

# The Mythical Commercial Revolution

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tism suddenly inoperative.

Garth Stevenson and Larry Pratt address other questions. After analyzing the class basis of federal-provincial conflict, Stevenson concludes that provincial power has increased in Canada since 1867 largely because of the absence of "a dominant national bourgeoisie whose common purposes require a centralized Canadian state as their instrument" (p. 94). Pratt makes the same point in his analysis of the Lougheed government's development strategy for Alberta. Lougheed's province-building, he argues, promotes the aims of the provincial bourgeoisie in Alberta just as John A. Macdonald's nineteenth-century nation-building provided favorable conditions for Canada's emerging industrial and manufacturing sector. This also has important implications for the Maritimes. If federalism's most important value rests in its ability to mediate disputes between frustrated provincial elites and the national authority, then it is unlikely that federalism as we now know it will be of any great assistance to the Maritimes in its struggle for equitable advantage within Confederation. Given the apparently fragile nature of modern welfare liberalism, and the apparent disutility of federal institutions to those regions bereft of resources or an aggressive provincial bourgeoisie to develop them, the future of a "conservative" Maritimes within Confederation may not either be as tranquil or secure as most people presently assume.

COLIN D. HOWELL

### The Mythical Commercial Revolution

According to the mythology of Canadian nationality, the nineteenth-century departure from colonialism accelerated rapidly in the 1840s. Political autonomy overwhelmed the best people and the "powers of self-government which followed" were even "more ample" than reformers themselves had demanded.<sup>1</sup> In the 1930s historians who could agree on little else agreed that nothing less than a revolution had taken place. The British move toward free trade not only cleared away any obstacle to the concession of responsible government, but the loss of imperial preference was also supposed to have completely re-oriented the thought and actions of commercial elites. Before considering *The River Barons: Montreal Businessmen and the Growth of Industry and Transportation, 1837 - 1853* by Gerald J. J. Tulchinsky (Toronto, University of Toronto Press, 1977), a book which casts considerable doubt — almost inadvertently — upon the second supposed change, it would be well to re-examine those classics which no one will be able to read again with the same undisputed reverence.

1 Robert Baldwin, quoted in C. D. Allin and G. M. Jones, *Annexation, Preferential Trade and Reciprocity* (Toronto, no date), p. 144.

The view which now might only be poetry is the melancholy assertion that there could have been a nation called *Canada* if only there had been a happier end to the story of the "empire of the St. Lawrence". The "central problem in Canadian history," according to this interpretation, "is the problem of building a continental dominion on the basis of the St. Lawrence and the Canadian shield . . ."<sup>2</sup> People were supposed to have tried: "inquiring and hopeful men" nurtured the "vision" of national possibility that geography commanded. "It was the vision of numberless great ships . . . coming down *their* river to the sea. Was it possible that a people . . . astride one of the greatest of the world's rivers could live other than prosperously?"<sup>3</sup> Since this potential nationality was validated by "the imperative force of a heavenly command", surely it was reasonable that the "dream of the commercial empire" should run "like an obsession through the whole of Canadian history . . . ." From earliest times, however, one great threat followed another: the Conquest, the American Revolution, political division, the Erie barge canal. The last was especially dreadful because it threatened to make the northern river, and the "northern commercial state", an economic redundancy. To be sure, those men of vision who knew their dominion of the north had national potential aimed to meet American competition with canals of their own. "The demand for canalization of the St. Lawrence became a persistent chorus . . . ." They hoped that the "Canadian commercial machine" would excel the American if only the visionaries could prevail. If only they were allowed to build their splendid system of ship canals, then the produce from the west would run to Montreal rather than to New York and imperial grandeur would increase accordingly. But the "merchants" were opposed by a "reactionary peasantry" in Lower Canada who "watched the development of the commercial programme with an apathy which deepened into hatred" and by "Upper Canadian farmers" who had a "presumptuous over-estimate of their own importance".<sup>4</sup>

And there was yet another threat to their would-be empire. In addition to "increased competition from the United States" and "the intensification of economic maladjustments and social conflicts in Canada itself" there was also "the slow ruin of the old colonial system." Given unequal trans-oceanic freight rates from New York and Montreal to any European destination, it was essential to the happy future of "the northern commercial state" that a

- 2 D. G. Creighton, *The Commercial Empire of the St. Lawrence, 1760 - 1850* (2nd ed., Toronto, Macmillan of Canada, 1970), p. 70. Creighton's book was originally published in 1937.
- 3 G. N. Tucker, *The Canadian Commercial Revolution, 1845 - 1851*, ed. H. G. J. Aitken (Toronto, 1970), p. 31.
- 4 Creighton, *Empire of the St. Lawrence*, pp. 221, 6, 7, 257, 170, 154, 292, 159, 250.

measure of protection be retained at the metropolis. The Corn Laws were the “necessary support” by which a solicitous mother country taxed imports from foreigners at a prohibitively higher rate than the staples of loyal colonies. Thus, while North American free trade permitted American grain to become Canadian flour, mercantilism assured a protected place for Canada in the imperial market. But the British repudiated “the controls and devices, economic as well as political, which were designed to advance the prosperity and power of the colonies and the mother country”. They opted for free trade, and the “St. Lawrence system was finished . . .” Those “forces” which had previously only threatened at last triumphed. They “made Canada a North American community instead of an imperial trading system . . .” because the “fiscal and commercial changes . . . were followed by a profound depression” and the “spiritual death of empire”. In desperation, “Canada turned first to reciprocity [with the United States] and then to annexation . . .” The loss of preference and severe depression meant that “The commercial empire of the St. Lawrence was bankrupt”. The year “1849 meant the conclusion of an entire drama”.<sup>5</sup>

Thus runs the myth of commercial revolution. But consider its deficiencies from the standpoint of the evidence now available with the publication of Tulchinsky’s *River Barons*. First, the notion that the Montreal traders had a “vision” of *national* possibility seems untenable — on two grounds. One is the apparent lack of any indication that Montreal businessmen saw themselves as nation builders, and Tulchinsky should know. He has focused on a large number of individual businessmen in much more detail than any of his predecessors. The author’s subject is “Montreal’s business community, its branches and groupings, its ethnic makeup . . .” (p. x). Indeed, the book is almost collective biography since Tulchinsky has taken the trouble to enumerate the activities and aspirations of “the city’s merchants, professionals, and politicians” (p. x) — all of them — for the period from 1837 to 1853. He used “accounts of their lives by late nineteenth century eulogists” and whatever personal records were available (pp. 25, xiii). Consequently, if businessmen entertained any vision of building a nation, Tulchinsky should have found it. Since he did not, we must be more than slightly impressed with his conclusion that there was no such purpose in mind: “Any incipient Canadian nationalism in the ‘commercial empire of the St Lawrence’ was little felt by contemporaries . . . . The vital question to Montreal businessmen was the viability of their east-west trade to maintain the competitive strength of Montreal among rival cities in North America” (p. 234). They were Montreal, not *Canadian* businessmen. They were motivated by private gain more than

5 *Ibid.*, pp. 205, 345, 348, 341, 344, 358, 364.

by some "central truth of a religion".<sup>6</sup>

The demonstration that Montreal traders were particularistic profit seekers erodes the other ground for arguing that they were performing a special task in fulfilling Canada's destiny. Suddenly, the assertion that "the energy and ability of the colony" was concentrated in "the Commercial group" loses the aura of moral superiority that was asserted earlier, so forcefully, by Donald Creighton. Far from being proponents of "the only significant political philosophy", the businessmen of Montreal now appear as just another interest group whose motives and objects were no more lofty than those of the "feudal peasantry" near the sea or the "plain farmers" up the river.<sup>7</sup> In fact, the purposes of the latter two groups might now seem to have an even greater legitimacy than those of the merchants since they at least enjoyed the gloss of majoritarianism on their respective sides. One point is clear: there was no particular high purpose in the traders' goals; they were more interested in making money than in building a country, some "commercial state" named *Canada*.

Tulchinsky provides suggestive evidence to demonstrate that the businessmen also lacked any sense of strategic planning even with regard to their self-interested economic purposes. In some respects these details are the more significant because the prevailing view still persisting from the scholarship of the 1930s is that the St. Lawrence-Great Lakes basin was a simple, unitary and well understood system or it was nothing. In the older view, Montreal was "the focus of the whole northern system", the point at which "the goods of Europe were exchanged for the goods of America". Little had changed to alter the arrangements which governed the exchange of staples in previous centuries: a middleman received imports from his metropolitan connection and staples from his sources in the hinterland. No cash changed hands until the London metropolis weighed the value of staples against manufactures. Even then, the return might be no more than an extended line of credit for further imports. Thus, "Canada" was the perfect colony. "It conformed perfectly to the requirements of mercantilism. It supplied the staples . . .; it consumed and did not compete with British manufactures; and it provided an outlet for British shipping".<sup>8</sup>

But Tulchinsky presents evidence (without sufficient elaboration) which suggests that the economy was vastly more sophisticated (even a little more industrial) than the mercantilist model of westward flowing imports balanced by the eastward flowing exports. First, he shows that the lines of business

6 *Ibid.*, p. 7.

7 *Ibid.*, p. 222.

8 *Ibid.*, pp. 295, 14, 6, 44, 120.

were enormously complex and far more specialized than what has been described previously. Even more interesting is the balance of values between imports and staple exports which Tulchinsky exhibits in one of the few tables of the book (Table 1, p. 72). It shows that the value of exports was usually only one-third of the value of imports because Montreal businessmen apparently traded what they imported for specie. In so far as grain and ashes were collected at Montreal for export this was to provide British ships with a paying return ballast rather than to realize Canada's "destiny". This finding, which Tulchinsky does not develop adequately or clearly, raises an important problem for future scholarship. If Montreal traders worked a modern market economy, this implies that their customers in the hinterland were doing considerable business elsewhere before sinking their cash in the pockets of businessmen at the "River City". With whom and to what extent?

The evidence against an eastward flow of staples to balance the value of westward flowing imports has further significance, equally important. It implies that the loss of privileged access to the British market for grain and ashes could not have been as disastrous to Montreal as is customarily asserted. This suspicion that the loss of imperial preference on grain had exaggerated results was mentioned even as the myth of commercial revolution was being fabricated.<sup>9</sup> But Tulchinsky provides substantial indication that the merchants of Montreal suffered only a brief recession.<sup>10</sup> Naturally, the question of the popularity of annexationism arises. What drove the merchants to this "repudiation of their destiny" if not economic desperation, a sense of failure? In Tulchinsky's view, the businessmen became acutely annexationist in 1849 because they were over-reacting but in a mode which had become their custom. They were already well advanced in their continentalism. The crisis did not turn them about: "Montreal merchants had always been continentalists . . ." (p. 237). The Annexation Movement was thus not the appropriate end to a high drama, only a fleeting little stratagem in the businessmen's never ending quest for private security.

In this way, the idea of failed empire evidently collapses because no "distinct North American system, peculiar to Canada" was intended.<sup>11</sup> Nor did a deep depression drive Montreal and its merchants temporarily to something they had always despised. And nothing seems to have failed that

9 Tucker, *Commercial Revolution*, pp. 152 - 3.

10 This can be inferred from a variety of indicators. Growth is one: bank capitalization and the size of shipping fleets increased, not at a rapid pace but they grew nonetheless. "Between 1845 and 1850 the Allan Line added only one ship to its line", but the firm did not collapse. Similarly, the data on numbers of ships stopping at Montreal suggest a temporary interruption of preceding years but no "revolution". Other clues can be found in the chapter entitled "Ocean Shipping and Trade," *River Barons*, pp. 68 - 88.

11 Creighton, *Empire of the St. Lawrence*, p. 14.

was not easily recovered. All of this follows quite easily from *The River Barons* — assuming that a reader has the stamina to tough it through to the conclusion, no mean feat, since despite its importance for past and future research, the book is painfully slow reading. Such a comment might apply to almost any business history, of course, but in Tulchinsky's case — the attempt to tell the story of an entire community rather than one firm — the tedium is attributable to the author's attempt at something approaching collective biography without any apparent knowledge of the technique.<sup>12</sup> Consequently we find a hodge-podge of chapters which merely list information. And, although the last pages of each chapter do speculate about general tendencies, there is no statistical support for most of these impressions. Even the editing is weak: "Appendix A" is cited on page 47 but does not appear after the conclusion — or anywhere. The lack of statistical reasoning, logical precision or vigorous revisionism are all unfortunate. Contrary to the modest proclamation on the flyleaf that *The River Barons* merely "amplifies . . . pioneering work", the author's findings, re-processed and re-organized, would probably overturn the pioneers. Anyone who reads Tulchinsky to the end and then turns back to the purple prose of the old classics will find much that is no longer tenable.

But in attempting to draw readers' attention to the *mythical* commercial revolution, it becomes doubly important for a reviewer to conclude with references to the commercial revolution which was real. So far nothing has been said in these pages (or in the references cited) of timber, the mainstay of the British North American economy under the old colonial system, the one staple which consistently accounted for more than half of the value of all exports in nearly every year from the time of the Napoleonic Wars to 1845. Ashes and grain were counted in barrels, quarters or bushels, but the hand hewn square timbers that collected at Quebec and St. John were counted by the shipload. When the imperial preference began to vanish in the 1840s, British importers began to shift back to traditional sources of supply in the Baltic with profound effects upon colonists in British North America.<sup>13</sup> But

12 A good general discussion of this research strategy can be found in Lawrence Stone, "Prosopography", in F. Gilbert and S. R. Graubard, *Historical Studies Today* (New York, 1972), pp. 104 - 40. Stone's footnotes also provide a fair sample of the kind of results that arise from the use of the technique for questions from diverse geographical areas and chronological periods. Two examples which relate more directly to the kind of issues Tulchinsky raises are Robert Zemsky, "Power, Influence and Status: Leadership Patterns in the Massachusetts Assembly, 1740 - 1755", *William and Mary Quarterly*, 29 (1969), pp. 502 - 20; and R. H. Doherty, "Social Bases for the Presbyterian Schism of 1837 - 1838: The Philadelphia Case", *The Journal of Social History*, 2 (1968 - 69), pp. 69 - 79; or (for a less satisfactory but Canadian example) see T. W. Acheson, "The Social Origins of Canadian Industrialism" (Ph.D. Thesis, University of Toronto, 1971).

13 See A. R. M. Lower, *Great Britain's Woodyard: British America and the Timber Trade, 1763 - 1867* (Toronto, 1973), pp. 111 - 38.

none of the Toronto- or Montreal-minded studies of the commercial revolution seem to appreciate the magnitude of these affects. And Tulchinsky, in his turn, does not clarify what happened to Montreal's backward linkages to the timber staple.<sup>14</sup> Nor has any other recent survey plotted the wider consequences of this transformation.

While profound alterations of the traditional means of production and distribution had to follow free trade, it is quite likely that these long term adjustments were delayed and mitigated by the unprecedented out-migration of population to the United States which began in the 1850s.<sup>15</sup> Here is a clue to the way that provinces such as New Brunswick began to change from prosperous outposts of empire into stagnating economic backwaters (even more so after the era of the wooden ship was spent).<sup>16</sup> There was a real commercial revolution which began between 1845 and 1850 — but it affected different people engaged in the production of a different staple than is usually asserted. As a future assignment, historians should study this transformation with the same enthusiasm by which they have spun visions of the mythical empire and its devolution.

D. N. SPRAGUE

- 14 Relating Tulchinsky's data to the Watkins model of a staple economy, Montreal appears as an important but secondary metropolis because its primary operations are all lag functions: the distribution of imports, collecting a certain amount of grain and ashes for export (for ballasting ships after they unloaded their British manufactures), and provisioning or otherwise serving the timber trade conducted in the Ottawa river valley. The last of these lag functions is what is meant by a backward linkage. But the provision trade is hardly mentioned by the author; and, although Tulchinsky does provide enormous detail on transportation schemes, he fails to show their link to the changing fortunes of lumber. For the wider significance of these links see M. Watkins, "A Staple Theory of Economic Growth", in W. T. Easterbrook and M. Watkins, *Approaches to Canadian Economic History* (Toronto, 1967), pp. 49 - 73.
- 15 See the Bureau of the Census, *Historical Statistics of the United States* (Washington, D.C., 1960), p. 59 for fragmentary data which suggest a strong association between the end of the old colonial system and the beginnings of large scale out-migration to the United States.
- 16 There seems to have been an inverse relationship between timber exports and domestic ship-building. Thus, as timber exports began to decline, ship-building increased and peaked long after the superiority of iron-hulled vessels had been demonstrated. For the global implications see C. K. Harley, "On the Persistence of Old Techniques: The Case of North American Wooden Shipbuilding", *The Journal of Economic History*, 33 (1973), pp. 372 - 98.