

Business and Multiculturalism: a Possible Master Narrative for Canadian Business History

Abstract: Researchers from across the social sciences, and in several management disciplines, are now increasingly interested in the role of business in promoting the peaceful coexistence of ethnocultural groups. Today, Canada is an outstanding example of harmonious ethnic diversity. Business played an important role in the emergence of this successful society. The newly renascent field of Canadian business history is in need of theoretically informed master narratives if it is to continue to grow. This paper proposes that the study of the role of business in the emergence of multicultural Canada be one of the organizing themes for the field of Canadian business history.

Author: Andrew Smith, Senior Lecturer in International Business, University of Liverpool Management School, adasmith@liverpool.ac.uk

Preliminary Draft: Do not quote or cite without written consent of author.

Introduction

The newly renascent field of Canadian business history is in need of theoretically informed central research questions if it is to continue to prosper. The type of intellectual coherence provided by shared research questions can improve the competitive position of an academic field. This paper argues that the study of the role of business in the emergence of Canadian multiculturalism should be one of the organizing themes of the field of Canadian business history. Today, policymakers and social scientists around the world see Canada as an outstanding example of harmonious ethnic diversity. Although some of the accounts of Canada's success in integrating successive waves of immigration may be somewhat overly optimistic, there is little doubt that Canada, along with such dynamic economies as Singapore, is a sterling example of multiculturalism that works. The term "Canadian exceptionalism" used by some scholars of migration and integration¹ may exaggerate the differences between Canada and other nations in the North Atlantic space, but it recognizes

¹ Irene Bloemraad, *Understanding "Canadian Exceptionalism" in Immigration and Pluralism Policy* (Washington, DC: Migration Policy Institute, 2012).

the fundamental success of Canadian multiculturalism, as the University of Toronto philosopher and economic thinker Joseph Heath has rightly pointed out.²

The definition of “multiculturalism” is contested, as is its relationship with liberal individualism, the political philosophy that is the main “operating system” for capitalist democracies. As thinkers in Canada and other ethnically diverse capitalist democracies have striven for greater conceptual clarity on this point, several categories or types of multiculturalism have emerged. The academic literature offers us several typologies of multiculturalism, and the scholar is presented with a bewildering array of forms of multiculturalism. One therefore reads of “official multiculturalism,” “state multiculturalism,” “liberal multiculturalism,” “corporate multiculturalism” and even, in recent years, the so-called “conservative multiculturalism” associated with the electoral strategy of the Harper Conservatives in Canada.³ This conceptual work by political philosophers and comparative political scientists is worthy of mention here because it makes it easier to distinguish the various types of multiculturalism that have been practiced in Canada and its predecessor polities. For our purposes, it is important to distinguish government policies that positively recognize and celebrate the cultures of different groups, so-called “official multiculturalism” or “state multiculturalism” from the simple sociological reality of individuals with different cultures living peacefully together in the single state while sharing a common currency and other economic institutions. Some writes call this reality *de facto* multiculturalism, although I will call it “practical multiculturalism.”

The research agenda I outline below would require business historians to focus primarily on the relationship between business and practical multiculturalism rather than on the response of business to the advent of official multiculturalism. Official and practical multiculturalism are clearly linked and can be mutually reinforcing, but in Canada the sociological reality of practical multiculturalism came well before the legislative adoption of

² Joseph Heath, “Canadian exceptionalism” <http://induecourse.ca/canadian-exceptionalism/>

³ Will Kymlicka, *Multicultural citizenship: A liberal theory of minority rights* (Oxford: Clarendon Press, 1995); Jürgen Habermas, “Address: multiculturalism and the liberal state,” *Stanford Law Review* (1995): 849-853; Handel Kashope Wright, “Once More, Whence and Whither Canadian Multiculturalism?: A Review Essay of Revisiting Multiculturalism in Canada,” *Canadian Ethnic Studies* 48, no. 2 (2016): 167-177; Robert Maciel, “The future of liberal multiculturalism,” *Political Studies Review* 12, no. 3 (2014): 383-394; Randall Hansen, “Why Both the Left and the Right Are Wrong: Immigration and Multiculturalism in Canada,” *PS: Political Science & Politics* 50, no. 3 (2017): 712-716.-191

Official Multiculturalism in 1971 and the entrenchment of multiculturalism in the Canadian constitution in 1982.⁴ Historians are increasingly recognizing that post-1971 multiculturalism had important precursors that included the proto-multiculturalism advocated in the 1930s by Lord Tweedsmuir, Canada's Governor-General.⁵ The standard metaphor used to describe the diversity of twenty-first century Canada, "the mosaic", was coined in the 1930s by John Murray Gibbon, a Scottish writer who had come to Canada to work as a propagandist for the Canadian Pacific Railway, a powerful corporation that served the ethnic patchwork quilt of the Canadian Prairies. Gibbon's metaphor for Canadian diversity was both a description of an existing sociological reality as revealed in settlement patterns as well as an aspirational statement made in the midst of the worldwide rise of virulent ethno-nationalist movements.⁶

Social scientists who do empirical work on Canadian multiculturalism have hitherto done little research on the role of business in the emergence of this successful society, notwithstanding some excellent research on immigrant entrepreneurship in Canada.⁷ I suggest that we business historians should focus our energies on researching the role of business in the achievement of Canadian multiculturalism. The theoretical literature discussed below suggests that business can promote inter-ethnic harmony by facilitating inter-ethnic economic exchange and interdependency. The theoretical research suggests that this desirable outcome is more likely if certain preconditions are set. In the pages below, I outline my reasons for believing that investigating the role of business in the rise of Canadian multiculturalism ought to be one of the research questions that structures the research program of the Canadian business history community. I will begin by identifying why an emerging field such as Canadian business history needs central research questions around which the research agendas of individual scholars can cohere. I will then explain why determining the role of business in the development of multiculturalism would be a particularly suitable core research question for our emerging community. I will conclude by outlining what empirical

⁴ The legislative history is described in Kenneth McRoberts, *Misconceiving Canada: The struggle for national unity* (Toronto: Oxford University Press, 1997) and Stephen J. Tierney, ed. *Multiculturalism and the Canadian Constitution* (Vancouver: UBC Press, 2011).

⁵ Peter Henshaw, "John Buchan and the British imperial origins of Canadian multiculturalism," *Canadas of the Mind: The Making and Unmaking of Canadian Nationalisms in the Twentieth Century* (2007): 191-213.

⁶ John Murray Gibbon, *Canadian Mosaic: The Making of a Northern Nation* (Toronto: McClelland & Stewart, 1938).

⁷ David Ley, "Explaining variations in business performance among immigrant entrepreneurs in Canada," *Journal of Ethnic and Migration Studies* 32, no. 5 (2006): 743-764.

research about this question would look like and how it might produce a new meta-narrative for understanding Canadian business history and Canadian history more generally.

This essay is informed by the author's observations of the working of business history communities on three continents (North America, Europe, and Asia) and his own career in publishing in history and management journals. The paper also draws on knowledge gained during service in 2013-2016 on the executive of the United Kingdom's Association of Business Historians, an organization that runs an annual conference and otherwise advances the interests of academic historians in UK business schools. The author entered graduate school in 1999 and thus had the chance to observe the final phases of what might be called the old Canadian business history community, the loose grouping of scholars who periodically gathered to share highly empirical research findings, some which were published in the *Canadian Papers In Business History* edited collections.⁸ The last of these gatherings was held in Trois-Rivières in 2002. The work of this generation of scholars was synthesized in two important books that remain very important in research and teaching.⁹ We owe massive debts to this generation of business historians, which has now moved into retirement. Today, the Canadian business history community has the organizational and financial resources necessary to make a major contribution to ongoing debates in academe, public policy, and business. However, to achieve its full potential, the field needs the type of intellectual coherence that only a shared set of research questions and theoretical foundations can provide.

Why the Field of Canadian Business History Needs Central Research Questions

I would assume that all readers of this paper want the Canadian Business History Association (CBHA) to be a success that results in a surge of peer-reviewed research on Canadian business history that is characterized by academic rigour and real-world impact. Moreover, all readers of this paper will probably agree that the institutions of the Canadian

⁸ Peter A. Baskerville, *Canadian Papers in Business History*. University of Victoria, 1989.

⁹ Graham Taylor and Peter Baskerville, "A concise history of Canadian business." (1994); Graham D. Taylor, *The Rise of Canadian Business* (Toronto: Oxford University Press, 2009).

business history community ought to be designed to maximize their instrumental benefit to its members. In other words, we should judge the Canadian business history community and its organizations, in part, by their success in advancing the academic careers of its members. One of the hallmarks of a truly great scholarly organization is that it significantly improves the career prospects of those who join it. There are different ways of measuring the performance of a scholarly organization in this dimension. However, I think that we would all agree that the CBHA would have succeeded if helps to attract PhD students into the field, helps these individuals to get tenure-track jobs, and then helps professors to grow as scholars by securing research grants, private-sector consultancy contracts, and by helping them to publish award-winning books and articles.

The field of Canadian business history cannot prosper in the absence of shared research themes that give unity to the field. A group of individuals doing research on hodgepodge of different themes is unlikely to result in a vibrant and powerful research community. To understand why it is desirable to have a certain degree of intellectual coherence in the field, we need to consider the more successful national business history communities. Business history in Canada has been underdeveloped relative to business history in comparator countries. For many decades, the United States, of course, has a very active and well-funded business history organization, the Business History Conference. Supported by the full-time workers at Harvard and the Hagley Museum in Delaware, the Business History Conference has hundreds of members that include leading scholars whose research has been published in elite venues and had substantial impact on practitioners, particularly in the 1960s and 1970s. At its very best, business history is historical research with real-world consequences. In the 1960s, some McKinsey consultants reportedly travelled across Europe with Alfred Chandler's book *Strategy and Structure* in their briefcases.¹⁰ Prior to Chandler, US business history consisted largely of highly descriptive studies of particular companies or industries, memoirs of retired businessmen, and muck racking works by journalists intent on savaging the reputations of dead Robber Barons. Chandler helped to turn US business history into a coherent field.

¹⁰ Chris McKenna, *The World's Newest Profession: Management Consulting in the Twentieth Century* (Cambridge: Cambridge University Press, 2006), 170.

Chandler's business-historical research sought to understand the rise of the US to global economic dominance as a function of the development of certain managerial innovations that were invented in the US and which thus gave US firms a competitive advantage of firms in rival countries. Chandler's ideas exerted a major influence on corporate strategy in that era, as managers sought to derive usable lessons from the Chandlerian paradigm. The Chandlerian framework, which presented a meta-narrative of US and then world business history, was used by many business historians to make sense of the companies on which they did empirical research. They applied Chandler's paradigm in research in corporate archives Chandler had never visited. The Chandlerian approach also generated rejoinders from so-called anti-Chandlerians, business historians in the US, UK, and elsewhere who robustly disagreed with all or part of Chandler's account of the rise to global dominance of US business.¹¹ The Business History Conference became a forum for the lively exchange of views, as Chandler and his opponents engaged in a mutually respectful debate about a common set of issues. Had the BHC been restricted solely to those who agreed with Chandler in all respects, it likely would have failed to develop into the respected organization it is today. By producing empirical research designed to critique the broad claims made by Chandler, the anti-Chandlerian business historians served to move the field forward, producing research that was both empirically rich and informed by a shared set of research questions.

The ideas presented at the BHC no longer have the influence that they did in the era of Alfred Chandler. Moreover, US business history has become more diverse thanks to a generation of scholars who are neither Chandlerian nor anti-Chandlerian and can instead be described as "post-Chandlerian." Nevertheless, the organization remains well-funded, well-managed, and a venue for the presentation of first-class research. Chandler's legacy is thus alive and well. The BHC membership is multidisciplinary and includes scholars based in History Departments as well as management academics, as well as a handful of economists, sociologists, and legal academics. The research of BHC members has attracted attention of

¹¹ Richard R. John, "Elaborations, Revisions, Dissents: Alfred D. Chandler, Jr.'s, *The Visible Hand* after Twenty Years," *Business History Review* 71, no. 2 (1997): 151-200; Richard Whittington, "Introduction: Comparative perspectives on the managerial revolution," *Business History* 49, no. 4 (2007): 399-403; Jean-Jacques Rosa and Julien Hanoteau, "The shrinking hand: Why information technology leads to smaller firms," *International Journal of the Economics of Business* 19, no. 2 (2012): 285-314; Leslie Hannah, "The 'Divorce' of ownership from control from 1900 onwards: Re-calibrating imagined global trends," *Business History* 49, no. 4 (2007): 404-438.

the press. A September 2016 *Economist* special report on large corporations drew extensively on research of business historians who engage with Chandlerian theory.¹² Business history, defined broadly, appears to be making something of a revival in US history departments thanks to its rebranding as “the history of capitalism” by an energetic group of mid-career Marxian historians.¹³ Indeed, research produced by the ‘historians of capitalism’ in the US has even attracted the attention of the financial press, in part because it engages with the topics of slavery and race, issues that are obviously of massive relevance for US society.¹⁴

The UK’s Association of Business Historians (ABH) was founded in 1990 and has succeeded in making high-quality business history a part of mainstream management education and research education in that country, thereby advancing the professional interests of its members, some of whom have gone on to serve as deans of elite business schools or to occupy other highly-paid posts. By this metric, the ABH has performed well. The ABH has been successful by promoting high-quality scholarly research that was clearly different from the work of the hobbyists and journalists who sometimes dabble in business history. In the early days of the ABH, the credo of the organization was “I’ll listen to your highly detailed and atheoretical study of a company if you listen to mine.”¹⁵ Since then, the research presented at the ABH conference has become much more theoretical and there is now an expectation that papers presented there should engage with theory. This strategy has evidently worked. To a Canadian, the strength of the UK’s business history community is striking: with a population less than twice that of Canada and a very similar GDP per capita, the UK has a much larger business history community. Moreover, while newly minted business-history PhDs in the UK certainly face challenges in securing their first jobs, the demand for business history in the academic labour market is noticeably stronger than it is in Canada. Simply put, business history in the UK is in rude good health, even if we in the ABH are somewhat concerned about the rising average age of our membership and the falling number of PhD students who attend our conferences and doctoral training workshops.

¹² *The Economist*, “What Goes Around” 15 September 2016 <https://www.economist.com/news/special-report/21707051-americas-corporate-world-alternates-between-competition-and-consolidation-what-goes-around>

¹³ *New York Times*, ‘In History Departments Its Up With Capitalism’.

¹⁴ Eric Hilt. “Economic History, Historical Analysis, and the “New History of Capitalism”.” *Journal of Economic History* (2017): 1-26.

¹⁵ Personal communication from Prof. Charles Harvey.

France, Germany, and Japan also have well-developed national business history communities. The Business History Society of Japan has more than a thousand active, paid-up members, an impressive statistic that is connected to the fact most economics departments in that country employ at least one business historian. For many years, business historical research in Japan was informed by a set of research questions that were derived from Marxism. Although few Japanese business historians have obvious left-wing views, the community used the Marxist theory of history as a frame that gave coherence to their field, which otherwise would have degenerated into a venue for the exchange of disconnected stories about different companies.¹⁶ Germany's Gesellschaft für Unternehmensgeschichte e.V. (GUG) is another example of a successful national business history organization. This organization, which enjoys the financial support of many large companies, seeks to mediate the relationship between academic researchers and the firms on which they rely for archival material and, in some cases, financial support. Although business-historical research on other themes continues to be undertaken in Germany, there can be little doubt that the most important research question for the current generation of German business historians relates to the relationship between German firms, particularly those that are currently in existence, and the Nazi regime. The conversation that German business historians have about the relationship between Nazism and such firms as Deutsche Bank, Volkswagen, and Siemens can be viewed as a component of the wider national conversation about *Vergangenheitsbewältigung*, or coming to terms with the past.¹⁷

To review, the world's most successful business history communities have more than an organization and financial resources, although those variables clearly matter. They are unified by central research questions that give a degree of coherence to a field of research. The question for Canadian business historians is, therefore, what sorts of central research questions should our scholarly community be structured around? Which research questions would be the most useful for us to focus on? How can we select a central research questions that will result in research outputs that will be interesting and useful to a wide range of

¹⁶ Matthias Kipping, Takafumi Kurosawa, and R. Daniel Wadhvani, "A Revisionist Historiography of Business History: A Richer Past for a Richer Future," (2016);

¹⁷ Christopher Kobrak and Andrea Schneider, "Varieties of business history: Subject and methods for the twenty-first century," *Business History* 53, no. 3 (2011): 401-424.

stakeholders? In the following section, I will outline criteria that should, in my view, help to clarify our thinking about what the central research question should be.

Criteria for Selecting a Central Research Question

1) **Multidisciplinary**

The field of Canadian business history includes scholars who work in History Departments and scholars who work in various Management school disciplines, chiefly Organization Studies but also Accountancy and Marketing. It includes scholars who present at the following conferences: the Business History Conference, Canadian Historical Association, the Business History division of the Administrative Sciences Association of Canada (ASAC), the Conference on Historical Analysis & Research in Marketing (CHARM), and the management history division of the Academy of Management. To be a suitable organizing framework for the field of Canadian business history, a research question has to have the potential to appeal to academics in all of these areas. It also has to be tractable to both qualitative and quantitative research methods. The research question has to be something that scholars with diverse ideological orientations and political allegiances (e.g., Liberal, Conservative, NDP, PQ) can agree is important. In other words, the research question has to be appealing to both centre-right academics who would favour a somewhat reduced government role in the economy and centre-left academics who would support somewhat government regulation and taxation of private firms

2) **Theoretically Informed**

The research question needs to be informed by a robust body of social-scientific theory that is currently being discussed in scholarly journals of the highest rank. The theory that informs the questions must be one that scholars in many countries used. The “liberal order framework,” a paradigm developed and used exclusively in Canadian history departments,¹⁸ would not be a suitable basis of a core research question, since its use would likely preclude publication in all but Canadian journals. Similarly, the ANTi-History approach popular with many historical and Critical Management scholars in Canadian business schools¹⁹ would be an

¹⁸ Michel Ducharme and Jean-François Constant, “Introduction: A project of rule called Canada—the liberal order framework and historical practice,” in *Liberalism and hegemony: Debating the Canadian liberal revolution* (Toronto: University of Toronto Press, 2009), 1-34.

¹⁹ Gabrielle Durepos and Albert J. Mills, “Actor-network theory, ANTi-history and critical organizational historiography,” *Organization* 19, no. 6 (2012): 703-721; Christopher Michael Hartt, Albert J. Mills, Jean Helms Mills, and Lawrence T. Corrigan, “Sense-making and actor networks: the non-corporeal actant and the making of an Air Canada history,” *Management & Organizational History* 9, no. 3 (2014): 288-304..

unsuitable basis for our field since it is unlikely that many history-department historians will adopt it.

3) Applicable to Many Periods, Industries, and Geographies

The research question must be one that is appealing to scholars who do research on different periods of Canadian history and a wide range of industries and geographical areas. For this reason, a research question that centred on the historical impact on computerization on Canadian business would not be suitable, since it would exclude the many business historians who work on historical periods prior to computers. A research question that focuses our attention in the fisheries would be inappropriate given that much of Canada is far away from the ocean. Similarly, a research question that focused on say, the role of business in French-English relations would exclude scholars who do research on the many regions of the country with small Francophone populations. This research question would be most unsuitable for our purposes, however interesting it would be to historians interested in the business histories of bilingual areas as Montreal and the Ottawa Valley.

Relevant to Canada's Distinctive Characteristics

- 4) The research question needs to relate to subject that one would logically come to Canada to study. We might, therefore, what foreigners think of when they hear the word "Canada." We could also look at Canada's leading exports, as they reveal what the country's comparative advantage (what it is good at).

5) Research Council Appeal

The research question needs to be one that would appeal to research councils, particularly SSHRC.

6) Non-Threatening to Private Sector Donors

The research question cannot be one that would alienate donors who have made their careers in the private sector. It cannot, therefore, be a question that signals an overtly anti-business worldview. At the same time, we should avoid devising research questions that could legitimate hagiographic or uncritically pro-business approaches to the writing of Canadian business history. Business people will not respect academic who simply publish flattering histories of business. They can hire people who are less expensive than professors to write such uncritical or celebratory works. Chandler did not earn the respect of American business simply by writing congratulatory corporate histories. Moreover, investing time in such projects will do little to advance an academic's career.

I believe that studying the role of business in the emergence of Canadian multiculturalism fulfils all of the criteria mentioned above. This research question relates to themes would be non-threatening private sector donors. Indeed, this theme might appeal to donors who come from immigrant or visible minority backgrounds. Research related to the theme of multiculturalism, the management of diversity, and ethnic relations is always likely to be appealing to research councils and to journal editors, since this topic is objectively important for consumers of academic knowledge in Canada and around the world. This theme is relevant to Canada's distinctive characteristics, as Canada is globally famous for its multiculturalism and for the high proportion of its population that is foreign-born. The relationship between business and multiculturalism can be studied using both qualitative and quantitative approaches. Academics from various disciplines (history, organization studies, marketing, accountancy) could engage with this topic. Moreover, as I show below, there is a body of social-scientific theory that we can bring to bear on this topic that would give our research a high degree of theoretical rigour.

Theoretical Foundations

Researchers from across the social sciences, and in several management disciplines, are now increasingly interested in the role of business in promoting the peaceful coexistence of different groups. Such research is relevant to how we manage diversity in a wide range of contexts, from Northern Ireland, where the primary social cleavage is religious, to South Africa, where the most salient divisions relate to skin colour, and to societies such as Belgium that are riven by linguistic tensions. In its ultimate theoretical foundations, the social-scientific literature is similar to that used by scholars of International Relations (IR) and International Business (IB) in their efforts to understand how cross-border trade reduces the frequency and intensity of inter-state warfare.²⁰ So-called Capitalist Peace Theory holds

²⁰ Angelika Rettberg, "Need, creed, and greed: Understanding why business leaders focus on issues of peace," *Business Horizons* 59, no. 5 (2016): 481-492; Jennifer Oetzel, Michelle Westermann-Behaylo, Charles Koerber, Timothy L. Fort, and Jorge Rivera, "Business and peace: Sketching the terrain," *Journal of Business Ethics* 89 (2009): 351-373; John J. Forrer and John E. Katsos, "Business and peace in the buffer condition." *The Academy of Management Perspectives* 29, no. 4 (2015): 438-450; Niva Golan-Nadir and Nissim Cohen, "The role of individual agents in promoting peace processes: business people and policy entrepreneurship in the Israeli-Palestinian conflict," *Policy Studies* 38, no. 1 (2017): 21-38.

that commercial interdependence between nations promotes peace.²¹ Readers may recall that I applied this theory in a recent paper in the journal *Enterprise and Society* that sought to understand the role of business in the preservation of peace between the British Empire and the United States in the 1860s, when these two polities came to the verge of war.²² The main difference between Capitalist Peace Theory and the literature on the role of business and ethnic harmony is that while Capitalist Peace Theory is focused on explaining peace between nation states, the literature on business and ethnic harmony is concerned with business and the creation of harmonious relations between individuals living within a single country.

Within both bodies of theoretical literature, there are frequent references to the insight of the Enlightenment thinker Montesquieu, who observed the commerce often impels individuals to be more civil to each other than would otherwise be the case. Montesquieu speculated that commercial development makes people less warlike and indeed less prone to engage in any form of violence, since the anticipated loss of that trade associated with recourse to violence makes individuals in commercial societies more averse to violence.²³ Montesquieu did not, of course, have access to the research findings of modern psychologists, who can run laboratory experiments designed to test whether trade makes people more pacific. However, Montesquieu's intuition that commercial development has the potential to make people more cooperative and less violent has been endorsed by Steven Pinker, a Harvard psychologist who has sought to understand the reasons for the long-term decline in the rate of violence. Pinker argues that there is a large degree of truth in Capitalist Peace Theory and suggests that the advent of a worldwide economic order based on economic interdependence has contributed to the decline of violence. Pinker argues, however, that commercial development is just one of the factors that make modern humans much more peaceful than their ancestors were.²⁴ Pinker's multifactorial explanation for the secular decline of violence is, in my view, more plausible than one that relies just on Capitalist Peace

²¹ Erik Gartzke, "The Capitalist Peace," *American Journal of Political Science* 51, no. 1 (2007): 166-191.

²² Andrew D. Smith and Laurence B. Mussio, "Canadian Entrepreneurs and the Preservation of the Capitalist Peace in the North Atlantic Triangle in the Civil War Era, 1861-1871," *Enterprise & Society* 17, no. 3 (2016): 515-545.

²³ Béla Kapossy, Isaac Nakhimovsky, and Richard Whatmore, eds. *Commerce and Peace in the Enlightenment* (Cambridge: Cambridge University Press, 2017); Andrew Scott Bibby, "The Malignant Merchant and the New History of Commerce," In *Montesquieu's Political Economy*, pp. 73-87 Palgrave Macmillan US, 2016.

²⁴ Steven Pinker, *The Better Angels of our Nature: Why Violence has Declined* (London: Penguin, 2011), p. 90-92. In email correspondence with the author, Prof. Pinker has confirmed that this theory does not yet have fully developed microfoundations.

Theory, since the historical record does provide enough examples of capitalist nations going to war with each other that the strong variant of Capitalist Peace Theory endorsed by some political scientists is not entirely credible

In thinking about how we might go about applying the theory that commercial interdependence has promoted ethnic harmony in Canada, we should consider both the strengths and the limitations of the recent research by Saumitra Jha of the Stanford Business School. Professor Jha is interested in measuring the extent to which inter-ethnic business relationships have promoted harmony between India's Hindu majority and its Muslim minority. There is, of course, a long history of tension between Hindus and Muslims in India. There is also a long history of trade in particular goods and services between Hindu and Muslim merchants. Periodically, there are pogroms in which Hindus in some, but not all, religiously mixed localities attack their Muslim neighbours. Jha seeks to explain the variation between the communities in which Muslims and Hindus get along and the communities in which they communal rivalries lead to bloodshed.

Jha develops a model for explaining this difference that focuses our attention on the existence or absence of "nonreplicable and nonexpropriable" source of interethnic economic complementarities. In his model, another important precondition for ethnic harmony are mechanisms for sharing the gains from trade between members of groups. Enforceable contracts are an obvious example of such a mechanism. In plain English, a "nonreplicable and nonexpropriable" source of complementarity is one in which members of the minority group possess resources²⁵ (e.g., skills, capital, or connections) that are valuable to the majority group and which the members of the majority cannot hope to replicate themselves. For centuries, India's Muslim traders had such inimitable resources: they knew Arabic and had valuable commercial connections in the Middle East that allowed them to intermediate the export of goods produced by India's Hindu majority. The creation of export markets for India commodities increased the incomes of particular groups of Hindus. From the standpoint of their Hindu business partners, attacking this minority would involve killing the goose that

²⁵ Following Jay Barney, I am using the term "resource" to denote any "assets, capabilities, organizational processes, firm attributes, information, knowledge" possessed by an economic actor. Jay Barney, "Firm resources and sustained competitive advantage," *Journal of Management* 17, no. 1 (1991), p. 101.

lays golden eggs. In contrast, in localities where the ethnic groups have very similar assets and thus non-complementary, there is a less of an incentive to practice ethnic tolerance. According to Jha, violence between groups is particularly likely when the source of one group's complementarity can be violently seized (e.g., physical capital or precious metals) or can be easily replicated (e.g., a skill that can be copied easily).²⁶

In a paper published in the *Journal of Economic Behavior and Organization*, Jha sought to investigate whether localities with long histories of Muslim-Hindu commercial interaction were more or less likely to experience ethnic violence. Comparing data about a 2002 wave of violence in the State of Gujarat with information about the commercial histories of different localities, he found that places with long histories of trade with the Arabian Gulf saw significantly less rioting than other communities. This finding supports the theory that extensive business dealings across ethno-religious lines makes for a more peaceful relationship.²⁷

A very recent paper on anti-Semitism and the Black Death by Remi Jedwab, Noel Johnson, and Mark Koyama corroborates Jha's theory that ethnic tolerance is more likely to exist in communities in which there are economic complementaries. In 1346, the Black Death arrived in European ports, famously reducing the continent's population by almost half within a few years. In some localities, Christians responded by blaming and murdering local Jews, but in other cases the Jewish minority was not targeted. Jedwab and his collaborators sought to account for the difference by disentangling different factors, some of which are irrelevant to our present purposes. For instance, the authors found that in communities where the Black Death's arrival coincided with Easter, outbreaks of anti-Semitic violence were more likely. However, the authors also found that Jewish communities were most likely to avoid persecution in European localities "that were connected to land-based trade networks"

²⁶ Saumitra Jha, "Trade, institutions, and ethnic tolerance: Evidence from South Asia," *American political Science review* 107, no. 4 (2013): 806-832.

²⁷ Saumitra Jha, "'Unfinished business': Historic complementarities, political competition and ethnic violence in Gujarat," *Journal of Economic Behavior & Organization* 104 (2014): 18-36.

in which credit supplied by Jewish merchants was important in complementing local trading systems.²⁸

Jha and Jedwab et al. have published in elite journals and their statistical analysis has therefore passed through the demanding standards imposed by demanding peer reviewers. However, from the standpoint of a largely qualitative researcher who was trained in a history department, there is much that is missing from purely quantitative approaches, especially that taken by Jha's 2014 paper. Jha's econometric analysis necessarily limits his ability to discuss such issues as the representation of cross-ethnic commerce in the local press, the number of business partnerships between people of different religions, and the actions of the area's leading captains of industry during the 2002 pogroms, topics that a qualitative business historian would likely seek to discuss. Jha's methodology does not allow for this type of research. This is not to say that econometric research similar to that of Jha cannot have a role in the future research program sketched below, merely that it ought to be complemented by qualitative research done, if possible, using primary sources created by businesses, the standard research method of business historians.

Applying Theory to the Canadian Case: a Program of Research

What would be the best way of applying the theory that business can promote ethnic harmony through the creation of cross-ethnic economic interdependencies? In answering this question, I find it is helpful to write a short history of Canada as seen through the lens of the social-scientific theory on which Jha and other draw. Doing so would involve narrating the familiar contours of Canadian history since Contact with a view to understanding the extent to which cross-ethnic economic complementarities have indeed contributed to the emergence of a social order characterized by diversity, tolerance, and what I have chosen to call practical multiculturalism. This narrative would emphasise the theme of commerce as a potential force for ethnic harmony and would seek to record the document the instances in which inter-ethnic economic exchange served to promote tolerance as well as documenting the cases in which

²⁸ Remi Jedwab, Noel Johnson, and Mark Koyama, "Negative Shocks and Mass Persecutions: Evidence from the Black Death," (2016 Working Paper) https://mpra.ub.uni-muenchen.de/78630/1/MPRA_paper_78630.pdf

inter-ethnic violence erupted despite the existence of the potential gains from continued inter-ethnic trade. Canada's history has been remarkably peaceful relative to those of logical comparator nations, such as the United States and the other G20 economies. Episodes that stand out in Canadian history as examples of violent conflict have very low per capita death counts compared to equivalent conflicts that loom large in the historiography of other countries. For instance, the Rebellions of 1837-8, widely regarded as an important turning point in Canadian constitutional history, resulted in the deaths of "scores" of adults out of population of more than a million. In contrast, about 2% of the US population, roughly 620,000 people, died in the US Civil War between 1861 and 1865. Similarly, the US Indian Wars of the nineteenth century had a far greater demographic impact than the more infrequent armed conflicts north of the border. As the statistical analysis by the historical sociologist Randolph Roth has demonstrated, the United States has been more violent than Canada since at least the nineteenth century.²⁹ Nevertheless, the examples of inter-ethnic violence in Canadian history are frequent enough to adopt an approach that recognizes the limits of the explanatory power of the theory that inter-ethnic economic exchange promotes ethnic harmony.

Historical Narrative

The archaeological record provides evidence of long-distance trade in North America before Contact, but the absence of written sources means that any attempts to apply the theory to this historical period beyond speculating that the possibility of trade likely influenced the calculus about whether or not to engage in inter-tribal warfare. We can, however, harness the theory to understand the relations between First Nations and Europeans in the period after Contact. Among economic historians, there is an extensive body of literature that seeks to understand how present-day differences in the levels of economic development in North America and Latin America can be traced back to the colonial period. This research on comparative colonial history examines the interaction of resource endowment, climate, and political institutions with a view to accounting for why the English-speaking societies that emerged in North America produced superior economic outcomes to those found in the older Spanish colonies in the Western Hemisphere. Differences between

²⁹ Randolph Roth, *American Homicide* (Cambridge: Harvard University Press, 2012), p. 15, 21, 245-246, 299.

Spanish absolute monarchy and the British parliamentary system represented by colonial assemblies is part of the explanation, as are differences in the distribution of wealth, but so are differences in the natural resource endowments of the British and Spanish colonial empires.³⁰

The Spanish, who arrived in the New World first, were able to seize territories that were densely populated and rich in precious metals, some of which had been conveniently mined prior to Contact. The Spanish were, therefore, able to realise a quick profit from their colonial ventures by seizing previously mined precious metals and coercing the indigenous populations to work the remaining mineral deposits.³¹ As economic historians have shown, the trans-Atlantic influx of specie had a host of unanticipated consequences for Spain. Since the Spanish and the Portuguese had already seized the most promising territories in the hemisphere, the English and the French, who were late to establish their colonial empires, were forced to take over territories with colder climates and inferior mineral deposits. Realising a profit from these territories required different strategies that, in some parts of North America, required forming commercial relationships with First Nations with the skills and immense local environmental knowledge that Europeans lacked. The classic Canadian fur trade, whereby First Nations combined hunting and trapping skills with European skills in ocean navigation and European commerce, is a good example of complementary resources producing a more harmonious and mutually beneficial form of interaction. Both sides in this trade brought inimitable resources that the other could not easily copy or appropriate. Bringing furs from the interior of Canada to the bodies of fashionable Europeans allowed for the creation of considerable economic value, but neither Europeans nor First Nations would have been able to create this value chain without the participation of the other group.³²

³⁰ Kenneth L. Sokoloff and Stanley L. Engerman, "History lessons: Institutions, factors endowments, and paths of development in the new world," *The Journal of Economic Perspectives* 14, no. 3 (2000): 217-232. Douglass C. North, William Summerhill, and Barry Weingast, "Order, disorder and economic change: Latin America vs. North America," *Governing for prosperity* 19 (2000); Daron Acemoglu, Simon Johnson, and James A. Robinson. *The colonial origins of comparative development: An empirical investigation*. No. w7771. National bureau of economic research, 2000.

³¹ Stanley L. Engerman and Kenneth L. Sokoloff, *Factor endowments, inequality, and paths of development among new world economics*. No. w9259. National Bureau of Economic Research, 2002; Stanley L. Engerman and Kenneth L. Sokoloff, "The evolution of suffrage institutions in the New World," *The Journal of Economic History* 65, no. 4 (2005): 891-921.

³² Statement based on Ann M. Carlos and Frank D. Lewis, *Commerce by a Frozen Sea: Native Americans and the European Fur Trade* (University of Pennsylvania Press, 2011); John J. McCusker and Russell R. Menard. *The Economy of British America, 1607-1789* (Charlotte, UNC Press Books, 2014), p. 313-14.

The latter phases of the fur trade also present a pattern consistent with the theory that inter-ethnic trade based in complementary resources can help to promote ethnic harmony. A generation of historians debated whether the Conquest of New France by the British in 1760 saw the sudden replacement of French-speaking merchants with British ones or a more gradual process.³³ It is clear that it was a more gradual process and that some French-speaking merchants did integrate themselves into the British Empire's economic history. For instance, the Baby family of merchants continued to operate in the fur trade after the Conquest, taking British business partners.³⁴ The more recent research on the Montreal-based fur trade presents a picture of cross-ethnic complementarity, with British merchants supplying resources such as capital and connections in British port cities and French Canadians, Métis, and First Nations people providing similarly valuable and largely inimitable resources, such as knowledge of the geography of the Canadian interior.³⁵ Joint ventures, as well as intermarriage between French-speaking and English-speaking mercantile families, was common.³⁶

Historians have documented that the transformation of the fur trade frontier into a settlement frontier had massively negative implications for First Nations. However, the institutions put in place during the period of the classic fur trade, including the close relationship between the Hudson's Bay Company and First Nations, continued to influence relations between First Nations and Euro-Canadians. The body of theory we are applying here raises an important empirical question: to what extent did these institutional legacies of the classic fur in the former Rupert's Land trade help to make this transition more or less peaceful than in other regions of European settlement in which such institutions were not present.

³³ José Igartua, "A Change in Climate: the Conquest and the Marchands of Montreal," *Historical Papers/Communications historiques* 9, no. 1 (1974): 115-134; Dale Miquelon, *Society and Conquest: The Debate on the Bourgeoisie and Social Change in French Canada, 1700-1850* (Toronto: Copp Clark, 1977).

³⁴ Cassandra Bernard, *La Collection Baby et la correspondance de l'élite: la vie de marchands canadiens décrite dans leurs propres mots, 1760-1804*. University of Ottawa MA Thesis, 2013.

³⁵ Carolyn Podruchny, *Making the voyageur world: Travelers and traders in the North American fur trade* (Lincoln: U of Nebraska Press, 2006).

³⁶ Robert Englebert, "Merchant representatives and the French river world, 1763-1803," *The Michigan Historical Review* (2008): 63-82.

Examining the evolution of race relations in the post-Confederation period would also allow us to apply and refine the theory discussed above. As historians of Canadian immigration policy have noted, post-1879 immigration policy was influenced by two rival approaches. One approach, which was rooted in the *laissez-faire* ideology of mid-Victorian Britain, held the free movement of individuals was a natural corollary of free markets and that a liberal state ought not to restrict the entrance or egress of individuals save perhaps for those carrying contagious diseases. Between 1815 and 1905, Britain did not deny entry to a single foreigner and did not require the presentation of any identification documents at ports of entry. The other approach, which was similar in logic to those who advocated protective tariffs to exclude cheaper foreign goods, wanted to restrict immigration, particularly from countries in which the prevailing scale of wages was much lower than in the countries that were the first beneficiaries of the industrial revolution/Great Divergence. Since the high-income countries were white, the politics of immigration restriction quickly took on a racial element, as was seen in the campaigns against Chinese immigration that resulted in successively more onerous head taxes on Chinese immigrants as well as the imposition of other anti-immigration measures, such as rules prohibiting steamship companies from selling steerage tickets to Asian passengers. The setting of details of immigration policy (e.g. the level of the Chinese Head Tax) was, to Michael Trebilcock and Ninette Kelly have noted, often marked by a behind-the-scene struggle between the business interests that favoured a more liberal immigration policy and the representatives of labour, who wanted to close the door to low-wage immigration.³⁷

Sir John A. Macdonald is now famous for declaring his opposition to Chinese immigration, declaring that he wanted an “Aryan” Canada. Such rhetorical flourishes should not cause us to overlook at the compromise nature of his actual immigration policy: when the Chinese Head Tax was set at “just” \$50, critics charged that Macdonald had caved into pressure from business interests, particularly the CPR.³⁸ Moreover, when Canada followed the US in imposing restrictions on unskilled Asian immigration, it also copied the provision of the US Chinese Exclusion Act of 1882 that had explicitly exempted Chinese “merchants.”

³⁷ Ninette Kelley and Michael J. Trebilcock, *The Making of the Mosaic: A History of Canadian Immigration Policy* (Toronto: University of Toronto Press, 1998).

³⁸ Kelley and Trebilcock, *The Making of the Mosaic*, 145-50

³⁹ These exemptions in favour of businessmen were a practical concession that recognized that the special linguistic and other skills of these individuals were important in mediating trans-Pacific commerce.⁴⁰

Canada was affected by the worldwide rise in anti-Semitism that began in the late nineteenth century and which culminated in the Holocaust. Anti-Semitism became part of the political and economic cultures of both English-speaking Canada and French-speaking Canada, where campaigns such “Achat Chez Nous” sought to redirect business from Jewish to non-Jewish firms.⁴¹ Although Gerald Tulchinsky has done important pioneering work in this area,⁴² how the non-Jewish business elites of English and French Canada responded to anti-Semitism and how their responses were connected to their pre-existing economic relationships with their Jewish counterparts has never been systematically investigated. The theory discussed above provides a lens for viewing this topic and conducting empirical research in business archives.

Similarly, we can re-examine the relations between Canada’s two main linguistic communities via the lens provided by this theory. French-English relations in twentieth-century Canada were marked by period crises related to Conscriptation during the two world wars and the referenda on Quebec independence in 1980 and 1995. On both sides of the linguistic divide, there were businessmen, such as newspaper owners, who stoked ethno-linguistic tensions. There were, of course, business people who supported Quebec sovereignty. Some of these individuals were beneficiaries of policies aimed at the francisation of the Quebec economy.⁴³ There were also business people in English-speaking

³⁹ Kelley and Trebilcock, *The Making of the Mosaic*, p. 155; Erika Lee, “Enforcing the borders: Chinese exclusion along the US borders with Canada and Mexico, 1882–1924,” *The Journal of American History* 89, no. 1 (2002): 54-86; Erika Lee, “The “Yellow Peril” and Asian Exclusion in the Americas.” *Pacific Historical Review* 76, no. 4 (2007): 537-562.

⁴⁰ Kitty Calavita, “The Paradoxes of Race, Class, Identity, and “Passing”: Enforcing the Chinese Exclusion Acts, 1882-1910,” *Law & Social Inquiry* 25, no. 1 (2000): 1-40.

⁴¹ Sophie Levesque, “Un sentiment antijuif exploité par la publicité.” *Histoire Québec* 20, no. 3 (2015): 43-45; Sophie Levesque, “Échapper à Shylock: la Hebrew Free Loan Association of Montreal entre antisémitisme et intégration, 1911-19131.” *Revue d'histoire de l'Amérique française* 59, no. 4 (2006): 451-480.

⁴² Gerald Tulchinsky, ““ Said to be a very honest Jew”: The RG Dun Credit Reports and Jewish Business Activity in Mid-19th Century Montreal.” *Urban History Review/Revue d'histoire urbaine* 18, no. 3 (1990): 200-209.

⁴³ Yvan Allaire and Roger E. Miller, *Canadian business response to the legislation on francization in the workplace* (Montreal: CD Howe Research Institute, 1980); Jean Pasquero, “Business ethics and national identity

Canada who bankrolled causes anathema to Quebec, such as the uncompromisingly anti-bilingualism stand of the Reform Party. On the other hand, there were many business leaders who contributed to various national unity projects, such as the “Bonne Entente” initiative of the First World War.⁴⁴ The theory discussed above can give us a new perspective on this period by helping to search for possible connections to between the business strategies of business leaders and the positions they adopt in the public sphere.

In the late twentieth century, there was a growing consciousness in many countries of the phenomenon that came to be called “globalization”, a term popularized by a 1983 article in the *Harvard Business Review*.⁴⁵ Economic historians pointed out that the falling trade barrier and increasing global interconnectedness seen in this period was not unprecedented and may simply have marked a partial reversion to the pre-1914 world economic order, which was characterized by low barriers to the movement of goods, people, and capital.⁴⁶ However, the observations of these scholars did not prevent a discourse about the transformative nature of globalization from becoming pervasive, particularly among neoliberals. Particularly after the fall of the Berlin Wall and apartheid, the worldwide trend towards a global order based on capitalism, democracy, and cosmopolitan attitudes towards race and culture appeared to be unstoppable.⁴⁷ Looking back on this period from the vantage point of 2017, the era of Trump, Brexit, and de-globalization, the post-Cold War confidence in the unstoppable nature of globalization seems misplaced. At the time, however, neoliberalism was the conventional wisdom, as the contemporary popularity of journalistic works such as Tom Friedman’s *The World Is Flat* attests.⁴⁸

in Quebec: Distinctiveness and directions,” *Journal of Business Ethics* 16, no. 6 (1997): 621-633; John A. Dickinson and Brian Young. *A Short history of Quebec*. McGill-Queen's Press-MQUP, 2008.

⁴⁴ Brian Cameron, “The Bonne Entente Movement, 1916-1917: From Cooperation to Conscription” *Journal of Canadian Studies* 13, no. 2 (1978): 42-55.

⁴⁵ Theodore Levitt, “The Globalization of Markets,” *Harvard Business Review* May—June, 1983.

⁴⁶ Jeffrey A. Frieden, *Global capitalism: Its fall and rise in the twentieth century* (New York: WW Norton & Company, 2007); Peter Dicken, *Global shift: Mapping the changing contours of the world economy* (SAGE Publications Ltd, 2007).

⁴⁷ David Harvey, *A brief history of neoliberalism* (Oxford: Oxford University Press, 2007).

⁴⁸ Stephen D. King, *Grave New World: The End of Globalization, the Return of History* (New Haven: Yale University Press, 2017).

How thinking about globalization and multiculturalism interacted in the Canadian context after c. 1980 requires more investigation. A possible starting point for this research would be Brian Mulroney's April 1986 speech on "Multiculturalism Means Business", which connected his government's overall economic strategy with multiculturalism. Mulroney's speech linked the growing diversity of Canada's metropolitan centres to the increasing importance of trade with the fast-growing economies of the Asia-Pacific region.⁴⁹ Changing international trade patterns changed the value to Canada of the linguistic and other skills possessed by members of particular visible minority groups. The same period witnessed the rapid change in the sources of FDI into Canada along with a change in the composition of the country's business class, which became more diverse, as a 1991 Economic Council of Canada report documented.⁵⁰ By the 1990s, we reach a period in which multiculturalism has become a core part of Canada's "national brand" and the overall economic strategy of the country.

Concluding Thoughts

The previous section, I have sketched how we might apply the theory that cross-ethnic trade and economic interdependence promotes ethnic harmony to the writing of narrative Canadian history. I hope that I have demonstrated that utility of this theoretical paradigm in writing empirical business-historical research of the highest quality. The earlier sections of the paper have outlined the author's reasons for holding that the paradigm is intellectually coherent and empirically sound. I have also sought to explain why writing Canadian business history using this paradigm might be useful to Canadian business historians on a more purely instrumental level.

We now need to have a conversation about how we might go forward in applying this paradigm in the design of collaborative research projects, research grant proposals, and other initiatives. A pilot project of manageable size based on a narrow data set should be designed.

⁴⁹ Katharyne Mitchell, *Crossing the neoliberal line: Pacific Rim migration and the metropolis* (Temple University Press, 2004), 105-106.

⁵⁰ *New Faces in the Crowd: Economic and Social Impacts of Immigration* (Ottawa: Minister of Supply and Services Canada, 1991).

One or more episodes from the Canadian fur trade would seem likely to supply the right type of data we need, although it may be that some other topic would provide a better empirical basis for a project informed by the theory discussed above. Perhaps a paper on the Multiculturalism Means Business conference⁵¹ should be written using documents now available in the national archives in Ottawa. Interested parties should feel to contact the author about possible strategies for operationalizing some of the ideas sketched out in this paper. Since the themes discussed here are most likely to appeal to a Canadian research council or funding body, the author, who is employed at a non-Canadian university, would not be in a position to act as a principal investigator in a grant application. As a result, the construction of cross-national comparative teams is a possibility that should be discussed at some length. We have the potential to do some research here that would be useful to a wide range of knowledge users. Let us take advantage of this window of opportunity.

⁵¹ LAC Reference number R4459-738-1-E.