

The History of Canadian Business: Reviewer's Response

by Michael BLISS*

It wastes less of my time to respond to Mr. Naylor's reply point by point:

1. The review criticizes Naylor's work whether he is assuming *either* rational or irrational behaviour by businessmen. The claim in the reply that he is only assuming rational behaviour, if true, merely limits the review's criticism to a charge of repeating conventional wisdom in a long, confused way.

2. Naylor's definition of entrepreneurship is a self-serving stipulative definition, and bears no relation to the normal use of the word.

3. The point at issue about the 1907 tariff revision is whether the evidence warrants a statement that the merger movement was "virtually unthinkable" without "the upward revisions of the tariff in 1907". Neither in the book nor the reply does Naylor cite evidence to show *either* that the tariff was generally revised upwards *or* that the merger movement was unthinkable without an upward revision. None of the students of Canadian tariff history have claimed that the 1907 revisions meant a general raising of the tariff. The suggestion that I might have been ignorant of the fact that the tariff was revised in 1907 is silly; the presumption that a sweeping revision necessarily means a tariff increase is stupid.

4. I quite agree that the tariff was made by politicians for business. The review challenges Naylor's characterization of manufacturers' attitudes towards the tariff. The problem is indeed one of sources. Naylor uses sources very selectively. Some of these sources are gingerly used in *A Living Profit* as evidence of minor dissent from the National Policy. Naylor does not cite the sources I use to show massive manufacturing support for it. It is interesting to learn that Naylor was led to use some of my sources (to a totally different effect) by reading the footnotes in the thesis version of *A Living Profit*. Neither the thesis nor the book are cited in Naylor's bibliography.

Some two years after *A Living Profit's* publication Mr. Naylor published what he thinks is a review of it in *This Magazine*. I did not know he was reviewing the book until after I had completed my review of his books for *Histoire sociale/Social History*.

5. The only meaningful comparative statistics on bank failures would be in terms of percentages of total assets held by banks. Naylor never makes this comparison; when he does make what might be partially

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useful comparisons of banks he ruins them by ignoring U.S. state banks. The cited figuring covering all American banks, a 22½% failure rate, means nothing without some further data on the assets involved.

6. I invite readers to do comparative checks of the footnotes in *A Living Profit* and Naylor's books. Some of my footnotes may be incorrectly cited; most are simply references to the source of direct quotations. My check of Naylor's footnotes revealed that he repeatedly cites as evidence for statements of fact and generalizations sources which do not sustain those statements. Several examples are quoted in the review; the other examples of significant distortion uncovered in the afternoon of footnote checking mentioned in the review are as follows: Vol. I, p. 71, note #22; I, 142, #148; I, 147, #180; I, 214, #139; I, 215, #155; II, 120, II, 132, #15; II, 138, #76; II, 142, #118; II, 163, #6; II, 177, #111; II, 180, #154; II, 186, #198; II, 189, #209. As I argued in the review, it is extraordinary to find such a high proportion of significant distortions in a small sample. They are not, as Naylor still maintains, "isolated errors". There are a host of other errors and highly questionable statements in Naylor's work; whether it is worth some M.A. student's time to ferret them out is an interesting question.

7. Some historians still believe that the ability to assign proper dates to events is a test of an author's reliability and/or familiarity with his subject matter. 1851 or 1855 is not 1850; 1874 is not 1873. Minor errors like this plague Naylor's work, as do typographical errors for which his publisher is responsible.

8. There is nothing in Breckenridge's *The Canadian Banking System* to support a judgment that Foster's career as Minister of Finance was "effectively ended" by the Bank Act revisions of 1890. There is nothing in any of the other sources to support this ridiculous overstatement, or the equally ridiculous statement that in 1911 Foster was relegated to Trade and Commerce "at the request of the chartered banks."

9. In the book Naylor claims the CMA was "the key instrument" in toppling the Liberal Party in 1905. In the reply he softens his language, but also indicates that his conclusion was arrived at through a process of deduction rather than research. No sources are cited in either the book or the reply. Vulgar monocausalism and reductionism are characteristic of Naylor's books.

10. I have never "touted" the factual reliability of business journals. In *A Living Profit* I argue they are reliable as sources of opinion. In the thesis version of *A Living Profit*, which Naylor claims to have read, I specifically mention that business journals are no more reliable as a source of fact than the daily or weekly press; in context it is clear that I doubt their reliability. In fact, it is Naylor who uses the *Monetary Times*, other business journals, indeed anything he has read, as a reliable source of fact. Except when he is attempting to support his presupposition of "venality and corruption as the norm" among businessmen, Naylor exercises none of the critical judgment normally associated with scholarship.

11. Denison did misread the King letter to Galt. But Naylor's attempt to blame Denison for his own statement about the letter, which goes much further than Denison, is intellectually dishonest. It is also a curious notion of scholarship to suggest that the inability to check all of an author's sources absolves one from checking any of them. References to restricted archives are irrelevant when the letter in question is noted in Denison's text as being in the Galt Papers in the P.A.C. The Galt letter Naylor quotes in the reply actually says nothing about the Bank of Montreal and Confederation.

Naylor's misuse of the King letter is an excellent illustration of the danger of taking his work seriously. If undergraduates are encouraged to use his books as a source of fact we will see that ridiculous, untrue statement on one Confederation essay after another.

12. Travers' evidence about visiting Fielding (reported on p. 313, not p. 312, of the *C.A.R.*) has nothing to do with the question of his having contributed to the fund. Naylor seems to think it does because he has the whole incident backwards. "Travers paid into the fund; the Liberal Whip then worked on Fielding to get the certificate", he writes. The fund, however, was collected in 1910; the certificate was granted in 1906. As the original footnote shows, Naylor read in the *C.A.R.* an anonymous "assertion" that Travers contributed. Typically, in his text he turned it into a "fact", ignoring the denial. Now in the reply he has managed the extraordinary feat of becoming more confused and misleading than he is in the book.

13. "The CPR-Tory forces went to work purchasing newspapers and their editors ... CPR victory was expected to finally yield the elusive prize, the Intercolonial Railway." (I, 287) The *C.A.R.*, cited in the footnote, says nothing about the CPR, so Naylor's claim for its involvement is in fact undocumented. It is a moot point whether Brown demonstrates CPR involvement in the *La Presse* affair. His book was not published when Naylor wrote his book. Neither Brown nor the *C.A.R.* refer to the CPR's hoping to get the Intercolonial. Only Stevens does, in a discussion that mentions and then denies the rumour of CPR involvement. Naylor's footnote immediately preceding this passage is to Stevens.

14. The *Monetary Times* editorial on the tariff and competition from Americans is in the issue of 7 March 1879 (p. 1113). I hope readers will look it up and compare my interpretation with Naylor's. I agree that sources are open to different interpretations; some interpretations however, are advanced only by fools.

15. The *Monetary Times* editorial on the 1884 loan is in the issue of June 20, 1884 (p. 1427). I hope readers will also look it up, for I have quoted that editorial exactly in context. In the reply Naylor also argues that the editorial is irrelevant, claiming that the mere fact of a ten percent discount on the Canadian loan indicates a problem with Canadian credit. This is stupid. The discount was 8.8 percent on bonds bearing 3.5 percent interest; their real yield to investors, therefore, was 3.84 percent, appar-

ently a rather low interest rate on Canadian bonds. I am afraid that Mr. Naylor has difficulty understanding the mechanics of the bond market.

16. Readers should reflect on Naylor's admission that his books contain "various errors, exaggerations, and misinterpretations", and that a revised edition will require "many pages of clarifications, reinterpretations, and corrections." That comes very close to being an admission that the criticisms made in the review are sound.

17. Readers should reflect on Naylor's admission that he presupposes "venality and corruption as the norm" among Canadian businessmen in that period. It justifies, I think, my comparison of Naylor to a labour historian who would assume laziness to have been the norm among workers of the period. A scholarly community that does not laugh at presuppositions like this becomes itself a joke.

The underlying presupposition of *A Living Profit* is that business ethics were and are probably about the same as academic ethics.

18. I am delighted to have dealt with Mr. Naylor's "final reply". Although he considers himself a disciple of Gustavus Myers, my sense has been rather more of dealing with a disciple of William Jennings Bryan on the evolution question. Perhaps it amounts to the same thing?