

Christopher Kobrak and Joe Martin, *From Wall Street to Bay Street: The Origins and Evolution of American and Canadian Finance*. Toronto, ON: [Rotman-UTP Publishing, University of Toronto Press](#), 2018. xi + 401pp. Maps, figures, tables, appendices, notes, bibliography, index. Cloth; ISBN 978-1-4426-4821-0, Cdn \$90.00, Paper ISBN 978-1-4426-1625-7, Cdn \$34.95, ePub ISBN 978-1-4426-1632-5, Cdn \$34.95, PDF ISBN 978-14426-1631-8, Cdn \$34.95.

Produced under the auspices of the Rotman School of Management at the University of Toronto, this book is really a text for students of Canadian business seeking information concerning the evolution of the financial systems of Canada and the United States. Readers of this journal will applaud the addition of a historical perspective to business studies, and this work is soundly grounded upon the scholarly literature in such subjects as banking systems and insurance. For that reason the sections on American developments are more extensive and detailed than the ones on Canada, but there are concise accounts of the growth and regulation of the banking system and the creation of the Bank of Canada as well as the persistent issue of foreign investment in this country.

The analysis is framed by the claim implicit in the title that “the bulk of the flow of ideas and money has been south to north. Indeed, much of Canadian history is a reaction to events and perceived failings ‘south of the border.’” (7). That claim is not entirely persuasive. For much of the history of colonial Canada and the new Dominion after 1867 matters were often ordered as they were in London (and Edinburgh). Chartered accountancy, for instance, was a profession organized in Canada as it was in the United Kingdom.

Banking was obviously affected by what went on in the United States, particularly the unending debates about the availability of credit and the pressures of inflation. Yet the organization of the banking system never came to resemble that south of the border with a myriad of small locally organized, banks whose business was frequently restricted to a single place or at least to a single state. Through time the business of banking in Canada came to be overwhelmingly dominated by five large banks, each with a multitude of branches, who secured firm oligopolistic control over the supply and cost of credit and succeeded through legislation in largely excluding foreign banks from extending their operations into the country.

Business students who are not likely to be familiar with the long-running debate in the United States over the creation and role of a central bank beginning with Alexander Hamilton’s First Bank of the United States up to the creation of the Federal Reserve system in 1913 will certainly benefit from the brisk account provided by these authors. Canada’s belated decision to create the Bank of Canada in the 1930s owed as much to the model of the Bank of England as it did to the American experience.

Comparative history can be highly illuminating, but the admitted problem that the authors have had to cope with is that the political and economic circumstances of the two countries have often not been closely aligned chronologically. The United States gained its independence in the late eighteenth century, while Canada had no national government until 1867. In many ways it remained a British colony well into the twentieth century. Foreign relations, national defense, tariff policy, revolved to a great degree around forces flowing across the North Atlantic. As a

result the comparisons between events in Canada and in the United States sometimes seem rather forced.

From a distance the differences between the two countries may seem minimal, but as the authors candidly admit, “Although Americans and Canadians share many experiences, they see the world very differently.” (5) To take but one example, in their discussion of the Great Recession of 2008 with which the book concludes they observe that sub-prime mortgages did not become a serious problem in Canada as it did in the United States. Still, the mortgage crunch did create a crisis in the Canadian market for Asset-Backed Commercial Paper, though unlike other countries that was ultimately solved without direct government intervention. The underlying problem in both cases, of course, was the increasing reliance of markets upon complex derivative instruments like Credit Default Swaps whose pricing was unclear and regulation ineffective.

Such criticisms as the ones raised here are outweighed by the book’s provision of clear narrative accounts of the political background in the two countries against which financial developments occurred. Students of business will certainly benefit from an understanding of the similarities and differences of the way in which events have unfolded in Canada and the United States. What will be interesting to observe will be the results of Donald Trump’s apparent determination to radically restructure the economic relationship that has developed between the two countries. That should provide scholars of business with plenty to talk about in future.

**Christopher Armstrong**  
**York University**