

Metropolitanism and Branch Businesses in the Maritimes, 1881-1931

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Research Note

Metropolitanism and Branch Businesses in the Maritimes, 1881-1931¹

METROPOLITANISM IS AN OLD THEME in the historiography of the Maritimes, and the sting of the metropolis is felt throughout the region, from the smallest village to the largest city.² In the 19th century the locus of metropolitan dominance was based across the Atlantic in Britain. Now it rests in central Canada. Despite our awareness of the metropolis and its impact on the Maritime economy, surprisingly little is known about the *unfolding* of metropolitan dominance across the Maritime region in the years between Confederation and the Great Depression.³ New evidence on the process of metropolitanism in the Maritimes suggests answers for several basic yet unresolved questions. First, which metropolis dominated the region in the post-Confederation period? Second, which sectors of the regional economy were linked most strongly to the metropolis? And third, what was the geographical sphere of influence of the metropolis?

One of the inherent features of metropolitanism is the extension into the hinterland of economic activities headquartered in the metropolis. Branch businesses may be regarded as the emissaries, so-to-speak, of the metropolis, advancing its economic interests and consolidating its empire throughout the hinterland. Among other activities, branch businesses engage in manufacturing, facilitate the distribution of goods, channel capital flows, and sell and service the

- 1 Research on branch businesses in Canada has been funded by the Social Sciences and Humanities Research Council of Canada in conjunction with the Historical Atlas of Canada Project. Able research and computer assistance was provided by Janice Milton, Virginia Lieter, and Libby Napper. The cartographic work is the careful labour of Geoff Lester and his staff at the University of Alberta; a grant from Mount Allison University provided for the preparation of the maps and diagrams. A more extended version of this paper was read in 1983 before the annual meetings of the Canadian Historical Association (Vancouver) and the Social Science History Association (Washington, D.C.), and the helpful remarks of Graeme Wynn and Gil Stelter, commentators at these meetings, are gratefully acknowledged.
- 2 See, for example, J.B. Brebner, *New England's Outpost: Acadia Before the British Conquest of Canada* (New York, 1927), J.M.S. Careless, "Aspects of Metropolitanism in Atlantic Canada", in Mason Wade, ed., *Regionalism in the Canadian Community* (Toronto, 1969), pp. 117-29, and David A. Sutherland, "The Merchants of Halifax, 1815-1850: A Commercial Class in Pursuit of Metropolitan Status", Ph.D. thesis, University of Toronto, 1975. The classic Canadian statement on metropolitanism is Careless, "Frontierism, Metropolitanism, and Canadian History", *Canadian Historical Review*, XXXV (1954), pp. 1-21, but see also N.S.B. Gras, *An Introduction to Economic History* (New York, 1922), pp. 186-240, and L.D. McCann, "The Myth of the Metropolis: The Role of the City in Canadian Regionalism", *Urban History Review*, 9 (1981), pp. 52-8.
- 3 For a recent interpretation of the regional development of the Maritimes, set within the context

products of the metropolis. Drawing chiefly upon Dun and Bradstreet records, it is possible to build a comprehensive picture of branch businesses operating in the Maritimes in the post-Confederation period. Information on all branch businesses, as well as a ten per cent sample of the composite business structure of the Maritimes, was collected from the *Mercantile Agency Reference Books* of Dun, Wiman and Company and its successor, R.G. Dun and Company, at ten-year intervals from 1881 to 1931. This yielded a computerized data base of more than 11,000 businesses.⁴ Analysis of the emergence of different types of metropolitan branch businesses offers an opportunity to measure not only urban dominance and control over different economic sectors, but also the actual process of integrating metropolis and hinterland. Moreover, the geographical patterns of branch businesses in the hinterland identify spheres of metropolitan influence.

The rise of branch businesses gained considerable momentum after Confederation. Overall, as Figure 1 shows, they experienced a fourfold increase in numbers, but their most noticeable advance occurred between 1901 and 1921 when they more than doubled from 416 to 950. During this period of branch development, the composite make-up of the region's business structure had remained remarkably stable. Manufacturing enterprise had fallen back gradually, its losses absorbed by the retail trades, but the relative share of the other sectors deviated little over the 50-year period. When the economy of the Maritimes went into serious decline in the 1920's, forcing a net loss of about 1,100 businesses, branch businesses managed to hold firm, and in so doing gained a greater share of all business activities. Branch businesses were always considerable in the resource, manufacturing, retailing, and banking sectors, but the most appreciable advance occurred in wholesaling and distribution. Over time, the mass distribution of goods was increasingly lost by the Maritime businessman.

This gathering momentum of branch enterprise can also be measured in another way. Not unexpectedly, branch businesses have always been parented by companies of considerable financial strength. In 1931, for example, more than 90 per cent of the branch businesses headquartered outside of the region were backed by companies holding assets of more than \$1,000,000. At the same date, less than two per cent of regional firms, including those managing branch businesses, were similarly financed.

As Figure 2 shows, branch businesses based outside of the Maritimes became

of metropolis and hinterland, see Graeme Wynn, "The Maritimes: The Geography of Fragmentation and Underdevelopment", in L.D. McCann, ed., *Heartland and Hinterland: A Geography of Canada* (Toronto, 1982), pp. 156-213. Despite his framework of inquiry, Wynn does not focus specifically on the theme of metropolitan dominance.

4 For each business, the following information was recorded: (1) name of company, (2) type of business, coded according to Statistic Canada's *Standard Industrial Classification Manual* (1970), (3) settlement location, including large urban place ($\geq 2,500$ people), county and province; (4) pecuniary strength; (5) if branch business, location of the headquarters of the company; and (6) product lines, if listed. This information was subjected to various statistical

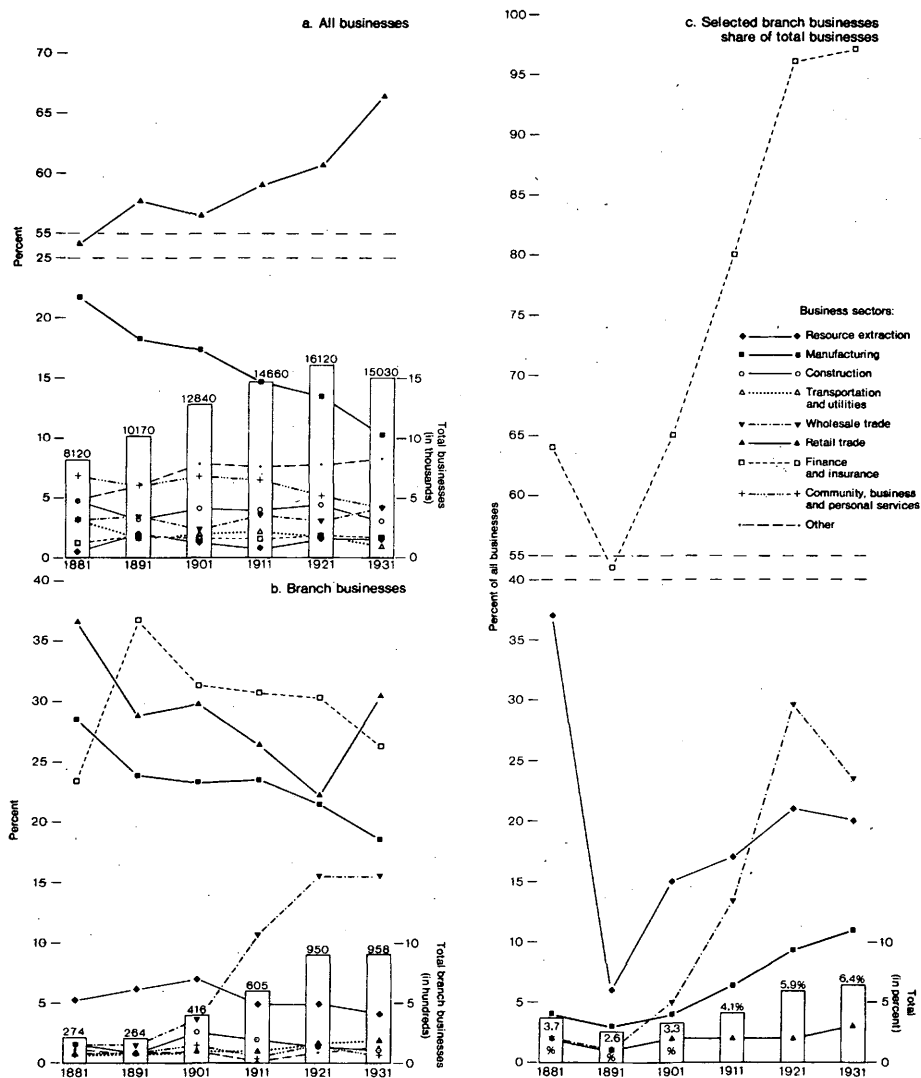


Figure 1: Changes in the Business Structure of the Maritimes, 1881-1931

increasingly prominent over time, rising from a less than 10 per cent share in 1881 to more than 55 per cent in 1931. Measured by companies holding assets of more than \$1,000,000, the external share increased even more dramatically, from 22 to 79 per cent. At the end of the 1920s, nearly half of all branches in the Maritimes traced their chain of command to either Montreal or Toronto; the balance was distributed among more than 400 communities. This was essentially a reversal of the metropolitan pattern that had existed shortly after Confederation when Saint John and Halifax spawned the majority of the region's branches. In fact in 1881 Toronto maintained not one branch in the Maritimes, and Montreal only 13. Expanding only slowly throughout the late 19th century, Montreal's presence was more commonplace by the First World War. Many towns and cities established branch businesses in nearby communities at this time, but none could compare to the prominence of this expanding Canadian metropolis. Through a flurry of merger and takeover activity, particularly in the 1890s and early 1900s, Montreal replaced Halifax and Saint John as the dominating metropolitan influence in the Maritimes. But this leadership was soon challenged by Toronto during the 1910s and 1920s. In 1901, Toronto firms had located only nine branches in the region; by 1931 the total was 228, just one less than Montreal. No other urban centres were nearly as competitive, not even American or British cities, and Halifax and Saint John by this time offered only limited competition.

The metropolitan outreach was facilitated by a number of factors, such as the construction of the national railways across the region during the 1870s (Inter-colonial) and the 1890s (CPR), but these advances only partially explain the rise of branch businesses in the Maritimes. Metropolitan interests expanded their operations by responding to more specific factors that affected individual business activities.⁵ The spread of branch banks, for example, was directly attributable to government policies, including the Bank Act of 1871, that favoured this type of banking system.⁶ The metropolitan domination of this sector, in turn, rested with the growth of central Canadian banks on their own terms, and the eventual centralization of Maritime banks either in Montreal or in Toronto.⁷

analyses to provide the data reported in the text and used in the maps and diagrams. For this paper, we emphasize the aggregate changes in the business structure of the Maritimes, focusing attention on the theme of metropolitan dominance. Data on all branch businesses for all of Canada between 1881 and 1931 have also been collected; they will be the subject of other papers.

5 Branch business development, of course, is one particular strategy related to the growth of the firm. For reviews of this theme which are relevant to an interpretation of the metropolitan outreach, see Alfred Chandler, *Strategy and Structure: The History of the American Industrial Enterprise* (Cambridge, Mass., 1962), Lars Hakanson, "Towards a Theory of Location and Corporate Growth", in F.E. Ian Hamilton and G.J.R. Linge, eds., *Spatial Analysis, Industry, and the Industrial Environment*, Vol. 1 (New York, 1979), pp. 115-38, and H.D. Watts, *The Large Industrial Enterprise* (London, 1980).

6 E.P. Neufeld, *The Financial System of Canada* (Toronto, 1972), pp. 81-9, 97-102.

7 The centralization process took place between 1900 and 1920, and was highlighted by the move-

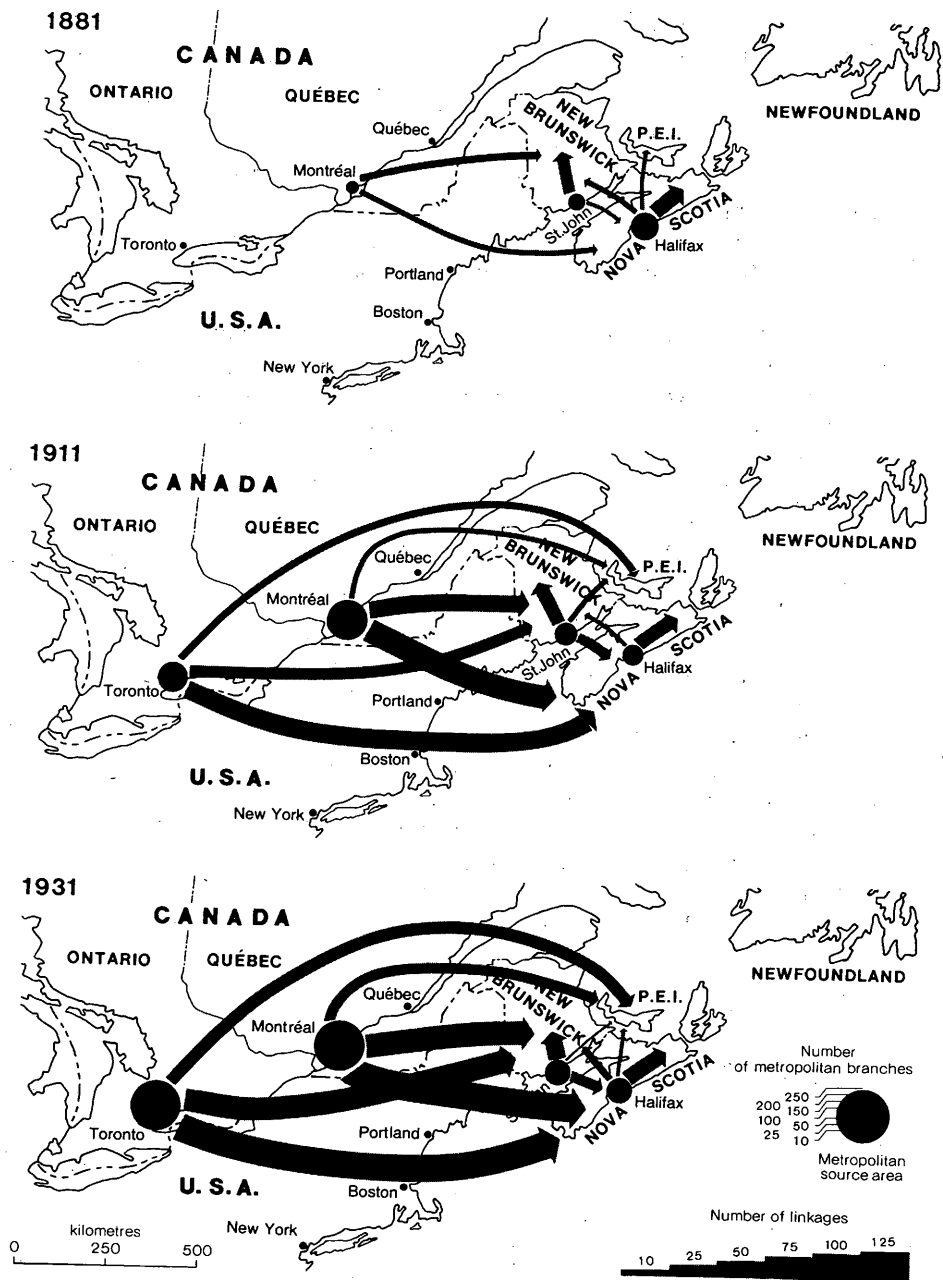


Figure 2: Changing Spatial Patterns of Metropolitan Branch Businesses in the Maritimes, 1881-1931

Metropolitan domination in banking became strongest in the 1910s, when Toronto's banks doubled their branches in the Maritimes (from 63 to 125), challenging strongly the previous and almost complete control of Montreal (Figure 3).

Seeking explanations for the metropolitan involvement in the manufacturing industries of the Maritimes is much more complex, but several basic patterns do prevail. First, metropolitan involvement has been restricted to a limited number of industries. Second, unlike the spillover of American industry into southern Ontario and the construction there of branch plants, branch manufacturing in the Maritimes usually grew when central Canadian firms bought out earlier, community-established companies. Typical of hinterland areas, the Maritime industrial base has always been narrowly focused, emphasizing the primary manufacturing of forest, fish, and iron and steel products.⁸ Significant shares of these industries fell under metropolitan control after Confederation, either through takeover and merger activity (in fish processing and iron and steel),⁹ or by some new plant construction (in pulp and paper).¹⁰ The force of the metropolis in manufacturing was exerted most dramatically in the 1890s and early 1900s through the takeovers and subsequent dismantling of key manufacturing industries, including cotton textiles, rope and cordage, sugar, glass, and paint — almost all by corporations headquartered in Montreal.¹¹

Toronto's failure to participate directly in the de-industrialization of the Maritimes might at first seem surprising, especially considering its national prominence in manufacturing, but this is not to say that Toronto failed to influence manufacturing across the region. It did, and in a way that coincided with the rise of the large industrial enterprise that integrated mass production with mass distribution, and with associated changes in managerial organization.¹² Appear-

ment of the Bank of Nova Scotia to Toronto (1900) and the Merchants' Bank of Halifax (later the Royal Bank of Canada) to Montreal (1904). Of further significance, the Halifax Banking Company was absorbed by Toronto's Bank of Commerce (1903), The People's Bank of Halifax by the Bank of Montreal (1905), and the Union Bank of Halifax by the Royal (1910): *Annual Financial Review*, (1923), pp. 111, 126. See also James Frost, "The 'Nationalization' of the Bank of Nova Scotia, 1880-1910", *Acadiensis*, XII, 1 (Autumn 1982), pp. 29-30.

8 R.E. Caves and R. Holton, *The Canadian Economy: Prospect and Retrospect* (Cambridge, Mass., 1959), pp. 140-94.

9 Fish processing remained controlled largely from within the region, particularly at Halifax, although the Portland Packing Company of Maine held an important share of the industry before World War I.

10 Donald W. Emmerson, "Pulp and Paper Manufacturing in the Maritimes", *Pulp and Paper Magazine of Canada* (December 1947), pp. 129-55.

11 T.W. Acheson, "The National Policy and the Industrialization of the Maritimes, 1880-1910", *Acadiensis*, I, 2 (Spring 1972), pp. 3-29.

12 Alfred Chandler has written persuasively of a managerial revolution in American business, whereby "the visible hand of managerial direction . . . replaced the invisible hand of market mechanisms . . . in coordinating flows and allocating resources in major modern industries". Typical were mass producers of low-priced, semi-perishable, packaged products (e.g. flour and

ing first in the United States during the 1880s, the integrated industrial enterprise made little headway in Canada until after the turn of the century. When it did, however, it was tied inextricably to the American model, and frequently to an American parent company maintaining a Canadian head office in Toronto.

Many Toronto-based enterprises entered the Maritime market not by building manufacturing plants, but by establishing a regional distribution network for their products. This included such industries as food processing (Swift Canadian, Harris Abattoir, and Maple Leaf Milling); agricultural implements (Massey-Harris); business machines (National Cash Register, International Business Machines, and United Typewriter); rubber products (Goodyear and Dunlop); and heavy machinery (Canadian General Electric, Canadian Westinghouse, and Otis Elevator). They appeared mostly in the region's major towns and cities, and accounted for Toronto's rapid surge and dominance in the branch wholesaling sector after 1911 (Figure 3). Such industries, of course, mirrored the capital-intensive and diversified industrial structure of the Ontario metropolis. By contrast, Montreal's wholesaling advance was more limited, emphasizing its national prominence in labour-intensive manufacturing such as tobacco (Imperial Tobacco) and drugs (National Drug), as well as its traditional import-export function in metals, dry goods, and specialized food products.

The visible hand of management also made its mark on retailing, and the growth of branches in this sector also accelerated Toronto's metropolitan outreach. Small retail shops — grocery and general stores, produce and meat markets — were the most numerous activities in the region's composite business structure. Many faced stiff competition from branches originating within the Maritimes, but external competition was limited until after the First World War. Although Maritimers could order catalogue items from the T. Eaton Company of Toronto by the 1890s, it was not until the 1920s that they were forced to make conscious decisions about shopping in a metropolitan-based store. More favourable freight rates for shipping goods into the region, a growing consumer demand for nationally advertised brands, and the growth of national retail chains, all affected the timing of this metropolitan outreach. As a result, the residents of Halifax, Truro, Sydney, New Glasgow, Moncton, or Saint John could, if they so chose, buy groceries at Dominion, shop for novelty items at a Woolworths or Metropolitan store, look for clothes at Tip Top Tailors, try on shoes at Agnew Surpass, or order all of these items from an outlet of T. Eaton and Company. All of these Canadian and American retail

cereals); processors of perishable products for national markets (e.g. meatpacking); manufacturers of new mass-produced machines that required specialized marketing services if they were to be sold in volume (e.g. agricultural implements and business machines); and the makers of high-volume producer goods that were technologically complex but standardized (e.g. electrical equipment). Alfred Chandler, "The United States: Seedbed of Managerial Capitalism", in Chandler and Herman Daems, eds., *Managerial Hierarchies: Comparative Perspectives on the Rise of the Modern Industrial Enterprise* (Cambridge, Mass., 1980), pp. 9, 23. See also Chandler, *The Visible Hand* (Cambridge, Mass., 1978).

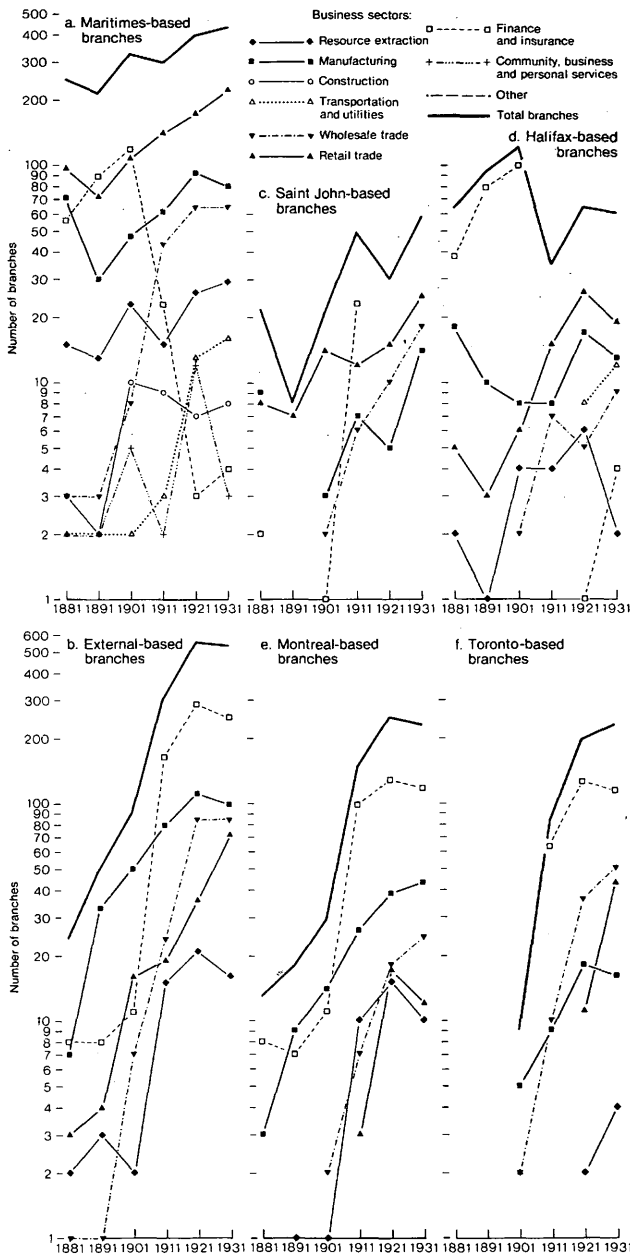


Figure 3: Changes in the Types of Metropolitan Branch Businesses in the Maritimes, 1881-1931

chains were based in Ontario, and except for Agnew Surpass and Metropolitan Stores, all were managed from Toronto head offices. It is difficult to gauge the full impact of these chains, but it is clear that the indigenous retail sector remained largely intact through the 1920s; indeed, there was modest growth in the actual number of local retail businesses (see Figure 1). The fullest impact on retailing would not be felt until after the Second World War, when suburban shopping centres actively sought the national chains as their major clientele. This pattern would also coincide with branch expansion in highly specialized service industries such as national advertising agencies, financial counselling companies, and engineering firms.

To ascertain the spheres of influence of the dominant metropolitan centres throughout the Maritimes, the numbers of Halifax, Saint John, Montreal, and Toronto branch businesses located in the region's counties and large urban places were first tallied. Dominant status was then assigned to the metropolitan centre controlling the greatest number of branches in each county or place. If no clear majority existed, where two or more centres shared the same number of branches, the sphere of influence was recorded as overlapping between two or more centres (see Figure 4). The results of these analyses for 1881, 1911, and 1931 reveal, rather dramatically, the changing geographical relationships between the Maritimes and central Canada.

Confederation is purported to have seriously undermined the economic development of the Maritimes, but even if this was so, the impact was not seriously felt until early in the 20th century. In 1881, regional autonomy still largely prevailed. The region managed its own banks and its merchants had recently rallied to finance a burst of industrial activity.¹³ Halifax dominated all of the Nova Scotia counties, those of Prince Edward Island, and even some in New Brunswick. Most large urban places across the region were linked to the Nova Scotia capital. Montreal shared influence in the New Brunswick countryside with Saint John, whose businessmen took an active interest in the forest industry. By 1911, however, Montreal had taken over leadership throughout most of Nova Scotia and New Brunswick, largely because of its control of banking, takeovers in manufacturing, and the quest for industrial materials such as Cape Breton coal. Its bankers and industrialists managed a variety of branches in Halifax, Saint John, Fredericton, and lesser places, while its coal companies were the principal employers in Springhill, Westville, Stellarton, Inverness, and Glace Bay. In "Busy Amherst", the 20th ranking industrial town in the country, Montreal companies had gained control of many industries, including the Canadian Car and Foundry Company, one of the largest of its

13 The mercantile-industrial transition is treated in L.D. McCann, "Staples and the New Industrialism in the Growth of Post-Confederation Halifax", *Acadiensis*, VIII, 2 (Spring 1979), pp. 47-79, and "The Mercantile-Industrial Transition in the Metals Towns of Pictou County, 1857-1931", *Acadiensis*, X, 2 (Spring 1981), pp. 29-64.

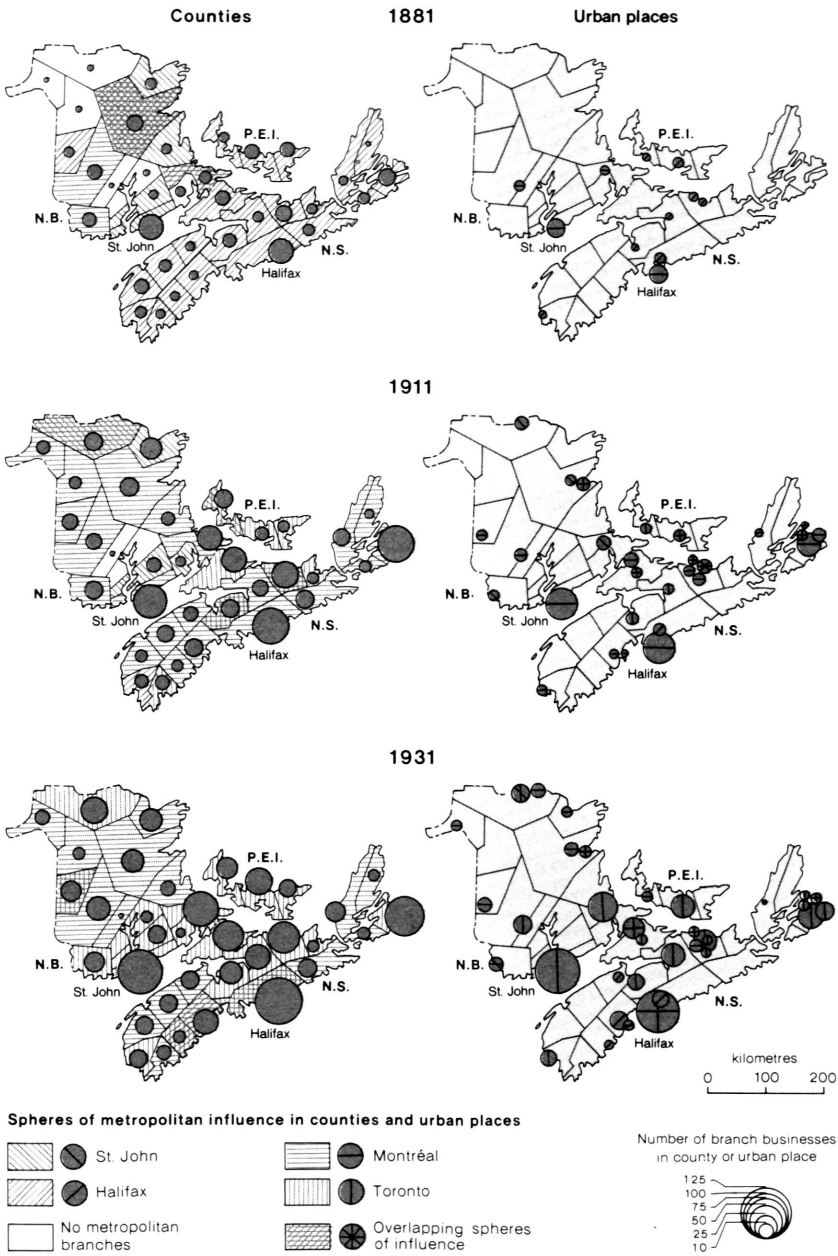


Figure 4: Metropolitan Dominance and Spheres of Geographical Influence in the Maritimes, 1881-1931

kind in Canada.¹⁴ On the eve of the war years, therefore, the Maritimes was unmistakably a hinterland to Montreal.

Montreal's dominance is acknowledged by most scholars who have written about the economic development of the Maritimes, but less recognized is the build-up of Toronto's influence over the region.¹⁵ As Figure 4 reveals, Toronto in 1931 held complete sway over Prince Edward Island and the important belt of urban and industrial counties in southern New Brunswick and central Nova Scotia, as well as industrial Cape Breton. In fact, Toronto could claim dominance over Montreal and other competing cities in a majority of the region's counties and large urban places. During the 1910s and 1920s, Toronto had beaten out Montreal's leadership in about one-third of these counties and places. Toronto's dominance was based on banking, its considerable interests in wholesale distribution and retail trade, and some manufacturing. In this reshuffling, Montreal continued to hold onto northern New Brunswick, the Annapolis Valley of Nova Scotia, and the coal mining counties outside of industrial Cape Breton. In Montreal's drive for regional hegemony, it had remained largely aloof of the American influence so common in Toronto, but with the development of pulp and paper in northern New Brunswick during the 1920s, Montreal finally also became more active as an intermediary for American corporate enterprise.¹⁶

Between the post-Confederation period and the Great Depression, the pattern of metropolitanism in the Maritimes was substantially revised at least three times. This reorientation, from a Halifax-centred region, to Montreal's sting, and then to the challenging force of Toronto, coincided with the mercantile-industrial, rural-urban transformation of the region. As the Maritimes shifted away from the Atlantic economy, based on staple trades, slowly integrating with the emerging continental market, focused on the new industrialism, new alliances took form. These alliances were essentially urban in character; they reveal a changing structure of geographical interdependencies or linkages that is important for interpreting urban dominance and economic growth in the region (Figure 5).

Traditionally, until late in the 19th century, the economy of Maritime towns and cities grew largely by success in the staple trades. Most communities went about these trades independently of each other. When local merchants required extra supplies or capital, they were usually serviced directly from Halifax or

14 Nolan Reilly, "The General Strike in Amherst, Nova Scotia, 1919", *Acadiensis*, IX, 2 (Spring 1980), pp. 56-77.

15 See, for example, T.W. Acheson, "The Maritimes and 'Empire Canada'", in David Bercuson, ed., *Canada and the Burden of Unity* (Toronto, 1979), pp. 87-114.

16 The development of the pulp and paper industry was led by regional entrepreneurs before the First World War, by American interests in the interwar period, and by a combination of local, American, European, and British Columbian companies after 1960: Emmerson, "Pulp and Paper".

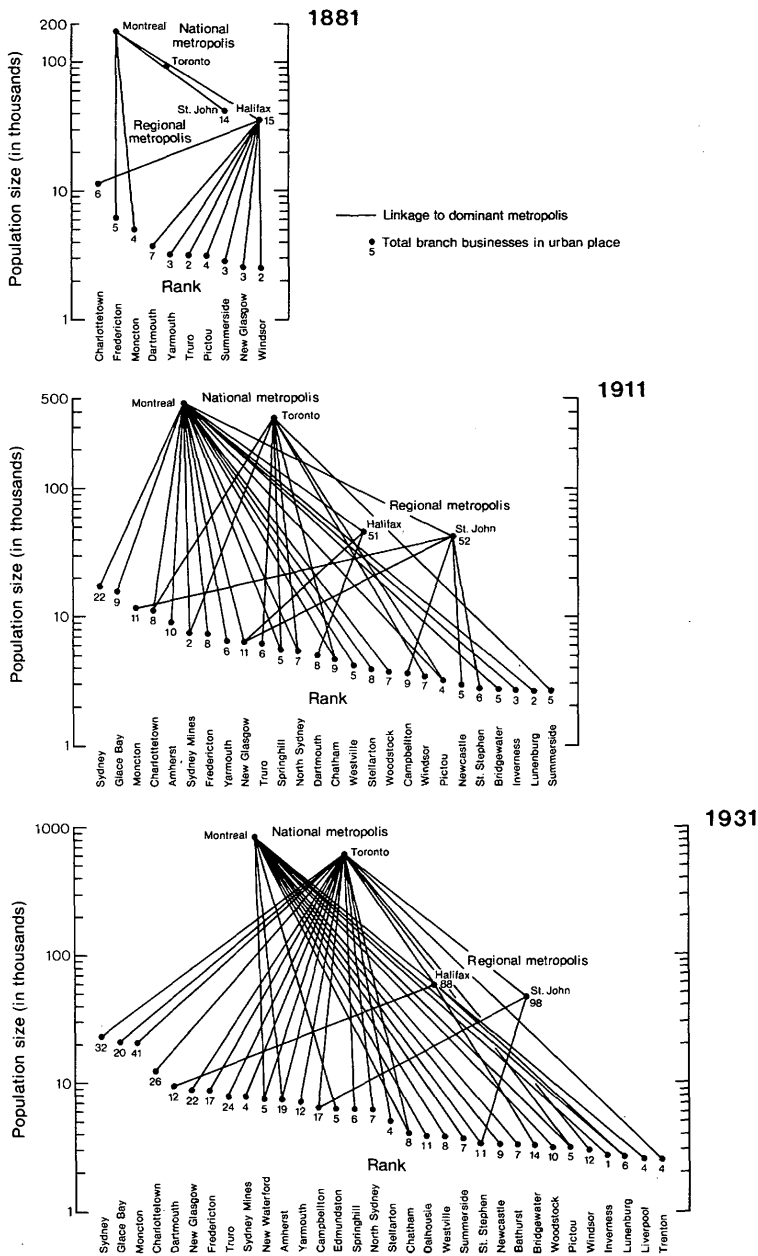


Figure 5: Metropolis and Hinterland: Changes in the Structure of Urban Relationships, 1881-1931

Saint John, or through the branch houses of these centres. The new industrialism in time brought increasing interdependence among cities, forging new and deeper links with central Canada. As Montreal gained ascendancy, the numbers of metropolitan branches in urban places became more prominent, and the population growth of these industrial towns became more dependent on externally-made decisions. The structure of interdependencies in 1931, however, measures new and stronger alliances focused on Toronto. Indeed, Toronto's remarkable hegemony over all but one of the region's 16 largest urban places in 1931, based largely on tertiary economic activities, forces us to reconsider the basis of urban growth in many places across the region during the 1910s and 1920s.¹⁷

Many towns and cities lost population during the 1920s — Amherst, Trenton, Westville, Sydney Mines, to cite only several. But some of those that actually gained population — Moncton, Glace Bay, and Truro, for example — grew, it appears, largely because of changes in the tertiary sector of their economies. Indeed, increased urban employment was frequently the result of newly established branch businesses engaged in the wholesale or retail trades. A case in point is Moncton, which grew from just over 11,000 in 1911, to about 17,500 in 1921, and then to some 20,000 in 1931. In the mid-19th century, Moncton prospered briefly as a shipbuilding centre only to decline shortly after Confederation.¹⁸ However, with the arrival of the Intercolonial Railway's headquarters, repairshops, and marshalling yards after 1872, and a revitalized economic climate, new industries soon appeared (a sugar refinery, a cotton factory, and a woollen mill). Many of these industries went into decline after 1900, but Moncton's potential as a distribution centre soon attracted another round of growth, this time based on branch businesses in the tertiary sector, chiefly in transportation, wholesaling, financial and insurance activity, and retailing. Massey-Harris made Moncton their Maritimes distribution centre in 1907, and in 1920, the T. Eaton Company opened their mail order house for the Maritime provinces, employing more than 750 people.¹⁹ Between 1911 and 1931, Moncton's population doubled and its total number of businesses climbed from 248 to 370, but its branch businesses, which now included many of the city's largest employers, increased fourfold, from 11 to 41. Such expansion, nevertheless, did little to lessen the growing interdependence between Maritime centres and the metropolis; on the contrary, urban dominance and interdependence had increased appreciably.

17 We lack studies of urban growth in the Maritimes during this period, but for one attempt which details data on the population growth of all urban places in Nova Scotia between 1871 and 1931, see McCann, "The Mercantile-Industrial Transition".

18 James Appleton, "The Town of Moncton: A Metropolitan Approach, 1880-1889", B.A. thesis, Mount Allison University, 1975, and Sheva Medjuck, "Wooden Ships and Iron People: The Lives of the People of Moncton, New Brunswick, 1851-1871", Ph.D. thesis, York University, 1978.

19 Lloyd A. Machum, *A History of Moncton: Town and City, 1855-1965* (Moncton, 1965), pp. 207, 281.

The presence of a metropolitan branch business in a community is evidence of the economic interdependence between metropolis and hinterland. There are other forms of interdependencies, of course, including cultural and political ties, which are implicit in the concept of metropolitanism. But examination of branch businesses, set within the context of the composite business structure of a region, provides a meaningful indication of the interplay between metropolis and hinterland. As the forces of metropolitanism unfolded after Confederation, Maritimers, like all Canadians, were subjected to an increasingly complex array of changes in the sphere of business. Shortly after Confederation, it was likely that Maritimers deposited their accounts in a regionally-controlled bank or bought groceries from a locally-owned store. At the same time, many of the basic necessities of life — vegetables, furniture, carriages — were produced by themselves or by local craftsmen. By the eve of the Great Depression, however, the savings in their bank accounts were controlled by Montreal and Toronto financiers and groceries could be bought in a metropolitan-based chain store; the new canned foods, mass-produced furniture, and horseless carriages, were produced outside of the region. The sting of Montreal and Toronto penetrated deeply into all sectors and regions of the Maritime economy. By the close of the 1920s, the basic stimuli for urban and regional economic growth in all sectors of the Maritime economy were greatly affected by external forces emanating from the metropolis. Of course, Montreal and Toronto's dominance over the region was also shared indirectly with American enterprise; this was the particular nature of Canadian metropolitanism after the First World War, and it has remained so.²⁰

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20 R. Keith Semple and W. Randy Smith, "Metropolitan Dominance and Foreign Ownership in the Canadian Urban System", *The Canadian Geographer*, 25 (1981), pp. 4-26.