

## On the Study of Canadian Businessmen

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the nature of a regret than a criticism, it is certainly fair to observe that the footnotes prepared by Whitelaw take little advantage of the Earl's papers. The note for "Agricola", for example, offers a brief biographical sketch of John Young but neither mentions nor employs the correspondence between Young and Dalhousie preserved in the Dalhousie Muniments. Nor has the editor attempted to collate the journals with Dalhousie's daily appointment books, also preserved in the Scottish Record Office. In short, the reader of *The Dalhousie Journals* gets little notion of the richness of the manuscript collection whence they came, and no real grasp of Dalhousie's activities or importance to the province.

While Levy includes both a nominal index (which goes no further than Dimock himself in identifying people — who was "Elder Jones", for example?) and an index of places mentioned by his subject, there is no index at all for *The Dalhousie Journals*. Only because I read the entire text did I learn that Dalhousie made an important entry regarding the subject of my own research — the Earl of Selkirk — and other students of peripheral topics may well never realize that Dalhousie had something of interest to say about them as well.

We must clearly be grateful for what we get in the way of printed historical texts. At the same time, we ought to expect more of their editors than these publications provide. Historical editing in Canada must get itself, like Cinderella, out of Clio's scullery, and into the mainstream of recording and explaining the nation's rich heritage.

J.M. BUMSTED

## On The Study Of Canadian Businessmen

At the beginning of the twentieth century leading Canadian businessmen were seen as iron men of grim determination, enormous courage, and magnificent dedication to Canadian nationhood. Above all they were builders and creators. Men like Galt, Smith, and Van Horne wrestled against great physical odds and frequently against antagonistic powers and principalities to create the sinews of the modern Canadian economy. Gradually, however, these heroes came to be viewed as smaller than the institutional framework in which they functioned; the profit motive and original sin were introduced as dominant elements in their ideas and decisions. In the more recent literature businessmen are perceived more cynically, as simply one of a number of groups endeavouring to shape the values, structures and needs of society in their own interests. In this manifestation heroes and altruism have largely disappeared and the precious little creativity to be found among Canadian entrepreneurs is usually expended in the development of oligopolies designed to exploit Canadian resources and Canadian society for the benefit of these corporate entities. Indeed, the turn-of-the-century Canadian businessmen portrayed by recent scholarship are

even less attractive figures than the muckrakers of an earlier period made them out to be. The latter, at least, saw the businessmen as buccaneers with a fascination of their own; in the more recent studies the businessmen are merely mundane, hunkering in the dark and pleading for security against their enemies from without and within.<sup>1</sup> As perceptions of businessmen have changed, so too have the questions which historians have asked about them. Questions relating to the role of the businessman in the development and expansion of the Canadian state have given way to queries concerning the nature and development of the business system and its role in shaping and informing Canadian society. The biographical form, with its long tradition of "great men" and inherent commitment to the view that the individual is critical to the process of which he is a part and possesses a capacity to alter his environment at will, has been displaced by studies of particular industries, of classes of businessmen, and of the relationships between business and political elites.

A fine example of the latter genre is Tom Travis' *The State and Enterprise: Canadian Manufacturers and the Canadian Government, 1917-1931* (Toronto, University of Toronto Press, 1979), the first volume in a series on the state and economic life in Canada. Through the medium of the Canadian Reconstruction Association, and of the political activities of businessmen in four industries — newsprint, sugar refining, automobile and steel — Travis explores the strategies employed by the leaders of Canada's industrial giants to preserve their corporate interests between 1917 and 1931. He argues that the industrialists came out of the war prepared to function in a regulated economy. Between 1917 and 1921 the Canadian Reconstruction Association, which spoke for the large manufacturing interests, developed a strategy which included the maintenance of the tariff, the extension of the wartime regulatory process in order to cope with the expected recession and maintain a stable price structure in the peacetime market, and a review of industrial relations practices to minimize industrial conflict and maximize efficiency. In addition, the Association had schemes to rationalize Canadian industry, reduce competition, and establish export combinations under the aegis of the state.

Travis' businessmen were great corporate figures involved in oligopolistic industries, and their viewpoints reflect the concerns of a mature industrial economy. Having nationalized their industries and achieved control of the domestic market, they were not anxious to jeopardize their enterprises through confrontations with competing interests in labour and agriculture and they attempted to reach a compromise with these groups. The Association offered to co-operate with labour in the creation of various factory and workers' welfare schemes in a manner more reminiscent of western European than of North

<sup>1</sup> For example, see Michael Bliss, *A Living Profit: Studies in the Social History of Canadian Business, 1883-1911* (Toronto, 1974).

American entrepreneurs and Travis argues that the attitudes and activities of this corporate leadership played an important role in creating a relatively peaceful Canadian labour scene in the 1920s (p. 94). They were not as successful in dealing with the farming interests and by 1921 it was evident that the political situation was too unstable to guarantee a consistent policy favourable to the welfare of the industrial sector; even sympathetic politicians were unwilling to risk public disfavour in an attempt to maintain a stable price structure through public regulation when this involved keeping prices well above world levels. The Canadian Reconstruction Association quietly folded its tents and the industrial community abandoned the concept of a publicly regulated market. After 1921 it was business as usual. Industrialists turned to mergers, trade associations, and price-fixing — their traditional private means of price control — in the attempt to stabilize the market, and a major effort was mounted to procure upward adjustments to the tariff. The latter strategy proved particularly divisive. Not only did it provoke considerable animosity toward manufacturers on the part of other groups, but it set industrialists squabbling among themselves as steel products manufacturers fought primary steel makers, and the giant Hamilton concern fought the adjustments needed by the hinterland interests of Algoma and Besco. The personnel and the circumstances changed; the issues, the strategies, and the problems remained those of 1890 and 1910.

In many ways *The State and Enterprise* is two separate studies. The introductory chapter in part I examines an organization devoted to the interests of a corporate industrial elite; that in part II consists of a survey of industrial development in the 1920s with emphasis on the activities of the much more broadly based Canadian Manufacturers Association. Each of these chapters is followed by case studies of two industries designed to illuminate the problems encountered by the pre-and post-1921 strategies of the industrial leadership. Each study represents an important contribution to our knowledge and understanding of industrial strategy in post-World War I Canada, but the major thesis of the book would have been strengthened had the same industries been examined in the two periods. As it is, the use of different industries makes comparisons of industrialists' views of the role of the state in the economy more tentative, since there is no consistent group or industrial experience operating throughout the whole period. But this is not a serious problem. In the main *State and Enterprise* is a useful and needed addition to the literature of Canadian business history. Scholars will find the studies of the Canadian Reconstruction Association and the attempts to regulate the newsprint and sugar industries are required reading for an understanding of the relationship of government and industry in the difficult transitional period between 1918 and 1921. Students of Maritime history will take particular interest in this work because in so many ways it provides a foil for E.R. Forbe's study of the Maritimes Rights movement.<sup>2</sup> Here are

2 Ernest R. Forbe, *The Maritime Rights Movement, 1919-1927: A Study in Canadian Regionalism* (Montreal, 1979).

the interests which argued for the nationalization of Canadian industry into centralized oligopolies and which pressured government for support of those ends in opposition to the goals of Maritime spokesmen.

Travis deals with a mature industrial economy dominated — at least in the industries which he has chosen to study — by corporate giants. In such a structure individuals cease to have much significance; they become part of disembodied attitudes, driven by a common motivation, working toward a common purpose. They speak as a class in defense of their property, their markets, and an economic system in which they can continue to function. Travis, in fact, gives them considerable credit for approaching their political and social environment in a reasonable and conciliatory fashion. Even so, there is a sinister quality to these gray eminences who employ this great influence to manipulate Canadian society for the aggrandizement of their corporate interests and who cynically use the cry of patriotism for a purpose that is wholly private.

This is a perspective on Canadian business leaders entirely at variance with that created by Michael Bliss in his *A Canadian Millionaire: The Life and Times of Sir Joseph Flavelle, Bart. 1858-1939* (Toronto, Macmillan of Canada, 1978). The title and the approach to the subject would seem to indicate a return on Bliss' part to the earlier tradition of business history writing, a curious move for a historian who in his own early work emphasized the common attitudes and characteristics which made a business class. And in some respects the biography bears the marks of the earlier studies as it provides an *apologia* for the life and activities of its subject. The reason which Bliss gives for this undertaking is that "Flavelle was a fascinating man" who "symbolized as well as any modern Canadian the pure spirit of capitalism" (p. vii). In fact, this book is much more than a traditional biography; it is a vehicle through which Bliss attempts to reassess the turn-of-the-century capitalist and his role in Canadian life. In the process Bliss confronts and attempts to modify or destroy a number of stereotypes which have developed about these businessmen and their activities. In a tradition drawn from Schumpeter and the early Harvard Centre for Entrepreneurial Studies, Bliss contends that the entrepreneur is a positive force within his host society, a creative organizational genius whose activities are responsible for much of that complex of changes known as progress. Toronto's growth and prosperity at the turn of the century were in large part a function of its entrepreneurs. Montreal's failure to match Toronto's development in the period was a result of "not having a Peterborough seventy miles away" which could provide it with entrepreneurs of the quality of Flavelle (p. 80). Bliss postulates that Flavelle's success was in large measure a product of his religious upbringing and commitment, and that Flavelle was a virtuous man and a virtuous capitalist who dedicated much of his life and his resources to his fellows through service to his church, his community and his nation. He concludes that Flavelle "was archetypal, as near an incarnation of the capitalist ideal as Canada ever had" (p. 504).

In many ways Flavelle seems suited to the role of ideal capitalist. His story is classic Horatio Alger. The son of a disciplined hard-working Irish immigrant and her ne'er-do-well husband, Flavelle began work at the age of fourteen and advanced from clerk to feedstore proprietor to general manager of the largest pork packing firm in the British Empire by the time he was thirty-four. He soon gained control of the William Davis Company and became a director of some of the most influential corporations in Canada, including the Bank of Commerce, Simpsons, National Trust, and Canada Life. Along the way he participated in the merger movement, promoting such firms as Carter Grume and the Canadian Cycle and Motor Company (CCM). During World War I, his organizational abilities were recognized in his appointment as chairman of the Imperial Munitions Board, and his elevation to the baronetcy in honour of his public service. Bliss is interested in much more than Flavelle's business activities. He is concerned with examining the texture of the culture out of which the man emerged and the ways in which the ideas of that culture motivated him. The evangelical and perfectionist traditions of the Methodist faith and the tightly knit homogeneous extended family in which Flavelle functioned were central to his formation. He maintained a lively and active interest in the affairs of his church throughout his life; in 1898 his Methodist connections brought him to the Board of Regents of Victoria College. Within a few years he came to play a leading role in the affairs of the college and of the Toronto General Hospital and the University of Toronto. After 1902 his work in these institutions may well have been as important to him as his business activities.

Bliss has pulled together these various elements to write a carefully organized, powerfully argued biography, one of the best to appear in Canadian literature. He employs a fine narrative style, the rich detail of Flavelle's life and activities, and a large number of well-chosen, memorable anecdotes to produce an engrossing tale that integrates religious commitment with family life, and entrepreneurship, and public service, and philanthropy, and a puritan way of life, all in a seamless web. In the process the general arguments which Bliss expounds challenge many of our preconceptions. Flavelle is clearly no rapacious plutocrat set on undermining the public interest in order to enrich himself and his colleagues. This is a hard working, meticulously-organized businessman with a patriarchal sense of responsibility to the larger community, who is prepared to defend the rights of property, but also to condemn business practices which outraged morality or threatened the public interest (at least as defined in his own mind). The biography is organized so that its emphasis is not so much Flavelle the entrepreneur as Flavelle the devoted public servant; its focus is the Imperial Munitions Board rather than the William Davis Company.

Business historians will be disappointed at the small part of the biography which is devoted to Flavelle the entrepreneur. Only four of the nineteen substantial chapters are primarily concerned with the business of business. The best of the business chapters are those dealing with Flavelle's management of the

William Davis Company, and any assessment of his abilities as an entrepreneur must be based upon his activities in the meat-packing industry. Flavelle introduced sound accounting procedures, applied a rudimentary form of what in time would be known as scientific management practices, and actually provided some innovation by seeking better breeds of hogs — although this development had begun before his arrival — and by improving processing methods which resulted in a better, taint free product. Through such reforms Flavelle was able to maintain the company's status as principal exporter of Canadian pork, restore the firm to a highly profitable position, and become a millionaire. By the turn of the century he had started to expand the firm's retail stores throughout southern Ontario and into the Montreal market. But this was the limit of his innovative impulse. In the early 1900s he developed a form of entrepreneurial arteriosclerosis. He resisted all efforts to create either a monopoly of the Canadian bacon trade on the British market or a co-operative marketing arrangement, and he seemed entirely at the mercy of his British agent. He could not bring himself to expand into production of other meat products, or to enter the West, or to rationalize the Canadian meat-packing industry. Moreover, Flavelle did nothing to halt the gradual collapse of the British market for Canadian bacon after 1900; there is no indication of the leadership and co-operative endeavour, or the commitment to research and development, that might have been expected of the largest pork-packer in the British Empire.

Flavelle had taken control of a long established firm in 1892. Through rigorous discipline he had re-established it as a highly profitable venture producing a single product for a traditional export market. So long as that system could be improved without being fundamentally altered, Flavelle was successful. But he lacked the imagination, the enterprise, and the willingness to risk and innovate that are the marks of the truly creative entrepreneur. At heart Flavelle was an accountant endlessly perfecting the system and tallying his balances; he was not a Rockefeller, a Ford or even a John F. Stairs. Throughout the 1890s he took substantial parts of the huge profits which he made from pork packing and prudently invested them in solid firms such as Simpsons, National Trust, and the Commerce. In time those investments yielded far greater returns than did meat packing. Yet, although Flavelle served on the directorates of all three institutions, there is little discussion of the role which he played in their operations or in planning their long term financial and development strategies. He participated, as well, in several speculative investments at the turn of the century, but always as a follower, as part of the Commerce crowd.

Flavelle's behaviour in business and in public service was that of a brilliant manager with a strong sense of stewardship and social responsibility; it was not that of a great entrepreneur. Professor Bliss would not dispute this assessment; indeed, he argues that Flavelle's psyche was grounded in the same ideological and psychological imperatives which motivated Woodsworth and the other Methodist social gossellers. There is considerable evidence to suggest that a

strong commitment to the Calvinist tradition can contribute to kinds of behaviour which promote high levels of vocational accomplishment in the business world. Bliss suggests that a similar commitment to Methodism may produce the same effect. This is a hypothesis that needs further testing before any kind of conclusion can be drawn, but it is important to recognize that the two traditions draw upon quite different psychological realities. Methodism was the faith of artisans (and in North America of small freehold farmers); its theology was universalist in emphasis, its central tenet was assurance, its characteristic emotion was joy. It lacked that exclusivism and austere naturalism that provided a streak of ruthlessness in most Calvinist thought and created the psychological tension which drove the devout Calvinist to do what he must. Woodsworth rather than Eaton would seem to be the archetypal Methodist. If this is true (and Porter's examination of the Canadian corporate elite in the 1950s would seem to support the premise that Methodism was not a nursery for Canadian business leaders), then Flavelle's behaviour after 1900 becomes more understandable: this was a man torn between using his talents for personal or public ends. Although he became increasingly committed to the public role he never overcame this schizophrenia, and as late as the Great War we have a man who altruistically serves his country in an important capacity and yet is not able to comprehend why an 80 percent annual return on capital invested in an industry producing for the war effort is viewed by most of his contemporaries as both immoral and unpatriotic.

If this is the case, does Flavelle represent the "pure spirit of capitalism" in Canada? Under the circumstances I am not convinced that he does, although the answer to the question becomes difficult because Bliss, in his conclusion, differentiates between an entrepreneur and a capitalist. Normally the distinction would be that a capitalist might play an active or a passive role in relationship to his capital and the system; he may be an entrepreneur or he may be a coupon-clipper. The distinctive characteristics of the "spirit of capitalism" are the willingness to risk, to innovate, and to organize resources, capital, and markets to achieve the desired end of making profit. In the process the true devotee of that spirit will attempt to remake society and its values in order to achieve this goal. Flavelle possessed much of this spirit and ambition but he was clearly not a great entrepreneur and lacked the single-mindedness that characterized that spirit in its "purest" form. At the same time he was clearly a leading Toronto entrepreneur and remained at the centre of the business community for a generation, facts which provide an important insight into the nature and quality of Canadian entrepreneurship of the period.

Does *Flavelle* force us to re-examine and modify our notions of Canadian business leaders in the high age of enterprise? In some respects it does. Certainly the biography demonstrates what a treacherous enterprise the grouping of large numbers of individuals into "classes" or viewpoints can be. Bliss portrays Flavelle as an essentially decent and public-spirited man. One can quibble with



the rationale used by Flavelle and others to defend certain business practices, but the evidence which Bliss has assembled seems to confirm that Flavelle was one of the more scrupulous businessmen of the period. Yet Flavelle's life, by itself, cannot redeem the image of the business leader of the period. It cannot because Flavelle was not a representative businessman. He was, as Bliss notes, archetypal. To generalize his business experience to the business community at large would be comparable to attempting a study of rural Ontario election practices through examination of the electoral activities of the local Methodist preacher.

What *Flavelle* does do is to reveal the late nineteenth-century entrepreneur as a whole person, not simply as part of a shadowy force exerting influence or spinning out its capitalist web. This man is part of the community in which he functions and the complex interaction of social and religious traditions and values with ambition, opportunities, and the spirit of capitalism makes this a fascinating study and a superb biography. Through examination of Flavelle's role in the William Davis Company, the University of Toronto, the Toronto General Hospital, and the Imperial Munitions Board, this book offers valuable insights into the history of each of these institutions and from them into the nature of the culture of southern Ontario in the early twentieth century.

T.W. ACHESON

### Despotisme renouvelé et capitalisme éclairé

Le titre de ce compte rendu critique révèle l'impression générale que m'a laissée la lecture de deux livres importants consacrés à l'histoire du Canada entre 1930 et 1960. Années particulièrement chargées! Crise économique, deuxième grande guerre, industrialisation et urbanisation accélérées, reconstruction d'après-guerre, arrivée de milliers d'immigrants, entrée du Canada dans le club des six grands pays industrialisés du monde dit libre. Trop de citoyens canadiens ignorent l'importance du chemin parcouru en une seule génération!

Quelle carrière fascinante que celle de C.D. Howe (1886-1961) que nous relatent Robert Bothwell et William Kilbourne, *C.D. Howe: A Biography* (Toronto, McClelland and Stewart, 1979)! Né dans une famille modeste de la Nouvelle-Angleterre — son père était charpentier et petit entrepreneur-constructeur de Waltham, Mass. —, il réussit à se faufiler jusqu'au prestigieux Massachusetts Institute of Technology. Reçu ingénieur en 1907, il n'a pu obtenir aucun emploi même s'il est un premier de classe. Les Etats-Unis traversent alors une récession et le jeune Howe n'a pas les relations d'affaires et de famille dont bénéficient plusieurs de ses confrères. L'un de ses professeurs, George F. Swain, qui l'apprécie beaucoup, l'a engagé comme auxiliaire d'enseignement. Soudain un poste plus intéressant s'offre à lui. Dalhousie University a demandé à son