

Urban History Review Revue d'histoire urbaine

URBAN HISTORY REVIEW
REVUE D'HISTOIRE URBAINE

Baskerville, Peter. *The Bank of Upper Canada: A Collection of Documents*. Toronto, Ontario: The Champlain Society in cooperation with The Ontario Heritage Foundation, Carleton University Press, 1987. Pp. cliii, 400. Tables, appendix, bibliography, index. \$18.95 (paper)

Michael J. Piva

Volume 17, numéro 2, octobre 1988

URI : <https://id.erudit.org/iderudit/1017660ar>

DOI : <https://doi.org/10.7202/1017660ar>

[Aller au sommaire du numéro](#)

Éditeur(s)

Urban History Review / Revue d'histoire urbaine

ISSN

0703-0428 (imprimé)

1918-5138 (numérique)

[Découvrir la revue](#)

Citer ce compte rendu

Piva, M. J. (1988). Compte rendu de [Baskerville, Peter. *The Bank of Upper Canada: A Collection of Documents*. Toronto, Ontario: The Champlain Society in cooperation with The Ontario Heritage Foundation, Carleton University Press, 1987. Pp. cliii, 400. Tables, appendix, bibliography, index. \$18.95 (paper)]. *Urban History Review / Revue d'histoire urbaine*, 17(2), 122–123. <https://doi.org/10.7202/1017660ar>

Baskerville, Peter. *The Bank of Upper Canada: A Collection of Documents*. Toronto, Ontario: The Champlain Society in cooperation with The Ontario Heritage Foundation, Carleton University Press, 1987. Pp. cliii, 400. Tables, appendix, bibliography, index. \$18.95 (paper).

Peter Baskerville's *The Bank of Upper Canada* is the first serious attempt to write the history of that institution since Adam Shortt published his pioneering work on banking, currency and government finance. Although Baskerville revises most of Shortt's interpretive framework, the Dominion's first archivist would, none the less, be pleased. For Shortt, all serious scholarship begins with meticulous reconstruction of the archival record. It is only fitting that this new history begins as a documentary reconstruction under the auspices of the Champlain Society.

The research effort required for this project would have discouraged most historians for the records of the bank had long ago been destroyed — sold to a paper maker for \$20 a ton (pp. cxlvii, 208, 309). Baskerville has mined an amazing collection of other archival holdings to piece together the story of the bank. For some of these collections, such as the Governor General's Office (NAC, R.G. 7), adequate finding aids ease the burden. In other cases, such as the department of finance (NAC, R.G. 19), finding aids do little more than give volume titles for collections which contain dozens of linear meters of material. Baskerville has searched them all, thoroughly and completely. One might on occasion question the relevance of a particular document included in the volume, yet the collection remains both representative and comprehensive. Given the nature of the problem, it is truly an impressive product.

Baskerville has done more than assemble a representative sample of documents. His introductory essay to the collection is decidedly revisionist, on occasion even provocative. Following Adam Shortt's lead,

the traditional interpretation, as Baskerville observes, suggests that the bank did not fully carry out its role as a financial intermediary because of a too close connection with the provincial government. Often portrayed as the economic agent of the Family Compact, critics also accuse the bank of concentrating a disproportionate share of its assets in government debentures and following a too narrow discount policy. For the period before 1835 Baskerville challenges this interpretation on almost every point.

Baskerville suggests that the bank was in fact remarkably successful. It did not always follow policies, particularly discount policies, advocated by local merchants, but, as Baskerville argues, this in itself is not evidence of inadequate banking practices or a failure to meet the needs of Upper Canadian commerce. When the economy began to expand more rapidly after 1828, the bank adjusted its discount policies, although here it was responding more to competition than economic circumstances. Nor was the Bank of Upper Canada particularly favoured with government patronage. Baskerville shows that the interests of the bank and the provincial government could and did diverge. The Receiver General, for example, refused to allow the bank to control government deposits. (See pp. lxii-lxv). Similarly, John Henry Dunn's decision to raise new loans in Britain in 1833 and 1835 represented a clear setback for the bank (p. l'viii). The strength of Baskerville's interpretative framework lies in his recognition of the economic and political realities of the period. The colonial administration was constantly buffeted by competing interests be they self interest, provincial interests or imperial interests. During these years there was no clear focus of power and agendas, both provincial and imperial, were being redefined.

Baskerville's revisionism concerning the period after 1835 is less sweeping. William Proudfoot and Thomas Gibbs Ridout, the key decision makers following William Allan's resignation in 1835, struggled to make their

bank the government bank. In 1848 they succeeded and won the government account. This victory, Baskerville suggests, proved the bank's undoing. He argues that government business proved less profitable than many contemporaries and later historians believed. He is undoubtedly correct, yet there remains some room for debate.

The government account, as Baskerville suggests, necessitated interest-free advances to the province, but it also allowed the bank to extend its highly profitable note circulation. The bank took full advantage of this opportunity; by the mid-1850s it had the lowest reserve ration among Canada's major banks (p. cxvii). This large circulation helped the bank pursue new business. No doubt the government account contributed to the ease with which the Grand Trunk received accommodation, but "railroad financing," Baskerville observes, "did not dominate the bank's overall business" (p. cxviii). Ridout and Proudfoot committed an increasingly large portion of new business to fixed capital assets, as often as not mortgages on land. Such policies carried high risks given the bank's extraordinarily low reserve ration, but in the hot-house economy of the early 1850s they were highly profitable. "Profits increase," Baskerville tells us, "from 6 per cent return on paid-in capital in 1850 to an incredible 19 per cent return in 1854" (p. cvii). Then the economy cooled and when the boom collapsed in 1857 the Bank of Upper Canada found itself overextended and holding too many overvalued fixed assets. Limping along for another decade, the bank finally failed in 1866.

Baskerville alerts us to these risky policies which left the bank vulnerable, yet his interpretation focuses far more attention on problems associated with three key accounts, the provincial government, the Grand Trunk, and Glyn Mills and Company, the bank's London agent. He suggests all of these problems flowed directly from the government account. When all three

eventually abandoned the bank its fate was sealed. It is an interpretation which may be a prisoner of the documentation.

Because creditors destroyed the records of the bank, the bulk of extant documentation comes from various government sources. It should not surprise us that the documentary record tells us a great deal about the problems associated with the government, the Grand Trunk, and the Glyn accounts. We know much less about other aspects of the bank's business. This documentary reality makes weighing the relative importance of the government account as compared to general liquidity and note circulation problems extraordinarily difficult. Suffice it to say Baskerville's interpretation sees the problems associated with the government account in its various manifestations as the primary source of weakness for the bank.

The Bank of Upper Canada is, then, a major contribution to scholarship both as a collection of documents related to a key economic institution and as an interpretive essay on the banking and financial practices of the pre-Confederation era. Its vision is grand, its interpretation provocative, its research sound. It is also a highly enjoyable read on a topic usually noted for its dryness.

Michael J. Piva
Department of History
University of Ottawa

Gaffield, Chad. *Language, Schooling and Cultural Conflict: The Origins of the French-Language Controversy in Ontario*. Kingston and Montreal: McGill-Queen's University Press, 1987. Pp. xviii, 249. \$32.50 (cloth).

Gaffield's book is an attempt to provide local background to Ontario's language-of-instruction controversy, which reached its peak in 1912. It is basically a social history of Prescott county from about 1840 until the beginning of the twentieth century. The

analysis is divided over seven chapters, which lead us through different aspects of Prescott's history, in the context of Ontario's educational system of the nineteenth century

The first chapter gives an overview of Ontario's school system, from the period of Egerton Ryerson (1841-1896). The most important aspect of Ontario's educational policy during that period was "voluntary assimilation": Ontario Francophones were expected to assimilate to English, by exposure to English teachers, English institutions and an English-speaking majority population. Coercive measures regarding the language of instruction were felt to be unnecessary and probably dysfunctional. Beginning around 1883, provincial politicians began to see this linguistic tolerance as a major factor contributing to the stability of French in Ontario. By means of regulations, commissions, and policies, the *English* curriculum in the French-language schools was gradually strengthened. The trend culminated in the controversy of 1912.

Chapter 2 is a demographic history of the county, based on the published censuses for 1851-1881. The latter data are used for detailed comparisons between Alfred township (settled predominantly by Francophones) and Caledonia (with a majority of Anglophones). During the period 1840-1870, population growth was due primarily to immigration. Beginning in the early 1880s, the Francophone group increased mostly through natural increase, while the population of British ethnic origin began to decline. The chapter points to early, strong and persistent segregation between the two language communities. Altogether, this analysis is a nice mixture of methods, dealing with aggregate patterns as well as with diachronic data on families.

The next chapter discusses the county's economic development, from the growth of the forestry industry in 1840-1870 (the "système agro-forestier") to its decline in the 1870s. The analysis demonstrates the links

between economic conditions (indicated by data on occupation, farm ownership, and productivity) and micro-demographic strategies of marriage and fertility, despite some very tenuous (and occasionally incorrect) arguments. The economic bust of the 1870s led to a changing linguistic mix (continued immigration of Quebec Francophones, out-migration of Anglophones), and to the establishment of a sizeable Francophone "proletariat."

Chapter 4 focuses on the history of schooling in the county. The provision of education in French was a function of several factors: demand (school attendance was correlated with the socio-economic status of the family; Francophones were over-represented among labourers), location of schoolhouses (generally situated in Anglophone regions), and priorities set by trustees (predominantly English-speaking). The connections between socio-economic characteristics, language, and access to education are well established in this chapter.

In chapter 5, we deal with the local political situation. The changing linguistic composition of the population led to the rise of Francophones in the political establishment, especially in the Liberal party. The early 1880s were obviously a watershed: Francophone Liberals replaced Anglophone Conservatives, beginning in 1882 federally and in 1886 provincially.

Events in the rest of Canada - such as the hanging of Louis Riel - led to the development of a distinct Franco-Ontarian identity; they also led to the alienation of the Franco-Ontarians from the political processes of the day. The Francophone-elected representatives were backbenchers who were rarely heard; the leadership of the main parties showed little or no understanding of Franco-Ontarian problems. As a consequence, the Catholic church assumed a leading position in matters related to language and education. A major consequence to this development was the