CANADIAN RAILROADS AND EMERGENT RELATIONS OF PRODUCTION

LABOUR, CAPITAL AND THE STATE: CANADIAN RAILROADS AND EMERGENT SOCIAL RELATIONS OF PRODUCTION, 1850 - 1879

By

JOHN VICTOR BARKANS, B.A.

A Thesis

Submitted to the School of Graduate Studies

in Partial Fulfilment of the Requirements

for the Degree

Master of Arts

McMaster University

September 1976

MASTER OF ARTS (1976)
(Sociology)

McMASTER UNIVERSITY
Hamilton, Ontario

TITLE: Labour, Capital and the State: Canadian Railroads and Emergent Social Relations of Production, 1850-1879.

AUTHOR: John Victor Barkans, B.A. (McMaster University)

SUPERVISOR: Professor D.L. Smith

NUMBER OF PAGES: xiii, 200.

ABSTRACT

The impact of railroad development on Canadian society has recently become a much debated topic. A significant interpretation of Canadian economic development posits a fundamental contradiction between mercantilists and industrialists, arguing that the former have maintained supremacy over the latter and that this has retarded the emergence of industrial capitalism. Further, it is claimed that Canada's railways were designed to promote mercantile interests and functioned to impede the transition from a mercantile to an industrial economy. The above formulation, however, largely employs strictly economic criteria to characterize Canadian society. This thesis presents an alternate framework, one which attempts to view social reality from the bottom-up, that is from the point of view of the producers and their work relationships. Using the criteria developed for this framework, it is argued that railroad development between 1850 to 1879 marked the transition from a mercantilist to an industrial capitalist society and, moreover, that these transportation projects were the backbone of this social change.

Preface

In the 1840's railroad promotion began in earnest in the Canadas,[1] and in 1850 T.C. Keefer addressed the inhabitants of the colony in a widely circulated pamphlet with the warning that "as a people we may as well in the present age attempt to live without books or newspapers, as without Railroads."[2] By the early 1850's, construction crews dotted the countryside, surveying, clearing, digging, ballasting and laying the iron rails for Canada's railway system. The first railway era had commenced.

The purpose of this thesis, on a general level, is to place this first era of railway growth within the context of the development of Canadian industrial capitalism, paying particular attention to the function of the state structure; however, before the issues to be taken up for this task can be delineated, a note of explanation for the time period surveyed is in order.

On the basis of the growth of railway mileage in operation, it would be logical to consider the decade between 1851 and 1861 as the first railway era in Canada. Between these dates railway mileage increased from 159 to 2,146 and thereafter displayed little dramatic growth until the 1870's; however, the first railway era is denoted in this thesis as the years between 1850 and 1879 for three reasons.

Table I

Railway Mileage in Canada, 1851-1879[3]

Year Ending June 30	Railway Mileage In operation	Railway Mileage Yearly increase
1851	159	---
1861	2,146	---
1868	2,270	---
1869	2,524	246
1870	2,617	93
1871	2,695	78
1872	2,899	204
1873	3,832	933
1874	4,331	499
1875	4,804	473
1876	5,218	414
1877	5,782	564
1878	6,226	444
1879	6,858	632

The first reason has more to do with the purpose of this thesis than to any observable pattern in Canadian railway development. As was noted above, this study will attempt to explore the relationship between railway and industrial capitalism. Because of this, it is convenient to analyze railway development within the context of the emergence of industrial capitalism in Canada. This latter development has been studied by Steven Langdon and he concluded that the beginning of the transformation from a mercantilist to an industrialist economy was evident in 1850, accelerated in the 1860's, and by the 1870's a major structural change in the economy had occurred.[4]

The other two reasons for the time period chosen are more closely related to actual railway development in Canada. First, of those early railways chartered in Canada that did not fail on their own accord, a great many were eventually absorbed by the Grand Trunk, a fact which had led G. Myers to signal this as the first great merger movement in the country.[5] Secondly, and perhaps more important, with the incorporation and completion of the Canadian Pacific in the 1880's, a new era in railway development had begun. Anticipation of the new competitor spurred the Grand Trunk directors to amalgamate a number of questionable, heavily indebted concerns[6] and, although a modicum of respectability returned under the management of Charles Hays in the mid 1890's, these moves plus the C.P.R.'s competition sealed the fate of the railway.

In short, then, a strong argument exists for marking the years between 1850 and 1879 as the first railway period and the era of the Grand Trunk. Moreover, these years encompass the decisive decades for the emergence of industrial capitalism in Canada, allowing one to analyze the relationship between this development and railroad growth. These factors account for the selection of the decades between 1850 and 1870 to examine the impact of railroads on the development of industrial capitalism in Canada.

The thesis consists of four chapters plus an introduction and conclusion. The introduction develops the theoretical concepts to be used and issues to be addressed in the rest of the thesis. First, a brief summary of Tom Naylor's contribution to the analysis of Canadian economic history and his interpretation of railway development is presented. The framework within which Naylor's theories will be evaluated are then presented. Specifically, two concepts are outlined, the capitalist mode of production and alienated labour.

Chapter two examines the mode of production prior to the railway era and the crisis that occurred within the economic sphere during the 1840's. Applying the theoretical discussion of chapter one, it is argued that the society can be characterized as "pre-capitalist" and that the economic difficulties of the 1840's were of a commercial nature.

The next chapter discusses the early railroad developments leading to the formation of the Grand Trunk, and the role of the state in these events. Attention is focussed on the railroad promoters' economic backgrounds, their expressed objectives for promoting these ventures and their relationship to the political order.

Chapter four investigates the issue of whether railroads signified continued commercial dominance over the economy or the rise of industrial capitalism. In part, this is accomplished by studying the extent to which manufacturing had developed by the 1870's, the importance of the railroads for the manufacturers, and the degree to which railroad promoters themselves participated in these industrial firms. In addition, attention is placed on the relations of production from the perspective that these relations determine the nature of the society and, hence, are relevant in a discussion of the function of railroads.

The fifth chapter analyzes the work relations in the railroad companies and the significance of the state in determining these relations. The concept of alienated labour is further discussed and an attempt is made to evaluate the degree to which this condition characterized the work process.

As is evident from the above outline, this thesis is not intended to be a comprehensive treatment of the first railroad era. A great many other issues could have been discussed. In particular, the scandals, swindles and skullduggery that were so much a part of railroad development receive little attention in this work. This thesis, however, has been concerned with other questions. It is believed that a considerable amount of confusion surrounds recent discussions over the nature of both Canadian economic and railroad development. Much of the debate on these issues is characterized by theorists "talking past" one another, employing different conceptual frameworks to argue their case. This work does not resolve this difficulty. Rather, it is hoped that a contribution has been made toward a more relevant framework--one that views economic development from the point of view of the producers and their work relations--within which one can understand the implications of the coming of the railroad to Canada.

Footnotes

1. Strictly speaking, of course, it is inaccurate to speak of the political entity "Canada" until 1867. Whenever "Canada" or the "Canadas" is used in this thesis in connection with an earlier date, it refers to what is now Ontario and Quebec and which were then referred to as Canada West and Canada East.

2. T.C. Keefer, "Philosophy of Railroads" in H.V. Nelles, editor, Philosophy of Railroads and Other Essays, By T.C. Keefer, (Toronto and Buffalo: University of Toronto Press, 1972), p. 32.

3. W.J.A. Donald, The Canadian Iron and Steel Industry: A Study in the Economic History of a Protected Industry, (Boston/New York: Houghton Mifflen Co., 1915), p. 325.

4. Steven Langdon, "The Political Economy of Capitalist Transformation: Central Canada From the 1840's to the 1870's", (Unpublished M.A. thesis, Carleton University, 1971).

5. G. Myers, A History of Canadian Wealth, (Toronto: James, Lewis & Samuel, Publishers, 1972), p. xxxi.

6. A.W. Currie, The Grand Trunk Railway of Canada, (Toronto: University of Toronto Press, 1957), p. 279.

Acknowledgements

I would like at this time to express my gratitude to a number of people who have aided, in a variety of ways, in the completion of this work. First, thanks are in order to my supervisory committee. Dusky Lee Smith has played an important role in the development of my perspective and has been a source of encouragement for whatever work I have undertaken. Carl Cuneo has offered me many new stimulating insights and the sacrifice of a great deal of his time to discuss and comment on this work as it progressed is greatly appreciated. And Camille Legendre, both through classroom discussions and private talks, has figured decisively in the development of my analysis of work processes and work relationships.

Others have helped me to finish this work but they are too many in number to list here. Generally, the people who make up the department of sociology at McMaster should be thanked for providing an environment which has been supportive of my work. I would like, however, to single out three other specific sources of aid. First, Norene Pupo's contribution to this thesis have far exceeded anything I could have reasonably expected from any one person and I am greatly indebted to her. Thank you for being patient with me and thank you just for being you. Secondly, the members of the sociology softball team deserve some credit for allowing me to keep my sanity during the summer months and for getting me off of my "butt" to get some much needed physical activity. And finally, although he will never read my acknowledgement, thanks go to my dog, Sandford, for the company during those frequent late night vigils.

TABLE OF CONTENTS

LIST OF TABLES

Chapter One

Introductory Issues

This thesis examines railway development in the Canadas from 1850 to the 1870's. Specifically, this work is a critical evaluation of a particular interpretation of the "function" and nature of Canadian railways, most noteably represented by the works of R.T. Naylor. It will be argued that on both theoretical and empirical grounds, the first railway era marked the transition from a mercantilist to an industrial capitalist economy. The concept of alienation, or more exactly alienated labour, will then be introduced. By examining the role of the state in terms of the maintenance of alienated social relationships, it will be shown that the concrete practices of the state with respect to the railways were evolving toward what properly can be understood as the function of the state in a capitalist society.

In this introductory chapter, then, a number of theoretical arguments and concepts will be clarified. First, Naylor's thesis with respect to railways will be summarized and, in particular, his distinction between mercantilist versus industrialist development will be analyzed. Next, an alternative framework for determining the degree to which a society can be viewed as dominated by mercantilist or industrial capitalist relationships will be presented. Finally, the concept of alienation will be clarified, specifying the manner in which the role of the state in maintaining this relationship can be viewed as indicative of the rise of industrial capitalism.

The concepts introduced in this chapter are not easy to integrate at this point in time. Because of this it may not be completely apparent how they will fit together in the rest of this work. They are introduced in this chapter to allow later discussions to proceed with the presentation of the more concrete data, unencumbered by the need to explain the theoretical constructs employed. As one progresses through the text, the unity among the themes will become clearer and in the conclusion they will be tied together in a tighter, more comprehensive manner.

R.T. Naylor and His Thesis on Railways

In order to understand Naylor's analysis of the development of Canadian railways, it is vital to comprehend his general theory of the development of Canadian capitalism. The basic "building block" of this latter formulation is the distinction drawn between mercantile and industrial capital. Starting from the premises that 1) there is a contradiction between the mercantile entrepreneur and the industrialist, and 2) that this discongruency is based on the fact that industrial capital is characteristically long-term, often high risk and has a high ratio of fixed to circulating capital, while mercantile capital is relatively "safe", short term and has a high degree of circulating as opposed to fixed investments, Naylor then goes on to argue that "maximization of the mercantile surplus will minimize the industrial surplus."[1] In other words, then, because of the differering characteristics of the capital allocation needs for the two types of entrepreneurs, a "zero-sum" type of theory is postulated: a gain for one group must necessarily result in a corresponding loss for the other.

The above distinction and the idea that in Canadian development commercial capitalists always dominated industrial capitalists, are consistent features in all of Naylor's work. Thus, in "The History of Domestic and Foreign Capital in Canada", Naylor writes that the dominance of commercial capital over industrial capital had "the effect of draining funds away from the industrial and into the commercial sphere."[2] Similarly, in his two volume The History of Canadian Business: 1867-1914, although he presents some evidence to soften the distinction between mercantilists and industrialists, Naylor nonetheless writes that Canada's economy was such that:

> Wealth was accumulated in commercial activities and tended to remain locked up in commerce. Funds for industrial capital formation were in short supply. Commercial capital resisted the transformation into industrial capital...in favour of remaining invested in traditional staple-oriented activities. 3

In describing the particular form that this commercial dominance assumed in the specific Canadian context, Naylor adopts a metropole-hinterland explanation. The metropole and the relationship between it and Canadian mercantilists was that Canadian staples, such as wheat, flour and timber, flowed to the metropole while manufactured goods flowed back to Canada (the hinterland). It is in this relationship that Naylor speaks of Canadian mercantilists being "intermediaries" between producers and consumers. Their profits were thus based on their ability to buy cheap and sell dear and this was partly accomplished because of their success in charging high fees and tolls for the transhipment and handling of the commodities.

In this type of economy dominated by the importation of manufactured goods and staples exportation, Naylor singles out two key sectors of the economy. On the one hand, he claims the Canadian banking system was expressly designed to facilitate the international flow of commodities, at the expense of industrial production[4] while, on the other hand, transportation development was promoted by and for mercantilists, at the expense of industrial capitalist development. It is in conjunction with this latter sector, of course, that Naylor develops his analysis of railway development and this most directly relates to the present discussion.

For Naylor, little question remains about the nature of Canadian railway development. The fact that Canada's first railway boom followed the collapse of the "artificial system" of the "second commercial empire of the St. Lawrence" is no mere coincidence for Naylor, and he views the timing of the railway boom as highly suggestive of their actual purpose. The "second commercial empire of the St. Lawrence" had been predicated on the assumption that Canadian mercantilists would function as intermediaries, between the flow of Canadian raw materials to Britain and British manufactured goods to Canada, within a system of British preferential tariffs and duties. With the decline of the fur trade, in mid-nineteenth century Canada the primary goods especially important for the operation of this preferential commercial policy were timber and grain; however, between 1842 and 1849 a series of events brought this system to collapse.

In 1842 the end of the timber preferences signalled the first ominous note about the future of British mercantilism. Weakening of the timber trade from this measure was followed in short order by two other measures injurious to Canadian merchant-capitalists. American interests had opened up the Erie Canal in 1825, thus providing a major competitive route to the St. Lawrence river system for the carrying of western produce to the eastern coast; however, the most significant blow to the Canadian carrying trade came in 1845-46 with the passage of the Drawback Laws. Designed to facilitate the flow of goods through the United States, the bills granted free passage in bond for Canadian trade making use of American transportation routes. While some regional differentiation existed, with for example Upper Canada farmers and traders generally benefitting from the American measures, as a whole, the commercial interests in Canada suffered a loss in business.[5] These acts were followed by the repeal of the Corn Laws, first announced by Sir Robert Peel in 1846 and implemented between 1847 and 1849. The repeal removed the British preferential on Canadian breadstuffs.

These various measures culminated in a commercial depression, with, as Naylor points out, the canals suffering a drop in revenue by one-half between 1846 and 1848 and a collapse of grain prices in 1849.[6] It is in light of these conditions that Naylor analyses the new policies of the commercial class, part of which centred on railway development.

Essentially, Naylor argues that Canadian merchant capitalists adopted a policy of reciprocity with the United States and, in conjunction with this, railways were built to improve the speed and efficiency of trade in an attempt to restore the superiority of the St. Lawrence route. Reciprocity was designed to maintain the role of Canadian mercantilists in the intermediary role, selling Canadian produce and importing manufactured goods: "Reciprocity was explicitly predicated on the idea that Canada would provide raw materials and the United States finished products."[7] To facilitate the envisioned circulation of goods, "the merchant class in Canada...continued to invest in the St. Lawrence route", in the form of a "series of railways."[8] The new dependency with the United States would maintain Canada's "hinterland" role with the merchant class extracting its surplus in the circulation of goods by "collecting the crumbs in the form of tolls and commissions."[9]

Thus, Naylor states that Canadian railroads were "definitely a commercial type of operation", which, as was the case with other commercial activities, had "the effect of draining funds away from the industrial and into the commercial sphere."[10] Naylor then concludes that dominance of commercial capitalists was extended into railways, or transportation in general, with the linkage running from "merchant capitalism to finance, transportation, and land speculation."[11]

This, then, constitutes Tom Naylor's theory of the economic development of Canada and the role or function of railways within this process. As has been noted, the key concept is the distinction made between mercantilist and industrialist activity. The next section attempts to clarify this distinction by introducing the theoretical construct of the "mode of production." By analyzing the particular elements or characteristics that specify a capitalist mode of production, a set of criteria will be formulated to gauge the extent to which a particular society can be viewed as being dominated by a mercantile or industrial capitalist formation.

The Capitalist Mode of Production

Maurice Dobb, in his Studies In The Development of Capitalism, has articulated Karl Marx's conception of the mode of production in the following manner: "By mode of production... Marx did not refer merely to the state of technique--to what he termed the state of the productive forces--but to the way in which the means of production were owned and to the social relations between men which resulted from their connections with the process of production."[12]

A mode of production includes more than an economic element--it is, in Nicos Poulantzas' terms, an articulation of various "levels" or "instances", namely the economic, political, ideological and theoretical;[13] however, for present purposes only the economic level needs consideration. According to Dobb's explanation of the term "mode of production", a particular mode would imply certain ownership characteristics and social relations eminating from the process of production which would be specific to that mode of production. The question of the characteristics of the capitalist mode of production in general and the economic level within this mode in particular must now be asked.

Dobb has explained that the distinguishing characteristics of the capitalist mode of production are "the concentration of ownership of the means of production in the hands of a class, consisting of only a minor section of society, and the consequential emergence of a propertyless class for whom the sale of their labour power was their only source of livelihood. Productive activity was furnished accordingly, by the latter...on the basis of a wage-contract."[14] Similarly, Rodney Hilton views the essential features of the capitalist mode of production as "a society producing commodities for exchange on the market, whose principle classes are capital-owning entrepreneurs and propertyless wage-earners."[15]

The above formulation is still too abstract. What is needed is an articulation of the characteristics of the economic level within a capitalist mode of production. For this purpose, the work of Nicos Poulantzas proves useful. Poulantzas has argued that the economic level includes a number of invariant elements and that the particular combination of these elements specify the given mode of production. The invariant elements are 1) the labourer, 2) the means of production, and 3) the non-labourer. These exist in a double relation, one which he terms "a relation of real appropriation" and the other "a relation of property." The combination of these two relations that is characteristic of the capitalist mode is a separation in both the relation of property and the relation of real appropriation.[16] This can be clarified by comparing the two relations in feudal or pre-capitalist modes and in the capitalist mode of production.

In feudal societies, surplus is extracted from the producers in a variety of ways--compulsory labour requirements, rents, taxes, and so on. The distinguishing feature of this type of exploitation is that it is sanctioned by "direct politico-legal compulsion."[17] In other words, the extraction of surplus from the producers is based upon the system of legal rights, responsibilities and statuses and this, in turn, is based upon the feudal estate as a political institution. There is, therefore, a separation in the relation of property; the feudal lord intervenes between the producer and the product of labour and appropriates some surplus. On the other hand, the relation of real appropriation is characterized by a unity of the producers to the means of production; the serf is tied to the land, producing his/her product and the non-labourer does not intervene directly into the labour process. This contrasts with the capitalist mode of production, in which the capitalist owns the means of production, intervenes in the labour process, in so far that labour power now becomes a commodity to be bought, sold and used as the capitalist sees fit, and extracts surplus. A fundamentally different social relationship exists in this case since the producer is now fully separated from the means of production and the capitalist directly enters into the productive process.

Two problems may present themselves with this use of the concept of the mode of production. First, the distinction between the "ideal-types" of a feudal and capitalist mode can readily be grasped because of the sharp break between the relations of production in the one as compared to the other. In reality, however, no such major dislocation occurs to transform the relations of production completely from the characteristics of one mode to another. Various sectors of the economy and different locales may experience heterogeneous patterns of change. It would be erroneous to conclude that for the capitalist mode of production to achieve ascendency relations of production characteristic of that mode would or must have penetrated the entire productive process of that society. In connection with this, Poulantzas writes that:

> a concrete society at a given moment of time...is composed of several modes and forms of production which coexist in it in combination. For example, capitalist societies at the start of the twentieth century were composed of (i) elements of the feudal mode of production, (ii) the form of simple

> commodity production and manufacture (the form of the transition from feudalism to capitalism) and (iii) the capitalist mode of production in its competitive and monopoly forms. 18

If one accepts this, the task becomes one of determing the dominant relations of production and which mode they correspond to.

The second problem with the concept of a mode of production which requires attention here is also touched upon in the above quote by Poulantzas. The stage of independent commodity production is referred to as the form of the transition from feudalism to capitalism. Once independent craftsmen, artisans and farmers had broken away from feudal constraints and obligations, the relations of production no longer represented the "pure" feudal type. In addition, to the degree that some hired labour was being utilized, the characteristics of the capitalist mode were emerging. However, whether one views this stage as transitional or, as Dobb does, one which "was not yet capitalist, although containing within itself the embryo of capitalist relations",[19] it does not present serious difficulties for the classification developed above if the combination of the economic elements indicative of the capitalist mode is recalled. That is, the relation of real appropriation, or the relation of the producers to the means of production and to the labour process, is clearly not capitalist in this case. A large group of producers has not yet been separated from the means of production and non-producers have not directly intervened into the productive process.

To simplify matters, independent commodity production will be termed a pre-capitalist mode.

In short, the concept of a mode of production can be utilized as an analytical device to examine and characterize various social formations. If the concern is the classification of a society as either pre-capitalist or capitalist, one must examine the productive process and the relations of the elements within this process. Specifically, once producers have been separated from the means of production and once non-labourers enter directly into the productive process, the society can be characterized as capitalist.

The next and final section in this introduction discusses the concept of "alienation" or alienated labour. A link between the relations of production characteristic of capitalist societies and this theoretical construct will be attempted. By outlining the distinguishing features of alienated labour, a framework will be developed within which one can analyze the role of the state within the productive process as an indication of the emergence of the capitalist mode of production.

Alienated Labour and The State

Following from Ralph Miliband's analysis, the notion of the state is taken here to include much more than just "government." Included in the concept of the state or state-structure, and directly relevant to the subject matter of later chapters, are such institutions as the government, the military and police, and the judicial system. This wider connotation of the term, "the state", should be kept in mind throughout all future discussions.

The role of the state in Canadian economic development has not suffered from a lack of attention. Thus, H.G.J. Aitken has written that:

> the standard interpretation of the entire history of the Canadian economy assigns to the state a major role in guiding and stimulating development; on any reading of the historical record, government policies and decisions stand out as the key factors. The creation of a national economy in Canada and, even more clearly of a transcontinental economy was as much a political as an economic achievement. 21

Similarly, Rick Deaton has argued that the state, which he denotes as the public sector, fulfills a number of historically rooted functions in the Canadian economy:

> The public sector of the economy developed to build the necessary technical infrastructure (supportive services) for the corporate sector, to generate investment, to encourage profitable business activity and opportunities, to meet the social overhead costs of private profit-making production, and to "socialize" (make public) the private costs and risks of production thereby protecting and expanding profits. 22

The problem of these formulations of the role of the state in economic development is that they lack specificity in terms of the mode of production. The state can "stimulate development" and "protect and expand profits" in pre-capitalist social formations as well as in capitalist formations. Thus, one can think of the Montreal merchants and their attempt to use the state to further their economic interests by promoting various improvements and regulations for the St. Lawrence carrying system,[23] the Family Compact's utilization of their political power to encourage the development of the Welland Canal Company,[24] and so forth. What needs formulation is the distinction between the above functions of the state and other functions which become crucial in capitalist formations. To help clarify this distinction the notion of alienated labour will be incorporated.

The conceptualization of alienation to be adopted here is based upon the writings of Karl Marx, specifically The Economic and Philosophic Manuscripts of 1844.[25] Further, the discussion will be related only to alienation in capitalist societies.

In the Manuscripts Marx argued that work or human labour was the means by which man developed his capabilities--both his/her intellectual or theoretical reasoning and his actual practical skills. It was the activity through which man ideally becomes "human" and integrated into the "outside" world: however, in capitalist society three conditions subverted the intrinsic potential for work to be a creative process, namely an advanced division of labour, private property, and the subordination of labour to the laws of the capitalist market.

Marx's critique of the division of labour is directed at the tendency for the capitalist productive process to destroy the unity between the intellectual and physical capabilities of man. For workers this means that the conception of the task becomes divorced from its execution and both the organization and direction of work are outside their control. This notion of the division of labour is thus quite different from the idea of a "social division of labour", of a division into various crafts or occupations, or even of the subdividing of tasks within a productive process. Rather, the division of labour Marx refers to is one in which man himself becomes divided.[26] The creative and the intellectual aspects of work are stripped away from the producer. Work becomes a mere mechanical activity and the workers are "thus depressed spiritually and physically to the condition of a machine..."[27]

The second condition producing alienation is the market in capitalist society. The products of production become commodities, the production and distribution of which becomes based on the laws of the market--supply and demand--rather than on workers' needs. Not only do the products become commodities, however, but workers themselves become objects. The same market laws which operate on the production of commodities operates on the worker who must sell his labour power.[28] Purely economic criteria begin to define work and, in fact, whether or not work can be found.

The third and final condition Marx discussed in the creation of alienation was the existence of private property. What is significant in his analysis of this condition is the relationship postulated between private property and alienated labour. It is through alienated labour that private property is created:

> Through <u>estranged</u>, <u>alienated labour</u>, then, the worker produces the relationship to this labour of a man alien to labour and standing outside it. The relationship of the worker to labour creates the relation to it of the capitalist...<u>Private property</u> is thus the product, the result, the necessary consequence, of <u>alienated labour</u>... 29

Marx goes on to state that the relationship between private property and alienated labour becomes reciprocal (the "secret" of private property), with it being both the product of alienated labour and the means by which labour alienates itself. It should also be stressed that alienation is not viewed in any abstract sense. The fact that private property is viewed as a necessary condition clearly roots the concept with specific material conditions. Further, the notion of labour's self-alienation does not merely refer to a subjective condition, a psychological state or a general feeling of malaise. Rather, the concept implies that under capitalist production relations the producer produces a surplus, which the capitalist continually attempts to increase, and which is taken away and becomes another man's property. It is through this type of relationship, through productive labour, that value and hence profit, which "piles up dangerously over and against"[30] the worker, is created for the non-labourer. Clearly, then labour's self-alienation is thus a class relation and is associated with very specific historical conditions.

It can be seen that the conceptualization of alienation outlined above and the concept of the economic level in the capitalist mode of production discussed previously have a close affinity. In the capitalist mode of production the economic level is characterized by a separation in both the relation of property and the relation of real appropriation; this corresponds to the notion of labour's self-alienation. However, the use of the term "alienation" adds substance to an otherwise bare theory of the economic level in the capitalist mode. The latter is overly structural and leads to a mechanical analysis of development. The concept of alienated labour, while incorporating the structural economic analysis, brings the subject, "real men", back into the analysis. It points to the possibility that the development of capitalism implies much more than a set of structural conditions and economic laws. At its basis is the very transformation of men, of human relations, and the organization of men at the point of production.

In short, the notion of alienation and its relationship to the development of capitalism implies 1) certain structural conditions which have a bearing on the economic and class system, <u>and</u> 2) transformations in the sphere of production which affect the very nature of work. It is the latter development which clearly separate pre-capitalist from capitalist social relations. Concretely, the separation in the relation of real appropriation in the economic level of the capitalist mode of production implies alienated relations of production--the divorce of the conception of the task from its execution, production for and under market laws in which exchange value rather than use value becomes the predominant criteria and the transformation of workers themselves into commodities.

In so far as capitalist relations of production represent a fundamental and sharp break from pre-capitalist relations, a new problem emerges in production, namely the need to habituate workers to this new reality and to undermine pre-capitalist notions of work. The regulation and control of producers at the point of production presents itself as a major concern for employers. Harry Braverman has labelled this as the problem of management and traces its historical roots to the emergence of the capitalist mode of production. He writes that:

> [T]he Capitalists, having created new social relations of production, and having begun to transform the mode of production, ...found themselves confronted by problems of management which were different not only in scope but also in kind from those characteristic of earlier production processes. Under the special and new relations of capitalism, which presupposed a "free labor contract", they had to extract from their employees that daily conduct which would best serve their interests, to impose their will upon their workers while operating a labor process on a voluntary contractual basis. 31

As Braverman notes, the control of workers, that is, the management of workers, certainly precedes capitalism; however, a new urgency to this problem is reached under capitalism. This occurs precisely because the worker has become a commodity, a unit of labour power, the price of which the capitalist attempts to cheapen by reducing its cost or increasing its productivity.[32]

To the degree that the problem of "management" is related to the development of capitalism, it represents a new "function" or "need" specific to this mode of production. It therefore points to an area of investigation when considering the role of the state as an indication of the emergence of the capitalist mode of production. Poulantzas argues that the "global role" of the state is one in which it acts as "the cohesive factor in a social formation..."[33] As such, it assumes various functions for the different levels of a formation--the economic, political and ideological. With respect to the economic level, the major concern in this thesis, Poulantzas writes that the state functions "as organizer of the labour process."[34] Thus, if the problem of "management" emerges with the development of capitalism, the state as the organizer of the labour process will become involved in solving this problem to maintain the social formation. Concretely, once state policy and practice have become pre-occupied with the problem of maintaining alienated work relations through a co-ordinated set of measures to control and regulate the work force, one can view this as indicating the assumption of capitalist functions by the state.

In this chapter the concepts and theoretical constructs to be used in assessing the degree to which Canada's first railway era marked the transition from a mercantilist to a capitalist economy were introduced. The concept of a mode of production and, in particular, the economic level of the capitalist mode were used to arrive at the structural characteristics which denote the emergence of capitalism. It was argued that once a separation in the relation of real appropriation had occurred, that is once a large body of producers had been separated from the means of production and had become dependent on wage-labour, one can positively note the appearance of industrial capitalism. The relations of production distinctive to this structural feature were then analyzed as alienated and a number of characteristics of alienated labour were described. In this way it was shown that capitalism implies much more than certain economic or structural elements but, rather, that a transformation in the work process and in the social relations of production occur. Further, it was argued that these relations conflict with those prevalent in pre-capitalist societies and that under capitalism "management" becomes a central concern for employers. In conjunction with this argument, it was suggested that once the state becomes directly involved in the problem of managing the work force this is an indicator of the degree to which the capitalist mode has gained ascendency.

The next chapter will outline the period leading up to the massive proliferation of railway construction works in the late 1840's and early 1850's. The economic conditions that led to the promotion of railways will be analyzed.

Footnotes

1. R.T. Naylor, "The Rise and Fall of the Third Commercial Empire of the St. Lawrence" in Gary Teeple, editor, Capitalism and the National Question in Canada, (Toronto: University of Toronto Press, 1972), p. 3.

2. Tom Naylor, "The History of Domestic and Foreign Capital in Canada" in Robert M. Laxer, editor, (Canada) Ltd.: The Political Economy of Dependency, (Toronto: McClelland and Stewart Ltd., 1973), p. 50.

3. Tom Naylor, The History of Canadian Business, 1867-1914, Volume 1, (Toronto: James Lorimer and Co., 1975), p. 4.

4. Ibid., pp. 78-95.

5. G.N. Tucker, The Canadian Commercial Revolution, 1845-1851, (Toronto: McClelland and Stewart Ltd., 1970), pp. 154-6.

6. Naylor (1972), op. cit., p. 10.

7. Ibid., p. 11.

8. Ibid., p. 11.

9. Ibid., p. 10.

10. Naylor (1973), op. cit., p. 50.

11. Naylor (1972), op. cit., p. 17.

12. Maurice Dobb, Studies In The Development of Capitalism, (London: Routledge and Kegan Paul, 1975), p. 7.

13. Nicos Poulantzas, Political Power and Social Classes, (London: New Left Books, 1975), p. 13.

14. Dobb, op. cit., p. 7.

15. Rodney Hilton, "Capitalism - What's in a Name" in R. Hilton, editor, The Transition from Feudalism to Capitalism, (London: New Left Books, 1976), p. 148.

16. Poulantzas, op. cit., pp. 25-7.

17. Maurice Dobb, "A Reply" in Hilton, editor, op. cit., p. 57.

18. Nicos Poulantzas, "On Social Classes" in New Left Review, (No. 78, March-April 1973), p. 33.

19. Dobb (1975), <u>op. cit.</u>, p. 20.

20. See Ralph Miliband, <u>The State in Capitalist Society: The Analysis of the Western System of Power</u>, (London: Quartet Books, 1973), pp. 46-51.

21. H.G.J. Aitken, "Defensive Expansion: The State and Economic Growth in Canada" in W.T. Easterbrook and M.H. Watkins, editors, <u>Approaches to Canadian Economic History</u>, (Toronto: McClelland and Stewart Ltd., 1967), p. 184.

22. Rick Deaton, "The Fiscal Crisis of the State" in Dimitrious I. Roussopoulos, editor, <u>The Political Economy of the State</u>, (Montreal: Black Rose Books Ltd., 1973), p. 19.

23. See Donald Creighton, <u>The Empire of the St. Lawrence</u>, (Toronto: The Macmillan Co. of Canada Ltd., 1970).

24. See Hugh G.J. Aitken, "The Family Compact and the Welland Canal Company" in J.K. Johnson, editor, <u>Historical Essays on Upper Canada</u>, (Toronto: McClelland and Stewart Ltd., 1975), pp. 153-70.

25. Karl Marx, <u>Economic and Philosophic Manuscripts of 1844</u>, (Moscow: Progress Publishers, 1974).

26. See Harry Braverman, <u>Labor and Monopoly Capital: The Degradation of Work in the Twentieth Century</u>, (New York: Monthly Review Press, 1974), pp. 70-84.

27. Marx, <u>op. cit.</u>, p. 24.

28. <u>Ibid.</u>, p. 21.

29. <u>Ibid.</u>, pp. 71-2.

30. <u>Ibid.</u>, p. 25.

31. Braverman, <u>op. cit.</u>, p. 67.

32. <u>Ibid.</u>, pp. 64-5.

33. Poulantzas, <u>op. cit.</u>, p. 53.

34. <u>Ibid.</u>, p. 53.

Chapter Two

Commercial Canada and Commercial Crisis

The Coming of the Railway on Pre-Confederation [illegible]

The steam locomotive was introduced to the Stockton and Darlington Railway by George Stephenson in 1825; by 1829 the superiority of his locomotive was clearly established at the famous race over the Liverpool and Machester Railway line. With this new technological innovation having proven its feasibility as a motive power for transportation, Britain entered into a railway boom in the 1830's. By 1840 the country was under the spell of George "Railway King" Hudson, who controlled some 1,000 miles of track, a virtual monopoly considering that 2,553 miles had been authorized and 1,479 had actually opened by this date. Although Hudson went bankrupt in the depression of 1847-8, railway construction continued so that by 1850 the mileage in operation had expanded to 6,559.[1]

Similarly, the United States had its own railway boom in the 1840's and by 1850 totalled 9,021 miles of rails.[2] In marked contrast, Canada could claim a mere sixty-six, (or seventy-two including the Albion Mines Railway which was solely for plant purposes) miles of rails in operation.[3] This stage of development in Canada can not be explained by a lack of technology, a shortage of expertise--both the Mother Country and the southern neighbor could indeed as they later would, supply this--or the want of a positive sample. It was not these conditions that prevented railway growth. Yet, although a number of railroads were chartered and promoted in the 1830's and early 1840's, except for the occasional small portage line, railroads in Canada had proved to be inglorious failures.

A number of explanations for the delay in Canadian railway development have been offered. These range from political issues, such as responsible government, occupying center-stage in the public's interest, a lack of capital, and canal promotion diverting attention from railroad construction. If the political turmoil of the 1830's and 1840's is invoked to imply that politicians had little time to become involved in railroad development, this explanation is not supported by the evidence. As early as the mid-1830's moderate reformers, radical reformers and staunch Tories had shed their political and ideological differences and united to incorporate what was later to become the Northern Railroad.[4] If, however, it is meant that constitutional questions sealed the purse strings of the state's treasury then this certainly interfered with railway development since the lack of capital was a major deterrent. In actual fact all of the familiar reasons cited for the late development of the steam locomotive in Canada contributed to its slow progress. What is not explained is the specific timing of the railway boom in the 1850's.

This chapter will analyze the economic background to the promotion of the railways in the mid-1840's and early 1850's. It will be argued that their inception was closely interrelated to developments in the commercial system of the two provinces and that specific economic factors were at the root of the railway mania of mid-nineteenth century Canada. The first part of the chapter will consist of a brief outline of the Canadian economy prior to the railway boom, while the second section will analyze the crisis this economy underwent between 1845-50.

i) Commercial Canada Prior to 1845

Prior to the 1840's Canada was clearly a pre-capitalist society. While some evidence of industrial development prior to the 1840's exists, such as Jesse Ketchum's tannery, Gooderham's and Worts' distillery, and the cabinet making firm of Jacques and Hay in Toronto,[5] and the Molsons' brewery in Montreal,[6] the predominant tone of the society was set by the ties of the populace to the land and the existence of a small artisan and craft sector. Abundant and relatively cheap land in Upper Canada and the seigneurial system in Lower Canada facilitated the concentration of the population in agricultural pursuits.

Upper Canada land policy after the Conquest was predicated on the goal of attracting prospective settlers as a line of defense against the perceived threat of invasion from the United States. With this end in mind, government land policy consisted of a set of rules and regulations which granted land to loyalists and military and government officials as a statutory right, while other claimants received free grants, except for small fees, with the stipulation that certain settlement duties be performed.[7]

The system of land grants to official claimants led to a degree of speculation and the alienation of large tracts of land into the hands of persons with no intention of actually settling it. While this proved a deterrant to orderly settlement, bona fide settlers, as Leo Johnson shows in his study of the Home District, were inclined to ignore the speculators and seek out lands in newer townships where an abundant supply still existed.[8] To curb speculation, the government imposed a more retrictive set of regulations to its land policy in 1818-9.

Particularly significant among the new measures was the quadrupling of surveying fees. Notwithstanding these new restrictions on land policy, the predominant feature of Upper Canada remained a strong attachment of the populace to the land. This was partly true because no heavy demand for land materialized since immigration was relatively light in the next decade.[9] In addition, except for those immigrants from the poor working class, the price of land still remained a relatively affordable commodity for most prospective settlers. Thus Johnson describes Upper Canada in the 1820's as a "toiler society." For settlers in this province, he writes,

> vast amounts of cheap or free lands were made available. As it turned out, neither potential American frontier immigrants nor British immigrants of the servant or labouring class were

> willing to work on the estates when it was possible to acquire land and work for themselves. Thus by 1820, the great majority of Upper Canadian society was composed of independent small landowners living in isolated settlements. 10

This society of relatively isolated, self-sufficient farmers was not, however, static. Already by the 1820's the strictly local character of agricultural production was giving way to production for regional, national and international markets. The development of an agricultural surplus was dependent on the securing of markets for the produce. For a time, both the limited metropolitan population of the province plus British disinterest in the potential Canadian surplus mitigated against production for the market. In fact, it was not until the turn of the nineteenth century that agriculture developed as a staple export.[11] During the period of the 1820's to the 1840's however, although British sentiment toward singling out Canadian breadstuffs for preferrential tariff treatment wavered, a series of resolutions were adopted which ensured Canadian exports favourable terms of entry into the British market.[12]

With the market problem solved, the system of production for individual needs and local markets was gradually supplemented with production of surpluses for the export trade. While this implied certain developments in the productive forces, such as increased mechanization, land improvements and the hiring of some labour, the relations of production remained similar to the earlier period--many small producers owned their own land and engaged in agricultural pursuits.

In Lower Canada the social structure displayed both a marked contrast and a fundamental similarity to the situation in Upper Canada. The difference, of course, was the existence of seigneurial property relations. Unlike the Upper Canadian pioneer, the censitaire of Lower Canada was dependent on performing seigneurial obligations for his rights to work the soil. Thus this system more closely resembled the feudal "ideal-type" in which the feudal lord mediates between the producers and the means of production, extracting surplus from "rents" paid either in money or in kind.

At a different level, however, the seigneurial system produced fundamentally similar social relationships to those prevalent in Upper Canada. The type of production and the work relationships that characterized it were pre-capitalist. A large number of producers were tied to the land, production revolved around the unity between the censitaires and the means of production, and the non-producer extracted surplus only indirectly from the work process.

While the seigneurial system of land tenure was not abolished until 1854, threats to its existence were evident long before. Thus, for example, in 1833 the British American Land Company received permission to purchase some 847,000 acres of land in the Eastern Townships at the bargain price of £120,000.[13] The creation of land monopolies, plus the crowding of the seigneurial holdings, produced a steady exodus of new immigrants and disgruntled French Canadians out of the province; nevertheless, for the remaining inhabitants of Lower Canada the distinguishing characteristic was the prevelence of pre-capitalist social relations.

One other factor needs to be noted about Lower Canada--the agricultural system did not become heavily linked to export markets. This is characteristic of seigneurial tenure, a system which requires little capital outlay but which also creates little surplus. While this tended to produce a largely self-sufficient populace, it would be erroneous to view this as a completely independent, self-enclosed system. The ruinous wheat midge of the late 1820's linked Lower Canada to other markets as the province became dependent on grain imports.[14] In addition, although the French Canadians were largely self-sufficient, a degree of dependence on at least some imported goods was evident. Thus a writer in the 1830's noted that the habitant

> at one time perhaps entirely produced, whatever he consumed. The introduction of English luxuries, however, has, to some degree altered this; tea, English broad cloths and calicoes, cutlery, etc., now form part of the Canadian's necessaries... 15

To summarize, both Upper and Lower Canada prior to 1845 were pre-capitalist societies. In terms of the theory of the mode of production developed earlier, the relation of real appropriation was characterized by a unity between the producers and the means of production. Agriculture was by no means the sole, nor necessarily the most significant, economic activity. At the turn of the nineteenth century, the fur trade was still a factor, although it was on its last legs, and the timber trade was emerging as a significant force;[16] grist and saw mills were springing up; and manufacturing establishments, such as tanneries and asheries, employing agricultural by-products for raw materials were developing.[17] Employment in the fur and timber trades, however, was often viewed as a temporary occupation--a way to make some extra money or, in the case of the new immigrant, to save sufficient cash to purchase farm land. Agriculture remained as the predominant source of livelihood.

At the same time, this agrarian populace was no longer solely dependent on purely local markets. In Upper Canada, the production of surpluses for export markets was gaining ascendency, while in Lower Canada a small surplus at certain times and a shortage during other periods pulled the province, although very slightly, into the international commercial system as well. Because of the minimal industrial development in Canada, producers in both provinces were also dependent on foreign imports for certain goods, such as agricultural implements, hardware, some cloths, nails, and so on. Linking these producers and consumers to the international markets and manufactures was the "second commercial empire of the St. Lawrence."

The second commercial empire of the St. Lawrence was predicated on the assumptions and vision of the first commercial empire. As Donald Creighton vividly portrays it, this vision was one of a mercantile economy, dominated by Montreal, which centered on the St. Lawrence as the central artery in a grand East-West transatlantic trading system.[18] The Montreal merchants fashioned their program on the dual assumptions that they were destined to be the dominant figures in this trading system and that this system was to be based on the mercantile theories of the time. Within a set of trade restrictions, preferential tariffs and navigation laws, Canada, the colony, would supply the Mother Country with staples and consume the British manufactured goods. The merchant class, as the middle men in this circulation of goods, would derive their profit from their ability to reach a favourable price bargain--buying cheap to sell dear.

The central figures in this mercantile economy were the Montreal based wholesalers, commission merchants and forwarders. Dominating the wholesaling business were such firms as Stephens, Young and Co., and Gillespie, Moffatt and Co., while the leading forwarders included Macpherson and Crane and Hooker and Henderson. In actual fact the two functions were often combined by the companies, allowing them almost complete control of the movement of commodities from the agricultural settlements to the British merchants and manufacturers.

Besides the dominance in the carrying trade achieved by the combining of functions, monopolistic tendencies were further buttressed by cooperative agreements on pricing. In 1837, for example, the three premier Montreal forwarding firms agreed to a common freight tariff to avoid price cutting and competition. From 1837 until 1847 this agreement was generally maintained and other forwarders were incorporated into the monopoly, no doubt to the detriment of Canadian farmers who had to bear the higher costs induced by this cartel.[19]

This mercantile trade functioned on a long line of credit arrangements. The credit cycle would begin with the Montreal import-export merchants placing orders for goods with British merchants or manufacturers, who would fill the orders on credit. Upon the arrival of the imports at Montreal, they would be forwarded to merchants in the secondary commercial centres, such as Kingston, Toronto and Hamilton, again on credit. These merchants would usually have a string of customers who would buy the products on credit to retail to the settlers in the smaller centres. The actual consumers could pay for the merchandise by assuming responsibility for a credit note with the local retailer or by exchanging his produce for the goods. The produce would be collected at the various centres in this chain and the credited debts of the retailer, secondary centre merchant, and Montreal export-import merchant successively paid off until finally the staples arrived in Britain to pay for the initial manufactured goods sent out.

The credit of the farmer thus ultimately extended to the British manufacturers and involved a long term cycle of debt that extended from one and one-half to two years. The local merchant, for example, needed to replenish his stock of goods several times a year and, by the time the initial stock had been paid for, another £5000 for goods could be committed and £6000 be due on debts from subsequent sales.[20]

It was to facilitate this long distance flow of commodities that the inception of Canadian banking and canal and harbour improvements owed their origin. The transportation improvements were to speed up and cheapen the costs of the circulation, while the banks were to help finance this flow by providing short term accommodation and discounting commission merchants' notes. By the mid-1840's, for example, the Bank of Montreal was financing a considerable share of the grain trade,[21] a function similar to the one envisioned by the "founding fathers" of the institution in 1808.[22]

This Montreal merchants' dream of the second commercial empire proved to be a viable, not to mention profitable, proposition for a time. Its success, however, hinged on two factors largely outside the control of the business class. A competitive route, via the Hudson-Mohawk system, for the western trade had always presented a challenge to Montreal. In addition, the Montreal merchants relied on the British connection for preferential tariff treatment to secure a market for the staples. Between 1845 and 1849, both of these external factors combined against the mercantile interests and crippled the second commercial empire of the St. Lawrence.

ii) Commercial Crisis, 1845-1849

A convenient starting point in considering the roots of the 1845-9 crisis is the completion of the Erie Canal in 1825. This transportation network proved to be far cheaper than the St. Lawrence system, largely owing to the unimproved nature of the latter and the cheaper oceanic freight rates at New York as compared to Montreal.[23] In addition, a series of changes in British mercantilist policy severely hampered the St. Lawrence route's competitiveness for the trade of the American west.

Between 1822-5, the Canada Trade Act and the Huskisson legislation were passed; the chief effect was that a duty was placed on foreign goods entering Canada. Not only were Americans manufactured goods taxed but so too were staple products. From the Montreal merchants' viewpoint, the implications were obvious--the produce from the American west would avoid the St. Lawrence route to escape the tax.

The Montreal commercial class mounted a protest against the new regulations, with the British government eventually conceding to allow a variety of foreign raw materials to enter Canada duty free provided that they were intended for export.[24] The merchant class would thus be allowed, in Naylor's terms, to collect "the crumbs in the form of tolls and commissions" on this trade.[25] This concession notwithstanding, the superiority of the Erie route soon proved itself and the trade from the American west was largely lost.

Having lost the American west, the Montreal merchants were increasingly forced to rely upon the Canadian hinterland. As a last hope, they clung tenaciously to the last vestiges of the second commercial empire--the imperial connection. For a time, British preferential treatment of Canadian staples continued to guarantee the merchants their middle men function in the international movement of commodities. Although the tariff preference for timber was reduced in 1842, this was compensated by the special concessions given Canadian wheat flour in the British Possessions Act of 1833 and, after this was withdrawn in 1842, in the Canada Corn Act of 1843.[26] These, however, were short-lived measures as they were followed by the events of 1845-9.

With the Erie route largely sealing off the flow of American staples through Canadian channels, the American rivals next went after the control of the Montreal merchants over the Canadian hinterland. The passage of the Drawbacks Laws by the Americans in 1845-6 was predicated on the assumption that trade for their domestic ports and railways should be stimulated. With this end in mind, a drawback of the duty on Canadian exports or imports utilizing the American transportation networks was allowed. In other words, the Canadian trade formerly confined to the St. Lawrence could now flow through the United States duty free.

At the same time that the American presence was increasing in the Canadian carrying trade, the Montreal merchants found the British protective tariffs slipping away. In 1846 Sir Robert Peel announced his intention to drastically reduce the preferential position of Canadian produce in British markets over a three year period. Industrial capitalism was triumphing in Britain and along with it the philosophy of free trade. Part of this philosophy assumed that cheaper food for the working class meant less costs for capitalists since a level of subsistence could be achieved with a lower wage level; hence, special preferences for colonies had to be repealed and the English markets thrown open to the most competitive breadstuffs.

The ramifications of this double blow, the one British dealt and the other Amrican, were not long in coming. The St. Lawrence trade faired fairly well up the first half of 1847 and then collapsed as a commercial depression hit Canada. It was not unitl after 1849 that the economy recovered. Between 1846 and 1848, Canadian wheat and flour exports by sea dropped considerably (Table II) while imports such as refined sugar and tea also declined. Witnessing the crippled mercantile trade in Canada and its effects, Governor Elgin, in 1849, portrayed the situation in the following sombre description.

> Property in most of the Canadian towns, and more especially in the capital, has fallen fifty per cent in value within the last three years. Three-fourths of the commercial men are bankrupt, owing to free trade... 27

Table II

Canadian Wheat and Flour Exports by Sea, 1846 - 1848[28]

Wheat (bushels)		Flour (barrels)	
1846	534,747	1846	555,602
1847	628,001	1847	651,030
1849	238,051	1849	383,593

Canal promotion had been predicated on the belief that they would demonstrate the superiority of the St. Lawrence river system vis-a-vis the American route. During this commercial depression, in 1848 to be precise, the Lachine Canal was finished, thus completing the final link in the Canadian canal system. With the falling trade through Montreal, however, the revenue expected from the canals did not materialize. The heavy expenditures of the government on these projects coupled with the failure of the canals to pay their way, added measureably to the increasing debt of the Canadian state (Table III). It was under these circumstances of declining trade and profits for the merchant class and increasing debt for the state that certain interests began to display a profound interest in railway construction.

Table III

Revenue, Expenditure, and Public Debt of Canada, 1843 - 1850[29]

Year	Revenue	Expenditure	Debt
1843	£320,987	£284,829	£1,588,212
1844	£515,783	£448,091	£2,179,050
1845	£524,366	£523,453	£2,944,004
1846	£512,993	£505,228	£3,341,173
1847	£506,826	£458,021	£3,595,432
1848	£379,645	£474,491	£3,751,818
1849	£513,431	£450,913	£3,873,314
1850	£704,234	£532,063	£4,085,634

Conclusion

Two tasks have been attempted in this chapter. First of all, an overview of the nature of Canadian society prior to 1845 was undertaken to specify the mode of production and secondly, the nature of the problems of the economy between

1845-9 were discussed.

It was argued that Canada prior to 1845 was a pre-capitalist society. Some light industry, primary processing, the fur trade, and later the timber trade were some of the economic activities in various stages of development during this period; however, the greater part of the population remained in agriculture. Thus the relation of real appropriation was characterized by a unity between the producer and the means of production. In Upper Canada much of the populace directly owned their own lots, while in Lower Canada there existed some independent producers and a large number of habitants, the latter tied to the land through the seigneurial system.

In both Provinces the relation of property was characterized as a split between the producer and the non-producer. Surplus was extracted from the censitaires through compulsory labour obligations or rents, and this relationship rested upon the existence of the seigneurial system as a legal-political institution. For the rest of the farming class, and at least partly for the censitaires, surplus was made through the mercantilist trading system. A number of large Montreal commission merchants and forwarders, other wholesalers in secondary commercial centres, and retailers in smaller settlements acted as middlemen in the circulation of manufactured goods from Britain to Canada and staple products from Canada to Britain. Profit was derived from the price bargain the merchant could realize. That is, for the merchant it was not important what the actual cost of the goods bought and sold was but rather the difference between his buying and selling price.

The second part of the chapter showed the breakup of this "second commercial empire." It was argued that the crisis between 1845-9 was commercial in nature and was to precipitate by the growth of free trade sentiment in England, and the subsequent loss of preferential tariffs for Canadian produce, and the strengthening of the competitive position of the American factor in the movement of goods to and from the ocean. That the depression of 1846-9 was commercial and not agricultural is at least partly evident from the fact that the more efficient American route, while a bane for the Montreal merchant, was a blessing for some farmers. For example, Canadian grain exports to Britain actually rose between 1846-9;[30] the only problem was the St. Lawrence system was not being used for this trade.

It was in the midst of this commercial turmoil that the promotion of railways in Canada began on a large scale. As might be expected, their appeal was largely to commercial interests. The next chapter will examine the explicit economic factors behind the railroad projects and the significance of the state in this early railroad development.

Footnotes

1. Peter Mathias, The First Industrial Nation: An Economic History of Britain 1700-1914, (London: Methuen and Co. Ltd., 1965), pp. 275-88.

2. J.M. Trout and E.D.W. Trout, The Railways of Canada, (Toronto: Coles Publishing Co., 1970), p. 44.

3. Terry Ferris, "Railways of British North America" in Ontario History, (Volume 38, 1946), p. 35.

4. F.H. Armstrong, "Toronto's First Railway Venture, 1834-1838" in Ontario History, (Volume 58, March 1966), p. 22;29.

5. John E. MacNab, "Toronto's Industrial Growth to 1891" in Ontario History, (Volume 47, 1955), pp. 63-6.

6. Marc La Terreur, editor, Dictionary of Canadian Biography, Volume 10, 1871-1880, (Toronto: University of Toronto Press, 1972), p. 517.

7. Leo A. Johnson, "Land Policy, Population Growth and Social Structure in the Home District, 1793-1851" in Ontario History, (Volume 63, No. 1, March 1971), pp. 42-3.

8. Ibid., p. 46.

9. Aileen Dunham, Political Unrest in Upper Canada, 1815-1836, (Toronto: McClelland and Stewart Ltd., 1971), p. 22.

10. Leo Johnson, "The Political Economy of Ontario Women in the Nineteenth Century" in Janice Acton, Penny Goldsmith, Bonnie Shepard, editors, Women at Work, Ontario 1850-1930, (Toronto: Canadian Women's Educational Press, 1974), p. 15.

11. Paul Phillips, "Land Tenure and Economic Development: A Comparison of Upper and Lower Canada" in Journal of Canadian Studies, (Volume IX, Number 2, May 1974), p. 35.

12. Gilbert N. Tucker, The Canadian Commercial Revolution, 1845-1851, (Toronto: McClelland and Stewart Ltd., 1970), pp. 63-4.

13. O.D. Skelton, The Life and Times of Sir Alexander Tilloch Galt, (Toronto: Oxford University Press, 1920), p. 38.

14. Phillips, op. cit., p. 39.

15. Quoted in Ibid., p. 40.

16. See Donald Creighton, The Empire of the St. Lawrence, (Toronto: The Macmillan Co. of Canada Ltd., 1970), Chapter vii.

17. For the nature and limited extent of this industrial development in Upper Canada at this time, see Mary Quayle Innis, "The Industrial Development of Ontario, 1783-1820" in J.K. Johnson, editor, Historical Essays on Upper Canada, (Toronto: McClelland and Stewart Ltd., 1975), pp. 140-152.

18. Creighton, op. cit., especially chapter two.

19. Henry C. Klassen, "L.H. Holton: Montreal Businessman and Politician, 1817-1867" (Unpublished Ph.D. dissertation, University of Toronto, 1970), pp. 123-4.

20. T.W. Acheson, "The Nature and Structure of York Commerce in the 1820's" in J.K. Johnson, op. cit., p. 175. See also Douglas McCalla, "The Decline of Hamilton as a Wholesale Center" in Ontario History, (Volume 65, 1973), pp. 247-254, and Merrill Denison, Canada's First Bank: A History of the Bank of Montreal, Volume 1, (Toronto: McClelland and Stewart Ltd., 1966), p. 18.

21. Klassen, op. cit., p. 50.

22. Denison, op. cit., p. 49.

23. O.D. Skelton, The Railway Builders: A Chronicle of Overland Highways, (Toronto: Glasgow, Brook and Co., 1916), pp. 34-5; Tucker, op. cit., pp. 40-2.

24. Creighton, op. cit., pp. 231-40.

25. Naylor uses this phrase in connection with a Canadian policy of 1852 to exclude American vessels from the St. Lawrence route unless they sailed down the St. Lawrence. R.T. Naylor, "The rise and fall of the third commercial empire of the St. Lawrence" in Gary Teeple, editor, Capitalism and the National Question in Canada, (Toronto: University of Toronto Press, 1972), p. 10.

26. Tucker, op. cit., Chapter Four.

27. Quoted in Skelton (1920), op. cit., p. 152.

28. Journals of the Legislative Assembly of the Province of Canada, 1849, Volume 8, Appendix Z.

29. Tucker, op. cit., p. 171.

30. Naylor, op. cit., p. 10.

Chapter Three

Commercial Rivalry, The State, and Early Railway Development

This chapter examines early railroad promotions in Canada and the formation of the Grand Trunk Railway in 1853. Emphasis is placed on locating the economic interests of the promoters and the expressed advantages that the railways were seen to offer to further these interests. Further, the role of the state in this railway growth is examined.

It will be argued in the first section of this chapter that commercial interests were predominant in these premier Canadian lines. Railways were perceived by the merchant class as necessities to maintain their role as middlemen in the long distance movements of staple exports and manufactured imports; however, the merchant interest was by no means monolithic. The nature and significance of the major commercial conflict and its effect on railway development will be analyzed.

The second section in this chapter will examine the importance of the state in railway development. It will be argued here that the subordinate position of Canadian mercantilists under British colonialism, as middle men dependent on "intermediary activities between producers and consumers"[1] for capital creation, created a relatively weak business class. To complete the railroads, therefore, the state was required for funding, resulting in the close interlocking of the political and economic elite on the boards of directors of the various railway companies.

The third section examines the role of the state in settling the commercial rivalry among the various interests involved in railroad promotion. It will be argued that various factions within the Canadian commercial class were in conflict over the particulars of the most desirable railway to be persued but by the early 1850's they were more unified, having consolidated their common interests and expressing them in the form of a "national" railway policy. The power of the pursestrings, however, shattered the consensus, leaving behind a disunified Canadian commercial class and having an important bearing on future Canadian development.

i) Commercial Rivalry and The "Function" of the First Railways

This section examines the function of the first railway projects. This is accomplished by examining both the business interests behind the enterprises and their stated purposes for promoting the projects. Those projects given consideration in this section include the first Canadian railway line, the Champlain and St. Lawrence Railroad Co., the abortive attempts to build railways in the 1830's and early 1840's, and some of the key lines involved the formation of the Grand Trunk Railway in 1853.

The Champlain and St. Lawrence Railroad Co. is a revealing example of the nature and purpose of the first railways.

Chartered in 1832 and opened in 1836, the railway ran from La Prairie on the south shore of the St. Lawrence to St. John's. The distance covered was slightly over fourteen miles and the line was no more than a "portage road" designed to improve upon the circuitous Richelieu River route.

From the first the leading backers of the Champlain and St. Lawrence Railroad included several of the key Montreal merchants involved in the import-export trade and in the banks which facilitated this trade. Thus, three of the main organizers of the line were George Moffat, John Molson Jr., the President, and Peter McGill, the chairman. George Moffat was a factor in the north west trade through his memberships in Gerrard, Gillespie, Moffat and Co., and later Gillespie, Moffat and Co., which he controlled.[2] Moffat was on the original Board of Directors of the Bank of Montreal, serving from 1817-1819, and again from 1822-1835, while one of his partners, Samuel Gerrard, held the presidency in the bank between 1820 and 1826.[3]

Similarly, Peter McGill and John Molson Jr. had mercantile and Bank of Montreal connections. McGill started out in the mercantile firm of Parker, Gerrard and Ogilvy, quitting this later to set up his own business with three other partners. First elected to the Bank of Montreal's Board of Directors in 1819, McGill sat on the board again from 1825 to 1830, was elevated to the vice-presidency, holding this position between 1830 and 1834, and finally served as the bank's president from 1834 until 1860. John Molson Jr. became a partner in John Molson and Sons, the origin of which traces back to John Molson

Senior's involvement with James Pell in the trade of foodstuffs and John Senior's eventual founding of his own brewery.[4] In 1829 John Junior went on to found Molson, Davies, and Co. to carry on importing and retailing activities. Molson also was heavily involved in Bank of Montreal affairs, serving as a director between 1824 and 1826, and again between 1836 and 1853.

Other promoters of the Champlain and St. Lawrence included William Molson, John Jr.'s younger brother and J.C. Pierce. Pierce, originally from New England, after settling in Canada became involved in forwarding and the shipping trade. It was Pierce who, after the initial failure of the Champlain and St. Lawrence's stock subscription drive in 1832, persuaded John Molson Jr. to subscribe £9,000 (over one-quarter of the estimated cost) in the railroad and thus ultimately saw that the line was completed.[5]

Other shareholders in the Champlain and St. Lawrence Railroad who were, or were soon to become, directors of the Bank of Montreal included Thomas Cringan, John Boston, Benjamin Holmes and Sir George Simpson.[6] In addition the business records of the railway show a heavy use of the line by many of Canada's largest forwarding firms and commission merchants. Hooker and Co., John Torrance and Co., J.C. Pierce and Son, C. Bourgeois and Co., Stephens Young and Co., J.B. Smith and Co., Gillespie Moffat and Co. are just a few of the clients that made up the railway's freight accounts. The Champlain and St. Lawrence Company was in debt to some of these firms which supplied the railway with various goods and supplies. For example, the names of Frothingham and Workman, both involved in hardware retailing, appear as persons to whom significant amounts of money were owed by the railway.[7]

In short, the Champlain and St. Lawrence Railroad Company had a number of significant links to both the mercantile community and the banking structure that developed to service that community's trade. Designed merely to improve upon the Richelieu River communication to Montreal, the railway received the support of many of Montreal's leading merchants in the belief that it would help economize in the circulation of goods. Judging from the balance sheet of the company, the railway must have performed this function well for the merchants or, at any rate, the business class made good use of the line. The company earned a profit every year and paid an average dividend for its first fifteen years of yearly 16% per year upon the value of the stock. In 1850, a dividend of 36% was paid out, making it a most profitable business concern for the Molsons, Simpson, Workman and the rest of the shareholders.[8]

The Champlain and St. Lawrence was thus a unique early railroad in Canada--one realizing a healthy profit. Throughout the 1830's and a great part of the 1840's, the line was also unique in another way--it was one of the few railways in actual operation. Other railroad projects had been attempted but most never came to anything during the 1830's and early 1840's. The predecessor to the Great Western Railway, the London and

Gore, was launched in 1834 with the support of a member of the Talbot family, A.N. MacNab, of Family Compact fame, and a number of other residents of London and the vicinity. In 1837 a government loan was promised but private subscriptions lagged and the project had to be cancelled for the time.[9] Similarly, in the 1830's a number of merchants, bankers and politicians in Toronto attempted to initiate the railway which eventually became the Northern. Although some stock subscriptions were raised, and surveying and other work started, this railway project also lapsed into inactivity until the mid-1840's.[10]

Finally, mention should be made of the attempt by interests in the St. Francis district to promote a railway from Montreal to Boston or Montreal to Portland. In February, 1843 a meeting was held in Sherbrooke to discuss this venture. A.T. Galt was in England at the time but upon his return he became one of the key organizers of the line. Galt became chairman of the provisional committee for the proposed railway, visited Boston's leading railway entrepreneurs and prepared a prospectus; however, this scheme also came to naught, with Montreal interests displaying little interest in the proposal at the time.[11]

Prior to 1845, then, very few railway companies were evident in Canada. A number of schemes had been promoted and some interest shown but many of the leading commercial interests in the country were unwilling to devote serious attention or offer the needed capital for the fledgling railroad projects.

This state of affairs, however, changed drastically after 1845.

In the spring of 1845, Galt and the Sherbrooke interests behind the earlier attempt in 1843 to establish a railroad to the Atlantic were able to solicit enough support behind their railroad project and have the company chartered as the St. Lawrence and Atlantic Railroad Company. Similarly, in March of 1845 an act was passed to revive the Great Western Railway which had been dormant for some seven years. Further, both of these companies succeeded this time in carrying forth their proposals and became ongoing concerns. The fact that the revival and successful completion of these railroads corresponds to the passage of the Drawback Acts and the repeal of the Corn Laws is not merely coincidental. The commercial crisis discussed previously and the completion of these two railway companies are intimately related events. Rival interests were behind the Great Western and the St. Lawrence and Atlantic but in both cases the motives of the groups promoting these concerns were rooted in mercantile principles.

The different set of interests allied behind the Great Western, as compared to the interests behind the St. Lawrence and Atlantic, can be understood as an example of the general rivalry between Canada East and Canada West, or the more specific conflict between Montreal and Toronto.[12] The nature and extent of this conflict in interests is at least partly apparent from the events of 1849.

In October of 1849, with the commercial depression into its third year and showing little signs of abatement, a sizeable representation from the Montreal commercial class drew up the Annexation Manifesto, urging union with the United States. Perhaps this movement was precipitated by the passage of the Rebellion Losses Bill and the problematic issue of the role of the French in British North America; however, annexation agitation cannot be explained along racial and ethnic lines. The Rebellion Losses Bill had received the wrath of Upper Canadian Tories with the Hamilton Spectator declaring that the loyalists of 1837 would now have to

> pay the losses of ruffians, who exist but by their [i.e. the loyalists] mercy...They shall submit to be taxed for the purpose of enriching a parcel of rebels, whose carcasses would have fattened the land, had they met with their deserts. 13

In the Legislature, Sir Allan MacNab, one time member of the Family Compact and in the 1840's a dominant force in Canada West's economic and political affairs, warned that the passage of "such acts of injustice would drive men to desperation."[14] Yet when the Rebellion Losses Bill became law, and the Annexation manifesto followed, the signatures from Upper Canada were conspicuous by their absence. In fact, annexation received little support outside Montreal. As Skelton points out, the signatures of the manifesto

> read like a blue-book of the men of wealth and weight in English-speaking Montreal. A future prime minister of Canada, J.J.C. Abott, three future cabinet ministers, John Rose, D.L. Macpherson, and Luther H. Holton, leaders in commerce like the Redpaths, Molsons, Torrances, Workmans, were only the more notable of the signers. 15

In short, annexation was the Montreal commercial class' expression of discontent from the loss of trade and profits. But the forces which were ripping the old commercial empire apart were creating new conditions and opportunities.

In particular, the Drawback Acts, while severely challenging the Montreal monopoly, were less restricting to Canada West merchants and farmers. Canada West never suffered to the extent that Montreal did from the collapse of the old commercial system,[16] and the Drawback Acts, in fact, were advantageous, providing a choice of routes for the western trade. Masters also singles out the Drawback legislation as especially important for the rise of Toronto as a viable competitor with Montreal. Toronto's emergence as a rival to Montreal, he argues

> resulted from the development of commercial interests which profited by the construction of the St. Lawrence Canals in the forties, but which also developed an extensive trade with New York--a trade that was much encouraged by the American Drawback Act of 1845... 17

In short, the commercial depression of the late 1840's was not as keenly felt in Canada West as in Montreal trading circles. Canada West and Toronto in particular benefitted from the American Drawback Acts since an alternate route was opened up for their trade. At the same time, it was precisely this alternate route, through the United States, which was choking off the western trade through Montreal. Different economic interests, therefore, translated into various political issues, with the Montreal merchant class choosing union with the United States as the answer to its economic woes. Perhaps this seems too "vulgar", attributing too much determinism to economic issues and economic interests; however, it does provide a useful framework within which to analyze events in Canada. It adds, for example, a degree of explanatory power to the reaction of John Molson to the annexation movement. As late as 1844, Molson had contested Montreal with the reformer Lewis Thomas Drummond in a campaign marred by intimidation, violence and the eventual summoning of the military to restore order.[18] Molson, the Tory, stood for the Crown, for the maintenance of the British connection and the tradition that went with it; Drummond and the reform platform were viewed as blasphemous, threatening British hegemony in Canada. Yet by 1849, after having felt the loss of Montreal commerce, Molson and his family were advocating union with America.

While the annexation movement soon died down in Canada East with the return to prosperity in the 1850's, the commercial rivalry between the upper and lower provinces continued to play a significant role in Canadian history, especially with respect to railway development. The Great Western can be viewed as representative of the interests of Canada West and the attempt to challenge Montreal's hegemony as the dominant commercial centre, while the promotion of the St. Lawrence and Atlantic represented the Montreal merchants' attempt to draw the flow of goods through the St. Lawrence system. This can readily be seen by analyzing the formation and stated objectives of these two railroad companies.

The Great Western from its inception was designed to link up with American railroads, thereby providing both an alternative route through the United States to the Atlantic and a principle threat to the Montreal merchants. The prospectus of the Great Western, issued in 1845, explained the road's objective as follows:

> The Great Western Rail Road is designed not only to facilitate the internal traffic of the Province of Canada, for which its route possesses eminent advantages, but also to form a connecting link in the great chain of Railway from the city of Boston... to the Mississippi River, thus drawing over it an immense and increasing foreign traffic. [19]

The fact that the Great Western was to rely heavily on the flow of goods from the American west to the east was also more clearly spelled out in 1844 by Charles B. Stuart, the Chief Engineer of the railway. The nature of the Great Western's potential traffic, Stuart noted, could be anticipated from the location of the terminals, the one end on the Niagara and the other on the Detroit rivers:

> ...the termini of this railway east and west are converging points where the population of New York and the six New England States, moving West, and that of the States of Michigan, Illinois, Wisconsin, Iowa, portions of Indiana, and Missouri, the regions of the Upper Mississippi, and Lakes Huron and Superior, moving East, will be drawn upon its track. [20]

In these efforts to become a cog in a Boston to Chicago railway chain, the Great Western anticipated financial backing from American capitalists. Thus, the Board of Directors claimed that "this railway will receive a willing support from the American public...by whom it is regarded as the only line which can effectually promote their intercommunications...."[21]

Stock subscriptions were actively solicited from Americans, and a number of pamphlets were printed which stressed the advantages of an early completion of the Great Western to American capitalists. American stock subscriptions were facilitated by a measure passed by New York state which authorized railroads of the state to purchase Great Western stock.[22] This measure was largely the work of Erastus Corning, President of the Albany City Bank, iron manufacturer, and one of the great railway barons of the eastern United States. Corning, who had close ties to the Democratic party and a coterie of lobbyists and manipulators to help effect his ends, had been interested in the Great Western at least as far back as 1847.[23]

In 1846, Corning, along with Bostonian John Murray Forbes and others, bought the troubled state-owned Michigan Central. Part of his interest was due to the fact that the railway was hopelessly in debt to him for iron from his mills. With little chance of the railway repaying him, Corning bought the road, deducting the iron debt from the purchase price.[24] Corning also largely controlled a number of railway lines in New York, which eventually were consolidated into the New York Central. Hence, he was interested in the Great Western as the shortest connecting bridge between his eastern and western railways. In all, Americans invested at least $800,000 in the Great Western and Corning, Forbes and J.W. Brooks, from Detroit, were elected to the railway's Board of Directors.[25]

Besides these American interests involved in the Great

Western, other key promoters and early directors of the line included a number of Canada West mercantile and financial interests. The Canadian interests behind the Great Western revolved around a group of merchants and businessmen connected with the Gore Bank and the Hamilton and District Savings Bank.

Thus, the man perhaps most responsible for the revival of the Great Western, and who became the President of the company in 1845, Allan N. MacNab, was also the "moving spirit" behind the founding of the Gore Bank. A petition for incorporation of the bank was presented to the Legislative Assembly in 1833, passed through this level, but was turned down by the Legislative Council. The Legislative Council at that time was controlled by Family Compact members and these same members directed the Bank of Upper Canada. Apparently, the Family Compact members were not interested in consenting to the incorporation of a rival to their own bank; however, it was at this point that MacNab, who himself was no stranger to the Family Compact circles, came to the defense of the Gore Bank. When MacNab began exposing some of the more revealing operations and methods of the Compact, some sort of truce was reached and in 1835 he was able to pass through the bill incorporating the Gore Bank.[26]

Another leading supporter in the attempt to secure a charter for the Gore Bank was Absalom Shade and he too became associated with the Great Western, being one of the larger shareholders in 1851. Other Great Western directors who were at some time also directors in the Gore Bank included Peter Carroll, John Ogilvey Hatt, John Young and Edmund Ritchie (Ritchie was actually an auditor of the Great Western), while shareholders in the Great Western who were at some time directors of the Gore Bank included Michael Aikman and Edward Jackson. In addition Hugh C. Baker and Jonathan Simpson were shareholders in the Great Western and directors of the Hamilton and Gore District Savings Bank. This latter institution had close working relationships with the Gore Bank and, in fact, a substantial amount of its assets were invested in the bank's stock.[27] In 1856 the Hamilton and Gore District Savings Bank was taken over by the Canada Life Assurance Company, a company whose leading founders included H.C. Baker and John Young, a long time director and chairman of the Canadian Board and vice-president of the Great Western.[28]

Besides these bank and other financial interests connected to the Great Western, a number of wholesaling and retailing merchants were involved in the company. The two most important merchants behind the railway were undoubtedly Isaac Buchanan and John Young. Arriving in Hamilton in the early 1830's to open a branch for the firm of William Ritchie and Company, Young established John Young and Co. This company was involved in retailing and wholesaling and served as an agent for wheat and flour sales destined for William Ritchie and Co.

In 1840 Toronto's leading wholesalers, Peter and Isaac Buchanan, decided to open a branch in Hamilton. To eliminate unwanted competition, Young was asked to join the firm and in that same year, Isaac Buchanan and John Young opened Buchanan, Harris and Co. As noted earlier, Young later became a chairman and vice-president of the Great Western, and both Peter and Isaac Buchanan served on the railway's board of directors for a period. In 1851, Buchanan, Harris and Co. was one of the largest shareholders in the railway. Later, Young and Buchanan dissolved their relationship because of a dispute but both remained involved in leading mercantile concerns.[29]

In short, the promoters of the Great Western Railway included a group of leading bankers and merchants in Canada West. The Drawback legislation in the United States had enhanced the feasibility of an alternate route for the movement of Canadian exports and imports. The Great Western was explicitly endorsed by the commercial interests sponsoring it as a Canadian link in a largely American transportation chain from the West to the East. Because of the recognized importance of American traffic for this railway, the Great Western sought and received financial support from railway interests and merchants in the United States. The expected advantage of the Great Western for the American interests was that it was to provide a short-cut in a route from the West to the ocean, eliminating some one hundred and twenty-five miles of transportation.[30] For the Canadian promoters if would facilitate their importing and exporting activities and enable them to profit from the American trade by collecting the tolls and freight rates on the railroad.

The Great Western thus provided a formidable threat to the Montreal merchants and their vision of Montreal as the commercial metropolis of Canada. With the St. Lawrence system in eminent danger of having its trade short circuited through Canada West and then onto the ocean via the United States, leading Montreal commercial interests turned to their own railroad promotions. Although their conception of the desirable avenue of circulation differed with that of the counterparts in Canada West, the Montreal based railways were also largely sponsored by commercial interests to fulfill mercantile objectives.

The Canada East group which allied itself with A.T. Galt and his Sherbrooke associates in 1845 to found the St. Lawrence and Atlantic Railroad Company included many of the Bank of Montreal mercantile coterie previously discussed in connection with the Champlain and St. Lawrence Railroad. Thus, the provisional directors of the St. Lawrence and Atlantic included Peter McGill and William Molson; John Torrance, a Bank of Montreal director from 1826 to 1857 and, as head of John Torrance and Co., involved in general merchandizing and shipping activities; and John Frothingham, connected to the City Bank and the Montreal Savings Bank, later taken over by the Bank of Montreal, and a key merchant in the hardware trade. Later directors included John Boston, mentioned previously in connection with the Champlain and St. Lawrence, and John Young, first involved in John Torrance and Co., and later in a firm with Benjamin Holmes. Holmes, a former cashier for the Bank of Montreal had been engaged in an extensive import-export trade with Chicago.

To the Montreal commercial class, then, the St. Lawrence and Atlantic was valued as a channel to stimulate the diminishing western trade by improving transportation facilities. Thus, for example, G.E. Cartier, another leading figure aligned with the concern, argued that:

> The prosperity of Montreal...depends upon its position as the emporium for the commerce of the west. The changes effected in the Corn Laws have placed this commerce in danger, and we can assure it by better means of transport from the waters of the west to the Atlantic by our canals and railways. 31

And in a report laid before the Legislative Assembly in 1849, A.C. Morton, the Chief Engineer of the railway, stated that the most important connection of the St. Lawrence and Atlantic:

> ...is with the extended natural and artificial navigation opening to the vast and fertile regions of the West, and securing to it in a great degree the immense trade which will descend through the St. Lawrence to an Eastern Market. 32

The St. Lawrence and Atlantic was actually one-half of a larger railway project. At about the same time the Montreal commercial class took an interest in this railway, John A. Poor was heading a Portland, Maine group which sought to capture the lucrative Boston and New York trade. The Portland and Montreal interests, having a common point of reference (i.e., the competition and rivalry with New York), were able to reach an agreement to pool their energies to construct a Montreal-Portland line. The Canadian portion of the joint venture, the

St. Lawrence and Atlantic, would run from the St. Lawrence, opposite Montreal, to the New Hampshire border, while the Portland group's contribution, the Atlantic and St. Lawrence, would continue from the border to Portland.

The purpose of uniting with the Portland group was, of course, to secure a winter outlet to the sea. With the St. Lawrence frozen over throughout the winter season, the movement of goods was severely hampered. This chief defect in the St. Lawrence river as a commercial artery had been a long felt source of aggravation for the Montreal merchants. Moreover, if the problem of the shortness of the shipping season on the river had not been made evident earlier, it was certainly made clear to the Montreal merchants in 1848. In the fall of that year wheat prices began a dramatic plunge and the commission merchants and wholesalers, unable to get their stored up supplies of wheat to the sea, suffered severe losses when the produce could only be sold after prices had dropped below their original purchasing costs.[33]

While the St. Lawrence and Atlantic was envisioned as merely a supplement to the St. Lawrence waterway, that is as an extension of the canal system to an ice-free port to guarantee a year round ocean port, another Montreal railway project was designed to make the entire St. Lawrence route more efficient by complimenting the waterway with a railroad. The incorporation of the Montreal and Kingston Railway Co. in 1851 was viewed as part of a larger Canadian "trunk-line" of railways from Canada East to the west. The Committee set up to promote the Montreal and Kingston argued that "the time has arrived, when a vigorous and earnest effort should be made by the people of Canada, to construct as speedily as possible, a Grand Trunk Line of Railway from Quebec to Windsor..."[34]

The Montreal and Kingston railroad was partly the response of Montreal merchants to the opening of the American railroad from Ogdensburg to Rouses Point in 1850. This railroad thus diverted the western trade from Montreal and redirected it through American channels. This is made clear in a letter to the Standing Committee of Railroads in 1852, in which two of the promoters of Montreal and Kingston argued that their railroad had been

> ...pressed upon the attention of the public, by the opening of the Ogdensburgh Railroad about two years ago. The diversion of Trade from the St. Lawrence by this Railroad seriously alarmed the Country and it was felt highly necessary to meet the case, by the construction, if possible, of a Railroad from Montreal to Kingston. 35

Further, both the commercial nature of the Montreal and Kingston railroad and the Montreal merchants' recognition of the American routes to the sea as a challenge to their monopoly, is evident in the railroads' preliminary report. Here it was argued that:

> The want of a Railroad between Eastern and Western Canada is at present seen by the fact, that the principal intercourse now passes via the United States, and <u>to a commercial community</u> it is scarcely necessary to state, that want of facility of transit tends to paralyse trade.... 36

Many of the Montreal interests involved in the St.

Lawrence and Atlantic were active in this new railway scheme--such as John Torrance, William Molson, and A.T. Galt--while other eminent mercantilists, such as L.H. Holton and D.L. Macpherson were both participants and promoters. Holton and Macpherson were both active in the St. Lawrence trade and, hence, their concern over the volume of trade passing via the St. Lawrence. In 1837 these two men were members of two of the largest forwarding firms which, with a third firm, conspired to restrict competition and, thus, monopolized the upper St. Lawrence carrying trade.[37]

Thus, the railroad projects originating from Canada East were similar to the Canada West promotions in at least two significant ways. Both were promoted with mercantile interests in mind. That is, both were designed to improve the commercial avenues of the merchant class. Given this objective, it is not surprising that the various railroad promotions discussed also shared an affinity in the business backgrounds of their respective promoters and directors. The chief spokesmen for these railroads were commercially oriented with their activities centered in wholesaling, retailing, forwarding and banking. These similarities, however, were overshadowed by the conflict of interests between the Canada East and Canada West railroad promoters.

Before the interests of either the Canada East or Canada West mercantilists could be realized, however, other events were to transpire. Even though by the 1840's a considerable amount of attention and support was raised for these early railroads, the concrete results of these efforts were scanty prior to 1850. The various railroad schemes all shared another characteristic--a shortage of capital. To see both how this difficulty was overcome and how the contest over the fundamentally different railroad schemes of the two provinces was decided, the next section turns to a consideration of railroads and politics.

ii) Railways and The State

By 1915 competitive capitalism had left its legacy on Canadian railroad developments in the form of an inefficient, overextended, duplicated and near bankrupted system of lines. No less than three transcontinentals--the Canadian Pacific, the Canadian Northern and the GrandTrunk-National Transcontinental system--plied a territory scarcely able to support much more than one such system. When World War One closed the European money markets, the whole network appeared likely to fail. In 1916 in an attempt to salvage the railroad network, a three man commission was appointed with the mandate to suggest a solution for Canada's ailing railroad system. When, in 1917, the Drayton-Acworth report, the majority report from this commission, advocated the nationalization of the Grand Trunk, Grand Trunk Pacific and the Canadian Northern, the cries of "foul" and of "creeping socialism" were not far behind.

Canadian "defenders of free enterprise" voiced a tumultous crescendo of protestations against this intervention and invasion into the market place--speeches were made, meetings held and editorials and whole books written on the issue. However, ignoring for the time the question of whether the policy outlined in the Drayton-Acworth Report represented "socialistic" or "corporate welfare" tendencies, the issue over the state usurption of private enterprise was largely a deceptive dichotomization of the affair. The attempted portrayal of the state as a hostile force versus the private railroads ignored, in fact, the entire history of railway development.

By June 30, 1916, the various levels of government had already granted the railroads at least $158,000,000 in cash subsidies alone.[38] This, of course, does not include the land grants, the guarantees of bonds, the tax concessions and other such forms of largesse flowing from the state coffers to the railroad bank accounts. Myers, for example, cites the figures of 56,052,055, as the number of acres of land granted to railroads up to 1913, and $245,000,000, as the amount of guaranteed bonds up to the same date.[39] In addition, the state was at times an outright owner of stock in various concerns. By the time of the Royal Commission, for example, 40% of the outstanding stock (with a par value of $40,000,000) of the Canadian Northern was government owned.[40] To the degree that the government was the dominant shareholder in the railroad, then, its proposed "nationalization" was more resemblant of a prerogative of ownership, the right of shareholders to make policy, than of any sort of government "interference." To understand this later involvement of the state in railroads, one must back track to the 1840's and analyze the origins of the state-railroad partnership.

In 1839 Lord Durham contrasted the role of the state in North America with its function in Europe in the following manner:

> I know of no difference in the machinery of government in the old and new world that strikes a European more forcibly than the apparently undue importance which the business of constructing public works appears to occupy in American legislature...The provision which in Europe, the State makes for the protection of its citizens against foreign enemies, is in America required for...the "war with the wilderness." 41

This particular function of the state in Canada can be explained, in the main, by the nature of the economy and the stage of capital accumulation in the country. As has been argued, prior to and during the inception of railroad schemes in the 1840's, the Canadian economy was mercantilist. The nature of this type of economy, H.C. Pentland argues, is one which cannot easily turn surplus funds to meet long-term investment needs.[42] A commercial economy requires short-term, circulating capital and, hence, capital for long-term, fixed investments, such as for railways, is in short supply. Because of the nature of the mercantilist trade--exportation of staples and importation of finished goods--more capital flows out of rather than back into the country.[43]

During this period, then, the major deterrent to Canadian development was the "periodic difficulty in borrowing and accumulating capital..."[44] It is in view of this fact that the role of the state in Canadian railroad development must be assessed. Simply put, private capital for railroad development was in shortage and, as one alternative to finance the works, the merchant class looked to the state treasury.[45]

Thus, when the various railroad schemes were initiated in the 1840's, it is of little surprise that difficulties in raising sufficient capital proved to be the greatest stumbling block. From 1845 to 1849 the Atlantic and St. Lawrence's history is marked by a search for funding. By the time the railroad was chartered, March 1845, Alexander T. Galt had taken command of the concern's affairs and one of his first acts was an attempt to secure a bond guarantee from the Provincial government. When this yielded no results, Galt and his associates attempted to bring their financial appeal to the Townships and to Montreal. Their efforts raised £100,000 but this represented just one sixth of the amount required.[46] With few other alternatives left, Galt set off for Britain to raise the remaining monies.

Initially Galt was able to subscribe the rest of the St. Lawrence and Atlantic's capital in London. Britain was itself in a railroad mania which facilitated Galt's task; however, before either Galt or the company saw very much of the subscribed money, British railways began collapsing and the financiers withdrew their earlier pledges. Further subscriptions were raised in Canada, enabling the completion of part of the route, and another abortive money raising expedition was made to London, but the railway's financial standing remained problematic.

Similarly, railroad ventures in Canada West were plagued by financial woes. The president of the Great Western, A.N. MacNab, also made his pilgrimage to the London money markets but suffered a fate similar to A.T. Galt's exertion on behalf of the St. Lawrence and Atlantic: a consortium of financial magnates agreed to purchase 55,000 shares but before much of the money could be collected the British railway collapse ended this scheme. Meanwhile, the other major railroad undertaking in Canada West, the City of Toronto and Lake Huron Railroad Company (from 1849-1857 known as the Ontario, Simcoe and Lake Huron Union Railroad, and after that as the Northern Railway) was also struggling to raise capital, at one point attempting to raise funds through a lottery.[47]

In short, in the mid-1840's a number of railroad schemes in the Canadas were being energetically promoted but they all experienced considerable difficulty in raising capital. Although both had been solicited, neither private Canadian sources nor foreign money markets filled the shortage. It was at this point that Canadian railway promoters turned to the source, which one commentator noted, was "to prove for two generations to come the last and often the first hope of the railway promoter - the state."[48]

In 1849 Francis Hincks, the Finance Minister, ushered in the Guarantee Act.[49] This act authorized the state "to guarantee the interest on loans to be raised by any Company chartered by the Legislature...for the construction of a Line of Railway not less than seventy-five miles in extent..." The conditions set down for this guarantee were that the rate of interest guaranteed was not to exceed six percent and that one-half of the road was to be completed before any aid could be given.

Essentially the Guarantee Act stipulated that, under certain conditions, the state was to become the guarantor of private railway companies. This act had important consequences in the development of future state-railroad relationships. Since the government hoped its interest payments on railroad bonds would be repaid eventually from the revenues of the railway companies, it developed a vested interest in the eventual success of these ventures. Beyond this, what is significant about the act is its genesis.

In the parliamentary session preceeding the passage of the Guarantee Act, a committee was entrusted with examining and reporting on the requests for aid from both the St. Lawrence and Atlantic and the Great Western railways. The chairman of this committee was A.N. MacNab, long-time member of the Legislative Assembly and President of the Great Western. Thus, MacNab the legislator listened to the requests of MacNab the railroad promoter and recommended that both railways have their stock guaranteed up to a million pounds sterling. Although nothing became of these recommendations for a time, their essence was embodied in the Guarantee Act passed in the next session.

The example of A.N. MacNab is illustrative of the general strategy of the railroad promoters. Lacking in the financial wherewithal, they turned to a source where they were strong--the control of the legislative apparatus. Besides MacNab, the Great Western could enlist the political strength of Isaac Buchanan, one time President of the Executive Council, and Lawrence Lawrason, a member for London in 1844. The St. Lawrence and Atlantic promoters included A.T. Galt, elected to the Legislature in 1849, Peter McGill, speaker of the Council and member of the Executive Council in 1847-48, George Moffat, an ex-member of the Executive Council and member of the Legislative Assembly until he withdrew in 1847, as well as such political powers as Augustin Norbert Morin, William Molson and John Young.

The close interlocking of political and railroad positions on the Boards of Directors of the Great Western and the St. Lawrence and Atlantic railways is not just a peculiarity of these two enterprises. Similar examples of this type of relationship with the political order can be reported endlessly for other railroad projects. Gustavus Myers, noting this feature of Canada's early railroads, described the pattern aptly:

> The prime and first consideration of railway ownership was the ability to get legislation giving certain definite rights and privileges. This legislation conferred what was called a charter of incorporation. Having the power, as the legislative politicians did, to grant themselves these charters, it was not an astonishing outcome that the promoters should have so often been the politicians themselves. 50

The importance of the state in the development of Canada's first railways has been impossible to avoid by authors; however, the reality of this relationship has, in the main, been evaded. Thus, O.D. Skeleton has postulated the functional separation of the polity and the economy to "explain" the massive dosages of public aid:

> In all but the very earliest years of railway planning and building in Canada, two aims have been dominent. One has been political, the desire to clamp together the settlements scattered across the continent, to fill the waste spaces and thus secure the physical basis for national unity and strength. The other has been commercial, the desire to capture the trade and traffic of an ever-expanding and ever-receding west. 51

In practice, however, this differentiation of the political and economic becomes more of a theoretical construct than a depiction of reality because the two spheres were virtually mutually interchangeable. This was largely the case because business interests, including the railway promoters, dominated the political order. In addition, not a few of these railway promoters-politicians were also land speculators and/or factors in land companies, making the distinction between the commercial objective of private profit and the political objective of filling in the open spaces highly tenuous.

Thus, for example, the St. Lawrence and Atlantic, as previously noted, had strong ties to various members of Montreal's merchant class and to the Bank of Montreal; however, the interests in this railway also revolved around the British American Land Company. This land company had been organized in 1833 and the first year of operation of its settlement programme produced promising results--over 33,000 acres had been occupied, netting an average price of three times the price paid by the company for the land.[52] This prosperity, however, was short-lived as restrictive land policies, the alienation of much of the better land into the hands of speculators, and the less restrictive American land policies drove away potential settlers.[53]

By the early 1840's, the British American Land Company was experiencing difficulties because of its vacant lands and an ordinance of the Municipal Council of the County of Sherbrooke that imposed a penny acre tax on wild lands.[54] In 1843, after Sir Charles Metcalfe's advisors had resigned, Alexander T. Galt, who had been working for the British American Land Company and who would in 1844 be appointed its Commissioner, wrote to the governor of the land company, G.R. Robinson, outlining the strategy to be taken to remedy the ills:

> The unexpected resignation of the Ministry appeared to me at once to afford a last chance to the Company to improve their position by decidedly assuming an interest in the election, should a dissolution occur, and endeavour to secure the return of several Eastern Townships representatives favourable to the Company and to a certain extent subject to their influence. 55

Soon Galt was lobbying for government support and received the Governor-General's blunt assertion that "those who support me, I will support."[56] The creation of the British American Land Company into a "political machine" helped to further an already close connection of the company with the government. The first resident commissioners appointed in Canada for the company were George Moffat and Peter McGill.[57] Moffatt had been a member of the Legislative Council (Lower Canada) in 1830, became part of the Executive Council in 1839 and, after the Union of the Provinces, was elected to the Legislative Assembly, holding that position until he withdrew in 1847. Peter McGill had been appointed to the Legislative Council and in 1847-48, was speaker of the Council and a member of the Executive Council. Other direct political ties of the British American Land Company included Edward Hale, a large landowner and shareholder in the land company, who was elected to parliament in 1841, serving until he retired in 1847.

A.T. Galt also ran for, and was elected to, the Legislature in 1849. Writing to the governor of the British American Land Company in 1849, Galt claimed he had met with McGill and Moffat who had "concurred in the opinion that my presence in the House would promote the Company's interests...."[58] Thus, the interlocking of political and economic positions was no mere accident but was based on the realization of the business class that economic objectives could be advanced with representation on governmental bodies.

It is not difficult to surmise the advantages which the British American Land Company interests saw eminating from the construction of the St. Lawrence and Atlantic Railroad. The line, it was thought, would open up the territory, inflate land prices, increase trade and, of course, settle the land. That these were the interests behind the St. Lawrence and Atlantic is partly verified by the composition of the group promoting it. In 1845 after the railway was incorporated, the provisional directors included, as has been noted previously, Peter McGill, George Moffat, A.T. Galt and Edward Hale--all of whom were tied to the land company as well. The rather peculiar choice of the railway to connect to Portland in the U.S.A.--peculiar in so far as Boston, a more prosperous seaport was competing for the Atlantic terminus of the line--was largely due to the interests of those connected with the British American Land Company. John A. Poor and his group of Portland capitalists were willing to accept a route through the Eastern Townships--that is, through the British American Land Company territory--while the Boston capitalists wished to by-pass the company's territory.[59]

Thus, the example of the interests in the St. Lawrence and Atlantic railway and their use of political connections casts doubt on the probability of separating the business interests from the political interests. One of the major weaknesses of many of the works which delineate the interlocks between the political and economic orders is that they do not reveal the functioning of this social system in practice. It is not enough just to describe interlocks, but rather, the effects of this concentrated power must be shown on actual decisions and policies. In the case of the economic interests centred in the first railways, the political power base was used in a number of ways--it was needed to secure charters for the railway companies; the St. Lawrence and Atlantic interests were able to direct their line through the Eastern Townships to further their land interests, even though this necessitated selecting Portland rather than Boston as the Atlantic terminus; and, the railway promoters were able to secure favourable legislation, most notably the Guarantee Act.

The Guarantee Act proved invaluable to the fledgling railroad companies. The assurance that the state would guarantee the interest of railroad bonds made investment in these securities a relatively low risk proposition with a fairly high rate of return guaranteed. This measure was especially important in attracting British investment to Canadian railroads. The British economy during at least the first half of the nineteenth century was characterized by an over-supply of capital. George Edwards recounts an episode that vividly demonstrates this fact. Investors with an abundance of capital and a shortage of profitable sectors to invest in, responded to a notice that an issue of Treasury notes was to be offered by mobbing the Bank of England early in the morning and eventually tearing down the bank's gates in their jockeying for position in line to purchase the issue. The entire issue was later subscribed by the first ten persons in line. The greater supply of capital over the demand for capital was reflected in the decline in the yield of government bonds, which fell from 4.42% in 1820 to 3.11% in 1850.[60]

With an abundance of capital seeking sources of investment, it did not take long for British investors to recognize that Canadian railroads offered one possibility. Thus, Sir Patrick Leonard Macdougall made note of the over-supply of capital, and explained how its investment in Canadian railroads would benefit the Mother Country:

> Throw open a new field [i.e. railroads] in our colonies that will be inexhaustible. British capital will flow to it ceaselessly, and the profits of capital will rise at home as competition in the home field is diminished. 61

The Guarantee Act functioned to make the terms more favourable for the entry of this foreign capital. Since this British capital assumed dominance in the Canadian railroads, the legislation of 1849 proved to be crucial for the successful capitalization of these enterprises.

Just how crucial the Guarantee Act and other legislation, such as the authorization of municipalities to subscribe railroad stock, were for the railways is evident from the companies' stock ownership data. H.C. Pentland has noted the shortage of capital in mid-nineteenth century Canada, but nonetheless, has adopted Louis Hartz' study of Pennsylvania--Economic Policy and Democratic Thought: Pennsylvania, 1776-1860 and argued for a qualitative break between the modes of canal and railway financing:

> In the canal era, wealthy men were not wealthy enough to build canals themselves...Hence, they influenced the state to build them. But canal spending allowed rich men to become much richer. In the first railroad age, these men still could not finance whole railroads. But they could go a good part of the way. 62

Although differences in the stage of capital accumulation are evident between the canal and railway eras, the distinction between the relative roles of private capital and state aid in the two eras may be overdrawn. For example, in 1851 the private stock holdings in the Great Western were dispersed among a great number of small, individual holders. The largest individual owners were Allan MacNab, holding only 151 shares valued at £3,775, and Robert Harris, with only 123 shares worth £3,075. In addition, two private concerns, Farwell and Co. and Buchanan, Harris and Co., held 390 and 200 shares respectively, valued at £9,750 and £5,000. The remaining individuals largely held ten shares or less, with the only other major holders being public bodies--such as Counties, Municipalities, Towns and Cities. The largest owner was the City of Hamilton with 4,000 shares. In all these various levels of government accounted for approximately 72% of the Great Western stock subscriptions.[63] In 1852, Municipal stock in the Great Western still accounted for over 35% of the total of the subscribed stock. Moreover, this decrease from the previous year was largely due to the subscription of 8,000 shares by American capitalists, rather than to any great upsurge of Canadian participation in ownership.[64]

Similarly, the Ontario, Simcoe and Huron Rail Road Union Co. was, in 1851, approximately 23% owned by the County of Simcoe, while the City of Montreal held 28% of the St. Lawrence and Atlantic's stock.[65] Even these figures, however, grossly underestimate the state's role in financing the railways since only direct holdings of governments are included. One must also consider the way in which the Guarantee Act of 1849 was actually applied. Often the state's "loans" to cover the interest payments of the guaranteed bonds turned out to be outright gifts,[66] and contractors were known to estimate the costs of construction at double the cost, thereby enabling the provincial guarantee, which was intended to cover only one-half of the road, to pay for the entire project. In this latter respect, it has been claimed that the Northern Railway was built entirely by the government guarantee.[67]

In short, if there is any distinction to be made of the role of the state in the canal and railway eras, it is a quantitative rather than a qualitative break. Throughout the first railway era the state maintained the policy instituted during the canal eras; that is, a relatively weak business class received government aid for the projects which it could not finance itself. Moreover, this function of the state was considerably facilitated by the intimate relationship between the railroad promoters and the political order. Perhaps the lines would have been built during this time without state aid; however, this is mere speculation. The concrete reality was that the railroad promoters utilized their political power to see that the state provided a favourable legislative climate to supply the money to build the railroads so that they would not have to invest their own capital.

iii) The Politics of Railroads and The Formation of the Grand Trunk

This section examines the role of the state in resolving the conflicts within the commercial classes as well as the power of the Canadian state to implement national policies. As has been shown above, a fundamental split in railway policy was evident between Canada East and Canada West commercial interests. It is argued here that this conflict was resolved by the state in the form of a "national" railway policy and this policy succeeded in placating the various factions within the commercial class; however, Canada's subordinate position to Britain, specifically to the international money markets, shattered this unity and drastically altered the nation's future course of railroad development.

When the Montreal merchants threw their support behind the St. Lawrence and Atlantic Railroad, it had been envisioned that the railway was mainly to serve the function of providing a winter outlet to the sea for the St. Lawrence river system; in 1851, with the incorporation of the Montreal and Kingston, these same interests turned to promoting a "trunk line" throughout the Canadas that was to compliment the St. Lawrence in the summer seasons and assume a dominant role in the carrying trade in the winter. With the Great Western pressing forward and posing the threat of diverting the flow of commodities in Canada West through the United States, the Montreal interests attempted a compromise. A strategy was advanced in which the

Montreal group would only constitute one-third of the "trunk" or "main" line. The other sections of the railway would be from Kingston to Toronto and "Toronto to the intersection with the line of Great Western Railroad, and thence to Windsor"; each of these sections were viewed as being "of sufficient magnitude for an independent corporation."[68]

The political arena in which the Canadian commercial class eventually ironed out the details of the new railway policy turned out to be in the hearings of the Select Committee on Rail Road and Telegraph Lines in 1851. The Montreal commercial interests were, as explained previously, concerned with two inter-related problems--building a grand trunk line and sealing off the American lines running into Canada--and the policies to remedy these ills emerged from this committee.

Thus, the need for a trunk line of railway in Canada was stressed by a number of witnesses called before the committee; however, it was also proposed that this trunk line be government owned. Thus, the Honourable James Ferrier stated that:

> I am of the opinion that there ought to be a Main Trunk Line of Railroad through the Province; and that the construction and working of this line ought to be undertaken by the Government. [69]

Even John Young, Vice-President of the St. Lawrence and Atlantic and Chairman of the Committee for the Montreal and Kingston railway, anticipated the massive involvement of the state in funding the project and had no reservations over government control. He stated that:

> If....the largest portion of the funds are obtained from Government securities, I think the Province should have complete control over the management of the whole line.... 70

There are a number of reasons why Young and the Montreal coterie may have favoured government ownership. First of all, the history of railways to that date had been distinguished by several common factors; that is, there always seemed to be a shortage of capital and the railways themselves were unprofitable. They may simply have grown weary of managing the unremunerative works. Another explanation may be that if the railway was government controlled, very little would be changed. With the political power of the Montreal and Kingston group, and with a little lobbying, the same interests could largely control the railway with the added advantage of a government purse from which to draw revenue. In any case, a state owned line would satisfy the most pressing need, the completion of a trunk line.

To arrest the flow of western foodstuffs through the American channels, the Montreal group presented to the Select Committee the case for a standard guage of 5'6" throughout the entire trunk line. The St. Lawrence and Atlantic had adopted the gauge of 5'6", ostensibly because it was said that this wide gauge would lower the centre of gravity of the railway cars, thus allowing a smoother ride, with less truck and machinery maintenance, and fewer accidents;[71] however, engineers were divided on the relative merits of the wide gauge and the narrow gauge of 4'8½" and no conclusive evidence existed for the superiority of either. T.C. Keefer, an engineer involved in many of the railway projects during this time, claimed that the real reason the St. Lawrence and Atlantic adopted the wide gauge was because the promoters of its counterpart, the Atlantic and St. Lawrence, bound the Canadians to this width in the hope of preventing Boston and New York railway lines, which used the narrow gauge, from tapping into their traffic.[72]

On the other hand, since the Great Western was promoted with the object of becoming part of a continous line from Chicago to Boston, it had adopted the narrow gauge of the American roads. In terms of the interests of the Montreal group, it was to their advantage to press for the uniform adoption of the wide gauge for all Canadian railroads since this would necessitate costly delays for the removal and reloading of freight at the two ends of the Great Western. The Select Committee thus became the verbal battleground for the Montreal interests versus the Great Western interests.

From the evidence presented to the Committee, opinion on the gauge question was roughly three to one in favour of the narrow gauge when a vote was called on the issue. Despite the evidence presented and opinions expressed for the narrow gauge, the Committee voted nine to two in favour of adopting the wide gauge as the standard for Canadian railways. In view of the outcome it seems safe to say that factors others than engineering principles were in operation. As T.C. Keefer pointed out in his testimony, the gauge issue should be viewed not "as an Engineering, but as a Commercial question."[73] And when commercial matters come to the fore, it is power, political and economic, which is the most crucial factor.

The promoters of the Montreal and Kingston were politically and economically more powerful than the Great Western group. The business and political positions of the men behind the Montreal and Kingston have already been noted. William Molson, John Torrance, A.T. Galt, Luther Hamilton Holton, D.L. Macpherson and John Young represented a formidable coalition of economic and political power. Their various activities included involvement in Montreal city politics, in provincial politics, in leading wholesaling and forwarding firms, in land companies, in manufacturing as well as philanthropic and civic activity. Moreover, their importance in the Canadian mercantile trade brought them in touch with leading British financiers. This however, was not merely an economic or a political group but rather a social group. Common economic, political and philanthropic activities solidified friendship ties, which were further buttressed by familial connections. Thus A.T. Galt had married John Torrance's daughter, Elliott, in 1848. When she died shortly after, Galt maintained the kinship connection by marrying her sister, Amy Gordon, in 1851. Similarly, D.L. Macpherson became William Molson's son-in-law in 1849 when he married Elizabeth Sarah Badgley Molson.

In short, the forces centred in the Montreal and Kingston railway were major powers within the Montreal based commercial class, as well as representing key political powers at various levels of government. These common interests were further consolidated by friendship and marital ties, making it a tightly-knit Montreal based conglomerate. Through the collective political positions held, the political clout of the Montreal and Kingston promoters complemented their economic power and, if mobilized, represented a sizeable base from which a direct input into governmental decision-making could be injected. The recommendations of the Select Committee for the gauge question was a reflection of this concentrated power.

The recommendations of the railroad committee were incorporated into government legislation passed August 30, 1851,[74] and entitled "An Act to make provisions for the Construction of a Main Trunk Line of Railway throughout the Whole Length of this Province." The gauge for the road was set at 5'6". Part of the legislation dealt with the Halifax to Quebec railway, which it was believed would receive Imperial aid; however, three different modes of constructing an extension from Quebec to Hamilton were also included. First, whatever funds were left over from the Imperial aid for the Halifax-Quebec line could be used; second, if the Imperial loan was not forthcoming, the main trunk line from Quebec to Hamilton could be built as a joint Provincial-Municipal work; and third, the road could be undertaken by chartered companies with the aid of the Provincial Guarantee.

With the legislation on the books, Francis Hincks, who was sworn in as new Canadian premier in October, 1851, left for

England early in 1852 to try to negotiate the Imperial loan. When he returned, William Jackson accompanied him, the latter with a contract to build a Quebec to Hamilton trunk line.[75] While in England, it turned out, Hincks had negotiated this contract with "eminent capitalists" - the contracting firm of Sir Morton Peto, Thomas Brassey, William Jackson, and Edward Ladd Betts. This group was closely tied to the banking houses of Glyn, Mills and Co. and Baring Brothers and Co., major powers in English financial circles.

This turn of events was fought by the Montreal and Kingston group, led by A.T. Galt and L.H. Holton,[76] but eventually the British contractors acquired control of the new Grand Trunk Railway of Canada. Galt and Holton were, however, able to negotiate a contract for Gzowski and Co., of which they were partners, to build the Toronto to Sarnia extension of the Grand Trunk, while the Montreal interests in the St. Lawrence and Atlantic received the par price on their shares, notwithstanding the fact that they had been going at a 50% discount.[77]

This whole affair was shrouded in mystery and dubious transactions. For example, in granting the British contractors the Grand Trunk charter, Hincks had argued that he had only taken this course when he was assured the Imperial loan for the Halifax to Quebec railway would not be granted. This, however, does not explain his refusal to act on the other two provisions contained in the legislation of 1851 for building the trunk line. The stated government policy, in the event the bid for the Imperial loan failed, had been to build the line as a provincial work or through private companies already chartered. When introducing the legislation which contained these provisions, Hincks, in August, 1851, had declared that he believed that:

> ...the experience of other countries warranted the conclusion that the best method of constructing and managing railroads was by placing them under the control of the state. 78

This led to speculation that Francis Hincks had been "bought off" by the English capitalists. In 1854, this rumour was fanned when it was learned that Hincks was the recipient of 1,008 Grand Trunk shares, valued at £50,400, although he denied any knowledge of the transfer of the stocks to his name.[79]

A number of reasons give credence to the theory that Hincks was less than honest in his explanation of the Grand Trunk affair. The registration of the stocks to his name was never denied and his excuse that they were merely "held in trust for allotment in Canada to parties who might be desirous to take an interest in the Company" was altogether too flimsy. Further, the same Select Committee investigating Hincks' awarding of the Grand Trunk to British financiers and contractors unveiled several other transactions by him that were less than honourable. For example, it was revealed that Hincks was involved in a deal with Toronto mayor John C. Bowes. Briefly, Bowes as Mayor of Toronto had pushed through a measure to subscribe £25,000 in the Ontario, Simcoe and Huron Union Railroad, to be paid in city debentures. Meanwhile, Hincks and

Bowes planned to buy these debentures, which were selling at a discount. At the same time, Hincks was negotiating with English interests for the sale of the debentures which were to be issued under the authority of a bill to be passed by Parliament. A subsequent bill authorized Toronto to negotiate a loan of £100,000 to consolidate its debt and a specific clause in the act compelled the city to immediately buy the debentures issued to the railroad at face value. Prior to this, however, Hincks and Bowes had completed the purchase of the debentures from the contractors of the railroad at four-fifths of their face value. When the city subsequently purchased them at par value, Hincks and Bowes realized a quick £10,000 profit.[80]

Hincks was further accused of using his inside information of the purchase of the St. Lawrence and Atlantic Railroad by the Grand Trunk syndicate to speculate in stocks. Again the evidence is clear--the stock registration books of the St. Lawrence and Atlantic Railroad show the name of Honourable Francis Hincks purchasing shares in the railroad.[81] Hincks was exonerated on this charge, however, because he had made the purchases several weeks after the Grand Trunk amalgamation agreement with the St. Lawrence and Atlantic. Nonetheless, doubt remains about Hincks' integrity in the whole sequence of events.

Leaving aside the question of Hincks' propriety in the Grand Trunk scenario, probably the best explanation of the turn of events relates to the subordinate position ~~of the~~ Canadian government to the English financiers. The key English financiers behind the Grand Trunk, the Baring Brothers and Co., Glyn, Mills and Co., were also the financial agents of Canada. After Hincks had introduced the Guarantee Act, they expressed concern over the measure. An agreement had been made with the Baldwin-Lafontaine government that the Barings and Glyn, Mills would sell Canadian securities to raise provincial revenues on the condition that no further financial commitments--such as the Guarantee Act--were to be made.[82] To placate the London bankers' fury, the act of 1851 providing for the construction of a trunk line contained several conditions demanded by the Barings and Glyn Mills and Co. It will be remembered that this act was endorsed by the promoters of the Montreal and Kingston in the hopes of completing a trunk line with a wide gauge to halt the flow of western commodities through the United States; however, it was also part of the London financial agents' demands that the Guarantee Act be restricted only to those railways forming a main trunk line. Further, the act of 1851 also stipulated that the Canadian government could not increase its public debt and liabilities "without the consent of the Agents through whom loans may have been negotiated in England",[83] that is, without the consent of the Barings and Glyn and Mills.

Thus, the financial power of the London agents over the Canadian government was not illusory and could be applied to place conditions on its policies. Stevens, for example, notes the power conferred to the Barings and Glyn Mills and Co. by the above mentioned legislation:

> This agreement gave Baring Brothers and Glyn Mills and Company sufficient authority to arrange for Canadian securities to be listed on the London stock exchange; it also placed the bankers in the same relation to Canadian finance ministers that the Bank of England occupied towards the Chancellor of the Exchange. They became unofficial controllers and regulators of the flow of Canadian credit and of public funds. 84

Given this control of Canadian financial affairs, if the English bankers had decided to secure the Grand Trunk for themselves, it seems Francis Hincks could have done little to prevent it. If in consenting to the arrangement, Hincks was to receive a small "gratuity" for his troubles, then it was all the better. In any case, once the British contractors and financiers secured the Grand Trunk charter, important consequences followed for Canadian railroad interests. Although the Montreal group derived some concessions from the Grand Trunk arrangement--the St. Lawrence and Atlantic was bought off at an inflated price and Galt, Holton and Macpherson, along with Casimir Gzowski, received a contract to construct part of the line--most were never particularly satisfied with the turn of events. In the case of the Great Western, the railway was omitted as part of the main trunk line and unable to withstand the Grand Trunk competition, was later absorbed. Similarly, Toronto railway promoters could not claim much advantage from the Grand Trunk and, in fact, the road soon was viewed as part of the "Montreal domination" of Toronto.

Conclusion

This chapter has examined the early railroad projects in the Canadas and the events leading to the eventual formation of the Grand Trunk. Since the promotion of these railways followed a period of catastrophic events for Canadian commercial interests, it should not be surprising that their function was to serve mercantile interests, that is, to facilitate the exportation of Canadian staples and the importation of foreign manufactured goods. Both the promoters' expressed purpose of these railways and the business interests of the leading figures behind the projects indicates the close affinity between the railways and mercantile objectives. Moreover, this function of the railways corresponds to the mode of production evident in Canada at this time. When railroad promotion began in earnest in the 1840's, the society was largely agrarian and dominated by leading Montreal commission merchants, fowarders and bankers. That railways were designed to promote these commercial interests should therefore come as little surprise.

It was also shown that the state played a crucial role in the eventual development of these enterprises. On the one hand, because Canada's economy was mercantilist, long-term capital for fixed investments, such as railway projects, was not readily available and the state became responsible for filling this void. Moreover, this function of the state was facilitated by the close relationship of the railway promoters to the political order. On the other hand, it was shown that railroad projects were part and parcel of a general commercial rivalry between Canada East and Canada West and that the state became the "arbitrator" in this conflict. The railroad policy adopted in 1851, although heavily influenced by Montreal interests, was largely a compromise solution to the rivalry.

Finally, it was argued that the subordinate position of the Canadian state to the British financiers resulted in the wresting away of a Canadian "trunk line" project into the hands of the British Grand Trunk venture. While a number of dubious and questionable transactions surrounded the affair, in the final analysis the formation of the Grand Trunk as a British project signified the financial dominance of the Mother Country over the country.

The Grand Trunk railway became after this time, and until the 1880's, the single most important railway in Canada. Although its control by British contractors and financiers had a number of repercussions for certain Canadian railroad promotions, most notably the Great Western which was isolated from the trunk line scheme, at least in one sense it juxtasposed well with the earlier vision of 1851. The Grand Trunk too was to serve mercantile interests. In a classic statement of the junior partnership role that Canadians were to serve for the Imperial power, the first meeting of the Grand Trunk shareholders produced the following vision of the railway's function:

> ...a better, more rapid and cheaper communication will be afforded for the produce of the magnificent districts of Western Canada and of the North Western States of America...to the Atlantic Seaboard, and

> for the supply of these districts with imported goods than be any other route on this Continent. 85

The Canadian commercial class had lost control of its trunk line only to have its function embodied in the spirit of the Grand Trunk's objective. Thus, the vision of Canadian businessmen as intermediaries in the outflow of staples and influx of finished goods was reaffirmed in the expressed purpose of the Grand Trunk. The task of the next chapter is to examine the evidence to ascertain whether railways retained this specific function or became intimately related to industrial capitalist development.

Footnotes

1. R.T. Naylor, "The rise and fall of the third commercial empire of the St. Lawrence," in G. Teeple, editor, Capitalism and the National Question in Canada, (Toronto: University of Toronto Press, 1972), p. 4.

2. M. Denison, Canada's First Bank: A History of the Bank of Montreal, Volume I, (Toronto: McClelland and Stewart Ltd., 1967), pp. 191-2.

3. All further references to directoral ties to the Bank of Montreal are derived from Denison, op. cit., Volume II, pp. 406-23.

4. Marc La Terreur, editor, Dictionary of Canadian Biography, Volume X, 1871-1880, (Toronto: University of Toronto Press, 1972), p. 517.

5. G.R. Stevens, Canadian National Railways, Volume I, (Toronto: Clarke, Irwin and Co. Ltd., 1960), p. 26.

6. The list of shareholders was obtained from the Journal of the Champlain and St. Lawrence Railroad Co., Canadian National Railway Archives, R.G. 30, Volume 133, P.A.C.

7. Ibid.

8. Stevens, op. cit., p. 30.

9. Augusta I.G. Gilkison, "The Great Western Railway" London and Middlesex Historical Society, Part II, 1909, pp. 21-41.

10. F.H. Armstrong, "Toronto's First Railway Venture, 1834-1838" in Ontario History, (Volume 58, March 1966), pp. 21-41.

11. Henry A. Lovett, Canada and the Grand Trunk 1829-1924, (1924), pp. 4-5.

12. For a discussion of the rivalry between Toronto and Montreal see D.C. Masters, "Toronto vs. Montreal: The Struggle for Financial Hegemony, 1860-1875" in Canadian Historical Review, (Volume 22, 1941), pp. 133-46.

13. Quoted in D. Creighton, The Empire of the St. Lawrence, (Toronto: The Macmillan Co. of Canada Ltd., 1970), p. 376.

14. Quoted in Ibid., p. 376.

15. O.D. Skelton, The Life and Times of Sir Alexander Tilloch Galt, (Toronto: Oxford University Press, 1920), pp. 152-3.

16. G.N. Tucker, The Canadian Commercial Revolution 1845-1851, (Toronto: McClelland and Stewart Ltd., 1970), pp.155-6.

17. Masters, op. cit., p. 133.

18. Creighton, op. cit., p. 356.

19. Great Western Rail Way, (Hamilton, 1845).

20. Charles B. Stuart, Report on the Great Western Railway, Canada West, (Sept. 1, 1847).

21. Great Western Rail Way, (Hamilton, 1845).

22. An Appeal to the Citizens of Michigan Showing the Necessity of the Early Completion of the Great Western Rail Way, from Detroit to the Niagara River, (Detroit: Harmon, Brodhead and Co., 1851).

23. Irene D. Neu, Erastus Corning Merchant and Financier, 1794-1872, (Ithaca: Cornell University Press, 1960), p. 80.

24. Ibid., pp. 73-4.

25. See the Great Western Railroad, Proceedings of the Annual General Meeting of Shareholders, (Hamilton, June 21, 1852). The document states that 8,000 Great Western shares were subscribed by Railroad Corporations and Capitalists in the United States, which works out to a $800,000 investment; A.W. Curie, The Grand Trunk Railway of Canada, (Toronto: University of Toronto Press, 1957), p. 162, however, lists the American investment as $1,000,000.

26. Victor Ross, A History of the Canadian Bank of Commerce, Volume I, (Toronto: Oxford University Press, 1920), pp. 173-6.

27. Ibid., pp. 220-1.

28. Ibid., pp. 222-33; La Terreur, op. cit., p. 721.

29. La Terreur, Ibid., pp. 720-1.

30. Great Western Rail Way, (Hamilton, 1845).

31. Quoted in J. Boyd, Sir George Etienne Cartier, Bart: His Life and Times, (Toronto: The Macmillan Co. of Canada Ltd., 1914), p. 159.

32. A.C. Morton, Report on the St. Lawrence and Atlantic Rail-Road, its Influence on the Trade of the St. Lawrence, and statistics of the cost and traffic of the New York and Massachusetts Rail-Roads, (Montreal, 1849).

33. Currie, op. cit., p. 6.

34. Report of the Committee on the Montreal and Kingston Section of the Grand Trunk Railway, n.d.

35. Journals of the Legislative Assembly, 1852, Volume XI, Appendix, XX.

36. Report...Montreal and Kingston Section..., n.d., op. cit., emphasis added.

37. La Terreur, op. cit., p. 354.

38. This figures of $158,000,000 is given by L.T. Fournier, Railway Nationalization in Canada: The Problem of the Canadian National Railways, (Toronto: The Macmillan Co. of Canada Ltd., 1935), p. 52. It is broken down as $116,000,000 from the Dominion, $30,000,000 from the provinces and $12,000,000 from municipalities. Fournier's statistics are derived from the Railway Inquiry Commission, Report, 1917, p. viii., and supposedly represents the total cash subsidies up to June 30, 1916. Gustavus Myers, however, lists a higher total, $244,000,000, for a period only up to 1913 (A History of Canadian Wealth, Toronto: James Lewis and Samuel, 1972, p. 151). Myer's estimates are from the 1912 and 1913 Railway Statistics of the Dominion of Canada, p. xvi. His Dominion total is $190,000,000; however, this includes the Dominion subsidy of a ten year loan of $15,000,000 at 4% to the Grand Trunk, which he carelessley concludes "may turn out to be a gift." (p. 152, footnote 3). Deducting this from his Dominion total, the amount left, $175,000,000, still exceeds Fournier's estimate of all government subsidies.

39. Myers, Ibid., p. 151.

40. Fournier, op. cit., p. 65.

41. Quoted in H.G.J. Aitken, "Defensive Expansion: The State and Economic Growth in Canada" in W.T. Easterbrook and M.H. Watkins, Approaches to Canadian Economic History, (Toronto: McClelland and Stewart Ltd., 1967), p. 183.

60. George W. Edwards, *The Evolution of Finance Capitalism*, (New York: Augustus M. Kelley Publishers, 1967), pp. 19-21.

61. Sir Patrick Leonard Macdougall, *Emigration: its advantages to Great Britain and her colonies*, (London, 1848), Reference No. 1-2115, P.A.C.

62. Pentland, *op. cit.*, p. 466. Emphasis added.

63. The ownership data is from the *Select Committee on Rail Road and Telegraph Lines*, 1851, Appendix No. 9, A; calculation of percentage is my own.

64. See, Great Western Railroad, *Proceedings of the Annual General Meeting of Shareholders and Report of the Directors*, (June 21, 1852); calculations are my own.

65. *Select Committee on Rail Road and Telegraph Lines*, *op. cit.*, Appendix No. 9, F. and B; calculations are my own.

66. Myers, *op. cit.*, p. 168.

67. H.V. Nelles, ed., *Philosophy of Railroads and Other Essays by T.C. Keefer*, (Toronto: University of Toronto Press, 1972), p. 158, and G.P. de T. Glazebrook, *A History of Transportation in Canada*, (Toronto: The Ryerson Press, 1938), pp. 174-175.

68. Report...Montreal and Kingston Section..., n.d., *op. cit.*

69. Select Committee on Rail Road and Telegraph Lines, *op. cit.*,

70. *Ibid.*

71. A.C. Morton, *Report on the St. Lawrence and Atlantic Rail-Road*, (Montreal, 1849).

72. Nelles, *op. cit.*, p. 183.

73. *Select Committee on Rail Road and Telegraph Lines*, *op. cit.*

74. 14th and 15th Vic., c. 73.

75. R.S. Longley, *Sir Francis Hincks: A Study of Canadian Politics, Railways and Finance in the Nineteenth Century*, (Toronto: University of Toronto Press, 1943), p. 222.

76. *Journals of the Legislative Assembly*, 1852, Volume XI, Appendix XX.

77. Report and Proceedings of the Select Committee on Charges Against the Late Administration, (Quebec, 1855).

78. Quoted in T.S. Brown, A History of the Grand Trunk Railway of Canada, (Quebec: Hunter, Rose and Co., 1864), p. 5.

79. Report...Select Committee on Charges..., 1855, op. cit.

80. Ibid.

81. Registration Books, St. Lawrence and Atlantic Railroad Co., Canadian National Railway Archives, R.G. 30, Volumes 157-158, P.A.C.

82. Longley, op. cit., pp. 193-4.

83. 14th and 15th Vict., c. 73.

84. Stevens, op. cit., p. 72.

85. Proceedings of the First Meeting of the Shareholders of the Grand Trunk Railway Company of Canada, (Quebec, July 27, 1854).

Chapter Four

Merchants versus Industrialists or Merchants and Industrialists: Canadian Railways and the Development of Industrial Capitalism

This chapter argues that railway development in the period between the 1850's and the 1870's coincided with the transition from a mercantilist to an industrial capitalist economy. Further, railroads and their directors figured decisively in this transition in a number of ways--the production of railroad equipment and their material requirements stimulated the growth of manufacturing establishments, manufacturers were connected to raw materials and markets, and railroad promoters were key participants in the rising industrial firms.

To evaluate the degree to which industrial capitalism emerged in this period, consideration is given to the theoretical discussion in chapter one on the specificity of the capitalist mode of production. As was noted, the distinguishing feature of the economic level in this mode is the separation in both the relation of real appropriation and the relation of property. It was shown in chapter two that prior to the railway era, the relation of real appropriation was characterized by a unity between the producers and the labour process, with mercantilists extracting surplus indirectly through the "price bargain." The first section of this chapter examines the evidence that suggests by the 1850's, and certainly by the 1860's and 1870's, a fundamental structural change had occurred in the Canadas--the relation of real appropriation had become characterized by a separation of the producers from the means of production.

The second section extends the discussion from the previous part by examining the emerging sources of employment for Canadians; that is, the growth of manufacturing firms is analyzed. A third section deals with the impact of railroads on the emergence of industrial establishments and, finally, the last part of this chapter notes the linkages of railroad interests to manufacturing firms.

i) The Creation of a Labouring Class

> The process...that clears the way for the capitalist system, can be none other than the process which takes away from the labourer the possession of his means of production; a process that transforms, on the one hand, the social means of subsistence and of production into capital, on the other, the immediate producers into wage-labourers. [1]

Upper Canadian land policy prior to about the first quarter of the nineteenth century centered on providing cheap or free land to stimulate population growth. During the same time in Lower Canada, the seigneurial system received official sanction from the leading government and religious figures. Between the 1830's and 1850's business leaders and government officials became preoccupied with creating a capitalist labour market. Land policy, combined with the massive flood of immigrants to the Canadas during the second quarter of the nineteenth century, broke down the previously largely self-sufficient pioneer economy and created a class of wage labourers, the major prerequisite for capitalist development.

By the 1820's, leading government officials and influential members of the business community of Upper Canada had become adherents to the social and economic theories expounded by Robert F. Gourly and Edward Gibbon Wakefield. Briefly, these theories centred on tightening the availability of land to create a landless proletariat. In Capital, Marx quotes from Wakefield to illustrate the policy of the rising industrial capitalists in England:

> Where land is very cheap and all men are free, where every one who so pleases can easily obtain a piece of land for himself, not only is labour very dear, as respects the labourer's share of the produce, but the difficulty is to obtain combined labour at any price. 2

In Canada, William Allan, the President of the Bank of Upper Canada and member of the Legislative Council, echoed Wakefield's concern over the ruinous consequences of a large body of independent landholders for capitalist development:

> The greatest drawback to the employment of Capital in this country...consists in the high price of wages, and the extreme difficulty of procuring the labour requisite for its profitable employment in any pursuit...the main cause of the scarcity of hired labour in a new Country is the Cheapness of Land, and it seems to follow, as an irresistable conclusion, that the Free gift of Lands, must increase that scarcity an hundredfold. 3

That the Colonial Office was in full agreement with the principles expressed by Allan is apparent from the actions of Lord Goderich, the Colonial Secretary. In 1832 the Lieutenant-Governor of Upper Canada, Sir John Colborne, had granted land to a number of poor immigrants. Goderich was quick to reprimand Colborne for his actions and explained his rationale for refraining from the granting of free lands:

> ...I know not how to propound in plainer terms than I have already done...the necessity that there should be in every society a class of Laborers as well as a class of Capitalists or Land-owners. The high rate of wages and the scarcity of labour, is the complaint of every growing Society. To force that condition artificially, by tempting into the class of Landowners those who would naturally remain laborers, appears to me a course opposed to the dearest interests of the Colony...because, as I have stated, to the good of every Society a supply of labour and a division of employment must be indispensable. 4

To realize this goal of creating "a class of Laborers as well as a class of Capitalists," a number of concrete policies relating to land were invoked. Included among these measures were the restriction of free land grants only to United Empire Loyalists, the apportionment of some of the Crown Reserves under lease to endow King's College, and, perhaps most importantly, the bargain-priced sale of Crown Reserves not leased or applied for to newly established private land companies, such as the Canada Company.

In Upper Canada, then, the tightening of the cheap supply of land was a recognized Colonial policy that was supported by at least some of the members of the business community. These measures, however, were also in the interests of at least part of the agricultural class. If Upper Canada was a "toiler" society in the 1820's composed of independent farmers, by the 1830's and certainly by the 1840's capitalist agriculture had gained a foothold. The lack of a suitable market had, for a time, discouraged the production of surpluses but the canal construction booms as well as wars and embargoes guaranteed a market.[5] Once the market for agricultural surpluses was guaranteed, H.C. Pentland writes "the farmer became fully capitalistic and acquisitive. Increasing emphasis fell on improvement and mechanization, hard work and the dignity of labour, thrift and temperance." The profits realized from the sale of surpluses were, in turn, spent for further land improvements and more property.[6] The new land policy would serve to both cheapen the supply of labour needed to clear and work the expanded farms and to eliminate at least some of the smaller speculators and independent farmers that hindered further expansion.

In Canada East the breaking up of the ties of the population to the land took another form, one corresponding more closely to Marx's analysis of the transition from feudalism to capitalism. Marx argued that under feudalism the tie between the land and the owner is not yet reduced to mere material wealth but is individualized in the form of an estate. The unity between the serf and the lord is thus maintained by a political institution. When landed property becomes capital, that is when it is freed from its political traces, movable capital stands in opposition to landed property. Hence, Marx argued the first stage in the alienation of labour would take a political form with the liberation of the feudal serfs from feudal bonds achieved through a union between labour and industrial capital.[7]

When seigneurial agriculture was abolished in Canada East in 1854, it was the culmination of a political struggle of both the mercantile and industrial community, and the French-Canadians. For the business class, the seigneurial system hindered the "mobility of capital investment and the enlargement of the home market", while for the French-Canadians shrinking land supplies, soil exhaustion, wheat failures in the 1830's and 1840's, and the imposition of more demanding seigneurial obligations all combined to make the system undesirable.[8]

The other significant factor in creating a sufficient pool of "free" labour for industrial development was immigration. In terms of the provision of manual labourers, the gross numbers arriving in Canada were not as important as the ethnic origin of the new arrivals. Figuring prominently among the immigrants were the Irish. This was especially important for Canada East since the French-Canadians, when freed from seigneurial bonds, were little inclined to seek wage employment, except on a temporary basis.[9] The Irish, on the other hand, preferred wage employment to farming, partly because of their previous disasterous experiences with agriculture.

The timing of the Irish migration coincided nicely with the railroad boom. Large numbers arrived throughout the 1840's, peaking in 1847 with the famine in Ireland. As a proportion of all immigrants at Quebec and Montreal, the Irish accounted for 62% in 1832-35, 58% in 1842-46 and between 56 and 85% in 1847, depending on the manner of classification.[10] The Irish proved to be crucial for factory labour in general but were particularly significant for the railroad construction work, in both Canada East and West. Pentland has gone so far as to argue that the "migration of Irish peasants...was to provide the main constituent of Canada's capitalistic labour market."[11]

The combination of new land policies plus the influx of immigrants had, by the beginning of the first railroad period, produced the desired results for Canada's rising industrial capitalists. A large, landless mass of people dependent on wage labour was a dominant social force by 1850. A number of local historical studies have empirically verified this conclusion. Michael Katz, in his study of Hamilton for 1851-52,[12] found that 25% of the population owned all the real property within the city and, further, only 10% held about 88% of the wealth represented by the possession of property. Approximately 75% of the population rented their living quarters and owned no other real property. Between 66 and 75% of the populace was dependent on wage labour, with the poorest 40% earning just slightly over 1% of the income within the city. Not surprisingly, then, Katz documents that one of the main characteristics of Hamilton social life was transiency--between 60 and 66% of the population was transient, that is footloose "free" labour that could be drawn on for capitalist development.

David Gagan and Herbert Mays, in a study of a rural township, Toronto Gore in Peel Township,[13] found social conditions in an agricultural community were similar to those found by Katz in an industrial setting. In any decade between 1837 and 1881 almost one-half of the households of Toronto Gore disappeared to be replaced by new families. The characteristic which explains this transiency the best, although not completely, is land ownership. Between 1851 and 1861, almost 68% of the families did not own their land, with the occupational group "labourers" comprised entirely of landless persons. For the period between 1851 and 1881 the average turnover among the propertyless class approached 75%, with the occupational group of "unskilled labourers" exhibiting the greatest transiency.

In Canada East, the creation of a "transient" landless class was also occurring. Even before seigneurial tenure was abolished in 1854, a large part of the populace had found the possession of land to be an all but impossible dream. Measures passed in the 1820's and 1840's allowed seigneurs to become absolute owners of land,[14] and, coupled with the creation of land monopolies, such as the previously mentioned British American Land Company, allowed capitalist land tenure to achieve a foothold well before 1854.

The land monopolies and their stranglehold on the supply of land were, in fact, sometimes counterproductive to the creation of a working class in Canada East. Settlers throughout the mid-1840's were migrating to the United States in search of cheaper land, with some 25,000 leaving Canada in the five years preceeding 1849. This massive migration received the attention of a Select Committee and the chief cause, or "master-evil" as they termed it, that induced this movement was considered to be the control of large tracts of land by a small group of speculators.[15]

Thus although the "transients" in Canada East often migrated to the south, this movement indicates the degree to which a landless proletariat had also been created in this province to match the one in Canada West. The agrarian ties of the populace to the land were breaking down and replacing them were employer-employee relations marked by the existence of wage labour. As Pentland notes, although the capitalist "labour market of the 1850's had rough edges...it represented a vital transformation."[16] If the labour market of the 1850's had "rough edges", some of these had been removed by the 1860's as a self-regulating wage market is discernable, with similar wage levels in the major metropolitan centres or slightly higher wages in cities with a higher cost of living.[17]

Finally, it should be noted that during the period under study, increasing numbers of the labouring class entered into industrial occupations. If producers are separated from the means of production and sell their labour power on the market, capitalist social relations exist. Thus, if these conditions exist, even a society dominated by agricultural, primary processing and handicraft production is capitalist. It was this very primitive type of capitalist development that largely characterized Canada during the 1850's to 1870's. Notwithstanding this fact, a noticeable trend toward increased industrial employment is evident. For example, in British North America, excluding the Maritimes, the number of workers classified as industrial rose from 71,222 in 1851 to 212,808 in 1871.[18] This growth of an industrial class of labourers was most marked in the metropolitan centres of Ontario and Quebec. In 1871 the percentages of industrial workers out of the total populations in Montreal, Toronto, and Hamilton were 19.7%, 16.8%, and 16.7% respectively. With a labour force participation of 31.8%, this meant that already over one-half of the workers in these centres were in industrial occupations.[19]

In short, all of these features--a large landless population, a self-regulating labour market, and increased participation in industrial occupations--point to the fact that a decisive structural change occurred between the 1840's and 1870's. The unity between the producers and the labour process had been broken and the non-producers now intervened in the productive process to extract surplus from wage labourers--industrial capitalism had emerged in the Canadas.

As can be expected, with the creation of a working class a concurrent development was the emergence of industrial firms in Canada. The next section briefly outlines the dimensions of this growth of manufacturing in the period under investigation.

ii) The Emergence of Industrial Capitalism

Several authors of studies on specific metropolitan centres have noted the development of manufacturing in mid-nineteenth century Canada. Thus Gerald Tulchinsky remarks that in Montreal by the end of the 1840's "manufacturing was clearly emerging as a vitally important sector", with industrial concerns springing up in a number of locales but especially along the banks of the Lachine canal where water power was harnessed as a motive force.[20] J.I. Cooper in his study of Montreal also notes this development of industrial activities and, along with it, the rise of new men of wealth.[21]

Similarly, both John E. MacNab and D.C. Masters in their Toronto studies argue that this city emerged as an industrial centre in the period between the 1850's to 1870's. Further, Masters observes the creation of a new dominant class with a significant degree of intermarriage between the older "aristocratic" and commercial class and the rising industrial class.[22]

Hamilton also experienced a growth in its manufacturing sector during this period. Some industrial activity is revealed in the 1851 census returns from mills and manufacturers; however, the number of men employed per concern is very small scale. A clothing factory employing 95 men, six carriage factories with a combined workforce of 131, three tobacco and cigar factories with 32 employees, and four boot and shoe factories employing a total of 39 men, are among the larger manufacturing firms in Hamilton in 1851.[23] By 1865, Sanford, McInnes and Co., with a workforce of 500, R.N. Nesbitt and Co., with 160 employees, A.P. Watson and Co., with 90 hired hands, and E. and C. Gueney, with 86 workers, are among the industrial establishments employing fifty or more wage labourers.[24]

Stanley Ryerson and Steve Langdon have provided data for the development of industrial capitalism in Canada on a macroscale. Table IV reveals the number of gristmills, saw-mills, founderies, carding and fulling concerns and woollen firms in Canada East and Canada West by 1851, and the number employed in each of these sectors. Already by this date, manufacturing, albeit mainly related to primary processing, had achieved fairly large proportions.

Considering the number of concerns and the number of employees, it is evident that the manufacturing firms, while many in numbers, were relatively small-scale and employed few labourers per establishment. For example, the average number of employees in 1851 for saw mills and tanneries was less than three workers, carding and fulling mills and grist mills less than two, and for iron founderies, 9.5 workers.[26] By 1861, however, a larger scale manufacturing sector was in existence, with 6.1 men employed per saw mill, 3.3 per grist mill and 3.4 per tannery. More dramatically, the number of hands employed per foundry increased from 9.5 in 1851 to 12.9 in 1861 and to 18.2 in 1871.[27]

As manufacturing firms became larger, employing a greater number of labourers per firm, other trends also emerged between the 1850's and 1870's. First, a marked increase in mechanization

Table IV

Industry and Employment in the Canadas, 1851[25]

	Canada West	Canada East
Grist Mills		
No. of mills	612	541
No. employed	1,150	807
Saw mills		
No. of mills	1,567	1,065
No. employed	3,670	3,634
Founderies		
No. of mills	94	38
No. employed	925	197
Carding & Fulling		
No. of mills	147	193
No. employed	213	282
Woollens		
No. of mills	74	18
No. employed	632	154

is noticeable, with a greater number of establishments using steam power. Secondly, a trend towards greater consolidation of industrial firms is apparent, with a few large-scale manufacturing establishments increasing their output to exceed $200,000 per year by the 1870's.[28] Finally, with the growth of larger, more mechanized companies producing a greater output per year, Canadian industrialists, rather than foreign capitalists, were able to serve the national market with a great variety of manufactured goods. With the exception of cotton goods, by 1870 Canadian consumption of manufactured goods were largely supplied by domestic firms (Table V).

Although this sketch of the development of industrial capitalism has been brief, the broad patterns of growth of the

Canadian economy in the mid-nineteenth century are discernable. As a percentage of the gross national product, manufacturing displayed only a slight growth, from 18.3% in 1851 to 19% in 1870,[29] showing the continuing importance of the staple trade; however, the concern here is not so much with dominant sectors of the economy in terms of the gross national product but, rather, with the tendencies in the social relations of production.

Table V

Percentage Domestic Consumption supplied by Domestic Production, 1870[29]

Industry	% Domestic Production to Consumption
Agricultural implements	95
Boots and shoes	99
Breweries	95
Furniture	97
Carriages	99
Cottons	24
Distilleries	97
Foundry products	79
Machines	93
Petroleum	99
Paper	82
Tanneries	91
Woollens	85

Putting together the data from the previous section on the creation of a working class with the findings here on the growth of industrial capitalism, it is clear that for an increasing number of Canadians the dominant social reality was one of wage labour in large, mechanized industrial establishments.

While commercial interests certainly remained significant forces within the economy, for the growing industrial working class the purely mercantile transactions had less relevance to their social existence than did the emerging industrial capitalist relations. Surplus from the employees in the industrial concerns was not extracted via the price bargain as in a commercially dominated society, but, rather, through the expansion of surplus labour as in capitalist societies. For industrial workers, the non-producer, the capitalist, now directly intervened in the productive process and secured profits by expanding labour power to produce beyond the cost required to reproduce itself.

The next two sections will analyze the role that railways and railroad promoters played in this transition from a mercantile to an industrial capitalist economy. As was noted earlier, the first railways were promoted by merchants to fulfill mercantile objectives. The task will be to evaluate the extent to which railways aided industrial production, and the degree to which railroad directors became, as participants in the developing manufacturing concerns, aligned with industrial interests rather than purely mercantile interests.

iii) Railroads and Industrial Capitalism

Although railway promoters in the 1840's and 1850's stressed primarily commercial objectives, the value of these enterprises to manufacturing was not completely ignored. The combination of restrictive land policies and the influx of immigrants created, as has been shown, a large body of workers dependent on wage labour for their livelihood. Obviously, the growth of some industrial activity was a pressing need to employ this mass of labourers. In this sense, railway projects were viewed as vital sources of employment. For example, the Select Committee appointed to investigate the causes of the emigration from Lower Canada to the United States singled out as one major factor "the want of manufactories to employ the workmen..." Railroads, such as the proposed Quebec to Halifax line, it was argued, were

> a great national enterprise...and which more than anything else will prevent the tide of emigration of Canadians to foreign parts, and will attract and retain in this Province the emigrants from the British Isles, by furnishing employment to thousands of workmen... 31

Jasper Gilkison made a similar observation about the advantages of the construction of the Great Western to Hamilton. In a letter distributed to try to raise stock subscribtions for the railway, Gilkison reiterated the usually cited benefits of the line--it would secure the western trade, raise land values, and so on; however, it was also added "in connexion with the Company, there will be immense Mechanical works, affording employment to many hundreds."[32]

Beyond the importance of railroads per se as sources of industrial employment, their impact on the development of other manufacturing concerns was also not totally neglected. Even T.C. Keefer in his "Philosophy of Railroads," a pamphlet commissioned by Montreal commercial interests and largely devoted to reiterating the merchants' vision of the "Empire of the St. Lawrence", did not ignore the transforming power of the railroads. The utility of the railways to industrial development received mention in several separate passages. For example, Keefer argued:

> Nothing would tend more to the extension of Manufactures...than the existence of Railways;--nothing would more rapidly build up, what every country should have, a home market--place the consumer near the producer--keep our surplus population at home--promote the growth of wool--the cultivation of hemp--the settlement of waste lands--the employment of our unlimited water power--and the expansion of national enterprise. 33

Once railways were actually constructed, their industrial functions continued to receive mention. For example, a pamphlet prepared by Montreal interests to celebrate the opening of the Grand Trunk largely centred on the commercial rivalry between New York and Montreal and the significance of this railway for Montreal's merchants in the struggle for dominance of the western trade. Nonetheless, industrial interests are also addressed.

The sub-committee preparing the pamphlet, consisting of such supposedly stalwart mercantilists as L.H. Holton and John Rose, deemed it necessary to appeal to industrial capitalists. Thus, it was argued that Lower Canada possessed conditions conducive to capitalist development; nowhere, they noted, "are there found people better adopted for factory hands, more intelligent, docile, and giving less trouble to their employees..." Further, the benefit of the Grand Trunk to aspiring industrialists, namely the connection of producers to markets, was also stressed as they noted the railway connected to the Sherbrooke paper mill "which was thus brought by the Grand Trunk Railway within very easy access of Montreal."[34]

The role of railroads in stimulating industrial activity by connecting manufacturers to market cannot be lightly passed over. The 1850's saw a proliferation of railroad charters with communities of every size aspiring to become important railway centres. Once these projects were developed by the 1860's and 1870's, the Canadas contined an extensive network of rail communications uniting hinterlands to metropolitan centres.

W.G. Phillips, in his study of the Canadian agricultural implements industry, has singled out the rail network as a key to the industry's growth in the nineteenth century. Prior to the railway era the agricultural implements firms were "little more than blacksmith shops which supplied a variety of rudimentary implements for a local demand."[35] With the railroad developments, Phillips argues, both an expansion of markets was achieved and the pattern for the agricultural implements industry's location established. Thus, along the Great Western Railroad, Harris Co. at Beamsville, L. and P. Sawyer at Hamilton, David Maxwell at Paris, Noxon Bros. at Ingersoll, and Verity at Francestown all began production, while along the tracks of the Northern Railway the firm of Patterson and Bros. Co. established itself. In addition, other manufacturers already in operation, such as Frost and Wood Co. at Smith's Falls, benefitted from the transportation improvements.[36] In 1861, forty-six agricultural implement firms are listed in the census returns, producing goods to the value of $413,000, and, as was seen in Table V, by 1870 domestic production accounted for 95% of the consumption of these goods. No small part in the development of this industry can be assigned to the railroads.

Railroads thus were crucial in linking industrialists to consumers and in this way allowing industrial capitalism to develop. In another respect, however, railroads played a greater role in the emergence of manufacturing. As economic activities requiring a variety of manufactured goods for their construction and operation, railroads provided a ready market for a number of industrial products. In particular, throughout the time between the 1850's and 1870's iron and steel mills and machinery industries sprang up to meet the equipment demands of the railways.

The early Canadian railways, such as the Champlain and St. Lawrence and the St. Lawrence and Atlantic, relied on British or American imports of locomotives, machinery, axles and wheels, and most of the other required manufactured goods. The Champlain and St. Lawrence imported its first locomotive from England, the passenger cars from the United States, and had its flat cars and baggage wagons built in Montreal.[38] Similarly, the St. Lawrence and Atlantic Railroad Co. largely relied on foreign imports to meet its equipment needs, importing, for example, two of its first locomotives from the Portland Company at a total cost of $16,142. Besides the time required to receive orders from foreign countries and the added transport costs, this method of supplying equipment requirements also faced the added cost of high import duties on some of the imported goods.[39] For these reasons the production of railway machinery and equipment offered aspiring capitalists a lucrative field of investment--and it was not long before the manufacture of these goods became a central activity in the developing industrial capitalist economy.

In 1853 the first Canadian built locomotive, the "Toronto," was constructed by James Good's Foundry for the Toronto, Simcoe and Huron Railway.[40] Soon after, a Montreal plant was opened by the Scottish firm of Kinmond Bros. and, with a work force of between 170 and 180 men, constructed nine locomotives in the first two years of production. In addition, D.C. Gunn, a Hamilton machine and agricultural implement company, was building locomotive for the Grand Trunk, while in Kingston the Ontario Foundry Co. constructed twenty-two locomotives during the 1850's. By the end of the 1850's, out of 449 locomotives in operation, 78 were built in Canada or the Maritimes,[41] indicating that the dependence on foreign manufacturers in this sector was not completely broken but, nonetheless, a rising Canadian manufacturing activity was in evidence.

Another manufacturing activity tied up with the railroad boom was the construction of baggage and passenger cars and other rolling stock. In particular, the firm of McLean and Wright deserves notice. A Montreal based company initially, the firm had large contracts with the St. Lawrence and Atlantic railway to supply rolling stock. An entry in the railway's journal for May 31, 1852, for example lists a bill payable to McLean and Wright for £2500.[42] By 1853 McLean and Wright had opened a branch plant in Toronto and already had a sizeable contract with the Ontario, Simcoe and Huron Union Railroad to supply twelve passenger cars, six baggage cars, sixty freight cars, one hundred flat cars, and forty gravel cars.[43]

Other industrial firms that owed their growth to the railroads included a Kingston establishment started in 1855, the only one of its kind in the country at that time, to manufacture axles and wheels for railway carriages;[44] the Hamilton firm of Williams and Cooper, which manufactured the first Canadian built rolling stock;[45] the Toronto based Steel, Iron and Railway Works Company, established in 1866 with a patent process for railway crossing points and to put steel ends on railroad rails;[46] the Radnor Forges of Messrs. Larve and Co. near Three Rivers, producing cast-iron wheels for railway cars;[47] and a number of iron and steel works and rolling mills, such as the Montreal Rolling Mills Co., the Moisic Iron Co., the Toronto Rolling Mill of Gzowski and Macpherson, and the Toronto Wire and Ironworks.

The growth of the iron and steel industry in particular was closely related to railway developments. In 1871, the production of machine shop and foundry products was ~~already~~ valued at $10,000,000, and by 1881 the total output of iron and steel products had reached $16,000,000.[48] Moreover, an export trade prior to the depression of the mid-1870's had developed, with the value of iron and steel exports reaching $1,492,306 in 1873.[49] In 1881, approximately 50% of the iron and steel consumed was being manufactured within Canada. As W.J.A. Donald notes, a key single factor in the growth of this industry was the construction and operation of railways within the Canadas.[50]

Finally it should be observed that the railway companies also became major manufacturers of rolling stock, as well as moving into the field of operating machine shops. The Welland Railway had shops in St. Catharines producing railroad carriages and employing 85 men in 1864,[51] in the 1850's the Grand Trunk Railroad built its highly mechanized shops near Montreal to repair and build equipment and which employed some 3,000 men,[52] while the Great Western established shops to build and repair rolling stock in the 1850's, and a rolling mill to patch and re-roll iron rails in 1864. The shops of the Great Western, both in terms of their output and the number of men employed, are illustrative of the importance of railroads in the transition from a mercantilist to an industrial capitalist economy.

The Great Western when first opened relied on American and British manufacturers for its rolling stock and locomotives. In 1853, for example, of the 25 locomotives contracted for, 14 were from the Schenectady Locomotive Works in New York state and 6 from the Lowell Machine Shop in Massachusetts. A large order for railroad cars was made in 1854 with the Bristol based

Slaughter and Co., while the Manchester based Fairbairn and Co. received a contract for passenger cars in 1855. In short, prior to 1855 the Great Western had little impact on the development of industrial production within Canada and, with its imports of manufactured goods and the movement of staples on its line for export, the company's activities corresponded to those portrayed by theorists who claim Canadian railways served commercial functions.

An entry in the Minute Book of the Great Western for September 11, 1855, however, reveals a change in policy by the railway directors with respect to the supply of railway equipment:

> The Company are [sic] now building twelve passenger, and one hundred platform cars in their own shops. They have also ordered a large supply of timber, so as to have it well seasoned by the time more freight cars are required. It is believed that a considerable saving, both in first cost and repairs, may be effected by the Company building cars in their own workshops...This course...the Directors propose to adopt in future. 53

The reports of the Great Western's Superintendent of the Car Department give an indication of the magnitude of the railroad's manufacturing activities. Thus, in 1858 the department built three sleeping cars, 100 wheat cars, additional fixtures were placed on 400 freight cars, with 200 of these also having steel plates added, 13 first class and 8 second class passenger cars were thoroughly repaired and painted, 6 new box freight cars and 3 post office and baggage cars were built, and general repairs were made on some of the other cars. The importance of this work in employing wage labour is evident from Table VI.

Table VI

Wages and Salaries of the Great Western Railway Car Department, August 1858 to July 1859[52]

Six months ending	Wages for Repairs & Renewals of Cars	Salaries of Super-intendents, Foremen and Clerks
Jan. 31, 1858	$10,951	$793.60
July 31, 1858	$13,428.02	$972.80
Jan. 31, 1859	$10,810.88	$889.02
July 31, 1859	$14,639.13	$979.38

Whether the move to construct and repair rolling stock was prompted by considerations of economy, safety (the Great Western complained of other firms' poorly constructed cars), or to achieve greater control over the entire process of supplying and operating the railroad is not as important as the impact of this development, and similar ones by other Canadian railroads, for the transition to industrial capitalism. A manufactured product formerly acquired through importation now became a domestic product and railway companies, as employers of wage labour in this manufacture, further stimulated the tendency towards social relations characteristic of industrial capitalism.

In short, railroads can be viewed as instrumental in the development of industrial capitalism in a number of ways: wage labour was employed for the construction and operation of the lines and for the building and repairing of rolling stock; a stimulas was provided for industrial production geared to serving the railroads' needs for manufactured goods; and the transportation networks linked industries to markets, thereby facilitating the growth of manufacturers. The remainder of this chapter analyzes the relationship between the railroad promoters and the emerging industrial capitalists.

iv) Railroad Promoters and Industrial Capitalists

> "The manufacturers saw in the railroad companies the greatest threat to their profit position." 55

The thesis that views railroad companies as a force in opposition to industrial interests rests upon the distinction made between mercantile and industrial activities. The argument states that the linkage of the dominant class within Canada runs from mercantile activities, to finance, transportation and land interests, and that, with this commercial class dominating the railroads, the railways served to solidify this group's middle-man function in the outflow of staples and influx of manufactured goods. As was shown in chapter three, this linkage of interests among the railroad promoters, as well as the stated purpose of the transportation schemes, certainly fits this thesis, at least for the early period of development. Evidence will be presented below, however, which shows that in reality, the linkage of a sizeable number of railroad promoters extends from mercantile activities and railroad promotions into industrial pursuits. In this case, the distinction made between commercial and industrial interests becomes an unfortunate dichotomy with at least a portion of the railroad capitalists not recognizing any conflict between commercial and industrial objectives.

One of the facts that becomes clear in an examination of the early railway promoters is that many of the same directors with links to Canadian banks, mercantile trade and land companies were also among the early participants in industrial ventures. Thus, A.T. Galt, along with his railway activities, investments and later participation in banks, his role in the British American Land Company and his involvement in various other financial institutions, was also founder of the Canadian cotton industry when, in 1844, he promoted a mill at Sherbrooke, the first joint stock industrial company in Canada.[56] After this mill closed down, Alexander T. Galt, along with his brother Thomas, were among the petitioners for incorporation of the Sherbrooke Manufacturing Company.[57] Other industrial ventures of A.T. Galt included his part in purchasing the unprofitable Marmora Foundry Co. in 1853, and his becoming a director of the newly constituted company,[58] his role in incorporating and becoming a provisional director of the Canadian Railway Equipment Company in 1872,[59] and his leading role in the organization of mining operations in southern Alberta during the 1880's.[60]

That Galt's role in industrial companies was not even greater is, no doubt, at least partly due to the stage of development of industrial capitalism during his lifetime; however, in the transition from a commercial to an industrial economy, Galt, and other leading railway promoters, were in the forefront. It was precisely men like Galt who spearheaded the attack against the ideology of Canadian mercantilism--an ideology which supported the maintenance of Canada in the role of supplier of raw materials for Britain and consumer of the Mother Country's manufactured goods.

While A.T. Galt was launching his Sherbrooke cotton mill, the attacks of hostile critics to such plans for native manufacturing loomed in the background. Thus, in 1845 during the second reading of the bill to incorporate the Sherbrooke Cotton Factory, the Hon. Mr. Ferguson voiced his objection to the upstart attempts to develop domestic manufacturing. Not only did such ventures display a lack of gratitude for Britain's paternal treatment of the colony, Ferguson argued, but they were also almost treasonous. A contemporary newspaper account of Ferguson's objections to domestic manufacturers paraphrased his pointed attack in the following manner:

> ...the House ought to remember the position of this country as a colony of Great Britain... Great Britain lived by manufactures, and almost her whole population was employed in them. It might be well enough in this colony to manufacture what it produced itself, to work up its wool into cloth, but it was not grateful, nor, if he might be allowed to use the word, was it loyal to foist any cotton factories into existence. It was not right to say to the British Government and people, that as soon as their colony should be able, it would throw them off, and have nothing to do with them or their manufactories...he would object to the establishment of any manufactories as long as the manufacturers at home could supply us. 61

Similarly, during the controversy over the granting of the Grand Trunk Railway contract to British contractors, Galt stood in opposition to the orthodoxy which accorded dominance in Canadian industrial undertakings to British interests. Although Galt's motives were tempered by self-interest--the Grand Trunk scheme of Francis Hincks would eliminate his railway project, the Montreal and Kingston, from active participation in the main trunk line--he, along with L.H. Holton, argued that the Grand Trunk arrangements were an offence to Canadian business interests:

> We feel strongly on the subject, not merely from our direct interest, but because, as Colonists, we desire to see the public men of the country promoting Provincial enterprise--we desire to see the standard of self-reliance raised--we deny the inferiority of our resources--we assert that a permanent injury is done by repressing every effort to act for ourselves--and we repudiate most solemnly the necessity for calling in foreign aid--to do that which we are amply able to do for ourselves. 62

These were strong words indeed for supposedly parasitic middlemen dependent upon coddling to British interests for their profits.

Other railroad promoters were also part of the rising industrial class. The Molson family in particular was heavily involved in industrial undertakings. A recent biographical sketch of William Molson and the Molson family notes that,

> All his life [John Molson, Sr.] opposed by his activities...the structure of a staple economy. He was above all an industrial entrepreneur, if we can agree not to consider this term an anachronism given the slow progress of manufacturing at that period. His three sons were to be profoundly marked by this pattern... 63

The various members of the Molson family were actively involved in railroad projects. William Molson alone was a director of such companies as the Champlain and St. Lawrence, the Montreal and New York, the St. Lawrence and Atlantic, and the Grand Trunk railways. The Molsons' industrial enterprises included brewing and distilling, mining (William Molson was a member of such concerns as the Montreal Mining Company, the Upper Canada Mining Company, the British North American Mining Company, and the Quebec and Lake Superior Mining Association),[64] machine shops and founderies. The Molson machine shop was established to manufacture parts for the family's shipping activities,[65] and later their St. Mary's Foundry would do a healthy business with such railways as the Champlain and St. Lawrence Railroad with which the family was intimately connected to.[66]

The Molsons' combination of brewery and railway activities was not uncommon. In general, other industrialists involved in the brewing and distilling sector were also largely represented in the early railway projects. Thus, the Toronto distillers, Gooderham and Worts, were on the board of the Northern railway, with Gooderham also being a key figure in the founding of the Toronto and Nipissing Railway Co., William Dow was involved in the Montreal and Champlain Railroad Co., and the Carlings held a number of directorates in railway companies, including the London and Lake Huron Railway Co., the London and Port Stanley Railway and the London, Huron and Bruce Railway.

This participation of brewers and distillers in railway entrepreneurship is revealing since it points to the danger of viewing the movement of raw materials as denoting purely mercantile functions. Brewers were just as preoccupied with capturing the grain markets as were the large Montreal import and export houses; however, in the former case the staple constituted an input into an industrial production process and, hence, its movement over the railway lines signified the industrial function of moving raw materials to producers.

Other businessmen engaging in railway and industrial activities included Casimir Gzowski and David L. Macpherson. These two had been involved in various Montreal railway promotions prior to the establishment of the Grand Trunk. Part of the concession that the Montreal interests received from the Grand Trunk syndicate in return for surrendering their railroad rights to the British group included a contract to build part of the Grand Trunk line. Gzowski and Macpherson, together with A.T. Galt and L.H. Holton, went on to form Gzowski and Co. and construct the Toronto to Sarnia section, a project which netted the four capitalists a tidy sum of money and allowed one partner, Holton, to retire from business in a comfortable financial position.[67] Gzowski and Macpherson stayed on in partnership after the completion of this contract, forming the Toronto Rolling Mills Co. in 1857 to manufacture iron rails. A ten year contract was secured with the Grand Trunk, at least partly through their close connections to the railway's directors, to supply the line with rails. The rolling mills enjoyed a profitable business, until the introduction of steel rails forced them to cease operations in 1873.[68]

Gzowski and Macpherson also went on in 1861 to found the Toronto Cotton Mills Company, with Gzowski becoming the first President.[69] In 1864 the two were among the incorporators of the British American Exploring and Mining Association,[70] while Gzowski was also an incorporator of Date's Patent Steel Company, Limited, a company formed in 1873 with a patent for a new production method to manufacture steel.[71]

Similar cross linkages between railroad and industrial activities are not difficult to trace. John Young, chairman of the Canadian Board and Vice-President of the Great Western for a number of years, retired from his wholesaling trade in 1866 to take over Joseph Wright's Dundas Cotton Mills; John W. Gamble, an incorporator of the Toronto and Owen Sound Central Railway Company, was also the proprietor of a large manufacturing complex which included a grist and flour mill, a sawmill, a distillery, and a cloth factory; Henry S. Howland, president and director of a number of railways, including the Toronto and Nipissing, Toronto, Grey and Bruce, and Toronto and Ottawa, was the chief promoter and later president of the Canada Car Co.; F.C. Capreol, a leading promoter in the Northern Railway and its predecessor, was, in 1863, among the incorporators of the Peel General Manufacturing Co.; John Hillyard Cameron, an incorporator of the Toronto and Owen Sound Central Railway and director of the Northern Railway, founded the Toronto Pressed Brick Co. in 1857; F.W. Cumberland, a director and managing director of the Northern, as well as Vice-President of its forerunner, the Ontario, Simcoe and Huron, was also involved in the Toronto Pressed Brick Co.; E.F. Whitemore, backer of various railway schemes, including the Toronto and Guelph and the Toronto and Owen Sound Central Railway, was a petitioner for the incorporation of the Toronto Locomotive Manufacturing Co.; and, Donald McInnes, an incorporator of the Great Western and Lake Ontario Shore Junction Railway, was a trustee of the Canada Cotton Factory in Cornwall.

All that is required to add to the above list is a quick review of the incorporations of companies between 1850 and 1879. Although some of the firms incorporated never succeeded in becoming ongoing concerns, nonetheless they reveal a clear pattern--commercial and railway interests were increasingly becoming interested in industrial pursuits, paving the way for the evenual merger of bankers and industrialists.

No lack of data exists for the combination of railroad and industrial interests by a large group of the Canadian business class. If, in fact, railroads and industry stood in hostile relation to each other, then one must assume a significant number of the business class either were not astute enough to recognize this or simply had a confused conception of their interests, neither of which are plausible to this observer.

If mercantilists were involved in railways because they served their interests by linking hinterlands to international markets, why would industrialists participate in the ventures? Basically, the answer is that railways also tied industrialists to their sources of raw materials and to their markets.

It would be totally erroneous to classify the railways as either serving mercantile or industrial interests. The utility of these transportation schemes to merchants and their carrying trade is a fact that cannot be denied; however, railways also benefitted rising industrialists. This fact was realized by Canadian capitalists during the 1850's to 1870's and they responded by throwing their support behind the railway projects.

Conclusion

This chapter has brought together data to support the contention that during the period between the 1850's and 1870's the Canadian economy was tending toward the characteristics of the capitalist mode of production. Moreover, in this process of transformation railways and their promoters, rather than standing in hostile opposition, generated a significant impetus to this structural change.

The first parts of this chapter analyzed the development of capitalist social relations and the growth of manufacturing. It was observed that the separation characteristic of the capitalist relation of real appropriation, that is the separation of the producers from the means of production and the direct intervention of the non-producer into the production process, developed by the middle of the nineteenth century. The arrival of a substantial number of immigrants, together with the state's changing land policy, were seen to be two of the major factors in this development. A landless work force dependent on the sale of their labour for their existence was by no means the dominant social relation for all parts of Canada as the hinterland territories contained a large body of men still largely existing in pre-capitalist social relations; however, certainly in the metropolitan centres, and increasingly in the smaller urbanizing complexes, capitalist social relations were in the ascendancy and constituted the dynamic element in the society's evolution.

It was next noted that Canadian workers were not merely engaged in petty capitalist production but, rather, were tending to be employed in large-scale manufacturing factories. With the growth of major industrial firms, the number of employees per firm grew and greater numbers were brought together in work settings characterized by bona fide capitalist relations.

The last two sections in this chapter focused on the impact of the railroads on the growth of industrial capitalism and the degree to which railroad interests were involved in this process. Railroads, it was argued, as consumers of manufactured goods and as essential activities linking industrialists to raw materials and markets, were the backbone of the transformation from a mercantile to an industrial economy. In particular, the importance of these transportation ventures for the agricultural implements industry, the iron, steel and foundry mills, machine shops, and brewing and distilling was noted.

Finally, the considerable involvement of railroad directors in a wide variety of industrial pursuits was suggested. This finding supports the contention that railroads performed essential industrial functions as well as mercantile functions. It is not to be suggested that all manufacturers favoured the railroads nor that even a majority of railroad promoters were also involved in manufacturing. Instead this data suggests that no contradiction existed between railroad and industrial development. Conflicts over freight rates could divide the railroad executive and the manufacturer. As two separate businesses, both designed to earn a profit, conflict is inevitable to some extent. This type of divergence in interests, however, parallels similar relationships where one industrialist is dependent on another for a product. A steel producer and a mining company, for example, are in a relationship similar to a railroad company and a manufacturer requiring the transport of goods to a market. While disagreements over pricing are frequent, neither the steel company and the mining firm, nor the railway and the manufacturer, represent fundamentally irreconcilable interests. This was clear to the Canadian business class as large numbers linked their railroad interests with industrial undertakings, or vice versa.

In short, the coming of the railway age and industrial capitalism are not unrelated events. With the ascendency of industrial capitalism and its specific social relations, a new problem emerged, namely the problem of work and of maintaining alienated social relations. As Langdon has shown, the rise of industrial entrepreneurs and large-scale factory production brought forth a conflictual production relationship, with workers reacting to this situation through strike activities and various forms of collective action.[70]

The next chapter analyzes railroads per se as industrial projects with all the labour-management work tensions characteristic of this type of relation of production. It is argued that railroad workers presented their employers with the problem of "management," and the state became a central mechanism in resolving this problem in accord with the interests of the employing class. The movement of the state into the realm of industrial relations is thus seen as another indicator of the development of the capitalist mode of production, with the "government" assuming responsibilities characteristic of the general function of the state in this mode.

Footnotes

1. Karl Marx, Capital, Volume I, (Moscow: Progress Publishers, 1971), chapter XXVI, p. 668.

2. Ibid., chapter XXXIII, p. 719.

3. Leo Johnson, "Land Policy, Population Growth and Social Structure in the Home District, 1793-1851" in Ontario History, (Volume 63, No. I, March 1971), p. 57.

4. Ibid.

5. Paul Phillips, "Land tenure and economic development: a comparison of Upper and Lower Canada" in Journal of Canadian Studies, (Volume 9, No. 2, May 1974), p. 40.

6. H.C. Pentland, "The Role of Capital in Canadian Economic Development Before 1875" in The Canadian Journal of Economics and Political Science, (Volume 16, No. 4, November 1950), p. 462.

7. For a summation of this first stage in Marx's analysis of the transition from feudalism to capitalism, see Istvan Meszaros, Marx's Theory of Alienation, (London: Merlin Press, 1970), pp. 136-40.

8. Stanley Ryerson, Unequal Union, (Toronto: Progress Books, 1973), pp. 286-88; H.C. Pentland, "The Development of a Capitalistic Labour Market in Canada" in Canadian Journal of Economics and Political Science, (Volume 25, No. 4, 1959), p. 457; Phillips, op. cit., p. 39.

9. Pentland (1959), Ibid., p. 456.

10. Ibid., p. 459.

11. Ibid., p. 460; see also Kenneth Duncan, who notes the importance of the Irish in building the railroads, arguing that it "would be absurd to suggest that the railroads of North America would not have been built had there been no potato famine and no Irish labour but they would have cost much more, taken much longer to build, and imposed a much higher social cost than they did." Kenneth Duncan, "Irish Famine Immigration and the Social Structure of Canada West" in Michiel Horn and Ronald Sabourin, editors, Studies in Canadian Social History, (Toronto: McClelland and Stewart Ltd., 1974), p. 158.

12. Michael Katz, "The People of a Canadian City: 1851-2" in Canadian Historical Review, (Volume 53, 1973), pp. 27-47.

13. David Gagan and Herbert Mays, "Historical Demography and Canadian Social History: Families and Land in Peel County, Ontario" in Canadian Historical Review, (Volume 54, 1973), pp. 27-47.

14. Ryerson, op. cit., pp. 287-8.

15. First Report of the Select Committee Appointed to Inquire into the Causes which retard the Settlement of the Eastern Townships of Lower Canada, 1851, Reference No. 1-2254, P.A.C.

16. Pentland (1959), op. cit., p. 461.

17. Steven Langdon, "The Political Economy of Capitalist Transformation: Central Canada From the 1840's to the 1870's (Unpublished M.A. Thesis, Carleton University, 1972), pp. 140-5.

18. Ryerson, op. cit., p. 444.

19. Langdon, op. cit., p. 109.

20. G. Tulchinsky, "The Montreal Business Community, 1837-1853" in David S. Macmillan, editor, Canadian Business History: Selected Studies, 1497-1971, (Toronto: McClelland and Stewart Ltd., 1972), p. 126.

21. J.I. Cooper, "The Social Structure of Montreal in the 1850's" Canadian Historical Association Report, 1956, pp. 63-73.

22. John E. MacNab, "Toronto's Industrial Growth to 1891" in Ontario History, (Volume 47, No. 2, 1955), pp. 59-80; D.C. Masters, The Rise of Toronto 1850-1890, (Toronto: University of Toronto Press, 1947).

23. Census of the Canadas, 1851.

24. Sessional Papers, (No. 6), 1865.

25. Ryerson, op. cit., p. 175; p. 177.

26. Langdon, op. cit., p. 78.

27. Ibid., p. 78.

28. Ibid., p. 111.

29. Tom Naylor, The History of Canadian Business 1867-1914, Volume I, (Toronto: James Lorimer and Co., 1975), p.42; see also Langdon, op. cit., p. 108.

30. Langdon, _Ibid._, p. 79.

31. _Report of the Select Committee of the Legislative Assembly, Appointed to Inquire into the Causes and Importance of the Emigration Which Takes Place Annually From Lower Canada to the United States, 1849, Reference No. 1-2142,_ P.A.C.

32. Jasper T. Gilkison, _Construction of the Great Western Railroad_, (Hamilton, 1850), Reference No. 1-2201, P.A.C.

33. T.C. Keefer, "Philosophy of Railroads" in H.V. Nelles, editor, _Philosophy of railroads and other essays, by T.C. Keefer_, (Toronto: University of Toronto Press, 1972), p. 19.

34. _Montreal in 1856. A Sketch prepared for the Opening of the Grand Trunk Railway of Canada_, (Montreal: John Lovell, printer, 1856).

35. W.G. Phillips, _The Agricultural Implement Industry in Canada: A Study in Competition_, (Toronto: University of Toronto Press, 1956), p. 38.

36. _Ibid._, p. 38.

37. _Ibid._, p. 40.

38. G.R. Stevens, _Canadian National Railways_, Volume I, (Toronto: Clarke, Irwin and Co. Ltd., 1960), p. 27.

39. See, for example, the Journals of the St. Lawrence and Atlantic Railroad Company, where the bills payable by the company include a great many import duties. _Canadian National Railway Archives_, R.G. 30, Volumes 159-161, P.A.C.

40. Russell D. Smith, "The Northern Railway: Its Origins and Construction, 1834-1855" in _Ontario History_, (Volume 48, No. 1, 1957), p. 32.

41. Ryerson, _op. cit._, pp. 260-1.

42. Journal of the St. Lawrence and Atlantic Railroad Company, _Canadian National Railway Archives_, R.G. 30, Volume 161, P.A.C.

43. Smith, _op. cit._, p. 31.

44. W.J.A. Donald, _The Canadian Iron and Steel Industry: A Study in the Economic History of a Protected Industry_, (Boston: Houghton Mifflin Co., 1915), p. 103.

45. Ryerson, op. cit., p. 261.

46. 29-30 Vict., cap. 110.

47. Donald, op. cit., pp. 36-7.

48. Ibid., p. 77.

49. Ibid., p. 338.

50. Ibid., p. 77.

51. Langdon, op. cit., p. 98.

52. Pentland (1950), op. cit., p. 469.

53. Great Western Railway, Minute Book of General Meetings of Shareholders, Canadian National Railway Archives, R.G. 30, Volume I, P.A.C.

54. Report of the Car Superintendent, Great Western Railway, February 18, 1859, Ibid.

55. Naylor, Volume 2, op. cit., p. 30.

56. Ibid., Volume 1, p. 48.

57. 20 Vict., cap. 176.

58. 16 Vict., cap. 253.

59. 35 Vict., cap. 82.

60. For a more detailed discussion of Galt's role in developing Alberta's coal resources, see A.A. den Otter, "Sir Alexander Tilloch Galt, The Canadian Government and Alberta's Coal" in Canadian Historical Association, Historical Papers, 1973, pp. 21-42.

61. British Colonist, February 7, 1845.

62. Journals of the Legislative Assembly, 1852, Volume XI, Appendix XX.

63. Marc La Terreur, editor, Dictionary of Canadian Biography, Volume X, 1871-1880, (Toronto: University of Toronto Press, 1972), p. 517.

64. Ibid., p. 523.

65. M. Denison, Canada's First Bank: A History of the Bank of Montreal, Volume I, (Toronto: McClelland and Stewart Ltd., 1966), p. 200.

66. See the Journals of the Champlain and St. Laurence Railroad Co., Canadian National Railway Archives, R.G. 30, Volumes 134-136, P.A.C.

67. H.C. Klassen, "L.H. Holton: Montreal Businessman and Politician 1817-1867" (Unpublished Ph.D. dissertation, University of Toronto, 1970), p. 162.

68. Ludwik Kos-Rabcewicz-Zubkowski and William Edward Greening, Sir Casimir Stanislaus Gzowski: A Biography, (Toronto: Burns and MacEachern, 1959), p. 90.

69. 24 Vict., cap. 102.

70. 27-28 Vict., cap. 130.

71. 36 Vict., cap. 123.

72. Langdon, op. cit., chapters IV and VIII.

Chapter Five

Railroad Workers, The State and Alienated Labour

The "fathers" of sociology, as Anthony Giddens observes, were fundamentally concerned with a single overriding issue-- "the nature of the transformation which destroyed 'traditional' society and created a new 'modern' order."[1] Thus Georg Simmel pondered over the emerging relationships brought forth by the "metropolitan rhythm of events" arguing that the

> relationships and affairs of the typical metropolitan usually are so varied and complex that without the strictest puntuality in promises and services the whole structure would break down into an inextricable chaos. Above all, this necessity is brought about by the aggregation of so many people with such differentiated interests, who must integrate their relations and activities into a highly complex organism. 2

Similarly, Emile Durkheim analyzed this "highly complex organism." While Simmel's description contains a note of despair, Durkheim viewed the new social relationships as a positive advance, an indication of a higher social order; however, as Giddens has pointed out elsewhere, what these theorists and the other classical sociologists were in fact discussing was the transformation from a pre-capitalist to a capitalist social order.[3] The "highly complex organism" of Simmel, and its tendency to reduce a person into a mere cog "in an enormous organization of things and power which tear from his hands all progress, spirituality, and value in order to transform them from their subjective form into the form of a purely objective life",[4] were thus attempts to describe and analyze capitalist society and alienated labour.

As was outlined in the introductory chapter, the notion of alienation implies certain structural conditions, namely a concentration of capital under the control of a small group of people and the existence of a large propertyless class who become wage labourers. These conditions were evident during the railway era and earlier chapters discussed the importance of the state in both the mobilization of capital to allow the railroad promoters to advance their projects and, through its policies, in the creation of a capitalist labour market.

That railway workers were part of the capitalist labour market is partly evident from the fact that large numbers of immigrants, particularly the Irish, made up the work force. The Irish, fleeing from the famine, had largely been at the bottom of the class system in their native country. Arriving in Canada, many of the immigrants were "sick and hungry, possessed only of the rags they stood in, without friends, money, supplies, or tools, illiterate, and unskilled even in simple tasks..."[6] This group, with "little to sell but brute labour",[7] constituted an important element in the make-up of the capitalist labour market, with many entering the employment of the budding railroad companies.

Michael Doucet's study of working class housing in Hamilton also provides data on the social position of the railroad workers. Doucet analyzed four elements of Hamilton's working class population—labourers, railway workers, moulders and shoemakers——and compared their housing characteristics to the middle class, as represented by clerks, the "elite", as represented by merchants and lawyers, and to the total population. Railway workers, it turned out, displayed the most negative housing characteristics. In terms of home ownership, this occupational group had the lowest degree of home ownership in 1861 and 1881. In 1872 clerks had the lowest proportion of owner-occupied homes, with railway workers being the second lowest group. Moreover, together with the occupational group "labourers", railway workers accounted for more than two thirds of Hamilton's shanty houses in 1861.[8] While the home-ownership index should not be taken completely as synonymous with ability to pay, it does generally indicate the railway workers' place in the stratification system. Their low home-ownership index, together with their high proportion of shanty-occupied homes, suggests that these workers were among the lowest occupational groups in the class structure.

Finally, the wage levels of the employees of the railroad companies reveals their place in the class system. Railway construction workers in the 1850's generally worked a twelve hour day and received for this labour the paltry sum of one dollar.[9] The St. Laurence and Atlantic Railroad Co. paid its rodmen 6s 3d and its axemen, chainmen and flagmen 4s 3d per day. Thus, for a solid month's labour, that is, for 27 to 31 full days of work, a rodman could expect to receive around £9 while the other labourers earned approximately £6. If work was obtained for the full year, a situation far from likely as will be seen later, the former group of workers could make an income of slightly over £100 per year, while the latter group could claim approximately £70.

In comparison, C. Gzowski, the chief engineer on the St. Lawrence and Atlantic, received a salary of over £62 for a single month's work, while John Molson was earning over £450 per year just on investments in the Champlain and St. Lawrence Railroad Company.[10] Clearly, then, the income of railroad workers placed them squarely within the ranks of the propertyless class, with their low incomes providing little hope of accumulating capital and joining the propertied class. In fact, with railroad stock generally costing £25 per share, three or four month's labour would be required to purchase a single share. With food and shelter requirements, the incomes of the railway employees would virtually preclude the possibility of even this modest investment.

Some indication of the railroad workers' alienation from the means of production is contained above. What remains to be done is to examine the other aspect of alienation outlined in the theoretical discussion of the concept. That is, what was the nature of their social relationships at the point of production? Concretely what did it mean to be part of a capitalistic labour market and what was the nature of work in these new industrial concerns? This problem is analyzed in the next section of this chapter.

i) Railways and the Relations of Production

Beyond the merely objective characteristics of a class of capitalists and a class of labourers, the capitalist mode gives rise to certain social features different from other types of productive organization. In particular, what is of importance is the relationship of the producer to the employer and the relation of the former to the work process. This section analyses both of these relationships with respect to the construction and operation of the first railways.

Following from Pentland's discussion,[11] from the producers' standpoint one feature distinguishing capitalist relations of production from pre-capitalist relations is the position of the employee vis a vis the employer. In pre-capitalist societies employer-employee work relationships are characteristically personal and employment is relatively secure for the worker. With a large number of small employers and a scarce, or at least not abundant, supply of workers, employers assume the overhead costs of the employee in exchange for a more or less guaranteed long-term labour supply. Production is thus characterized by a reciprocity between the two parties. The master craftsman, for example, might control the employment possibilities of his apprentice yet the former is also obliged to assume permanent responsibility for the latter. The work process is based on mutual ties of dependence. As Pentland notes, in this system of production the employer utilizes "a system of status, hierarchies, symbols, privileges, and loyalties" to organize labour.[12]

Pre-capitalist work relationships were, in the main, the rule in Canada prior to the railroad era. The fur trade was organized around the cultivation of an "esprit de corps." A stringent set of paternalistic regulations governed the conduct of the employers but, at the same time, the fur companies relied on the loyalty of their men as they ventured into the hinterland out of the reach of any centralized authority. Workers were thus signed on for long-term contracts, clothing and equipment allowances were made, luxuries such as tea were portioned out, discounts on purchases were allowed and some retiring workers could look forward to a land grant from the company. Employees' and employers' interests could still be conflictual but nonetheless the operation of this system of work based on loyalty, paternalistic control and privilege was such that disputes appear to have been uncommon.[13]

Craft production in New France was also characterized by pre-capitalist social relations with employers and employees bound together by a reciprocal dependency and non-economic ties of loyalty and paternalism. Although the status of the apprentice was that of his master-craftsman's ward, competition for the service of apprentices was the rule in most trades, resulting not in an unfavourable work setting for workers. Masters assumed the overhead costs of supporting their labour force, supplying food, clothing and shelter, and often promising some tools or a new outfit for loyal service. Most of the trades did not demand a fee from the apprentice for the learning of the craft and, in fact, cash payments from the master to the apprentice were not uncommon. In short, the craftsman and his apprentice were involved in a mutually dependent work relationship in which the fostering of loyalty and other non-economic elements played a significant part.[14]

Similarly, the use of military labour to build roads and canals was another example of non-economic work relations, while firms such as the St. Maurice Forges were organized around a system of labour-recruitment based upon community, common customs and paternalism.[15] Once, however, a large body of propertyless workers is created, pre-capitalist work relationships collapse.

With a pool of wage labourers to draw upon, employers no longer need to be concerned with labour supply or with maintaining the overhead costs of labour. The employee, on the other hand, is now freed of pre-capitalist work obligations but the price of this "freedom" is the loss of a secure employment. Work and work conditions become to be determined by market considerations of supply and demand and employees face the threat of being thrown from the labour market into the ranks of the unemployed. It is this insecurity that is one of the features specifying the capitalist mode of production in general, and one which had an important bearing on the work relations of the railway companies in particular.

A common practice of railway companies was to cut back on workers during times of declining business, particularly during the winter season. In 1861, for example, the Hamilton

Spectator and Journal of Commerce wrote that:

> There are two seasons of the year when traffic on the Great Western is very large, rendering it necessary to employ a large force of men in repairing, &c.; during the intervals between those busy periods, the workmen are comparatively idle, thus necessitating the discharge of the men, or some other employment of a profitable kind.... 16

As impersonal market laws began to determine work relationships, counter moves were made by railway employees to attempt to regulate this impersonality. From an early date workers began to organize themselves against the cutbacks that resulted from the availability of work being determined by economic considerations. Spontaneous walkouts, wildcat strikes in effect, represented the labouring man's response to his condition of insecurity.

Late in the winter of 1876 and early 1877 engineers stopped the normal running of trains on the western section of the Grand Trunk Railway. Central to the origins of this strike was the issue of job security. In a telegram to Alexander Mackenzie, J. Hickson, the Manager of the Grand Trunk, explained the genesis of the strike:

> About three weeks ago, the Grand Trunk Company thought it necessary, looking at the depressed state of its business, to dismiss a number of men from its employment; they were notified in the usual way. They have since combined and induced others in the service to strike work, interrupting the whole business of the Railway and the proper conveyance of mail matter from one point to another, by acts of violence and intimidation.... 17

The tactics of the engineers involved blocking the stations to prevent the running of the trains and, in other cases, of throwing the trains from the tracks. Intimidation was also used to prevent other employees not on strike from removing the trains from the engine sheds. Apparently, this was not a major concern because other workers were generally in sympathy with the strikers. The strike eventually subsided but not before several battalions of militiamen had been brought in and a number of violent skrimishes had occurred. The strikers and their sympathizers had pitched lumps of ice, rocks and iron bolts, severely wounding at least two militiamen, while the troops had retaliated with fixed bayonets, wounding a number of strikers, one of them seriously in the groin.

Another insecurity experienced by railroad workers as a result of the ascendency of market laws in governing work relations involved the precarious nature of wage levels. Wages were no longer determined by custom or any sense of a "fair" wage for a day's work but by supply and demand. To counter the erosion of their income levels, workers on the railways engaged in numerous strikes over wage rates. From the point of view of the railroad capitalists, wages were always too high and references to the lower productivity and the higher pay demanded by Canadian workers, as compared to British employees, are frequent. From the workers' perspective, of course, wages were never high enough. The constant fear of layoffs and the higher price of many imported goods demanded that the workers attempt to exact as high a wage as possible from their employers. Many of the strikes over wages turned into pitched battles. The Dundas _Warder_ described one such incident on the Great Western:

> We deeply regret to state that our peaceful town has been again the scene of strife. Some further difficulty having arisen between the contractors and labourers on the Great Western, a portion of the latter came into town yesterday, armed with bludgeons, and drove off those employed on the works hereabouts. Two or three of the overseers were brutally maltreated and abused. We have no knowledge of the grounds of difficulty between the employers and the employed...but this we must say, that the frequent repetition of scenes of violence is positively disgraceful. 18

Disputes over wages were further aggravated by the shaky financial structures of many of the early railroads. A common practice of the companies was to pay the contractors part of their contract in railway stock. Often this stock would greatly depreciate in value and part of the loss would therefore be borne by the construction workers who would not otherwise be paid.

In other cases, the railway companies would simply be bankrupt and could not pay the contractors. The Buffalo, Brantford and Goderich Railway Co., for example, ran dry of capital in 1854 and the construction employees were not paid. For a time unrest was controlled but at one point the workers heard a part of the line under operation was bringing in $1,500 a day. The workers responded by attempting to physically extract their wages from the company. In January, 1855 the railway tracks near Ridgeway were ripped up and, later, when the company attempted to repair the damage, fighting erupted, resulting in one death.[19]

While other strikes related to security and wages issues can be cited, it is important to note that the reality of railroad work was not so one-sided as to constantly place the employees at the mercy of economic laws. If market considerations were to determine work, one could play at utilizing this mechanism to one's advantage. A significant amount of the dynamism shaping the work process was related to the employees' attempts to make the market serve their interests. Although workers were in a position of weakness during the winter season and times of depression, at other instances the supply and demand formula was weighted in their favour. In these situations, workers were quick to demand whatever they could from employers and to play one set of employers off against another.

Thus, in the economic boom period of 1854, railway companies complained of high wage rates and of a shortage of workmen. The Great Western, in its Report of the Directors, 1854, for example, claimed that a contributing factor to the unexpectedly high costs of construction was due to "the exceedingly high rate of wages and the great difficulty in procuring good and steady workmen..."[20]

Besides occasional periods of heightened economic activity, there were also yearly seasonal fluctuations that the railroad workers used to their advantage. In the spring and the fall especially, employees played off the employers seeking their labour to materially improve their conditions. James Hodges, who was in charge of the construction of the Victoria Bridge for the Grand Trunk, complained about this aspect of the labouring class:

> Besides strikes occasioned by other causes, it is almost a custom in Canada for mechanics and labourers to strike twice a year, let the rate of wages be what it may. The first period of general strike is in the spring when increased activity in every business is occasioned by the arrival of the spring fleet. The second is at the commencement of harvest, when there is abundant demand for labour. These strikes, though lasting a short time only at each period, produced disorganization in the work, and the loss of many of our best workmen. 21

In short, the impersonal labour market governed by the laws of the market significantly affected the nature of the work process during the railroad era. With personal loyalty and a shared sense of dependency no longer governing employer-employee interactions, the work setting increasingly became a battleground for conflicting interests. Although it was by no means perfect, by the time of the railroad era, the self-regulating labour market had emerged. Railroad capitalists could, in the main, command a sufficient supply of labourers for their projects and, hence, did not have to assume the overhead costs of maintaining a labour force. The bond between the employers and the employees was virtually reduced to a wage link. With wages being determined by the impersonal supply-demand mechanism, both the railroad barons and the workers became preoccupied with swinging the balance of that mechanism in their favour, resulting in a considerable amount of turmoil in the production process.

The conflict in the employment situation occasioned by grievances over wage rates and job security is only the "tip of the iceburg" in terms of analyzing railroad work. Even though strikes were a common enough response, they were still sporadic and periodic events. A much more fundamental conflict was occurring in the day to day work relationships.

In the theoretical outline of the concept of alienation in chapter one, it was stressed that an inquiry into the relations of production must entail an examination of the relations at the point of production. The separation in the relation of real appropriation that specifies the capitalist mode, it was argued, involves more than the creation of the objective structural condition of a class of capitalists and a class of wage labourers. Also involved is a change in the very nature of work.

The work process in the capitalist mode differs from pre-capitalist relations since the non-producer directly enters the production process. The unity between producers and their work is thus destroyed, with the capitalist assuming control over the conception and organization of work and the employees merely executing his will. As Braverman has argued, the evolution of the capitalist mode was accompanied by the breakdown of the labour process into its simplest elements to allow both the cheapening of labour power and greater control of the organization of work for employers.[22] For employees, what this involves is a loss of independence and control in production.

Moreover, with economic considerations defining the relationship between employers and their employees, and with the former purchasing the labour of the latter, working time becomes equated with a cost. Thus, from the capitalists' viewpoint, it becomes essential to coordinate the labour process to reduce costs. This intervention of the capitalist into the work setting to organize production becomes the problem of "managemen."

Although railroad directors found occasion to complain about the supply of workers, the quantity of labourers proved not to be as vexatious as the "quality" of the work force. The organization of work in the large-scale industrial setting, as exemplified by the railroad firms, involved a radical transformation from the work setting of an agrarian and handicraft dominated society. A new work discipline, demanding strict adherence to time schedules and submission to the lines of authority, was one of the major "innovations" of industrial capitalism. E.P. Thompson has argued that creating this new work discipline, and with it a transformation in human behaviour, was, perhaps, the main problem of the industrial revolution:

> 'The main difficulty' of the factory system was not so much technological but in the 'distribution of the different members of the apparatus into one co-operative body,' and, above all, 'in training human beings to renounce their desultry habits of work, and to identify themselves with the unvarying regularity of the complex automaton. 23

Because of this "problem" employers became preoccupied with matters of discipline and of devising techniques to regulate and control the day to day work habits and rhythms of their employees. Thompson writes that,

> Whether his workers were employed in a factory or in their own homes, the master-manufacturer of the Industrial Revolution was obsessed with... problems of discipline. The outworkers required (from the employers' point of view) education in "methodical" habits, punctilious attention to instructions, fulfilment of contracts to time, and in the sinfulness of embezzling materials. 24

These conclusions apply with equal force to Canada where the main difficulty with railway workers, from form the capitalists' viewpoint, centered on authority and control over the work process. Material on the everyday nature of work on the railways is difficult to find; however, a Select Committee originally established to investigate railway accidents offers an insightful glimpse into the nature of the work process.

Between December 1853 and October 1854, seventeen major accidents occurred on the Great Western Railway, killing 79 people and injuring at least 71.[25] A number of these were attributable to mechanical defects, or "divine defects," and scamping on the construction work; however, what is revealing is that a significant number of the mishaps can be traced to human factors and problems of discipline.

One of the commonest practices that caused accidents is also one of the clearest examples of alienated work. That is, it was reported that a notorious custom of engineers was to intentionally attempt to run over livestock which had wandered onto the line and which, if accomplished, often resulted in train derailments. Apparently, this practice was akin to a competitive sport for the engineers, since witnesses gave accounts of them speeding up the trains to "score" another point, and one can almost picture some form of informal "box-score" being maintained. When it is realized that this "game" involved almost no risk of life or injury to the practitioners, it is tempting to imply a nobler purpose to the engineers, such as attempting to "shake-up" or even endanger the lives of the upper class passengers and railway owners who would occupy the first class cars, the ones likely to derail; however, in reality it was more often the case that immigrants and others travelling in the "immigrant" or second class cars would be injured or killed. Unless one views such phenomena as expressions of a basically evil and unruly human nature, the practice of running over livestock and endangering the lives of persons with similar class, if not social, interests can at least be partly viewed as a manifestation of an alienating work experience.

The cause of another Great Western accident is illustrative of the conflict between employees attempting to control and regulate the work process to their own rhythms and employers' and managements' efforts to impose top-down lines of authority and strict adherence to time schedules. The June 27, 1854 mishap at Princeton was ultimately traced to an employee, Beemer, a tracklayer, "who had removed rails and part of the track near Princeton for the purpose of making repairs, without using the ordinary precautions or sending out the signals provided by the rules of the Company."[26] Whether Beemer had simply decided to perform the repairs on his own initiative or had been ordered to do so and simply failed to report his progress and whereabouts to the supervisors is not as important as the fact that he had been performing his task oblivious to any lines of authority, rules and regulations except his own.

E.P. Thompson's discussion of the development of industrial capitalism in Great Britain provides a useful framework to analyze situations such as the one described above. Thompson notes that part of the change in the relations of production occasioned by the new order involved the concept of time. From a pre-industrial society dominated by a "task-orientation" to time in which nature, custom and the readily comprehensible necessity of completing the work regulated the labour process, Britain became an industrial capitalist society in which the ticking of the clock, employers' schedules and the imperatives of the machine and the factory system set the pace and the nature of work.[27] The change from "task-orientation" to "timed-labour" is marked by the movement toward the use of employed labour and the development of industrial capitalism.

The problem of creating a finely tuned, predictable and smoothly functioning work "team" out of a large mass of employees in a setting with an advanced division of labour proved especially vexatious to the early railroad capitalists. As the example of the track-layer Beemer reveals, "pre-industrial" notions of work, discipline and time juxtaposed and conflicted with the attempt to impose a new discipline and notion of work. This conflict was pervasive and permeated a wide spectrum of the operations of the railways--train schedules were altered by employees, engines would arrive for refueling and water and find neither because workers had not performed the tasks to schedule, stationmasters would leave their posts and spend the day riding up and down the line with a friend or merely to pass time, signals would be ignored, and passengers would be allowed to ride free of charge.

It was the sense of independence, the quest for self-directed work discipline by the employees, that stood in opposition to the railroad owners' attempts to create a precise, rationalized, outer-directed work system. No better example of this conflict can be found than the problems encountered by the Intercolonial railway in the 1870's when regulations were framed to make uniforms compulsory for various employees. For the company the uniform symbolized their control and dominance over the worker not only in the performance of tasks but in such personal matters as appearance and dress; for the employees, the uniform stood as a loss of independence and as a sign of servitude and they opposed their introduction with a good deal of determinism and, at least initially, with a modicum of success.[28]

The problem the railway companies had in disciplining their work force is indicated from another source, namely the company issued handbooks of rules and regulations. Karl Marx argued that as industrial capitalism advanced the development of the "factory code" was crucial, with the codebooks and the division of the workforce into "operatives" and "overlookers" replacing the more physical forms of discipline in earlier modes of production:

> The factory code in which capital formulates, like a private legislator, and at his own good will, his autocracy over his workpeople, unaccompanied by that division of responsibility, in other matters so much approved of by the bourgeoisie, and unaccompanied by the still more approved representative system, this code is but the capitalistic caricature of that social regulation of the labour-process which becomes

> requisite in co-operation on a great scale, and in the employment in common, of instruments of labour and especially of machinery. The place of the slavedriver's lash is taken by the overlooker's book of penalties. 29

Indeed, the railway code books were filled with rules governing the behaviour and discipline of the employees with warnings of fines, suspensions and dismissals commensurate with the severity, as perceived by the employers, of the regulation disobeyed. The specific categories or clauses within the code books can be viewed as indicative of the particular behavioural patterns of the workers that the companies found grievous. If this is true, problems of maintaining authority and submission to top-down instructions must have been a major concern. The 1855 rule book of the Grand Trunk, for example, stressed a number of separate times the necessity for workers to obey the orders of the Company. Thus clauses three, four and six read, respectively:

> Each employee is to devote himself exclusively to the Company's service, residing where he may be required.
>
> He is to obey promptly all instructions he may receive from persons placed in authority over him, and to conform to all regulations of the Company.
>
> Any employee will be liable to criminal punishment for disobedience or negligence of orders, in any way affecting the safe working of the traffic, and to fine, temporary suspension from duty, or dismissal, for misconduct, incompetency, or using improper language, while on duty. 30

Other efforts of the railway bosses were directed at curbing workers' drinking and smoking habits, supposedly to mould them into good, moral Christians who, it was supposed, would then make more obedient and responsible employees. The use of alcohol and tobacco by the railroad employees was a common practice, with an extensive smuggling trade of the products by railroad employees engaged on railways that crossed the American border. An American engineer on the Great Western, described this habit of the railway's workers:

> The Canadian men were much addicted to smoking and drinking...All kinds of liquors were good and cheap in Canada and their quality mitigated some of the evils of deep potations. When our engineers went to and fro to "America," brandy was smuggled one way and tobacco the other. 31

In short, the problem of regulating the conduct of the workforce presented a formidable challenge to the railway companies. Pre-capitalist notions of work and time collided with employers' attempts to achieve supremacy in the organization of production. Together with the strikes discussed earlier in connection with the operation of the impersonal labour market, the "unruly nature" of the employees resulted in a work setting marked by conflictual relationships between employers and employees. Moreover, from the employers' perspective by the mid-1850's the relations at the point of production were increasingly becoming out of their control. To regain supremacy in the work process, railroad capitalists turned to the state. It was the state apparatus which was entrusted with the responsibility of managing the work force and, hence, of maintaining alienated relations of production. The manner in which this was accomplished is the subject matter of the remainder of this chapter.

ii) The State and Alienated Labour

The move by railroad companies toward a formal-legal code to govern employer-employee relations cannot progress independent of commensurate commitments from other parts of the social order. The support of the state, and specifically the judicial system, is central for the recognition of contractual obligations and regulations as a legitimate method of handling work relations. The right of employers to govern the work process, make rules and impose punishments must become legally binding to function efficiently. This is achieved by the state recognizing the authority of employers to organize production, in the form of a law or statute, and by sanctioning this law with the threat of judical reprimands if disobeyed.

Thus, the power of the railroad capitalists to regulate the work process rested upon the formal acceptance of this right by the state. For example, a clause of a statute specifying the authority of the directors of the Great Western authorized them to "make and ordain such by-laws, rules and orders, as they shall think proper, touching the conduct and duties of the officers and servants of the Company..." Further, to help in these matters, they could also "impose and inflict such reasonable fines and forfeitures upon all persons and parties offending against such by-laws." Finally, if the offender of the employer's will did not pay the fine, the full force of the state could be applied and the troublemaker prosecuted and imprisoned for a term up to three months and not less than ten days.

The role of the state in allowing employers to regulate the conduct of their workers went much beyond this formal recognition. In the case of the work relations of the first Canadian railways it was the state, in fact, which assumed a leading part in advocating stricter, more legally-binding codes of rules and regulations to solve discipline problems. The Select Committee ostentatiously set up to investigate accidents on the Great Western turned out to be a forum to solve the enigma of workers' discipline.

Thus the Commissioners chastised the railroad companies for their lack of a comprehensive, well defined labour code:

> The punishment and penalties employed on a rail-road should, as for the discipline of all other large bodies of men, be clearly defined and invariable. As the matter now stands, they are arbitrary, uncertain, partial and ineffective. 33

Having done this, it was proposed that the state step into this policy vacuum and remedy the evil with a thorough-going, tough legislation:

> We are convinced...and we respectfully submit the opinion, that it is of the greatest importance, for the proper control of men employed on rail-roads, as well as for the future safety of the public, that the Legislature should prescribe rules and regulations for the government of rail-roads, and of the men employed thereon, any violation of which should be made a misdemeanour punishable with fine or imprisonment, independent of instant dismissal from the service of the Company. 34

The state legislation that emerged from this recommendation was in the form of two statutes, one passed in 1856 and the other in 1857. The 1856 legislation, entitled "An Act for the punishment of the Officers and Servants of Railway Companies contravening the By-laws of such Companies, to the danger of person and property",[35] partly dealt with the punishment of workers who broke company rules and thereby either caused or risked an accident. If, in fact, an accident occurred because of an employee's insubordination, the offender could be both fined up to £100 and imprisoned for five years in the Provincial Penitentiary.

The other aspect of this act of 1856 is of more concern within the context of the present discussion. The act also made it a general policy that railway companies could fine any worker who broke company regulations, regardless of whether or not it increased the risk of accident. In other words, the railroads could regulate day to day work relations which had absolutely no bearing on the safety of operations. To accomplish this, all the company had to do was to devise a system of rules and either deliver it to the employees or post it in the work place. If a rule was then broken, the employee could be penalized by the loss of not more than thirty days' pay and not less than fifteen days' pay.

The act of 1857, entitled "An Act for the Better Prevention of Accidents on Railways",[36] further solidified the intentions of the previous year's act. The earlier act contained an important loop-hole in fining and disciplining workers. If, for whatever reasons, a railroad company had not codified a set of rules nor delivered it to the workers or posted it in the workeplace, no disciplinary action could be taken. The statute of 1857 made it manditory for all railroad companies to "make such by-laws, rules and regulations, to be observed by the conductors, engine drivers, and other officers and servants" of that company. In other words, the state now compelled the railroad capitalists to formalize and legalize their authority over the work process.

The Commissioners investigating the accidents on the Great Western also directed their attention to other matters considered crucial to effectively discipline the employees. Another area of concern was the organizational structure of the railways. It was noted that it was custom on American railways to have two separate individuals perform the function of President and Superintendent, while at least some Canadian railways, such as the Great Western, delegated both responsibilities to one man. The Commissioners argued that the duties of a Superintendent, that is "all the details of execution and management", were becoming more demanding and required more attention. It was proposed that a further division of labour in the management functions take place, with one man, preferably an authoritarian disciplinarian, being vested with the full-time responsibilities of regulating and rationalizing the work process. The required qualities of the man to fill this position were described as follows:

> To organize a system on a new Road he must bring to bear much experience--good knowledge of business--great knowledge of men--and the power and habit of command; and to reduce to order the heterogeneous mass with which he has to deal, he must devote himself unintermittingly to the task. 37

Of final note with respect to the Select Committee's investigation of the Great Western is the comments made with respect to the administration of justice. Even with rather ill-defined company and state regulations governing work relations, the judicial system could be applied to prosecute employees for misconduct, such as when misconduct resulted in accidents; however, the Commissioners argued that the functioning of this system was such that even with stricter legislation the control of employees would still be virtually impossible. The report noted that,

> It is most important for the future safety of human life, on every possible occasion and in every legitimate way, to teach this class of men, that they cannot always elude responsibility and punishment, and that the Government is determined on all future occasions, as on this, to supply defects in the Administration of Justice, arising from the inadvertence or inexperience of Coroners' Juries. 38

The "defects," "inadvertence" and "inexperience" alluded to in the Coroners' Juries, were largely related to the existence of a close sense of comradeship and sympathy to the railroad workers on the part of the juries. These were local bodies and, whether it was because of personal loyalties and friendships or because of an identification with the interests of the working man, they overwhelmingly placed the responsibility for railroad mishaps in the laps of the companies and ruled the employees were not the guilty parties. To counter this sense of community it was proposed that local control over the judicial process be usurped and authority be placed in a "higher" more centralized body, supposedly free from any loyalties and prejudices:

> We conceive it...to be very desirable for the security of the public as well as for the just protection of Railroad Companies, that all cases affecting such Companies or of individuals against such Companies, or in which the public safety and interests may be involved, should be removed to the jurisdiction of tribunals remote from the operation of local or personal influences. 39

The Commissioners' inquiry and recommendations were, of course, directed at a problem of no small importance, namely, railway accidents, which cannot be treated lightly. Besides damage to the railway companies and the endangering of the lives of the passengers, which included a significant number of destitute immigrants and fellow workers, railroad accidents also, of course, inflicted serious hardships on the employees themselves. Because of this, perhaps one can justify the concern and the recommendations of the state; however, what is significant is that the policy the state was developing went much beyond the desirability of curbing loss of lives.

Tougher legislation governing work relationships, a separation of presidential and management duties to achieve greater control over the work process, and the use of a judiciary freed of local sentiments were all tools that the railroad companies could use to regulate the work force in its everyday activities--activities which often had little to do with the safety of the public. Although the companies were greatly troubled by accidents, a much more fundamental concern was to achieve the submission of their employees to the companies' authority and discipline. In this latter respect the evolving state policy coincided neatly with the interests of the employers and the convenience of it was that the goal of a cooperate, efficient, submissive work force could be justified as in the "public's interests."

In short, the state was instrumental in developing a system of law and court procedures and in directing railroad companies to develop more efficient supervisory structures to maintain alienated work relationships. These all had their value in maintaining work discipline; however, at other times, such as during strikes, a more overt form of power was necessary to maintain control. Again, it was the state that figured largely in developing this supreme mechanism of work regulation as it assumed the responsibility of "policing" the railroads.

At the time of the railway boom, Canada's police and militia system was a tangled, piecemeal organization. Prior to this era the threat to order had not been much related to labour problems, largely because there was little of what could be termed a working class, but to the danger of military invasion. A militia did exist and up until the late 1860's it was supplemented with regular British troops. Both of these could and were used to maintain order;[40] however, the railroad capitalists found much to complain about the militia organization, most noteably that it was a difficult and cumbersome chore to see to it that state troops arrived at scenes of labour strife.

Construction of the Great Western Railway began early in 1851, with a crew of between 1,500 and 2,000 men employed in building the line between Hamilton and London. As early as February of that same year the Mayor of Hamilton was petitioning the government to supply a military force to handle the nine hundred workers employed near the city. The petition of the Mayor represented the collective class organization of twenty-five of Hamilton's ruling group--the wealthiest businessmen of Hamilton, dominating the economic, political and social life of the city, had urged the state to aid the civil power by crushing the strike.[41] By February 1851, two strikes had already occurred with bludgeon battles between striking workers and the company and non-striking workers. The municipalities of Dundas and Paris made similar requests for aid to maintain civil order.

With no permanent police forces in existence, the Great Western must have viewed the situation of such a large number of striking workers with considerable alarm and believed that the requests for military help were matters of the utmost importance. Nevertheless, the Government was unwilling to send for the Imperial troops except in the gravest situations. Eventually the Great Western had to bear part of the cost, along with the contractors and the municipalities, to maintain special constabulary troops. The amount set aside for a police force was no mean sum for the Great Western, amounting to a total of slightly more than £2,569 by May 31, 1854. As a point of comparison, the amount spent on salaries for those directly employed by the Great Western (the construction workers are not included in this figure since they worked for the sub-contractors) was approximately £11,031.[42] For the financially vulnerable railroad companies any outlay for policing could certainly have been used for more productive purposes and represented an irksome, although necessary, expense.

That policing was a problem is indicated by the fact that a Government Commission on the organization of the Police and Militia was appointed shortly after, with the Commissioners reporting their findings in 1855. Among the recommendations, the most significant in the context of the present discussion declared that the voluntary militia force

> ...be required to move on requisition made in writing by one or more Magistrates in aid of the civil power, and if required to do so, to be sworn in as Special Constables, and whilst employed on such duties, to be considered as under the orders of the Magistrate or Magistrates charged with the preservation of the public peace... 43

In other words, if the above was made policy the militia could not ignore requests from municipalities and were obliged to provide aid in any outbreaks of the public peace, such as strikes.

Another concern voiced by the Commissioners had to do with the police forces and was analogous to the complaint the Select Committee to investigate accidents of the Great Western aired with respect to the coroner's juries. That is, local sympathies and friendship networks resulted, or so the Commissioners thought, in a miscarriage of justice. In their words, they complained about "the practice of permitting the men to live among, instead of isolating them from, those against whom they may be required to act."[44] To achieve this principle of dividing the police from the community and thereby maintaining rule, it was recommended that the police "should be armed, clothed, equipped and lodged in Barracks; the men should be required to go to any part of the Province, and prevented as much as possible, from acquiring local feelings or sympathies..."[45] Appropriately enough, prominent among the four man commissioners signing the report was the name of Allan N. MacNab, the colonel of the Gore Militia during 1837-38 who led the assault on breaking up W.L. Mackenzie's rebellion and one time President, Chairman and leading promoter of the Great Western Railway.

It should not be assumed that these fledgling moves of the state in solving the problem of policing the railroad workers, or any workers for that matter, brough immediate results. Nonetheless by the time of the passage of the Militia Act of 1868, at least some of the desired organizational changes of the militia system were firmly entrenched as part of state policy. Chief among these was the stipulation under Section 27 of the Act which required senior local militia officers to summon his men to any requests from the "Mayor, Warden, or other Head of the Municipality" for aid in cases of riots or civil disobediences.[46]

Although certain structural modifications advantageous to railroad capitalists were affected, other problems in the militia system proved more difficult to legislate away. One of these, as Desmond Morton explains, simply involved the matter of which level of government would assume the responsibility of paying the cost of the militia when summoned for aid to municipalities.[47] Of equal importance, however, was the difficulty of creating a "professional" militia, separated from the community and free of local sentiments. This behavioural problem offered no easy solution as the local units apparently resolutely clung to local sympathies and were less than eager to break up the strikes of workers within the community.

Thus, in the previously mentioned Grand Trunk disturbance of 1876-77 it will be recalled that the militia was called in to break up the strike; however, their arrival only occurred after several frenzied requests by the Grand Trunk and the municipalities for military support, including the pleas for help from the railway's general manager to the Attorney General of Ontario and the Prime Minister of Canada. A request by the Mayor of Belleville on December 30, 1876 for the services of the militia to restore order did not result in the desired military strength. S.S. Lazier, the Major of the 15th Battalion, the local militia force, explained the problems encountered:

> A strong feeling of sympathy was expressed by many of the men for the men on strike, and while some positively refused to turn out, others, I have no doubt, kept out of the way to prevent being found or called upon. 48

Similarly, O. Mowat, the Attorney-General of Ontario, while noting his government's lack of jurisdiction in supporting Hickson's petition for military aid, doubted help could be enlisted in any case. Mowat claimed "we have no adequate force here, and if special constables be sworn in, their sympathies will be with the engineers, and cannot be depended on in a serious emergency."[49] It was finally the 2nd Queen's Own Rifles, a force headquartered in Toronto and thus separated by some distance from the strike at Belleville, that supplied the requested military power.

The fact that local militia units proved so intractable to calls to duty to quell working class activities is indicative of the strength of the bond between the policing forces and the workers and reveals the tremendous chore that remained for the state and the capitalists to affect the desired attitudinal changes in the militiamen. Under the 1868 Militia Act, men failing to appear to requests for civil aid were subject to heavy fines, forty dollars for officers and twenty for men in the ranks. The seriousness of this offense is partly evident from the fact that these penalties were double those for disorderly behaviour to a superior officer.[50] Yet as the Grand Trunk episode exhibits, even these weighty sanctions fell far short of achieving an efficient and readily available militia force to serve capital's interests.

Notwithstanding the setbacks in creating a "professional" militia to curb strike activity, the state was thus also developing a comprehensive and integrated policy to supply more overt forms of power to maintain class, that is alienated, relations. It is clear that many rough edges remained in this strategy, as did too in other efforts to maintain the rule of the employers' discipline. In the final analysis, however, by the late 1860's and early 1870's the railroad companies could fairly confidently depend on adequate military strength to suppress any worker uprisings. The construction of railroads along with other industrial developments occurring in the late 1850's and 1860's signalled the dawning of a relatively new set of work relationships and labour management problems. In such circumstances, no easy and sure answer was available to solve the problems that arose in this transition and the groping, often inadequate, and sometimes outright failures of the legislative measures to achieve the desired ends should be viewed in this light. By the 1870's, the legislative wheels were in motion and some of the results on and for the working class could already be seen.

Conclusion

This chapter has argued that railroads were industrial capitalist concerns. That is, this economic activity was characterized by a separation in both the relation of property and the relation of real appropriation. Production was carried out by wage labourers in a set of work relations that featured the direct intervention of non-producers, or capitalists, in the determining of the direction and organization of work to extract surplus. This set of relations of production were described as alienating, with the unity of the perception and the execution of work becoming divided into two separate activities. As employers assumed command of the labour process, work tended to become a mere mechanical activity with workers being "depressed spiritually and physically to the condition of a machine."[51]

It was also shown that the maintenance of these alienated forms of labour relations was by no means guaranteed solely by the objective existence of a class of capitalists and a class of wage labourers. Employees attempted in a variety of ways to protect themselves against both the loss on independence and inner-directed work rhythms and the loss of security associated with the development of a capitalist labour market--strikes, a high turnover rate of railroad workers, with employees abandoning railroad work whenever more attractive employment situations could be found, and general insubordination to company rules and lines of authority characterized the work relations and constituted a dynamic element in shaping the nature of railroad work relations. The eradication, or at least mitigation, of these employee actions became the problem of "management."

Finally, it was argued that the state structure figured decisively in presenting solutions to the problem of management or control of the work process. The organization of more overt forms of power to regulate the work force, the tendency toward a more centralized judicial system to breakdown local sympathies and loyalties, stricter fines, a clearer demarcation of the lines of authority, and reorganizational changes to separate administrative and supervisory functions were tools designed to maintain alienated labour relations and all owed a good part of their origin to state actions and state proposals.

The movement of the state directly into the realm of maintaining and regulating employer-employee relations can be considered as an indicator of the development of the capitalist mode of production. In a pre-capitalist mode, the state can and does assume major responsibilities in the economic life of the society. In mercantilist Canada, for example, the state was utilized by the business class to help secure surplus by improving transportation channels and granting favourable trade regulations and privileges. The creation of profit in a pre-capitalist society, however, differs from the way in which profit is generated in a capitalist society. In the former, profit is derived from a "price bargain", while in the latter it results from the purchase of labour power and its employment to produce a value greater than its cost. In the capitalist mode profit is thus realized directly from the labour process and its creation of surplus value. Once the state becomes involved in maintaining this exploitive process, it can be said that this represents a tendency of the state to assume responsibilities characteristic of the general function of the state in the capitalist mode of production.

Footnotes

1. Anthony Giddens, The Class Structure of the Advanced Societies, (New York: Harper and Row, Publishers, Inc., 1975), p. 17.

2. Kurt H. Wolff, editor, The Sociology of Georg Simmel, (New York: The Free Press, 1964), pp. 412-3.

3. Anthony Giddens, Capitalism and modern social theory: an analysis of the writings of Marx, Durkheim and Max Weber, (London: Cambridge University Press, 1974).

4. Wolff, op. cit., p. 422.

5. Contemporary sociologists have, of course, continued to analyze the problems posed by the transition from a pre-capitalist to a capitalist society. Wilber E. Moore, for example, argues that a key requirement in this change is that "property rights, consumer goods, and laborers...be freed from traditional bonds and restraints, from aristocratic traditions, quasi-feudal arrangements, paternalistic and other multibonded relations." (pp. 31-32). Unfortunately Moore, and other industrial sociologists, often mask the fundamental social reality being analyzed by referring to the emergence of capitalism as the rise of "industrial" society and rationalize the severity of the social upheaval by discussing it in terms of "needs" and "pre-conditions" of a largely beneficial social order. As a value-free, non-partisan scientist Moore can thus matter of factly comment that the transition to capitalism "necessarily creates tensions and readjustments" (p. 32), ignoring the facts that some people experience greater "tensions" than others and that certain groups materially benefit from the sufferings imposed upon the rest of the populace. See Wilbert E. Moore, The Impact of Industry, (Englewood Cliffs: Prentice-Hall, Inc., 1965).

6. Kenneth Duncan, "Irish Famine Immigration and the Social Structure of Canada West," in M. Horn and R. Sabourin, editors, Studies in Canadian Social History, (Toronto: McClelland and Stewart Ltd., 1974), p. 141.

7. Ibid., p. 143.

8. Michael Doucet, "Working Class Housing in a Small Nineteenth Century Canadian City: Hamilton, Ontario 1852-1881" in Gregory S. Kealey and Peter Warrian, editors, Essays in Canadian Working Class History, (Toronto: McClelland and Stewart Ltd., 1976), pp. 91-3.

9. Russell D. Smith, "The Northern Railway: Its Origins and Construction, 1834-1855," Ontario History, (Volume 48, No. 1, 1957), p. 30; Vere Foster, "Work and Wages; or, the penny emigrant's guide to the United States and Canada," (London, 1855), Reference No. 1-2452, P.A.C.

10. For the wage levels on the St. Lawrence and Atlantic, see the Journals of the St. Lawrence and Atlantic Railroad Co., Canadian National Railway Archives, R.G. 30, Volumes 159-161, P.A.C.; for the shareholders' dividends from their investments in the Champlain and St. Lawrence Railroad Co., see Journals of the Champlain and St. Lawrence Railroad Co., Canadian National Railway Archives, R.G. 30, Volumes 133-136, P.A.C.

11. H.C. Pentland, "The Development of a Capitalistic Labour Market in Canada," Canadian Journal of Economics and Political Science, (Volume 25, No. 4, 1959), pp. 450-61.

12. Ibid., p. 454.

13. Harold A. Innis, The Fur Trade in Canada, (Toronto: University of Toronto Press, 1973).

14. Peter N. Moogk, "Apprenticeship Indentures: A Key to Artisan Life in New France," Canadian Historical Association, Historical Papers, 1971, pp. 65-83.

15. Pentland, op. cit., pp. 454-5.

16. Quoted in Doucet, op. cit., p. 92.

17. Correspondence Respecting the Disturbance on the Line of the Grand Trunk Railway, (Ottawa: Maclean, Roger and Co., 1877).

18. Quoted in Russel D. Smith, "The Early Years of the Great Western Railway, 1833-1857," Ontario History, (Volume 60, No. 1, 1968), p. 215.

19. G.R. Stevens, Canadian National Railways, Volume 1, (Toronto: Clarke, Irwin and Co., Ltd., 1960), pp. 471-2.

20. Great Western Railway, Report of the Directors, Sept. 29, 1854.

21. Quoted in Stevens, Volume 1, op. cit., p. 267.

22. Harry Braverman, Labor and Monopoly Capital, (New York: Monthly Review Press, 1974), chapter three.

23. E.P. Thompson, The Making of the English Working Class, (New York: Pantheon Books, 1964), p. 360.

24. Ibid., p. 359.

25. Reports of the Commissioners Appointed to Inquire into a Series of Accidents and Detentions on the Great Western Railway, (Quebec, 1855).

26. Ibid.

27. E.P. Thompson, "Time, Work-Discipline, and Industrial Capitalism," Past and Present, (December, 1967), pp. 56-97.

28. Stevens, Volume 1, op. cit., p. 214.

29. Karl Marx, Capital, Volume 1, (Moscow: Progress Publishers, 1971), chapter XV, p. 400.

30. Grand Trunk Railway of Canada. General Rules and Regulations, (Montreal, 1855).

31. A.G. Bogue and Lillian R. Benson, editors, "An Engineer on the Great Western: A Selection from the Personal Reminiscences of Silas Wright Burt," Western Ontario History Nuggets, (No. 17, 1952), p. 33.

32. 18 Vict., cap. 176.

33. Reports...Accidents and Detentions...Great Western Railway, op. cit.

34. Ibid.

35. 19, 20 Vict., c. 11.

36. 20 Vict., c. 12.

37. Reports...Accidents and Detentions...Great Western Railway, op. cit.

38. Ibid.

39. Ibid.

40. Desmond Morton, "Aid to the Civil Power: The Canadian Militia in Support of Social Order, 1867-1914," in Horn and Sabourin, op. cit., p. 417.

41. For the make-up of the Hamilton petitioners see Michael B. Katz, "Profile of an Elite: The Response to the Railway Strike of 1851," in Ian Winchester, editor,

41. continued...
The Canadian Social History Project, Report No. 5, (Toronto, 1974), Working Paper No. 33.

42. Great Western Railway, Minute Book of General Meetings of Shareholders, *Canadian National Railway Archives*, R.G. 30, Volume 1, P.A.C.

43. *Report of the Commissioners appointed to Investigate and Report upon the best means of re-organizing the Militia of Canada, and providing an efficient and economical system of Public Defense and to report upon an improved system of Police for the better preservation of the public peace*, (Quebec, 1855), Reference No. 1-2508, P.A.C.

44. *Ibid.*

45. *Ibid.*

46. Morton, *op. cit.*, pp. 417-8.

47. *Ibid.*

48. Correspondence...Disturbance...Grand Trunk Railway, *op. cit.*

49. *Ibid.*

50. Morton, *op. cit.*, p. 418.

51. Karl Marx, *Economic and Philosophic Manuscripts of 1844*, (Moscow: Progress Publishers, 1974), p. 24.

Chapter Six

Conclusions

In this thesis, it has been argued that the first railroad era marked the transition from a mercantilist to an industrial capitalist economy. To evaluate this proposition the concepts of alienation and mode of production were introduced, and state policy was analyzed to try to judge the degree to which the state assumed "functions" that specify the general role of the state in the capitalist mode of production.

The feature distinguishing the economic level of the capitalist mode of production from earlier modes, it was noted, is the relation of real appropriation. While pre-capitalist relations of production display a unity between producers and the work process, capitalist relations are characterized by a split between the producers and the labour process. In the former mode, surplus is extracted indirectly by the non-producer, in the forms of the "price bargain", rents, or rights and responsibilities sanctioned by the "politico-legal" compulsion associated with the existence of such institutions as the feudal estate. This contrasts with capitalist relations of production in which the capitalist owns the means of production, directly intervenes in the labour process, and generates profit by buying labour power which is employed to create a value greater than its cost of reproduction.

Applying the concept of the capitalist mode of production to determine the nature of railroads as a set of relations of production, clearly they represent industrial capitalist undertakings. That is, production is organized on the basis of a set of capitalists purchasing wage-labourers to exploit their labour power. Moreover, it was shown that in terms of the wage levels of the railway employees and their social characteristics they occupied the lower stratum among the ranks of the propertyless class.

The industrial capitalist nature of the railroad was also analyzed by examining the social relations of production. Here, the concept of alienation was employed as a theoretical construct to understand the implications of capitalist relations for the work process. It was argued that the separation in the relation of real appropriation which specifies the capitalist mode involves much more than the creation of a class of capitalists and a class of landless workers dependent on the sale of their labour power. At issue is a fundamental change in the day to day work relations at the point of production. Of utmost relevance, the conceptualization and organization of work is split from the execution of work, with the non-producer assuming command of the former elements of the work process.

The use of hired labour, that is, the use of the capitalist labour market, for the purpose of generating profit signifies that economic considerations govern production relations. In this situation labour represents a cost to the employer and his interests become that of cheapening this commodity by increasing its productivity. In this respect, the intervention of the employer into the labour process to achieve greater control and regulation over the organization of work is, in fact, predicated by profit motives. The resultant work relations have been termed as those of alienated labour.

In the formation and maintenance of these alienated labour relations, essentially a "new" worker had to be created—one that would both honour the sacredness of private property and acquiesce to its right to determine the nature of the work process. The railroad era originated within a pre-capitalist economy. In a society once dominated by independent farmers, artisans and small producers, suddenly by the early 1850's some 20,000 wage labourers were employed in constructing the first railways.[1] The simultaneous existence of capitalist relations within a largely pre-capitalist economy provided a dynamic element to the nature of the work relations in these early railroad companies. Pre-capitalist notions of independence over the work process, of self-regulation and of time schedules collided with the attempts of employers to organize and rationalize the relations of production. This conflict gave rise to the problem of "management", namely disciplining the work force.

For a number of reasons, the early railroad companies found it difficult to maintain control over the work process. Probably the major difficulty had to do with precisely the fact that railroad development first took place in a pre-capitalist economy. For many of the railway capitalists the problem of labour management was a relatively new concern, or at least one that had not yet been faced on the same scale as the construction and operation of railroads implied. In other words, the largely pre-capitalist orientations of the railroad promoters themselves proved an obstacle in the devising of techniques to handle the emerging relations of production.

Thus, for example, the solution to the problem of constructing the first railway indicates the remnants of an earlier mode of production. That is, the work was performed by the subcontracting system. Railway companies contracted small sections of the road to a number of contractors who assumed responsibility over work and the supervision of work. As Braverman notes, this type of system represents a transitional form, "a phase during which the capitalist has not yet assumed the essential function of management in industrial capitalism, control over the labor process."[2]

In the operation of the actual railway services, however, labour relations were tending to approximate more closely the characteristics of the capitalist mode proper. As was shown, railroad companies were formalizing their control over the labour process by developing codes of rules and regulations and were groping for organizational structures to better direct the entire work process. Moreover, it was noted that the state structure was central in the evolution of these management techniques. In addition, the state also assumed responsibility for the supply of more overt forms of power for cases where these techniques failed in their intended objectives.

In short, both the nature of the social relations of production of the railroads and the concrete role of the state in maintaining these relations specify that these enterprises were industrial concerns. Ignoring the concept of the mode of production for the time, other criteria can also be used to validate this classification of the railways. For example, Tom Naylor's distinction between mercantile and industrial activity firmly places railroads in the latter sector. As L.R. Macdonald has pointed out, using Naylor's own definition based on how capital is invested to determine what is industrial and what is mercantile railways are industrial. That is, Naylor argues that mercantilism is characterized by a low rate of fixed to circulating capital, yet railways had very high proportions of fixed to circulating capital, which should, according to the definition, make them industrial.[3]

Thus, whether one considers railroads from the perspective of the nature of their relations of production or with respect to Naylor's distinction between mercantile and industrial activities, railroads are examples of industrial capitalist undertakings. It will be remembered, however, that in chapter one it was argued at any given time a society can contain several modes of production coexisting together. Thus, it could still be argued that Canadian railroads represented a case in which capitalist social relations coexisted in a largely pre-capitalist society. The possibility could then exist that railroads, although industrial firms per se, had a pre-capitalist function.

The failure of many of the critics of Tom Naylor to recognize the possibility of one mode of production coexisting with another mode had produced a considerable amount of confusion in the debate over the nature of Canada's railroads. Much of this debate has been characterized by opposing analysts largely talking past each other and not really discussing the same issues.

Thus a number of Naylor's critics have employed Karl Marx's analysis of railroads to "set Naylor straight." Marx argued that the transportation of products was an essential part of the process of industrial production:

> Within each process of production, a great role is played by the change of location of the subject of labour and the required instruments of labour and labour-power--such as cotton trucked from the carding to the spinning room or coal hoisted from the shaft to the surface. The transition of the finished product as finished goods from one independent place of production to another located at a distance shows the same phenomenon, only on a larger scale. 4

When Marx then analyzed the transportation sector, and hence railways, he firmly placed the activity within the industrial sector. Transportation was an example of industrial production continuing in the process of circulation:

> The purely commercial costs of circulation (hence, excluding costs of expressage, shipping, storage, etc.) resolve themselves into costs required to

> realize the value of commodities, to transform it from commodities into money, or from money into commodities, to effect their exchange. We leave entirely out of consideration all possible processes of production which may continue in the process of circulation, and from which the merchant's business can be altogether separated; as, in fact, the actual transport industry and expressage may be, and are, industrial branches entirely distinct from commercial. [5]

Responding to his critics and their use of Marx's analysis, Naylor has argued that his thesis on the nature of Canadian railroads rests upon the fact that:

> ...pre-Confederation Canada was a pre-industrial economy. In a pre-industrial economy, commerce dominates industry, as Marx himself points out, while in an industrial economy the converse is true. Now citing Marx on railways in an industrial economy is hardly sufficient to claim Marx would have extended the same argument with respect to railways in a pre-industrial context. [6]

Leaving aside the implication in this statement that Marx portrayed the distinction between commercial and industrial interests as a "zero-sum" relationship, Naylor is correct to assert that it is insufficient to merely apply Marx's theory to analyze Canadian railroads. Because of this, this thesis examined the relationship between the railroads and industrial development.

It was argued that the early railroad ventures were clearly designed to fulfill commercial objectives and were largely backed by mercantile interests; however, railroads encouraged investment in the growth of various manufacturing activities, such as the iron and steel industry, the machine parts sector, and mining, which developed to serve the railroad companies' equipment needs. Moreover, it was shown that railroads, by linking industrialists to raw materials and markets, provided a stimulus for the growth of other industrial activities.

Thus, while it was true that the major railroad ventures during this time were designed as long-distance routes to connect the staple products to international markets, it is not clear that this turned out to be the sole, or even the dominant, function. For example, it was generally true that the early railroad companies derived a larger portion of their revenues from the movement of passengers rather than freight (see Table VII for the figures of the Champlain and St. Lawrence). While the function of transporting passengers seems to have little to do with industrial production, it is not clear exactly how this fits into the theory that railways served

Table VII

Sources of Revenues of the Champlain and St. Lawrence Railroad Co., 1851-1856[7]

Year	Railroad Passengers	Railroad Freight	Ferry Passengers	Ferry Freight
1851	£12,585	10,131	1,980	1,450
1852	£17,592	14,156	2,097	958
1853	£14,576	15,003	1,774	904
1854	£20,979	15,136	1,751	960
1855	£22,713	16,301	797	720
1856	£16,756	17,741	1,021	591

commercial rather than industrial interests. Moreover, in at least the case of the Great Western Railroad, when the nature of the freight being transported is analyzed, the company often was more dependent on revenue from local goods rather than the through traffic. (Table VIII)

The contention that at least a good deal of the local goods being transported on the railroads was serving an industrial function is partly validated by another finding of this thesis. That is the railroad promoters were heavily represented in various types of manufacturing concerns. The involvement of railroad interests in industrial establishments was part of the general transformation between the 1850's and the 1870's from a pre-capitalist to a capitalist economy.

Table VIII

Great Western Railroad Co. Revenue, Local Goods compared to Through Goods, July 31, 1854 to January 31, 1859[8]

Six Months Ending	Revenue from Local Goods	Revenue from Through Goods
July 31, 1854	$ 75,864	$ 44,908
Jan. 31, 1855	$145,396	$ 49,604
July 31, 1855	$163,876	$119,376
Jan. 31, 1856	$245,497	$138,664
July 31, 1856	$262,828	$216,328
Jan. 31, 1857	$280,417	$162,092
July 31, 1857	$171,941	$187,117
Jan. 31, 1858	$164,879	$183,023
July 31, 1858	$157,133	$136,739
Jan. 31, 1859	$143,170	$124,409

It was shown that during this period large-scale factories, employing greater numbers of wage labourers, emerged. For an increasing number of Canadians, especially in the larger cities, the nature of their work became dominated by the social relations of production characteristic of industrial capitalism, namely alienated labour.

Naylor had made note of the integration of mercantile-financial interests with industrial interests but has attempted to argue that this confirms his theory of the commercial dominance of industry in Canada. To argue this case he has called upon those same "sacred scriptures" that he chastised his critics for using. That is, Naylor employs Marx's discussion of the "two ways" to industrial development. Marx, he notes, argued that industrialization can take place either by handicraft industries reinvesting their profits to expand production or by merchants taking control of the industries. The former case represents the "truly revolutionary way" while the latter implies the maintenance of commercial dominance and hence the retardation of full-scale industrial development. Thus, Naylor contends, the fact that leading mercantile-financial-railroad interest did invest in industry merely affirms his argument about the dominance of commercial interests in the Canadian economy.[9]

In connection with this argument of Naylor it should be noted that the issue of the "two ways" to capitalist development is not as cut and dry as it is made to appear. A number of authors have noted that when Marx discussed the merchant to industry path of development he seems to have been considering the putting-out system. If, in fact, the entry of merchants into industry was via the putting-out system, this would clearly not constitute industrial production as it has been defined in this thesis because the relationship between the producer and the non-producer was not yet one of capitalist and wage labourer and the non-producer did not directly intervene in the work process. As Kohachiro Takahashi explains it, in the

> ...putting-out system the 'merchant-manufacturers' realize their profit by concentrating the purchase of raw materials and the sale of the products exclusively in their own hands, advancing the raw materials to the small producers as the work to be finished...these marchands-entrepreneurs were... not genuinely 'progressive' industrial capitalits. They 'controlled' production only from the outside, and in order to continue their domination, as merchant capitalists, they maintained the traditional conditions of production unchanged. 10

As long as the putting out system is the form of the merchant involvement in industry, commercial capital dominates; however, if the merchant enters into industry and organizes production by hiring wage labourers, a completely different set of social relations develops. As George Lefebvre notes, in the "truly revolutionary way" to industrial development, that is a craftsman becoming a capitalist, the producer "does more than subordinate commerce to production; to supply the market... he must engage wage-labour from which to realize a profit. This is what makes him a capitalist."[11] But as Lefebvre also notes, "if a merchant establishes a manufactory, he does exactly the same thing; he too is a capitalist.[12]

In the case of Canadian merchants and railroad interests becoming involved in industry, the putting-out system is not involved. The manufacturing establishments they were founding or buying out were characterized by the relations of production of industrial capitalism--the hiring of wage-labourers by capitalists. The dispute over whether merchants were establishing manufacturing firms or craftsmen were reinvesting their profits to expand production is a pseudo-issue within the Canadian context. Both of these paths to industrialization were taken,[13] but in either case the end result was similar--the ascendency of industrial capitalism and the relations of production specific to this mode of production.

In short, if one employs such criteria as trade statistics and the volume of assets locked up in commercial pursuits, the Canadian economy can, no doubt, justifiably be termed commercially dominated and railroads can, perhaps, be viewed as serving commercial interests. This thesis, however, has argued that the area to be explored in order to determine the nature of a particular society is the social relations of production. Once the economic level is characterized by a separation in the relation of real appropriation the industrial capitalist mode of production can be said to have developed. The significance of analyzing the social relations of production is that it turns the analysis away from quantitative trade and business statistics and towards a "bottom-up" view of social reality. That is, the chief concern is the nature of work and the way in which it is organized. Adopting this criteria to study Canada between the 1850's and 1870's, the dominant tendency in the economy was the emergence of industrial capitalism.

In a variety of ways the first railways stimulated the tendency towards industrial development. The greatest significance in their development had to do with the new relations of production they brought forth on a massive scale. Newspaper accounts are revealing of the impact of the railroads. "Railway operations," one paper noted, "are calling into existence new wants and new enterprises, creating new markets and filling men with bigger thoughts." "The very people themselves," another paper claimed, "have become changed. Instead of the slow and easy John Bull mode of procedure, the merchant, the mechanic, and the farmer screw up their energies to railroad speed."[14]

Indeed the people had changed but primarily because of their new work relations. The "slow and easy John Bull mode of procedure," that is, the pre-capitalist work rhythm and intimate relation of producer to the work process, was disappearing; taking its place was the capitalist work relation, a relation bearing a symbolic affinity to the railroad itself--a mere mechanical activity being driven to greater speeds and productivity. Railroads, both as economic activities characterized by this work relation and as enterprises stimulating the development of other activities with a similar work relation, figured decisively in this social change. The Canada of the 1870's stood in marked contrast to the society of the pre-railway days. Capitalist relations of production had significantly uprooted the pre-capitalist relations and it had been the railway era that marked the transition period.

Footnotes

1. Stanley Ryerson, Unequal Union, (Toronto: Progress Books, 1973), p. 248.

2. Harry Braverman, Labor and Monopoly Capital, (New York: Monthly Review Press, 1974), p. 63.

3. L.R. Macdonald, "Merchants against Industry: An Idea and Its Origins," Canadian Historical Review, (Volume 56, No. 3, 1975), p. 267.

4. Karl Marx, Capital, Volume 2, (Moscow: Progress Publishers, 1971), chapter VI, p. 153.

5. Ibid., Volume 3, chapter XVII, pp. 288-9.

6. Tom Naylor, "Commentary," Our Generation, (Volume 11, No. 1, Fall 1975), p. 19.

7. Compiled from the Journals of the Champlain and St. Lawrence Railroad Co., Canadian National Railway Archives, R.G. 30, Volumes 135-136, P.A.C. Figures are approximations.

8. Great Western Railway, Minute Book of General Meetings of Shareholders, Canadian National Railway Archives, R.G. 30, Volume 1, P.A.C.

9. Naylor, op. cit., p. 20.

10. Kohachiro Takahashi, "A Contribution to the Discussion," in Rodney Hilton, editor, The Transition from Feudalism to Capitalism, (London: New Left Books, 1976), p. 92.

11. George Lefebvre, "Some Observations," in Ibid., p. 124.

12. Ibid., p. 124.

13. Steven Langdon, "The Political Economy of Capitalist Transformation: Central Canada From the 1840's to the 1870's," (Unpublished M.A. Thesis, Carleton University, 1972), pp. 158-61.

14. Quoted in J.J. Talman, "The Impact of the Railway on a Pioneer Community," Canadian Historical Association Reports, 1955, p. 12.

Bibliography

Books and Journal Articles

Acton, Janice, Penny Goldsmith and Bonnie Shepard. editors. Women at Work, Ontario 1850-1930. Toronto: Canadian Women's Educational Press, 1974.

Aptheker, Herbert. Marxism and Alienation. New York: Humanities Press, Inc., 1965.

Armstrong, F.H. "Toronto's First Railway Venture, 1834-1838" in Ontario History, Volume 58, March 1966.

Bogue, A.G. and Lillian R. Benson. editors. "An Engineer on the Great Western: A Selection from the Personal Reminiscences of Silas Wright Burt" in Western Ontario History Nuggets, Number 17, 1952.

Boyd, J. Sir George Etienne Cartier, Bart.: His Life and Times. Toronto: The Macmillan Co. of Canada Ltd., 1914.

Braverman, Harry. Labor and Monopoly Capital: The Degradation of Work in the Twentieth Century. New York: Monthly Review Press, 1974.

Brown, T.S. A History of the Grand Trunk Railway of Canada. Quebec: Hunter, Rose and Co., 1864.

Bush, Edward F. "Thomas Coltrin Keefer" in Ontario History, Volume 66, Number 4, December 1974.

Carless, J.M.S. editor. Colonists and Canadians, 1760-1867. Toronto: The Macmillan Co. of Canada Ltd., 1971.

Cooper, J.I. "The Social Structure of Montreal in the 1850's" in Canadian Historical Association Report, 1956.

Creighton, Donald. The Empire of the St. Lawrence. Toronto: The Macmillan Co. of Canada Ltd., 1970.

Cross, Michael S. editor. The Workingman in the Nineteenth Century. Toronto: Oxford University Press, 1974.

Currie, A.W. The Grand Trunk Railway of Canada. Toronto: University of Toronto Press, 1957.

Denison, Merrill. Canada's First Bank: A History of the Bank of Montreal, Volumes I and II. Toronto: McClelland and Stewart Ltd., 1966 and 1967.

Dobb, Maurice. Studies In The Development of Capitalism. London: Routledge and Kegan Paul, 1975.

Donald, W.J.A. The Canadian Iron and Steel Industry: A Study in the Economic History of a Protected Industry. Boston and New York: Houghton Mifflen Co., 1915.

Dunayevskaya, Raya. Marxism and Freedom: From 1776 Until Today. London: Pluto Press, 1971.

Dunham, Aileen. Political Unrest in Upper Canada, 1815-1836. Toronto: McClelland and Stewart Ltd., 1971.

Easterbrook, W.T. and M.H. Watkins. editors. Approaches to Canadian Economic History. Toronto: McClelland and Stewart Ltd., 1967.

Edwards, George W. The Evolution of Finance Capitalism. New York: Augustus M. Kelley Publishers, 1967.

Ferris, Terry. "Railways of British North America" in Ontario History, Volume 38, 1946.

Fournier, L.T. Railway Nationalization in Canada: The Problem of the Canadian National Railways. Toronto: The Macmillan Co. of Canada Ltd., 1935.

Gagan, David and Herbert Mays. "Historical Demography and Canadian Social History: Families and Land in Peel County, Ontario" in Canadian Historical Review, Volume 54, 1973.

Giddens, Anthony. Capitalism and Modern Social Theory: An Analysis of the Writings of Marx, Durkheim and Max Weber. London: Cambridge University Press, 1974.

————————. The Class Structure of the Advanced Societies. New York: Harper and Row, Publishers, Inc., 1975.

Gilkison, Augusta I.G. "The Great Western Railway" in London and Middlesex Historical Society, Part II, 1909.

Glazebrook, G.P. de T. A History of Transportation in Canada. Toronto: The Ryerson Press, 1938.

Hilton, Rodney. editor. The Transition from Feudalism to Capitalism. London: New Left Books, 1976.

Horn, Michael and Ronald Sabourin. editors. Studies in Canadian Social History. Toronto: McClelland and Stewart Ltd., 1974.

Innis, Harold A. The Fur Trade in Canada. Toronto: University of Toronto Press, 1973.

Israel, Joachim. Alienation. From Marx to Modern Sociology. Boston: Allyn and Bacon, Inc., 1971.

Johnson, J.K. editor. Historical Essays on Upper Canada. Toronto: McClelland and Stewart Ltd., 1975.

Johnson, Leo A. "Land Policy, Population Growth and Social Structure in the Home District, 1793-1851" in Ontario History, Volume 63, Number 1, March 1971.

————. History of the County of Ontario, 1615-1875. Whitby, Ontario: The Corporation of the County of Ontario, 1973.

Katz, Michael. "The People of a Canadian City: 1851-2" in Canadian Historical Review, Volume 53, 1973.

Kealey, Gregory S. and Peter Warrian. editors. Essays in Canadian Working Class History. Toronto: McClelland and Stewart Ltd., 1976.

Kos-Rabcewicz-Zubkowski, Ludwik and William Edward Greening. Sir Casimir Stanislaus Gzowski: A Biography. Toronto: Burns and MacEachern, 1959.

Laxer, Robert M. editor. (Canada) Ltd.: The Political Economy of Dependency. Toronto: McClelland and Stewart Ltd., 1973.

Longley, R.S. Sir Francis Hincks: A Study of Canadian Politics, Railways and Finance in the Nineteenth Century. Toronto: University of Toronto Press, 1943.

Lovett, Henry A. Canada and the Grand Trunk 1829-1924. 1924.

Macdonald, L.R. "Merchants against Industry: An Idea and Its Origins" in Canadian Historical Review, Volume 56, Number 3, 1975.

Macintyre, Stuart and Keith Tribe. Althusser and Marxist Theory. Cambridge: Octopress, 1975.

Macmillan, David S. editor. Canadian Business History: Selected Studies, 1497-1971. Toronto: McClelland and Stewart Ltd., 1972.

MacNab, John E. "Toronto's Industrial Growth in 1891" in Ontario History, Volume 47, 1955.

Mandel, Ernest and George Novack. The Marxist Theory of Alienation. New York: Pathfinder Press, 1974.

Marx, Karl. Capital. Volumes I, II, and III. Moscow: Progress Publishers, 1971.

———. Economic and Philosophic Manuscripts of 1844. Moscow: Progress Publishers, 1974.

Masters, D.C. "W.H. Merritt and the Expansion of Canadian Railways" in Canadian Historical Review, Volume 12, 1931.

———. "Toronto vs. Montreal: The Struggle for Financial Hegemony, 1860-1875" in Canadian Historical Review, Volume 22, 1941.

———. The Rise of Toronto 1850-1890. Toronto: University of Toronto Press, 1947.

Mathias, Peter. The First Industrial Nation: An Economic History of Britain 1700-1914. London: Methuen and Co. Ltd., 1965.

McBride, Steve. "Setting Naylor Straight" in Canadian Dimension, Volume 10, Number 2, June 1974.

McCalla, Douglas. "The Commercial Politics of the Toronto Board of Trade, 1850-1860" in Canadian Historical Review, Volume 50, Number 1, March 1969.

———. "The Decline of Hamilton as a Wholesale Center" in Ontario History, Volume 65, 1973.

Meszaros, Istvan. Marx's Theory of Alienation. London: Merlin Press, 1970.

Miliband, Ralph. The State in Capitalist Society: The Analysis of the Western System of Power. London: Quartet Books, 1973.

Moogk, Peter N. "Apprenticeship Indentures: A Key to Artisan Life in New France" in Canadian Historical Association, Historical Papers, 1971.

Moore, Wilbert E. The Impact of Industry. Englewood Cliffs: Prentice-Hall, Inc., 1965.

Morton, W.L. The Kingdom of Canada. Toronto: McClelland and Stewart Ltd., 1970.

Myers, Gustavus. A History of Canadian Wealth. Toronto: James, Lewis and Samuel, 1972.

Naylor, R.T. "Canada's International Commercial Expansion to 1914" in Our Generation, Volume 10, Number 4, Winter 1975.

———. "Commentary" in Our Generation, Volume 11, Number 1, Fall 1975.

———. The History of Canadian Business, Volumes I and II. Toronto: James Lorimer and Co., 1975.

Nelles, H.V. editor. Philosophy of Railroads and Other Essays, By T.C. Keefer. Toronto: University of Toronto Press, 1972.

Neu, Irene D. Erastus Corning Merchant and Financier, 1794-1872. Ithaca: Cornell University Press, 1960.

Otter, A.A. den. "Sir Alexander Tilloch Galt, The Canadian Government and Alberta's Coal" in Canadian Historical Association, Historical Papers, 1973.

Pentland, H.C. "The Lachine Strike of 1843" in Canadian Historical Review, Volume 24, Number 3, September 1948.

———. "The Role of Capital in Canadian Economic Development Before 1875" in Canadian Journal of Economics and Political Science, Volume 16, Number 4, November 1950.

———. "The Development of a Capitalistic Labour Market in Canada" in Canadian Journal of Economics and Political Science, Volume 25, Number 4, 1959.

Phillips, Paul. "Land Tenure and Economic Development: A Comparison of Upper and Lower Canada" in Journal of Canadian Studies, Volume 9, Number 2, May 1974.

Phillips, W.G. The Agricultural Implement Industry in Canada: A Study in Competition. Toronto: University of Toronto Press, 1956.

Polanyi, Karl. The Great Transformation: The Political and Economic Origins of Our Time. Boston: Beacon Press, 1971.

Poulantzas, Nicos. "On Social Classes" in New Left Review, Number 78, March-April 1973.

———. Political Power and Social Classes. London: New Left Books, 1975.

Rinehart, James W. The Tyranny of Work. Don Mills: Longman Canada Ltd., 1975.

Rosenblum, Simon. "Economic Nationalism and the English-Canadian Socialist Movement" in Our Generation, Volume 11, Number 1, Fall 1975.

Ross, Victor. A History of the Canadian Bank of Commerce, Volume I. Toronto: Oxford University Press, 1920.

Roussopoulus, Dimitrious I. editor. The Political Economy of the State. Montreal: Black Rose Books Ltd., 1973.

Ryerson, Stanley. Unequal Union: Roots of Crisis in the Canadas, 1815-1873. Toronto: Progress Books, 1973.

Skelton, O.D. The Railway Builders: A Chronicle of Overland Highways. Toronto: Glasgow, Brook and Co., 1916.

---------. The Life and Times of Sir Alexander Tilloch Galt. Toronto: Oxford University Press, 1920.

Smith, Russell D. "The Northern Railway: Its Origins and Construction, 1834-1855" in Ontario History, Volume 48, Number 1, 1957.

---------. "The Early Years of the Great Western Railway, 1833-1857" in Ontario History, Volume 60, Number 1, 1968.

Stevens, G.R. Canadian National Railways, Volumes I and II. Toronto: Clarke, Irwin and Co. Ltd., 1960.

Talman, J.J. "The Impact of the Railway on a Pioneer Community" in Canadian Historical Association Reports, 1955.

Teeple, Gary. editor. Capitalism and the National Question in Canada. Toronto: University of Toronto Press, 1972.

The Centenary of the Bank of Montreal, 1817-1917. Montreal and Toronto: The Herald Press, 1917.

Thompson, E.P. The Making of the English Working Class. New York: Pantheon Books, 1964.

---------. "Time, Work-Discipline, and Industrial Capitalism" in Past and Present, December 1967.

Thompson, Norman and J.H. Edgar. Canadian Railway Development: From the Earliest Times. Toronto: The Macmillan Co. of Canada Ltd., 1933.

Trout, J.M. and E.D.W. Trout. The Railways of Canada. Toronto: Coles Publishers Co., 1970.

Tucker, G.N. The Canadian Commercial Revolution, 1845-1851. ✓ Toronto: McClelland and Stewart Ltd., 1970.

Vaughan, Carol Laurie. "The Bank of Upper Canada in Politics, 1817-1840" in Ontario History, Volume 60, Number 1, March 1968.

Walker, Frank N. "The Longest Railway in the World" in The Canadian Banker, Volume 63, Number 3, Winter 1956.

Wincester, Ian. editor. The Canadian Social History Project, Report Number 5. Toronto, 1974.

Wolff, Kurt H. editor. The Sociology of Georg Simmel. New York: The Free Press, 1964.

Young, Brian J. "Railway Politics in Montreal, 1867-1878" in The Canadian Historical Association, Historical Papers, 1972.

Government Publications

Census of the Canadas, 1851, 1861, 1871.

Journals of the Legislative Assembly of the Province of Canada, 1849, Volume 8, Appendix Z; 1852, Volume 11, Appendix XX.

Sessional Papers, Number 6, 1865.

Materials from the Public Archives of Canada

Bridges, William. The Colonization of British America. New York and London, 1848. Reference Number 1-2128.

Canadian National Railway Archives, R.G. 30.

Carmichael-Smyth, Robert Stewart. The employment of the people and the capital of Great Britain in her own colonies... London, 1849. Reference Number 1-2168.

————. A Letter to the Right Honourable Earl Grey, on the Subject of Transportation and Emigration, as connected with An Imperial Railway Communication Between the Atlantic and Pacific. London, 1850. Reference Number 1-2189.

First Report of the Select Committee Appointed to Inquire into the causes which retard the Settlement of the Eastern Townships of Lower Canada. Toronto: Lovell and Gibson, 1851. Reference Number 1-2254.

Foster, Vere. Work and Wages: or, the penny emigrant's guide to United States and Canada. London, 1855. Reference Number 1-2452.

Gilkison, Jasper T. Construction of the Great Western Railroad. Hamilton, 1850. Reference Number 1-2201.

Macdougall, Sir Patrick Leonard. Emigration: its advantages to Great Britain and her colonies. London, 1848. Reference Number 1-2115.

Morton, A. Report of the surveys of the Quebec and Richmond Railway. Quebec, 1851. Reference Number 1-2274.

Report of the Commissioners appointed to investigate and report upon the best means of re-organizing the Militia of Canada, and providing an efficient and economical system of Public Defense and to report upon an improved system of Police, for the better preservation of the public peace. Quebec, 1855. Reference Number 1-2508.

Report of the Proceedings of the Upper Canada Mining Company. Hamilton, 1847; 1848. Reference Numbers 1-2102; 1-2124.

Report of the Select Committee of the Legislative Assembly, Appointed to Inquire into the Causes and Importance of the Emigration Which Takes Place Annually From Lower Canada To The United States. Montreal, 1849. Reference Number 1-2142.

Materials from the Public Archives of Ontario

Agreement for Amalgamation between the Grand Trunk Railway Co. of Canada East, the Quebec and Richmond Railroad Co., the St. Lawrence and Atlantic Railway Co., the Grand Junction Railway Co., the Toronto and Guelph Railway Co., and the Grand Trunk Railway Co. of Canada, entered into in London, April 12, 1853. Montreal: J. Starke and Co., 1856.

An Appeal to the Citizens of Michigan Showing the Necessity of the Early Completion of the Great Western Rail Way, from Detroit to the Niagara River. Detroit: Harmon, Brodhead and Co., Printers, 1851.

A Sub-Committee of the Celebration Committee. *Montreal in 1856. A Sketch prepared for the Opening of the Grand Trunk Railway of Canada*. Montreal: John Lovell printer, 1856.

Correspondence Respecting Disturbance on the Line of the Grand Trunk Railway. Ottawa: Maclean, Roger and Co., 1877.

Fourth Annual General Meeting of the Proprietors of the St. Lawrence and Atlantic Railroad, with Report of the Directors. Montreal, 1849.

Grand Trunk Railway of Canada. *General Rules and Regulations*. Montreal, 1855.

Great Western Rail Way. Hamilton, 1845.

Great Western Railroad. Proceedings of the Annual General Meeting of Shareholders; and Report of the Directors. 1852-1864.

Gzowski Papers.

Letter to Mr. Brassey, to the Hon. John Ross. Toronto: Leader and Patriot Office, 1856.

Map showing the Great Northern Route from Boston and New York to the Mississippi.

Morton, A.C. *Report on the Gauge for the St. Lawrence and Atlantic Rail-Road*. Montreal, 1847.

---------. *Report on the St. Lawrence and Atlantic Rail-Road, Its Influence on the Trade of the St. Lawrence, and statistics of the cost and traffic of the New York and Massachusetts Rail-Roads*. Montreal, 1849.

Proceedings of the....Meetings of the Shareholders of the Grand Trunk Railway Co. of Canada. 1854; 1856-1858.

Proceedings of the Standing Committee on Rail Road and Telegraph Lines; Together with the Minutes of Evidence. Toronto: Lovell and Gibson, 1851.

Prospectus. The Grand Trunk Railway Company of Canada.

Report and Proceedings of the Select Committee on Charges Against the Late Administration. Quebec, 1855.

Report of the Committee on the Montreal and Kingston Section of the Canada Grand Trunk Railway, 1851.

Reports of the Commissioners Appointed to Inquire into a Series of Accidents and Detentions on The Great Western Railway, Canada West. Quebec, 1855.

Return for copies of certain Papers connected with the affairs of the Grand Trunk Railroad Co. of Canada. 1855.

Statements, Reports and Accounts of the Grand Trunk Railway Co. of Canada. Toronto: Derbeshire and Desbarats, 1857.

Stuart, Charles B. Report on the Great Western Railway, Canada West, to the President and Directors. September 1, 1847.

Sullivan, W.B. A Sketch of the Montreal Celebration of the Grand Trunk Railway of Canada. Toronto: Leader and Patriot Steam Press, 1856.

Third Annual General Meeting of Proprietors of the St. Lawrence and Atlantic Rail-Road, with Report of the Directors, and Chief Engineer. Montreal, 1848.

Thesis and Dissertation

Klassen, Henry C. "L.H. Holton: Montreal Businessman and Politician, 1817-1867." Unpublished Ph.D. Dissertation, University of Toronto, 1970.

Langdon, Steven. "The Political Economy of Capitalist Transformation: Central Canada From the 1840's to the 1870's." Unpublished M.A. Thesis, Carleton University, 1971.

Naylor had made note of the integration of mercantile-financial interests with industrial interests but has attempted to argue that this confirms his theory of the commercial dominance of industry in Canada. To argue this case he has called upon those same "sacred scriptures" that he chastised his critics for using. That is, Naylor employs Marx's discussion of the "two ways" to industrial development. Marx, he notes, argued that industrialization can take place either by handicraft industries reinvesting their profits to expand production or by merchants taking control of the industries. The former case represents the "truly revolutionary way" while the latter implies the maintenance of commercial dominance and hence the retardation of full-scale industrial development. Thus, Naylor contends, the fact that leading mercantile-financial-railroad interest did invest in industry merely affirms his argument about the dominance of commercial interests in the Canadian economy.[9]

In connection with this argument of Naylor it should be noted that the issue of the "two ways" to capitalist development is not as cut and dry as it is made to appear. A number of authors have noted that when Marx discussed the merchant to industry path of development he seems to have been considering the putting-out system. If, in fact, the entry of merchants into industry was via the putting-out system, this would clearly not constitute industrial production as it has been defined in this thesis because the relationship between the producer and the non-producer was not yet one of capitalist and wage labourer and the non-producer did not directly intervene in the work process. As Kohachiro Takahashi explains it, in the

> ...putting-out system the 'merchant-manufacturers' realize their profit by concentrating the purchase of raw materials and the sale of the products exclusively in their own hands, advancing the raw materials to the small producers as the work to be finished...these marchands-entrepreneurs were... not genuinely 'progressive' industrial capitalits. They 'controlled' production only from the outside, and in order to continue their domination, as merchant capitalists, they maintained the traditional conditions of production unchanged. 10

As long as the putting out system is the form of the merchant involvement in industry, commercial capital dominates; however, if the merchant enters into industry and organizes production by hiring wage labourers, a completely different set of social relations develops. As George Lefebvre notes, in the "truly revolutionary way" to industrial development, that is a craftsman becoming a capitalist, the producer "does more than subordinate commerce to production; to supply the market... he must engage wage-labour from which to realize a profit. This is what makes him a capitalist."[11] But as Lefebvre also notes, "if a merchant establishes a manufactory, he does exactly the same thing; he too is a capitalist.[12]

In the case of Canadian merchants and railroad interests becoming involved in industry, the putting-out system is not involved. The manufacturing establishments they were founding or buying out were characterized by the relations of production of industrial capitalism--the hiring of wage-labourers by capitalists. The dispute over whether merchants were establishing manufacturing firms or craftsmen were reinvesting their profits to expand production is a pseudo-issue within the Canadian context. Both of these paths to industrialization were taken,[13] but in either case the end result was similar--the ascendency of industrial capitalism and the relations of production specific to this mode of production.

In short, if one employs such criteria as trade statistics and the volume of assets locked up in commercial pursuits, the Canadian economy can, no doubt, justifiably be termed commercially dominated and railroads can, perhaps, be viewed as serving commercial interests. This thesis, however, has argued that the area to be explored in order to determine the nature of a particular society is the social relations of production. Once the economic level is characterized by a separation in the relation of real appropriation the industrial capitalist mode of production can be said to have developed. The significance of analyzing the social relations of production is that it turns the analysis away from quantitative trade and business statistics and towards a "bottom-up" view of social reality. That is, the chief concern is the nature of work and the way in which it is organized. Adopting this criteria to study Canada between the 1850's and 1870's, the dominant tendency in the economy was the emergence of industrial capitalism.

In a variety of ways the first railways stimulated the tendency towards industrial development. The greatest significance in their development had to do with the new relations of production they brought forth on a massive scale. Newspaper accounts are revealing of the impact of the railroads. "Railway operations," one paper noted, "are calling into existence new wants and new enterprises, creating new markets and filling men with bigger thoughts." "The very people themselves," another paper claimed, "have become changed. Instead of the slow and easy John Bull mode of procedure, the merchant, the mechanic, and the farmer screw up their energies to railroad speed."[14]

Indeed the people had changed but primarily because of their new work relations. The "slow and easy John Bull mode of procedure," that is, the pre-capitalist work rhythm and intimate relation of producer to the work process, was disappearing; taking its place was the capitalist work relation, a relation bearing a symbolic affinity to the railroad itself--a mere mechanical activity being driven to greater speeds and productivity. Railroads, both as economic activities characterized by this work relation and as enterprises stimulating the development of other activities with a similar work relation, figured decisively in this social change. The Canada of the 1870's stood in marked contrast to the society of the pre-railway days. Capitalist relations of production had significantly uprooted the pre-capitalist relations and it had been the railway era that marked the transition period.

Footnotes

1. Stanley Ryerson, Unequal Union, (Toronto: Progress Books, 1973), p. 248.

2. Harry Braverman, Labor and Monopoly Capital, (New York: Monthly Review Press, 1974), p. 63.

3. L.R. Macdonald, "Merchants against Industry: An Idea and Its Origins," Canadian Historical Review, (Volume 56, No. 3, 1975), p. 267.

4. Karl Marx, Capital, Volume 2, (Moscow: Progress Publishers, 1971), chapter VI, p. 153.

5. Ibid., Volume 3, chapter XVII, pp. 288-9.

6. Tom Naylor, "Commentary," Our Generation, (Volume 11, No. 1, Fall 1975), p. 19.

7. Compiled from the Journals of the Champlain and St. Lawrence Railroad Co., Canadian National Railway Archives, R.G. 30, Volumes 135-136, P.A.C. Figures are approximations.

8. Great Western Railway, Minute Book of General Meetings of Shareholders, Canadian National Railway Archives, R.G. 30, Volume 1, P.A.C.

9. Naylor, op. cit., p. 20.

10. Kohachiro Takahashi, "A Contribution to the Discussion," in Rodney Hilton, editor, The Transition from Feudalism to Capitalism, (London: New Left Books, 1976), p. 92.

11. George Lefebvre,"Some Observations," in Ibid., p. 124.

12. Ibid., p. 124.

13. Steven Langdon, "The Political Economy of Capitalist Transformation: Central Canada From the 1840's to the 1870's," (Unpublished M.A. Thesis, Carleton University, 1972), pp. 158-61.

14. Quoted in J.J. Talman, "The Impact of the Railway on a Pioneer Community," Canadian Historical Association Reports, 1955, p. 12.

Bibliography

Books and Journal Articles

Acton, Janice, Penny Goldsmith and Bonnie Shepard. editors. Women at Work, Ontario 1850-1930. Toronto: Canadian Women's Educational Press, 1974.

Aptheker, Herbert. Marxism and Alienation. New York: Humanities Press, Inc., 1965.

Armstrong, F.H. "Toronto's First Railway Venture, 1834-1838" in Ontario History, Volume 58, March 1966.

Bogue, A.G. and Lillian R. Benson. editors. "An Engineer on the Great Western: A Selection from the Personal Reminiscences of Silas Wright Burt" in Western Ontario History Nuggets, Number 17, 1952.

Boyd, J. Sir George Etienne Cartier, Bart.: His Life and Times. Toronto: The Macmillan Co. of Canada Ltd., 1914.

Braverman, Harry. Labor and Monopoly Capital: The Degradation of Work in the Twentieth Century. New York: Monthly Review Press, 1974.

Brown, T.S. A History of the Grand Trunk Railway of Canada. Quebec: Hunter, Rose and Co., 1864.

Bush, Edward F. "Thomas Coltrin Keefer" in Ontario History, Volume 66, Number 4, December 1974.

Careless, J.M.S. editor. Colonists and Canadians, 1760-1867. Toronto: The Macmillan Co. of Canada Ltd., 1971.

Cooper, J.I. "The Social Structure of Montreal in the 1850's" in Canadian Historical Association Report, 1956.

Creighton, Donald. The Empire of the St. Lawrence. Toronto: The Macmillan Co. of Canada Ltd., 1970.

Cross, Michael S. editor. The Workingman in the Nineteenth Century. Toronto: Oxford University Press, 1974.

Currie, A.W. The Grand Trunk Railway of Canada. Toronto: University of Toronto Press, 1957.

Denison, Merrill. Canada's First Bank: A History of the Bank of Montreal, Volumes I and II. Toronto: McClelland and Stewart Ltd., 1966 and 1967.

Dobb, Maurice. Studies In The Development of Capitalism. London: Routledge and Kegan Paul, 1975.

Donald, W.J.A. The Canadian Iron and Steel Industry: A Study in the Economic History of a Protected Industry. Boston and New York: Houghton Mifflen Co., 1915.

Dunayevskaya, Raya. Marxism and Freedom: From 1776 Until Today. London: Pluto Press, 1971.

Dunham, Aileen. Political Unrest in Upper Canada, 1815-1836. Toronto: McClelland and Stewart Ltd., 1971.

Easterbrook, W.T. and M.H. Watkins. editors. Approaches to Canadian Economic History. Toronto: McClelland and Stewart Ltd., 1967.

Edwards, George W. The Evolution of Finance Capitalism. New York: Augustus M. Kelley Publishers, 1967.

Ferris, Terry. "Railways of British North America" in Ontario History, Volume 38, 1946.

Fournier, L.T. Railway Nationalization in Canada: The Problem of the Canadian National Railways. Toronto: The Macmillan Co. of Canada Ltd., 1935.

Gagan, David and Herbert Mays. "Historical Demography and Canadian Social History: Families and Land in Peel County, Ontario" in Canadian Historical Review, Volume 54, 1973.

Giddens, Anthony. Capitalism and Modern Social Theory: An Analysis of the Writings of Marx, Durkheim and Max Weber. London: Cambridge University Press, 1974.

----------. The Class Structure of the Advanced Societies. New York: Harper and Row, Publishers, Inc., 1975.

Gilkison, Augusta I.G. "The Great Western Railway" in London and Middlesex Historical Society, Part II, 1909.

Glazebrook, G.P. de T. A History of Transportation in Canada. Toronto: The Ryerson Press, 1938.

Hilton, Rodney. editor. The Transition from Feudalism to Capitalism. London: New Left Books, 1976.

Horn, Michael and Ronald Sabourin. editors. Studies in Canadian Social History. Toronto: McClelland and Stewart Ltd., 1974.

Innis, Harold A. The Fur Trade in Canada. Toronto: University of Toronto Press, 1973.

Israel, Joachim. Alienation. From Marx to Modern Sociology. Boston: Allyn and Bacon, Inc., 1971.

Johnson, J.K. editor. Historical Essays on Upper Canada. Toronto: McClelland and Stewart Ltd., 1975.

Johnson, Leo A. "Land Policy, Population Growth and Social Structure in the Home District, 1793-1851" in Ontario History, Volume 63, Number 1, March 1971.

----------. History of the County of Ontario, 1615-1875. Whitby, Ontario: The Corporation of the County of Ontario, 1973.

Katz, Michael. "The People of a Canadian City: 1851-2" in Canadian Historical Review, Volume 53, 1973.

Kealey, Gregory S. and Peter Warrian. editors. Essays in Canadian Working Class History. Toronto: McClelland and Stewart Ltd., 1976.

Kos-Rabcewicz-Zubkowski, Ludwik and William Edward Greening. Sir Casimir Stanislaus Gzowski: A Biography. Toronto: Burns and MacEachern, 1959.

Laxer, Robert M. editor. (Canada) Ltd.: The Political Economy of Dependency. Toronto: McClelland and Stewart Ltd., 1973.

Longley, R.S. Sir Francis Hincks: A Study of Canadian Politics, Railways and Finance in the Nineteenth Century. Toronto: University of Toronto Press, 1943.

Lovett, Henry A. Canada and the Grand Trunk 1829-1924. 1924.

Macdonald, L.R. "Merchants against Industry: An Idea and Its Origins" in Canadian Historical Review, Volume 56, Number 3, 1975.

Macintyre, Stuart and Keith Tribe. Althusser and Marxist Theory. Cambridge: Octopress, 1975.

Macmillan, David S. editor. Canadian Business History: Selected Studies, 1497-1971. Toronto: McClelland and Stewart Ltd., 1972.

MacNab, John E. "Toronto's Industrial Growth in 1891" in Ontario History, Volume 47, 1955.

Mandel, Ernest and George Novack. The Marxist Theory of Alienation. New York: Pathfinder Press, 1974.

Marx, Karl. Capital. Volumes I, II, and III. Moscow: Progress Publishers, 1971.

———. Economic and Philosophic Manuscripts of 1844. Moscow: Progress Publishers, 1974.

Masters, D.C. "W.H. Merritt and the Expansion of Canadian Railways" in Canadian Historical Review, Volume 12, 1931.

———. "Toronto vs. Montreal: The Struggle for Financial Hegemony, 1860-1875" in Canadian Historical Review, Volume 22, 1941.

———. The Rise of Toronto 1850-1890. Toronto: University of Toronto Press, 1947.

Mathias, Peter. The First Industrial Nation: An Economic History of Britain 1700-1914. London: Methuen and Co. Ltd., 1965.

McBride, Steve. "Setting Naylor Straight" in Canadian Dimension, Volume 10, Number 2, June 1974.

McCalla, Douglas. "The Commercial Politics of the Toronto Board of Trade, 1850-1860" in Canadian Historical Review, Volume 50, Number 1, March 1969.

———. "The Decline of Hamilton as a Wholesale Center" in Ontario History, Volume 65, 1973.

Meszaros, Istvan. Marx's Theory of Alienation. London: Merlin Press, 1970.

Miliband, Ralph. The State in Capitalist Society: The Analysis of the Western System of Power. London: Quartet Books, 1973.

Moogk, Peter N. "Apprenticeship Indentures: A Key to Artisan Life in New France" in Canadian Historical Association, Historical Papers, 1971.

Moore, Wilbert E. The Impact of Industry. Englewood Cliffs: Prentice-Hall, Inc., 1965.

Morton, W.L. The Kingdom of Canada. Toronto: McClelland and Stewart Ltd., 1970.

Myers, Gustavus. A History of Canadian Wealth. Toronto: James, Lewis and Samuel, 1972.

Naylor, R.T. "Canada's International Commercial Expansion to 1914" in Our Generation, Volume 10, Number 4, Winter 1975.

________. "Commentary" in Our Generation, Volume 11, Number 1, Fall 1975.

________. The History of Canadian Business, Volumes I and II. Toronto: James Lorimer and Co., 1975.

Nelles, H.V. editor. Philosophy of Railroads and Other Essays, By T.C. Keefer. Toronto: University of Toronto Press, 1972.

Neu, Irene D. Erastus Corning Merchant and Financier, 1794-1872. Ithaca: Cornell University Press, 1960.

Otter, A.A. den. "Sir Alexander Tilloch Galt, The Canadian Government and Alberta's Coal" in Canadian Historical Association, Historical Papers, 1973.

Pentland, H.C. "The Lachine Strike of 1843" in Canadian Historical Review, Volume 24, Number 3, September 1948.

________. "The Role of Capital in Canadian Economic Development Before 1875" in Canadian Journal of Economics and Political Science, Volume 16, Number 4, November 1950.

________. "The Development of a Capitalistic Labour Market in Canada" in Canadian Journal of Economics and Political Science, Volume 25, Number 4, 1959.

Phillips, Paul. "Land Tenure and Economic Development: A Comparison of Upper and Lower Canada" in Journal of Canadian Studies, Volume 9, Number 2, May 1974.

Phillips, W.G. The Agricultural Implement Industry in Canada: A Study in Competition. Toronto: University of Toronto Press, 1956.

Polanyi, Karl. The Great Transformation: The Political and Economic Origins of Our Time. Boston: Beacon Press, 1971.

Poulantzas, Nicos. "On Social Classes" in New Left Review, Number 78, March-April 1973.

________. Political Power and Social Classes. London: New Left Books, 1975.

Rinehart, James W. The Tyranny of Work. Don Mills: Longman Canada Ltd., 1975.

Rosenblum, Simon. "Economic Nationalism and the English-Canadian Socialist Movement" in Our Generation, Volume 11, Number 1, Fall 1975.

Ross, Victor. A History of the Canadian Bank of Commerce, Volume I. Toronto: Oxford University Press, 1920.

Roussopoulus, Dimitrious I. editor. The Political Economy of the State. Montreal: Black Rose Books Ltd., 1973.

Ryerson, Stanley. Unequal Union: Roots of Crisis in the Canadas, 1815-1873. Toronto: Progress Books, 1973.

Skelton, O.D. The Railway Builders: A Chronicle of Overland Highways. Toronto: Glasgow, Brook and Co., 1916.

________. The Life and Times of Sir Alexander Tilloch Galt. Toronto: Oxford University Press, 1920.

Smith, Russell D. "The Northern Railway: Its Origins and Construction, 1834-1855" in Ontario History, Volume 48, Number 1, 1957.

________. "The Early Years of the Great Western Railway, 1833-1857" in Ontario History, Volume 60, Number 1, 1968.

Stevens, G.R. Canadian National Railways, Volumes I and II. Toronto: Clarke, Irwin and Co. Ltd., 1960.

Talman, J.J. "The Impact of the Railway on a Pioneer Community" in Canadian Historical Association Reports, 1955.

Teeple, Gary. editor. Capitalism and the National Question in Canada. Toronto: University of Toronto Press, 1972.

The Centenary of the Bank of Montreal, 1817-1917. Montreal and Toronto: The Herald Press, 1917.

Thompson, E.P. The Making of the English Working Class. New York: Pantheon Books, 1964.

________. "Time, Work-Discipline, and Industrial Capitalism" in Past and Present, December 1967.

Thompson, Norman and J.H. Edgar. Canadian Railway Development: From the Earliest Times. Toronto: The Macmillan Co. of Canada Ltd., 1933.

Trout, J.M. and E.D.W. Trout. The Railways of Canada. Toronto: Coles Publishers Co., 1970.

Tucker, G.N. The Canadian Commercial Revolution, 1845-1851. ✓ Toronto: McClelland and Stewart Ltd., 1970.

Vaughan, Carol Lawrie. "The Bank of Upper Canada in Politics, 1817-1840" in Ontario History, Volume 60, Number 1, March 1968.

Walker, Frank N. "The Longest Railway in the World" in The Canadian Banker, Volume 63, Number 3, Winter 1956.

Wincester, Ian. editor. The Canadian Social History Project, Report Number 5. Toronto, 1974.

Wolff, Kurt H. editor. The Sociology of Georg Simmel. New York: The Free Press, 1964.

Young, Brian J. "Railway Politics in Montreal, 1867-1878" in The Canadian Historical Association, Historical Papers, 1972.

Government Publications

Census of the Canadas, 1851, 1861, 1871.

Journals of the Legislative Assembly of the Province of Canada, 1849, Volume 8, Appendix Z; 1852, Volume 11, Appendix XX.

Sessional Papers, Number 6, 1865.

Materials from the Public Archives of Canada

Bridges, William. The Colonization of British America. New York and London, 1848. Reference Number 1-2128.

Canadian National Railway Archives, R.G. 30.

Carmichael-Smyth, Robert Stewart. The employment of the people and the capital of Great Britain in her own colonies... London, 1849. Reference Number 1-2168.

________. A Letter to the Right Honourable Earl Grey, on the Subject of Transportation and Emigration, as connected with An Imperial Railway Communication Between the Atlantic and Pacific. London, 1850. Reference Number 1-2189.

First Report of the Select Committee Appointed to Inquire into the causes which retard the Settlement of the Eastern Townships of Lower Canada. Toronto: Lovell and Gibson, 1851. Reference Number 1-2254.

Foster, Vere. Work and Wages: or, the penny emigrant's guide to United States and Canada. London, 1855. Reference Number 1-2452.

Gilkison, Jasper T. Construction of the Great Western Railroad. Hamilton, 1850. Reference Number 1-2201.

Macdougall, Sir Patrick Leonard. Emigration: its advantages to Great Britain and her colonies. London, 1848. Reference Number 1-2115.

Morton, A. Report of the surveys of the Quebec and Richmond Railway. Quebec, 1851. Reference Number 1-2274.

Report of the Commissioners appointed to investigate and report upon the best means of re-organizing the Militia of Canada, and providing an efficient and economical system of Public Defense and to report upon an improved system of Police, for the better preservation of the public peace. Quebec, 1855. Reference Number 1-2508.

Report of the Proceedings of the Upper Canada Mining Company. Hamilton, 1847; 1848. Reference Numbers 1-2102; 1-2124.

Report of the Select Committee of the Legislative Assembly, Appointed to Inquire into the Causes and Importance of the Emigration Which Takes Place Annually From Lower Canada To The United States. Montreal, 1849. Reference Number 1-2142.

Materials from the Public Archives of Ontario

Agreement for Amalgamation between the Grand Trunk Railway Co. of Canada East, the Quebec and Richmond Railroad Co., the St. Lawrence and Atlantic Railway Co., the Grand Junction Railway Co., the Toronto and Guelph Railway Co., and the Grand Trunk Railway Co. of Canada, entered into in London, April 12, 1853. Montreal: J. Starke and Co., 1856.

An Appeal to the Citizens of Michigan Showing the Necessity of the Early Completion of the Great Western Rail Way, from Detroit to the Niagara River. Detroit: Harmon, Brodhead and Co., Printers, 1851.

A Sub-Committee of the Celebration Committee. Montreal in 1856. A Sketch prepared for the Opening of the Grand Trunk Railway of Canada. Montreal: John Lovell printer, 1856.

Correspondence Respecting Disturbance on the Line of the Grand Trunk Railway. Ottawa: Maclean, Roger and Co., 1877.

Fourth Annual General Meeting of the Proprietors of the St. Lawrence and Atlantic Railroad, with Report of the Directors. Montreal, 1849.

Grand Trunk Railway of Canada. General Rules and Regulations. Montreal, 1855.

Great Western Rail Way. Hamilton, 1845.

Great Western Railroad. Proceedings of the Annual General Meeting of Shareholders; and Report of the Directors. 1852--1864.

Gzowski Papers.

Letter to Mr. Brassey, to the Hon. John Ross. Toronto: Leader and Patriot Office, 1856.

Map showing the Great Northern Route from Boston and New York to the Mississippi.

Morton, A.C. Report on the Gauge for the St. Lawrence and Atlantic Rail-Road. Montreal, 1847.

---------. Report on the St. Lawrence and Atlantic Rail-Road, Its Influence on the Trade of the St. Lawrence, and statistics of the cost and traffic of the New York and Massachusetts Rail-Roads. Montreal, 1849.

Proceedings of the....Meetings of the Shareholders of the Grand Trunk Railway Co. of Canada. 1854; 1856-1858.

Proceedings of the Standing Committee on Rail Road and Telegraph Lines; Together with the Minutes of Evidence. Toronto: Lovell and Gibson, 1851.

Prospectus. The Grand Trunk Railway Company of Canada.

Report and Proceedings of the Select Committee on Charges Against the Late Administration. Quebec, 1855.

Report of the Committee on the Montreal and Kingston Section of the Canada Grand Trunk Railway, 1851.

Reports of the Commissioners Appointed to Inquire into a Series of Accidents and Detentions on The Great Western Railway, Canada West. Quebec, 1855.

Return for copies of certain Papers connected with the affairs of the Grand Trunk Railroad Co. of Canada. 1855.

Statements, Reports and Accounts of the Grand Trunk Railway Co. of Canada. Toronto: Derbeshire and Desbarats, 1857.

Stuart, Charles B. Report on the Great Western Railway, Canada West, to the President and Directors. September 1, 1847.

Sullivan, W.B. A Sketch of the Montreal Celebration of the Grand Trunk Railway of Canada. Toronto: Leader and Patriot Steam Press, 1856.

Third Annual General Meeting of Proprietors of the St. Lawrence and Atlantic Rail-Road, with Report of the Directors, and Chief Engineer. Montreal, 1848.

Thesis and Dissertation

Klassen, Henry C. "L.H. Holton: Montreal Businessman and Politician, 1817-1867." Unpublished Ph.D. Dissertation, University of Toronto, 1970.

Langdon, Steven. "The Political Economy of Capitalist Transformation: Central Canada From the 1840's to the 1870's." Unpublished M.A. Thesis, Carleton University, 1971.