

history, but a combination of aspects of both. And the result is not the key to all history, or even to all Canadian history, but rather an approach to the interpretation of some of its significant themes.

Accordingly, I would disclaim and deny a metropolitan "thesis" or "hypothesis" or any other such ennobling and entangling designation. Metropolitanism is merely an approach to certain broad areas of historic experience, a way of looking at, or picking out, phenomena that built up cities and regions in Canada and conditioned the lives of the network of interdependent, interacting communities, concentrated and dispersed, all across the Canadian domain. It involves the location of decision-making power and the perception of identities, the communal processes of co-operation and complementation, of rivalry and resistance. It has strong geographic and economic associations, but need have no less concern with political and social organization and ideas, individual outlook and initiative or family, group and class behaviour. Fundamentally, it is a social formulation, an inquiry into social history. It may never explain Mackenzie King or the meaning of the Conquest, but within its own bounds it promises much, especially when it already has substantial foundation to build upon — such as those so well provided by Arthur Lower in his latest work.

J. M. S. CARELESS

BEAVERBROOK: THE CANADIAN ADVENTURESS

It goes almost without saying that A.J.P. Taylor's *Beaverbrook* is the most comprehensive, engaging, and authoritative life of Beaverbrook yet or likely to be written.¹ Taking the book's strengths — the author's unrestricted access to the Beaverbrook papers, his mastery of twentieth-century British politics his genius as a writer of narrative history, his empathy with his subject — as no more than we expected from Mr. Taylor on Beaverbrook, there is considerable room for comment on his failure to explain a central problem, perhaps the central problem, in the interpretation of Beaverbrook's career. "Many people regarded him as an indescribably wicked, an evil man". Taylor comments. "I am totally at a loss to explain this" (p. xv).

Part of the author's bafflement stems from his correct and important realization that Max Aitken the Canadian financier was not an unprincipled free-booter who looted corporations, held up the Canadian people to tribute, betrayed his business associates and then sailed off to England to spend his treasure and bury his past. For all of Mr. Taylor's substantial ignorance of Canadian business and politics (the C.P.R. did not support the Liberal Party and was certainly not "on the side of the farmers against the industrialists and financiers" (p. 35); Sandford Fleming was not a father of Confederation:

1 A.J.P. Taylor. *Beaverbrook* (London, Hamish Hamilton, 1972).

the reciprocity agreement of 1911 was not a treaty, etc. etc. — why did Mr. Taylor have to wound our colonial sensibilities by so thoroughly and so typically disdaining our history?). he satisfactorily clears up several contentious issues clouding Aitken's Canadian reputation. As a bond salesman and promoter Max did not deal in fly-by-night securities, but peddled solid investments and promoted mergers that worked. He made his money legally. Better still, he made most of it without legally swindling his associates or the Canadian people. The mergers he engineered were neither flimsy promotional schemes nor air-tight monopolies. Unlike many of the clumsy industrial giants slapped together in the merger movement of 1909-12, Aitken's companies, especially Canada Cement and Steel Company of Canada, were well-financed, and shortly fulfilled their promise as industrial enterprises. They were not looted by their promoters and thus run down before they had a chance to live. Nor, despite Aitken's own references to "trusts" and "tribute", is it likely that they were able to exercise sufficient market power, without collusion with competitors, to reap significant monopoly profits.

Much of the criticism of Aitken's merger operations still follows from a misunderstanding of corporate financial practices that are now obsolete. Until the 1920's most corporations assigned a nominal par value to their stock, usually \$100 per share, and in stating their capitalization listed the stock at par value. Thus Canada Cement, for example, issued bonds and stock to the nominal value of \$30,000,000 although the real assets of the company were approximately \$16,500,000. This did not mean, as many contemporaries and such respectable biographers as Tom Driberg have claimed,² that Aitken bought cement companies worth \$16,500,000 and sold them to an unsuspecting public for \$30,000,000. In financial markets the par value of securities was meaningless. They were sold at whatever percentage of par the market was willing to pay. In the case of Canada Cement the preferred stock was issued at 85-90 on a base of 100, the common stock at 30. The total realized value of the securities was \$17,025,000. In 1911 anyone could pick up "one hundred dollar" shares of Canada Cement common for \$15 a share. This practice of giving securities a nominal value far in excess of their real value is still roundly condemned as "stock-watering". At the time it fooled no one but the hopelessly naive and had no sinister effects unless or until a company tried to mislead governments and the public by justifying profits and dividends as a percentage of its nominal rather than its real assets. This was not the point of Aitken's operations, in which the watering-factor of securities was of no consequence, but like so many other reputable financiers of that generation Aitken would suffer badly from popular misunderstanding created by the retention of an anachronistic and misleading financial practice.

2 Tom Driberg, *Beaverbrook: A Study in Power and Frustration* (London, 1956).

What then was Aitken's role in the Canadian business community and why was he nonetheless distrusted? Basically, Aitken made his money by being in on the ground floor of the new industrial securities market that developed in early twentieth-century Canada to tap the increased savings of Canadians and to exploit the last great wave of British overseas investment. Except, perhaps, in the formation of his romantic imperialism. Aitken's early years as a bond salesman in the Maritimes had little distinctive effect on his business career. His emigration to Montreal in 1906 after the apprenticeship with John F. Stairs and associates in Halifax was indicative of the integration of regional enterprise into a national system of finance capital so well analyzed in William Acheson's doctoral thesis.³ Had the Aitken family stayed in the manse in Maple, Ontario, where he was born, Max would probably have wound up in Montreal or Toronto about the same time, doing about the same things (and later in life he would have fantasized about his Ontario childhood and lavished money on Queen's University). As company promoter and securities dealer in Montreal, Aitken was the most adroit of that group of financiers (curiously, the most prominent of them operated out of Toronto — E. R. Wood, A. E. Ames, Henry Pellatt, George Cox) who developed the promotion and underwriting of industrial securities from insignificant origins into an established and important aspect of Canadian finance, a sign of the maturing of capital markets and financial intermediation in the Dominion.

The trouble with young Max was that he moved too fast and played too tough in an industry already suspect by its very nature. He was self-made, but not in the approved way. He did not create anything, neither a great business enterprise as a monument nor even a better mousetrap. He did not labour patiently in obscurity, living frugally and soberly, reinvesting his slim profits, until the millions finally accumulated in late middle age. Instead he was a salesman-speculator, one of a breed of fast-talking, risk-taking business middlemen only slightly above real estate dealers then and used car salesmen today in the hierarchy of honourable business callings. And while many in that group went on to become pillars of conservative respectability, Aitken had played his cards a little too close to his own chest and a little too obviously in his own interests. Perhaps there was no direct conflict of interest in trading on his private account in bonds he was also handling for Royal Securities (then again, perhaps there was, for this is a case where Mr. Taylor does not give us enough information), but this was certainly not the behaviour of a loyal company man who put the interests of his firm and his associates above all. It was a piece of very smart trading for Aitken to break the deadlock in the Stelco negotiations by agreeing to sell his Montreal Rolling Mills at an independent appraiser's valuation; he had asked five million, been offered four, and was awarded six million when the valuation came in! But

3 T.W. Acheson, "The Social Origins of Canadian Industrialism: A Study in the Structure of Canadian Entrepreneurship" (unpublished Ph.D. thesis, University of Toronto, 1971).

it was too clever, indeed too selfish, to have refused to renegotiate the deal when it was clear that men he would have to live with afterwards were taking a terrible beating that even Aitken had not foreseen. A gentleman businessman to whom friendship meant more than money would have been more reasonable, would not have insisted upon every ounce of his pound of flesh. After deals like that Aitken was bound to be distrusted, even hated. It was altogether more pleasant and less expensive to do business in the comfortable boardrooms of Canada with men you could have a drink or say a prayer with afterwards. There was no afterglow from business intimacy with Max, only a lingering sense of having been involved in a gritty affair that it would be just as well not to repeat.

If the Canadian adventuring was not enough permanently to tarnish his reputation, Aitken's early years in Britain were a period of blatant adventuring bordering on the sordid. Almost in spite of himself and without commenting on its significance, Taylor presents enough evidence to show that Aitken bought his way into British politics and bought his knighthood and peerage. The Unionist leaders at first valued him for his money: he handled their investments so profitably, so often without telling them he had made investments in their name, and could always be counted on to come to the material aid of the Party that honoured him. Beaverbrook's friendship was worth £10,000 a year tax-free to Bonar Law. "Max is a very clever fellow and a very good fellow — and a very rich fellow too" (p.54), said F.E. Smith, who periodically received £1,000 tokens of friendship from this clever, good and rich Canadian. On the other hand, professional politicians and political parties had to be financed some way. Taking favours from friends was better than taking bribes from strangers; debasing the peerage was only to create the equivalent of the Canadian Senate. It was all very much like the useful alliances members of the old aristocracy occasionally cemented with American hieresses. Of course the sensibilities of the fastidious were offended by the bad taste of what they saw and would have been further offended had they seen all.

After he had established himself in British public life the main significance of Beaverbrook's career for Canadians was his quixotic infatuation with Empire Free Trade. It is unlikely that Beaverbrook's imperialism was an accurate borrowing from his old patron, John F. Stairs. As Taylor rightly argues, none of the Canadian imperialists with the slightest business sense were willing to see Canada's industrial potential sacrificed on the altar of Empire Free Trade. This was as true of Borden's Conservative Party as it was of Bennett's. From its beginnings in the 1890's the idea of Imperial Preference in Canada had never been much more than a symbolic political ploy to divert Canadians from the real issue of commercial policy with the United States. Beaverbrook's obsession with Empire Free Trade could not have been rooted in his Canadian business career. Perhaps it was a particular by-

product of his New Brunswick heritage — an emotional commitment to Empire that over-rode his business judgment. If so, R.B. Bennett must have spent too long in Calgary and Ottawa, for his imperialist heritage did not over-ride his business judgment. Or, and on this point the evidence is uncertain, it may be that Beaverbrook the press lord simply lost his earlier grasp of the subtleties of imperial economic policy and the conflicting interests that had to be taken into account (Mr. Taylor is struck by the good sense of Beaverbrook's attitudes on most economic and political questions. Even more striking is the simplicity of his thought — the quality of his mind was never higher than that of the *Daily Express* Tuesday leader). Whatever the explanation of Beaverbrook's imperialism, it is at least clear that it was not a form of Canadian nationalism.

When Baldwin accused Beaverbrook (and Rothermere) of seeking "power without responsibility — the prerogative of the harlot throughout the ages", he mixed savagery and perception about equally. Charges of harlotry would be more accurately directed at those who sold Beaverbrook their honours, whether peerages or university chancellorships, for material gain. But if unfair, the reference does attract attention to appropriate metaphorical language to apply to Beaverbrook's life. He did not come to England as the well-bred American Heiress, but was rather a tough, fortune-hunting chorus girl on tour, whose attractions proved irresistible to the well-placed gentlemen of the dress circle. In the backrooms of power he intrigued and manoeuvred exactly like the classic court paramour. Men reacted to him with the same feelings of distrust, hatred, and enchantment that they have for other men's scheming and brilliant mistresses. Beaverbrook was also temperamental, intellectually shallow but quick-witted, and a diamond in the rough with a heart of gold. He was not indescribably wicked. He played an older and harder game than most of his acquaintances, but played it cleanly by its rules, which were not gentlemen's rules. He was not a harlot and thief, but neither was he the mischievous child of a Presbyterian manse or genteel, settled New Brunswick. He might just as well have come from Dawson City, Timmins, Rouanda, or any of their Australian and American equivalents. He was rootless and classless, a threat to everyone's facade of respectability and stability.

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