secrecy, libel chill and transitory electronic records whether we will ever see the lives of our contemporary business leaders recorded in anything like the candidness and detail that the biographies of Flavelle, Beaverbrook and even William Mackenzie have led us to expect. Will investigative reporters in fact become the business historians of the future?

What, however, if the biographer is invited to practise his or her art? Two of the books discussed in this review are commissioned — Donald MacKay’s *People’s Railway* and Michael Marrus’s *Mr. Sam: The Life and Times of Samuel Bronfman* (Toronto, Viking, 1991). Both prove that high quality, independent research and writing is possible, indeed can flourish, within the framework of commissioned scholarship. Such work can also provide a solution to the problem of access to the archival record, although most of the research in these instances was drawn from sources already in the public domain. Both MacKay and Marrus guarded their intellectual independence with contractual arrangements, but both report that their patrons did not interfere in their work and in fact evinced a healthy, arm’s-length interest in their research and conclusions.

Very, very few Canadian businessmen have attained reputations of such mythic proportion as Sam Bronfman. The son of a Bessarabian merchant immigrant whose first memories of Canada were of a shanty beside the CPR tracks in Brandon, Bronfman went on to become the “foremost Jew in the country” and a distiller of global reach. For some he seems a “nefarious whisky man”, for others a generous benefactor of Canadian Jewry and national culture. Journalists such as Peter Newman have harvested the rich field of anecdotes that surround the Bronfman legend,<sup>6</sup> but we have as yet had nothing approaching a definitive portrait of the man and his achievement. The task is daunting, one requiring the skills of a competent business historian *and* a scholar steeped in the Canadian Jewish

6 See Peter C. Newman, *The Bronfman Dynasty: The Rothschilds of the New World* (Toronto, 1978).

community. In two previous attempts to commission a biography of Sam, the Seagram Company placed its trust in accomplished journalists to bridge this difficult gap. Both failed to make the leap. Charles Bronfman then turned to Michael Marrus of the University of Toronto in the hope that Marrus's fine talents as a Jewish scholar could be expanded to encompass the business side of Bronfman's life.

From the business point of view, Marrus succeeds brilliantly. Not only do we get a competent, detailed chronology of the evolution of Bronfman's empire, but Marrus is able to isolate the main characteristics of Bronfman's entrepreneurial genius — what ultimately separated him from the legions of other small-time hotel keepers and distillers who dotted the Prairies at the turn-of-the-century. Students of business management can draw some sage inspiration from what Marrus has to say about Mr. Sam the businessman. Bronfman understood his market and how to position his products in it. He opted to produce blended whisky, not pot-still-made whisky, knowing that blended whisky would be of uniform quality and cheaper to produce. He built strategic alliances with Scottish distillers to give him access to their expertise and high quality stock for blending. In a market in which most producers were oblivious to quality, Bronfman became a stickler for quality. He appreciated the importance of marketing his product; his whisky went out in handsome bottles, coddled in purple velvet bags. "Go first class", Bronfman told his production managers. He advertised. He devised distinctive marques, which quickly allowed him to occupy the high end of his market. He developed an image for his products that flattered rather than outraged the social sensibilities of his customers — "Drink Moderately".

Perhaps Bronfman's most unCanadian attribute was his ability to see beyond the country's borders, to take his enterprise onto the global stage. He anticipated his market brilliantly. His 1934 acquisition of the Calvert Company was timed to position Seagram for the post-Volstead Act American market. Ten years earlier he had moved to Montreal because he sensed the city's "particular advantage" (p. 110) — its river location and Quebec's aversion to prohibition. Thus, Bronfman built what had been a "temporary, highly fragile enterprise" (p. 71) into a broadly-based, stable international conglomerate that eventually diversified into oil and, after Sam's death, equity in American corporate thoroughbreds such as DuPont and Hollywood movie-making. Marrus's Bronfman is not without blemishes: the murky details of the notorious Matoff murder and Sam's increasingly irascible and dysfunctional personality in later life are dealt with candidly.

This is good business history, strong narrative carrying incisive analysis of an industry in the making. Others will judge Marrus's interpretation of Bronfman's wide-ranging activities in the world of Montreal and world Jewry. There is good evidence, however, of how the Bronfmans benefited from what Harry Bronfman called "family constructiveness" in building their empire. Marrus is also adept at setting Bronfman's rise in the context of Canadian social developments — the Social Gospel, the rise of an affluent middle class. It is a pity that a book with all these strengths should have been illustrated in such a pedestrian fashion and given such a garish cover that presents Sam as a gambler rather than emphasizing the entrepreneurial vision of the man.

The sweep of big biographies and the cohesiveness of railway and fur trade studies cannot fairly be compared with a collection of essays, but they do suggest the verve and interest that good business history can create. *Canadian Papers in Business History, Volume I* (Victoria, Public History Group, 1989), edited by Peter Baskerville, is intended to take us to the cutting edge of academic business history by presenting the “best” of the Second Canadian Business History Conference, held in Victoria in 1988. It is by virtue of its conference origins a rather eclectic volume. Unfortunately, the volume’s editor does not bring some perspective to this eclecticism in his introduction. If collections of essays are to find an audience, they need to be given an orientation and a commentary. Here we are told that the essays contain “provocative suggestions” (p. v), but there is no exploration of what these might be. *Papers* seems intended to serve as a kind of clearing house for new work in Canadian business history. If so, more framing is needed.

The 11 papers contained in the collection contain some hints of promising new perspectives and methodologies in the field. Gender, legal history, quantification and business-government relations provide interpretive entrées into several of the essays. Particularly noteworthy is Ian Radforth’s study of how by trial and error the Jacques and Hay furniture company of New Lowell, Ontario coped with the challenge of managing its affairs as it expanded. Similarly, Graham Taylor’s study of aircraft making at Vickers in the 1920s offers an instructive tale of the relations between a Canadian subsidiary and its foreign parent and government defence policy. On the whole, however, these are very thinly sliced pieces of Canadian business history, often lacking much sense of a broader context. It may be an endemic academic shortcoming, but it is regrettable that the quality of writing in academic articles is so lamentably below that of monograph writing.

We are thus left by *Canadian Papers* with some small hints of promising new avenues for Canadian business history to travel. New frontiers do beckon but have only been fleetingly visited. For the most part, however, the books reviewed here leave us with a strong sense of business as usual: solid biography, industry-specific monographs and the tracing of transformations in the nature of capitalist culture in Canada. This durability of old forms perhaps echoes the real world of Canadian business in the early 1990s. The 1992 bonfire of the vanities had not perhaps consumed the old world of Canadian business completely. There was, for instance, news that the Reichmanns were attempting to rise anew with a \$400 million property deal in Mexico. The Reichmann sons were beginning to make an appearance in the executive offices of a much-reduced Olympia and York. In New Brunswick, K.C.’s sons — cruelly nick-named Gassy, Greasy and Oily — had slipped smoothly into control of the Irving empire. “You’d have a sort of massive problem before the whole thing comes tumbling down”, an official of the Atlantic Provinces Economic Council commented, “It’s not a house of cards”. Across the Atlantic, William Aitken was displaying the old-time Beaverbrook spirit: press rumours have associated him with a Guyanese logging company: “I am a deal maker...My future money-making efforts lie outside Britain. That is what I intend to do”.