

Urban History Review Revue d'histoire urbaine

URBAN HISTORY REVIEW
REVUE D'HISTOIRE URBAINE

McCalla, Douglas. *The Upper Canada Trade, 1834-1872: A Study of the Buchanans' Business*. Toronto: University of Toronto Press, 1979. Pp. viii, 231. Tables. \$15.00

Peter George

Volume 9, Number 3, February 1981

URI: <https://id.erudit.org/iderudit/1019302ar>

DOI: <https://doi.org/10.7202/1019302ar>

[See table of contents](#)

Publisher(s)

Urban History Review / Revue d'histoire urbaine

ISSN

0703-0428 (print)

1918-5138 (digital)

[Explore this journal](#)

Cite this review

George, P. (1981). Review of [McCalla, Douglas. *The Upper Canada Trade, 1834-1872: A Study of the Buchanans' Business*. Toronto: University of Toronto Press, 1979. Pp. viii, 231. Tables. \$15.00]. *Urban History Review / Revue d'histoire urbaine*, 9(3), 93–95. <https://doi.org/10.7202/1019302ar>

BOOK REVIEWS/COMPTEs RENDUS

* * * * *

HAMILTON BETWEEN THE COVERS

At the rate of research and writing currently underway in steeltown, it would not be surprising to find the above title gracing a study of fertility set in the ambitious city. In addition to the five titles reviewed below, there are at least four more volumes in process and what promises to be an excellent dissertation on labour from 1896 to 1930 by Craig Heron. The McMaster Labour Studies Institute is sponsoring the publication of a visual history of Hamilton labour, the Hamilton volume in the *History of Canadian Cities Series* is nearing completion, and Michael Katz soon goes to press with his second volume. Canadian historians should not forget that his social history project produced reports, articles, and dissertations that have added to our store of scholarship and scholars. A group of local historians with the involvement of university and *Dictionary of Canadian Biography* personnel resident in Hamilton have prepared a manuscript dictionary of Hamilton biography up to 1875. The Hamilton Historical Board manages three properties in the city, including Dundurn Castle, and has opened exhibitions on architectural history in all three. Heritage Hamilton, a private group which has financially assisted the restoration of several dwellings of architectural merit, is planning a walking-tour booklet. The long suffering Hamilton collection, a fine regional archive squeezed for years onto the balcony of a bank building leased by the Hamilton Public Library, now moves into the

handsome new library and civic market building.

J.C. Weaver
Department of History
McMaster University

* * *

McCalla, Douglas. *The Upper Canada Trade, 1834-1872: A Study of the Buchanans' Business*. Toronto: University of Toronto Press, 1979. Pp. viii, 231. Tables. \$15.00.

Drawing heavily on the Buchanan Papers and other primary sources, Professor McCalla has painstakingly chronicled the growth and decline of the Buchanans' wholesale merchant business. Peter and Isaac Buchanan founded the business in Glasgow and Toronto in 1834, and expanded westwards into Hamilton in 1840, in part to prevent Montreal-based merchant houses from wresting the trade from their hands. Hamilton was soon to become the centre of their Canadian operations. By the mid-1840s, the business had expanded and diversified from its initial emphasis on dry goods to a larger, more complex, general wholesaling firm with hardware and grocery departments as well. Indeed, by the mid-1850s, the Buchanan firm was among the largest business in Canada, with an annual volume approaching \$2 million in 1856 (p. 1). Although the firm had suffered setbacks in earlier recessions, the financial crisis of 1857-58 began the firm on its downward slide. According to McCalla, the end of extensive growth in Ontario and failures in management - Peter Buchanan's death in 1860 was a serious blow - explain the firm's

troubled financial history and eventual bankruptcy in 1867. Even after Isaac reopened the business on a more limited basis, the firm's financial problems proved intractable, and it lapsed into final bankruptcy in 1872.

McCalla does more than provide a detailed history of the firm. His book emphasizes the critical role of the British export trade and its institutions in the growth and conduct of business in nineteenth-century Canada. Not only were the export/import merchants predominant in trade, but they helped promote the development of banks and insurance companies, railroads, and even local industry. But, a word of caution. Although McCalla describes the nature of the business environment within which the wholesale merchant operated, it is far from clear that the Buchanans' business was in any sense typical or representative in terms of entrepreneurial perceptions of and responses to investment opportunities and external business shocks.

In many ways, the critical ingredient in the successful conduct of nineteenth-century business was the avoidance of risk. Risks were high, in large part because businessmen lacked concrete information upon which to base sound business decisions and because institutional rigidities helped convert minor liquidity problems into widespread commercial crises. Economic vulnerability to the vagaries of world markets was exacerbated by the chain of long-term credit - from British suppliers of manufactured goods, to wholesale merchants to retail merchants, and on to their customers in rural and small-town Ontario. McCalla reminds us that the general store was the

fundamental economic institution in Canada at the foot of the long-credit pyramid, selling all forms of imported merchandise, acting as a conduit for export commodities, and serving as the principal source of local credit. In fact, debt played a critical role for the wholesale merchant in cementing retail connections which even survived partnership reorganizations. Yet our knowledge of local economic development in Ontario still suffers from the failure to identify the relationship between mercantile credit and the growth of the banking system. What explains the pattern of expansion of branch banking? Did local merchants monopolize credit availability until a critical volume was reached, at which point the banks moved in? McCalla points out that the shift was well underway by the 1870s and undoubtedly adversely affected the traditional conduct of mercantile business, but the interactions remain unclear.

Many features of the Canadian mercantile system were evident in the Buchanans' firm, including their concentration on wholesaling (retail trade was left to specialized retail merchants), their reliance on the supply account system (which, when successfully practised with favourable credit terms and price concessions, provided for a virtual monopoly of the retailer's business), and their ruthless paring of weak retailers (although the choice between expansion and retrenchment was most often decided by the state of the trade cycle). However, we learn relatively little about the actual administration of the Buchanans' business - accounting procedures, office organization, pricing policies, etc. Were the Buchanans innovators

in business practice? Did the Buchanans help to diffuse new business techniques throughout the Canadian business community?

Above all, the firm's history illustrates the critical role of personality in determining business success or failure, at a time when the sole proprietorship and limited partnership were the organizational norms. Risks were kept to a tolerable level by judicious selection of partners, agents, and employees, often drawn from the merchant's "extended family." Yet the system was fraught with error, as a list of the Buchanans' agents and partners testifies. For the Buchanans, success or failure was undoubtedly decided by the personalities of the two principals: Peter, cautious, responsible, and decidedly risk-averse; and Isaac, "a commercial knight errant" (p. 90) who continually urged expansion and indulged his enthusiasm for "public affairs" at the direct expense of his business responsibilities. This implausible business pairing was likely rendered tolerable to Peter only by their sibling connection (even so, Peter expelled Isaac from the firm on more than one occasion). Peter's death removed the only effective constraint on Isaac's exuberance and dereliction; after 1860, the ruin of the company at Isaac's hand was perhaps inevitable.

Peter George
Dean of Social Sciences
McMaster University

* * *

Graff, Harvey J. *The Literacy Myth: Literacy and Social Structure in the Nineteenth Century City*. Studies in Social Discontinuity Series. New York: Academic Press,

1979. Pp. 354. Tables, figures, illustrations. \$27.50.

Cluttering a review with personal anecdotes is perhaps self-indulgent, but I will persist because Harvey Graff's *The Literacy Myth* invites such comparisons. My grandfather (1878-1968) was a teamster who married young, raised a large family, owned his own home, a stable, horses, and a variety of vehicles. He was never unemployed and even employed other teamsters from time to time. He was also illiterate. He would never admit it, nor did he need to. My grandmother taught him to write his name, though he did not know what he had written, and he signed it to documents (the decennial census return for example) which she read aloud and completed for him. The advent of radio vastly expanded his conversational abilities, but, apart from the obviously painful exigences of social discourse, he was perfectly at home in his essentially nineteenth-century world and domestic attachments.

My purpose in relating this anecdote is to illustrate two points central to Harvey Graff's analysis of illiteracy in mid-Victorian urban Upper Canada. Graff's objective is to "explode" the "literacy myth," the idea set loose by progressive educators (Egerton Ryerson, for example) that a literate, though not too well educated, population was essential for progress, prosperity, and moral order just as ignorance, conversely, bred poverty, retarded economic development and promoted disorder. After examining the social, economic, demographic, and cultural traits of urban Upper Canada's illiterate population, Graff concludes that the literacy issue was a *red herring*. Like my grandfather, Graff's illiterates