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**THE PRIME MINISTERSHIP OF R. B. BENNETT:
A VIEW OF HIS POLITICAL SIGNIFICANCE**

**Submitted to the Department of History
of Assumption University of Windsor
in partial fulfillment of the
requirements for the degree
of Master of Arts**

by

Leon Levine, B.A.

**Faculty of Graduate Studies
1960**

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A B S T R A C T

This monograph is an inquiry into that five year period from 1930 to 1935, especially the political events of the Prime Minister of the time, whose efforts through this most depressing era that Canadians lived through, have earned for him in many Canadian minds the most bitter sobriquets.

The measures Bennett sought to enforce and the means by which he set about to sustain his policies resulted in a broad sense, in his defeat.

The first chapter discusses Bennett's attaining the leadership of the Conservative Party in 1927 and of his subsequent campaigns which won him the election in 1930. In the second chapter has been traced some of the highlights of his early policies especially the stand he took at the Imperial Conferences of 1930 and 1932, and his attempts at solving the many problems on the Canadian scene.

The subject matter of chapter three consists of a discussion of the rise of new political forces on the federal scene, in particular the development of a combined labour-agrarian party.

A comparison of the two principal statesmen of the North American continent at the time, Bennett and Roosevelt, of the aggressive policies of the latter, and Bennett's changing attitudes comprise the subject matter of chapter four.

The final year of Bennett's administration, highlighted by his celebrated radio addresses, and the culminating election campaign which saw Bennett go down to defeat are examined in chapter five.

The final chapter contains a summary, conclusions and estimations of Bennett's years as Canadian Prime Minister. As well, there is expressed some opinions as to the character of Bennett during these years.

I N T R O D U C T I O N

World War I had ended. Canadian development was evolving slowly toward a more responsible status as a nation. The Peace Treaty of Versailles saw Canada accept a role of not less than an equal partner to the conferences. The world states now had to re-evaluate the role of the British Empire. In fact, the British Empire in the mercantilist sense was almost a thing of the nineteenth century. After this first great war engulfing the powers of the entire globe, "Commonwealth" was the keynote. Canada as the principal factor upon which this gradual evolution was developing, thus grew in importance in the eyes of the world.

Canada's changing status can be attributed to many things. Primarily it was a sense of an awakening in the people of the country. Through their awareness, they were able to select men to represent their views in government. Their opinions directly affected Canada's evolution towards an awareness of self.

At the end of the war, the Unionist government under Sir Robert Laird Borden began to fall apart. The reason for united action was past. War was no longer an issue. Laurier, ill and aging, died in 1919, and the Liberal Party, in opposition, had the task of selecting a new leader. This was the question confronting the Liberal convention when in the fall of 1919, despite the qualifications of

elder political hands, they chose the brilliant economist William Lyon Mackenzie King.

On the other side of the political scene, parallel events appeared when Borden proffered his resignation to the Unionist*Conservative Party. This being accepted, the Party named Arthur Meighen to succeed him. The Meighen government came into office in July of 1920. The last remains of Unionist co-operation were at an end. Party politics as such were to remain in their separate camps.

The decade from 1920 to 1930 saw the lines of Liberal and Conservative policy clearly drawn. At the same time that Unionist disintegration became apparent, the Conservative Party as such began to weaken. Meighen could not stop the trend. The dynamism of a revived Liberal Party headed by King appeared to draw more strength from the people. For most of the decade, King and the Liberals headed the government.

The decline of the Unionists furthered the development of various other protest movements. During these ten years, these sectional protest groups remained to give rise to elements showing the tendency of a stress on the two party system. This was to erupt in the ensuing decade. They were to harass Canadian federal governmental development by their local interests. While many of these splinter groups were to become submerged in the two principal parties, others arose to pose the threat of another political force.

When King secured a clear majority after the 1926 election

campaign, it was the first time that the Liberals had a majority government since the days of Sir Wilfred Laurier. Meighen, in defeat, decided upon giving up the Conservative leadership. A new leader had to be chosen. In that fateful year of 1927, the Conservative convention selected a former Minister of Justice and Attorney General, and lately Minister of Finance in the short-lived Meighen government of 1926, Richard Bedford Bennett. Bennett became the eighth official party leader to follow in the footsteps of Macdonald.

Of Bennett, little could be discerned except that he was honest and forthright, and a man who, it was hoped, would restore the confidences of the declining fortunes of the Conservative Party. This paper is an attempt to cast some light on the man who was to lead Canada through the most trying years of the world depression. Above all things, Bennett sought to act as the leader, both at home and abroad. This motivating force can be discerned in his rhetoric.

In spite of new leaders and new interest inspired by the return to the party system as it was, prior to the war, there was one other factor which was to play a prominent role in delineating the Canadian political scene in the years ahead. England had played an outstanding role in the development of Canadian relations to no less an extent than had the United States, since the conclusion of the Treaty of Versailles. Imperial Conferences had enhanced Canada's role in the changing empire. Not only that, but Canada was achieving international recognition as a nation of future prominence. The

United States gave formal recognition to Canada's new status when ambassadors were exchanged in that eventful year of 1927. Just as the year of 1919 saw rapid change in the political hierarchy of the Liberal Party, so 1927 saw a parallel change in the Conservative Party.

Despite the fact that there were two divergent political views, they were similar in one aspect, namely, the progressive development of Canada as a world nation. In 1929 this was the goal to be achieved. At Canada's helm was the Liberal Party. The policy it pursued was one of close associationship within the commonwealth by means of trade. In a world characterized by prosperity, Canada seemed to be heading for a record boom. Suddenly the bottom fell out, and the effects of this downward spiral and world-wide depression were soon to be felt on the Canadian electoral scene.

Once the election campaign commenced, one man's views were to shape the policies and fortunes of the Conservative Party. Incorporating some of the old ideas of Sir John A. Macdonald's National Policy with its protective tendencies, he advocated the raising of the tariff to elevate Canada from the chaos which was inevitable due to the world economic collapse. The protection of Canada and Canadian interests was to be the foremost battle cry of this recently elected leader of the Conservatives. When the smoke had cleared from the tumult of the election of 1930, the gate stood ajar, opening the winding course of Canadian history to a new assistant. Where this road would lead, depended on the thoughts of the Prime Minister, Richard Bedford Bennett.

A C K N O W L E D G E M E N T S

I am indeed indebted to various people in the compilation of this manuscript. Some may go for the most part unacknowledged, though not unvalued. My obligations, both direct and indirect, I owe to the members of my committee who read the manuscript and gave me the benefit of their suggestions. I am very grateful to the Reverend F. J. Boland, C.S.B., Ph.D., Assistant Professor of History, my director, whose patience, counsel, and encouragement enabled me to complete this effort. His breadth of knowledge in the field of Canadian history helped to instill and broaden my interest. I am also deeply indebted to Dr. C. M. J. F. Swan, Ph.D., Assistant Professor of History, who offered me many kindly suggestions, and to the Reverend D. J. Milvihill, C.S.B., Ph.D., Professor and Head of the Department of History, whose observations and considerations were indeed most generous.

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It is indeed unfortunate that certain papers and manuscripts were unavailable to me in the compilation of this manuscript. Bennett's personal papers are contained at the Bonar Law-Bennett Library of the University of New Brunswick. In accordance with the terms of his will, the papers are not to be made public until 1967, which is twenty years after his death. The Meighen papers were unavailable due to their being used in preparation of a biography of Mr. Meighen by Professor Roger Graham, of the University of Saskatchewan. The Marlon papers were closed to the public use at the Public Archives due to extensive revisions being made in the cataloguing and reclassification of additional materials to his files.

Any errors or omissions in content or style remain entirely within my responsibility.

NOTE :

G.A.R. refers to Canadian Annual Review of Public Affairs.

P.A.C. refers to Public Archives of Canada.

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CHAPTER I

NEW LEADER AND THE 1930 ELECTION

There will be more danger on the side of the party itself than on the side of the leader you will choose. Even here now, it is not the supreme consideration --- who shall be the leader of this great party? The supreme consideration is --- what manner of party shall he have to lead?¹

At the 1927 Conservative Convention meeting in Winnipeg these grim words were uttered by Arthur Meighen, the man who had led the Conservative party twice to defeat. The words stated clearly and logically, the weaknesses of the party. Above all, the assembled delegates had to select a new efficient leader and to devise a sound party platform. Although several former cabinet ministers such as James Manion, Sir Henry Lumley Drayton, Henry Hubert Stevens, Robert Rogers and Hugh Guthrie contested the leadership, previous circumstances indicated a victory for Richard Bedford Bennett.

Guthrie had been selected as temporary leader of the party in the House of Commons, and had hoped that this would secure for himself the permanent leadership at the National Convention. Yet several factors were to prevent him from succeeding. First, despite his temporary position, the party hierarchy were not solidly behind him,

¹M. Grattan O'Leary, "After Bennett What?", Maclean's Magazine, LI (May 15, 1938) 68, quoting Meighen's address to the Conservative Convention of October 10, 1927.

but tended to favour Bennett.²

Of equal importance, was the determination of Major-General Alexander D. McRae, the Conservative Party organizer, whose task had been to arrange for the Winnipeg Convention, and who was determined to see Bennett gain the Conservative party leadership. To these ends he had campaigned among the party strategists and leaders, securing support for the one man he felt would restore the confidences of the party organization because of his many acquaintances in the business world, and through his record in parliament.³ The issue was not long in doubt. Due largely to McRae's ability for making friends, and his close association with many influential businessmen, Bennett won the nomination.⁴ In a letter to his close friend, Max Aitken, Lord Beaverbrook, of November 10, 1927, one month after the Winnipeg Convention, Bennett stated:

²As early as the Byng controversy of 1926, Bennett had been suggested as a party leader. John W. Dafoe in discussing this impasse said, "It is in the interest of powerful Conservative influences not to defeat the Government at the moment as this would mean the coming into supreme power of Meighen. They think that if the present situation can be dragged out long enough, they may be able to dump Meighen and put Bennett in his place. (From a letter of Dafoe to Robert Forke, former Progressive Leader, of February 15, 1926, Dafoe Papers, M. 74, Public Archives of Canada, hereinafter cited as Dafoe Papers, P.A.C.)

³M. Grattan O'Leary, "The Rival Chiefs of Staff", Maclean's Magazine, XLIV (July 1, 1930), p. 8.

⁴John R. Williams, The Conservative Party of Canada: 1920-1949, (Durham, 1956), p. 124. McRae's organizational abilities were rewarded when shortly after Bennett became Prime Minister, he was appointed to the Senate.

I did not seek the position. I had not intended to permit my name to be placed in nomination until the Convention met. It was a real contest between doing what my party friends thought was my duty, and the giving up of business and professional associations of long standing.

In the end I followed what I am afraid was the path of least resistance, but now I find myself undertaking very serious responsibilities, and a most thankless task.

I have no illusions. I will do my best for I recognize my obligations to the country that has done so much for me.⁵

Though Bennett had been selected on the second ballot, thereby becoming the eighth leader of the Conservative Party, the choice was not a popular one, and may have been a compromise.⁶

At this time, Bennett was the only Conservative member of parliament from the prairie provinces. He had served in both Meighen administrations, as Minister of Justice in the first, and as Finance Minister in the second. Despite many attributes of a statesman and politician, he had no surface humour and appeared generally aloof

⁵Lord Beaverbrook, "Friends", (London, 1959) 49. As well, Bennett wrote a similar letter to Sir Robert Laird Borden on the same date in which he said: "I must say to you that I was very reluctant to permit my name to be placed in nomination at the Convention. I am not fitted for the position and I am certain that it was rather by a process of elimination than through any merits of my own, that I was elected.... I have no illusions. I realize that tomorrow or the day after, those who have cheered me so enthusiastically will vote against me with still greater alacrity." (Found in Borden Papers, vol. 261, P.A.C.)

⁶In a letter of the Liberal Newspaperman, John W. Dafoe, written to Clifford Sifton on October 15, 1927, just five days after the election of Bennett as party leader, he states: "I don't think the most farsighted of them are very happy over their solution of the leadership problem. Of those offering, Bennett was undoubtedly the most available man.... Bennett's weakness for the position are pretty apparent to intelligent Conservatives. In addition to his temperamental peculiarities which will make a good deal of trouble for the party, his great wealth and his association with the corporations which want to dominate Canada will prove a heavy load to bear." (Dafoe Papers, M. 74 P.A.C.)

from the people and the party.⁷ Despite his shortcomings, he had displayed a remarkable sense of organization in his legal handling of the Canadian Pacific Railway.⁸ Bennett had commenced his political career in 1900, by securing election to office for the North*West Legislature. In parliament he had ably conducted himself. His manner of speaking was eloquent and dramatic.⁹ Bennett's background was also an asset. He came from old Loyalist stock, from the Maritime province of New Brunswick. His first public position had been that of a school teacher. He had subsequently given up teaching for the practice of law, and had moved out West. Here he had made a name for himself as an astute lawyer, specializing in corporation work. Through his legal practice he became associated with several large business enterprises and from a campaign point of view, his wealth and business connections

⁷ M. Grattan O'Leary, "Conservatism's New Prophet", Maclean's Magazine, XL (November 15, 1927) 4.

⁸ Bennett had been legal counsel for the Canadian Pacific Railway for two years, during which time he had gained the plaudits of the Company for his administrative abilities and his legal services.

⁹ For example, Bennett's speech opening debate on the Speech from the Throne, February 24, 1930, wherein he stated: "... When I ventured to raise my voice last year in defence of what I considered to be the Canadian rights, I was denounced as a jingo. Because I ventured to speak a word for this country and criticized other countries, I was denounced as saying things which were provocative. But justification comes, not from this Parliament or from this country, but it comes in the words of one of the most eminent economists in the United States, a man who was the chairman of the Tariff Commission from 1917 to 1919.... Mr. Speaker, so far as I am concerned, and so far as those with whom I am associated are concerned, we propose to protest against being bullied by any power on earth." (This was in reference to remarks in an article on the United States Tariff by Professor Tausig of Harvard, which had stated that the United States had treated Canada for many years, in the same way as a bully treats a small boy). Quoted in J. Castell, ed., Canadian Annual Review of Public Affairs, 1929-30, 32, (hereinafter cited as C.A.R.)

enabled him to help fill the party coffers.¹⁰ Affluent though he was, Bennett was not snobbish and constantly showed by his actions and demeanour that he believed a Canadian Prime Minister must be sincere and hard working. In all, his capabilities were thus an asset to the party.¹¹ It was hoped that his defect of aloofness could be overcome.

Once Bennett was elected, the party drew up a platform that sought both to attract the West, and to revitalize the Party. At the Convention, resolutions were adopted advocating the completion of the northern railroad route to Hudson Bay, the granting of federal aid for interprovincial highways, the handing over of the provincial natural resources to the Prairie provinces, the development of Canadian ports and the all Canadian project of a St. Lawrence waterway.¹² It was anticipated that these strong resolutions would rally the disenchanted conservatives to even greater efforts on behalf of the Party.

By 1930, election clouds appeared on the federal horizon. Debates within parliament focused attention upon minor issues which

¹⁰ Bennett had saved the E.B. Eddy Match and Paper Company from financial ruin through his legal abilities, and was willed a large share of the corporation's stock by the grateful owner, who had been a schoolmate of his. Bennett also had interests in a mining concern, and had been prominently associated with the Canadian Pacific Railway (see page 3).

¹¹ His opponents thought differently. John W. Daffoe in a letter to J.B. Condliffe, said of him on October 2, 1928, "The new Conservative leader, Mr. Bennett, ... is showing up as a reactionary of the first order in both economics and politics. He is able, rich, headstrong, combative, and he is going to turn the Conservative party into a diehard Tory party if he can get away with it. His views on international trade appear to be those of the mercantilist theorist of the eighteenth century, while on Imperial questions he apparently hasn't moved forward a step in forty years." (Daffoe Papers M. 74, P.A.C.)

¹² Border Cities Star, Thursday, October 13, 1927, p.2.

could have brought about an election.¹³ However, before the prorogation of Parliament, the Liberal Finance Minister, Charles Dunning, brought down a proposed new budget dealing with tariff problems and Canadian commerce and the election ultimately was to be fought over this issue.

The Dunning Budget was characterized by broad, numerous tariff revisions, especially with reference to steel schedules and trade preferences.¹⁴ Numerous additions were made to the free list under the British preference, while increased duties were imposed on butter, fruits and vegetables. On certain exports and imports, countervailing duties were introduced to apply against countries raising their rates on these Canadian goods.¹⁵ The budget announced further, that trade negotiations were underway with Newfoundland and New Zealand. This latter agreement over the purchase of butter had a strong influence on the campaign. Though reductions were made on agricultural and office equipment and machinery, especially under the British tariff preferences, new rates and schedules were introduced on iron and steel.

¹³Of these, the liquor embargo, concerning itself with a dispute between the Ontario government of G. Howard Ferguson and the King administration, the pensions problem, and the divorce issue had been perennial causes of debate.

¹⁴These were fixed rates on iron and steel products which had been established by the government Tariff Board. Many items needed to be revised to keep pace with metallurgical development so that the rates would correspond to them.

¹⁵Canada would not raise its schedule rates, in general, but would impose upon such products from another country rates equivalent to those imposed by that country upon the identical Canadian product, where the Canadian rate enumerated, was lower.

Further, specific duties were placed on fruits and vegetables. The budget was an attempt to deal with agricultural, domestic and foreign trade relations.¹⁶ Its pronouncement was favourably received.¹⁷

But "Conservative leaders in Canada had never quite forgotten what happened in 1911, and that, indeed, has influenced much of Conservative policy ever since."¹⁸ In 1911, the election campaign between Borden and Laurier had as one of its chief issues, reciprocity. Borden had succeeded at that time in a situation similar to the one now confronting the election campaign. Bennett saw three interrelated concerns as the election issues: imperial relations, tariff, and agriculture. In effect they all revolved around the issue of tariffs.¹⁹ Imperial relations were concerned primarily with Empire trade and commerce. The course of the agricultural problems of western

¹⁶The Dunning Budget of 1930, C.A.R. 1929-30, pp. 34-38. For full budget account see House of Common Debates, Session 1930, vol. 2, May 1, pp. 1670-1677.

¹⁷La Presse, Montreal, of May 2, 1930 stated: "There is ground for hope that the tariff policy of Mr. Dunning will do much to improve economic relations between Canada and England. To what degree will the new tariff changes affect certain Canadian industries? The complexity of the changes leaves room for doubt.... Canada proposes therefore, to treat her competitors fairly, and to give her business chiefly to countries which trade with her most. It is in this spirit, shorn of all pettiness, that he will attend the Imperial Economic Conference at London next Autumn...." This shows an attitude of general favour for the budget, as was similarly in many newspapers at the time. C.A.R., 1929-30.

¹⁸M. Grattan O'Leary, "Current Political Scene", Queen's Quarterly, (winter, 1930) 206.

¹⁹R.B. Bennett, "The Election Issues As I See Them", Maclean's Magazine, XLIII (July 15, 1930) 8.

Canada especially, concerned the trade and economy of that area. The Dunning Budget, with its redistribution of tariffs, further concerned the economic conditions of Canada's commercial development. Thus all three issues were in some way connected with the problem of tariffs.

There was no question that Bennett fully appreciated and admired the British Commonwealth. But at the same time he stated: "One of my chief complaints against the Imperial policy of the Government of Mr. Mackenzie King is that it has been animated by a spirit of nagging self-assertion and a disposition to an attitude of irrational isolationism which was a breach of the unwritten understanding arrived at during the Imperial Conference of 1926."²⁰

In this, Bennett felt that King was, in effect, tearing apart the very fabric of the commonwealth structure. Bennett viewed the development of the British Empire as being dependent upon the development of each unit which was a part of the Empire.²¹ "I stand for Canada and upon that issue of Canadians before any other people in the world, I am prepared to seek suffrage of my fellow men."²² In respect to the British preference as being proposed, Bennett did not approve of it, since for him, it was not in reality a preference.

²⁰Ibid., 8 et seq. The unwritten understanding refers to the spirit of Dominion nationalism fostered during the War years of World War I.

²¹Bennett's comments when remarking on the British preference, in the debates on the 1930 Budget, House of Commons Debates, Session 1930, II (May) 1825-1826.

²²Ibid., (same comments) 1825.

A sound partnership is founded on mutuality of interest. Good business is predicted upon reciprocal benefits. This is neither.... There is no true Canadian who would not gladly surrender some personal advantage to help the people of the parent state; Britain however neither needs nor asks for help like that. What she wants is what we want --- broader areas of trade developed through an alliance to which we each bring the powers which have made us what we are. She wants with us a greater Empire of the future and for that we Canadians must build a greater Canada. I say now what I have said from youth, that the future of the Empire depends upon the upbuilding of Canada; it depends upon the development of the great resources of Canada. Any sacrifice that we may make of our position whereby we cease to be autonomous in the development of this great state is fraught with the gravest disaster not to us alone but to the Empire of which we form a part. What is good for one is good for both, and what is bad for one cannot avail the other.²³

As for the tariff issue, Bennett had strongly commented on the Liberal budget which Dunning had proposed. He felt that since everyone in Canada would be affected in some way by the customs changes, then the question was whether the proposed tariff changes would aid in developing Canada's natural resources, and in securing more employment for Canadians. For Bennett, the countervailing duties which were put forward, subjected Canada to a subservient role to that of the United States because of recent American legislation.²⁴

²³ Bennett's speech on the Dunning Budget proposals; Session 1930, House of Commons Debates, II (May 6), 1833.

²⁴ This is a reference to the Hawley-Smoot Act of 1930, of American tariff increases which enlarged the flexible tariff changed of 1922 permitting adjustment of rates to equalize foreign and home production costs, and retaining anti-dumping legislation. (Stevens Papers, XXXVI, P.A.C.) Bennett had said in parliament that "It is a countervailing tariff that comes into operation not because Canada has so declared, but because other countries have passed tariff legislation to safeguard and protect their own markets. When they do that

The trend towards lower tariffs by the Liberal government had been evident in King's appointment of two men, the Honourable T.A. Crerar as minister of Railways and Canals, and the Honourable Charles Dunning as Minister of Finance, both whom were known to favour the lowering of tariffs. Dunning's budget, with its widely diversified revisions and reallocations of tariff duties and preferences, was inadequate for Bennett. He believed that Canada should reduce her economic dependence on other nations.²⁵

Although Bennett may have realized that the world economic situation had brought about many additional difficulties to the agricultural element of Canadian society, he felt that more effective benefits could be achieved by a co-operative marketing system for farm products. Dunning had proposed specific duties to meet the urgent need of the growers during acute periods, and at the same time, to guarantee the consumer the supplies of these products at reasonable prices throughout the year. Yet the Conservative nominee felt the countervailing duties on many agricultural products, seemed to subject the Canadian economy to outside influences.²⁶ Since these basic issues revolved around the problem of trade and Canadian economy, Bennett

automatically the same tariff applies against them in our market. In other words, Congress makes Canada's tariff.... (House of Commons Debates, Session 1930, II, 1829.)

²⁵The revision of the Canadian Customs Act affected trade in farm and dairy products as well. In this respect had come the trade treaties with New Zealand, which had allowed for the influx of New Zealand butter into Canada, to the detriment of the Canadian dairy industry.

²⁶See above, 9.

therefore pledged himself to alleviate the conditions through planks in his party programme.

The Conservative platform contained pledges for a policy of protectionism for Canadians in the development of their natural resources, agricultural and industrial life. Similarly it advocated consumer protection from exploitation. In trade it pledged for a policy of stabilizing economic conditions and eliminating manipulation of domestic and foreign tariffs. The fostering and developing of agricultural, livestock and dairy industries was also declared.

In addition to these basic pledges, and interdependent on them, were several other promises which included: the improvement and expansion of the transportation system, especially the northern highways and the St. Lawrence waterway development; the stabilizing of interprovincial trade and the establishing of a Canadian fuel policy; the supporting of a plan based on mutual advantage for greater Empire trade and the establishing of a national old age pension scheme.²⁷

²⁷ R.B. Bennett, "The Election Issues as I See Them", Maclean's Magazine, XLIII (June 15, 1930), 8.

The Conservative banner was thus to wave for a greater degree of "Canadianism". The growing specter of increased unemployment had encouraged Bennett to advocate a strong policy of Canada first --- to alleviate the situation. A delegation from the hard hit agricultural interests of the west had sought federal assistance to meet the problem. King himself, made a speech on the issue, which was considered a blunder on his part, and which was to lead to strong provincial attacks on him.

King's famous "five-cent speech", wherein he stated:

'With respect to give money out of the Federal Treasury to any Tory Government in this country, for these alleged unemployment purposes, with these Governments situated as they are today, with policies diametrically opposed to those of this Government, I would not give them a five-cent piece.' (Debates of the House of Commons, Session

The Liberal platform of Mackenzie King centered around three basic issues: these were the record of his government while in office, the 1930 Dunning Budget, and the representation at the forthcoming Imperial and Economic Conferences in London.²⁸

The Liberal position held for co-operation in Empire trade and increased trade with Britain. Intercommonwealth trade agreements had been encouraged, but the New Zealand butter agreement had weakened the Liberal appeal to the country.²⁹ Further, King felt that the revisions made in the tariffs on iron and steel, and the new tariffs on fruits and vegetables were adequate to meet the conditions within these major agricultural concerns.³⁰ When speaking on the tariff question, King had stated:

It is apparent that both a high tariff and free trade are sectional policies when applied to the existing conditions in Canada. What then is the answer? The answer given by the Liberal party to a conflict of interest arising out of the tariff is the same as it is with respect to a conflict of interests in all other directions. To the greatest possible extent, sectional interests must be reconciled in the light of the larger interests of the whole. This can be affected only by moderation and compromise.³¹

1930, II (April), 1227-1228. Bennett was to use this to considerable advantage as the unemployment problem grew more acute.

²⁸W.L.M. King, "The Election Issues As I See Them", Maclean's Magazine, XLIII (June 15, 1930), 9.

²⁹Stevenson, J.A., "The Canadian Election", Queen's Quarterly, (Summer, 1930), 576.

³⁰W.L.M. King, "The Election Issues As I See Them", ibid., 9 et seq.

³¹C.A.R., 1929-1930, 88, quoting from King's keynote campaign speech delivered at Brantford, Ontario, on June 16, 1930. In the

Furthermore, King believed that:

"The people of Canada would be wholly agreeable to having this Country again represented (at the Imperial Conference in London) by the present administration in the ordinary course of events without the necessity of any appeal to the people in the interval. However, the Imperial Conference and the Imperial Economic Conference are all-important events, and I believe that the voice of Canada at those conferences will be the greater by virtue of its being expressed by an administration which has just been honoured with the confidence of the people of this country."³²

Little did he realize that his words rang true, but for his opponent, The Conservative leader, Richard Bedford Bennett.

Immediately after the election announcement on May 6, 1930, Bennett commenced his campaign with an attempt to identify unemployment and the King government. In his Calgary address Bennett stated that:

"The problem of unemployment has now ceased to be a local or Provincial one, and it has assumed national proportions and it will be the duty of my Party to see that employment is provided for those of our people who are able to work.... I will not permit this country with my voice or vote to ever become committed to the dole system."³³

budget Debate, Dunning had stated that "Lower tariffs to those who buy most freely from us makes for trade extension and wider markets for our products while prohibitory duties to meet prohibitory duties generally applied would constantly tend to restrict our export markets, (House of Commons Debates, 1930, 1673).

³² King's address on the Budget, House of Commons Debates, Session 1930, II (May 6), 1835. The 'interval' refers to the legal duration of King's government which had one more year of office. The reference to 'again being represented' is to the 1923 and the 1926 Conferences, in which King took part.

³³ Bennett's Calgary address delivered on June 11, 1930, as cited in C.A.R., 1929-1930, 101-102.

Bennett went on his campaign to attack the issues which King had considered as the basic ones. In a speech given at St. Thomas shortly before the conclusion of the campaign, he referred to King's utterance and said:

(King) speaks of his love and friendship for the nations -of the world and how his love and friendship will open new markets for us. I would suggest to him that those virtues show to best advantage at home. My party will meet our competitors on friendship, but it will be love for Canada which guides us in our actions. And as for the Imperial conference, this country will send to it men whose first thought is for their own people and whose desire is to help their own people while helping the Empire as a whole.³⁴

Again he stated:

The first duty of a Canadian statesman is Canada, a Canada within the Empire.... Free trade could not be the remedy to produce prosperous conditions: 'Free trade has not kept home markets for Canadians, made agriculture and industry prosperous or prevented unemployment. Fair competition, equal opportunity must be afforded to Canadians in meeting the world in competition.... a Conservative government would see to it that this would be done.'³⁵

When campaigning in Quebec, Bennett's policy of protectionism gained support. In his attacks upon the record of King's administration, and the unemployment issue, Bennett stated that "we must have action and not promises. I propose to call parliament immediately after

³⁴ Campaign speech delivered by R.B. Bennett at St. Thomas, July 22, 1930, as reported in the Border Cities Star, July 22, 1930.

³⁵ Campaign speech of Bennett at Owen Sound, July 24, 1930, as cited in the Border Cities Star, June 24, 1930.

July 28, for the purpose of enabling the representatives of the people to deal with the problem on a proper basis.... What you want is work and not conference."³⁶

Bennett's campaign across the country, his heartening speeches and his ability to catch the people's fancy, resulted in a secured and overwhelming Conservative victory which Bennett felt was a mandate from the people. This put him in a position of control over the House of Commons which had not been enjoyed by King.³⁷

³⁶Campaign speech of Bennett at Quebec City, June 14, 1930, as cited in Border Cities Star, June 14, 1930.

³⁷Some have held that it was not primarily due to the Conservative policies, campaign, or new leader, as it was to a general dissatisfaction with the King government. John W. Dafee in a letter to R. J. Deachman of August 6, 1930 summed it up. "No doubt what beat the government was a very general feeling that something better might come out of a shake-up.... I don't think the bolters, whose defection beat the government candidates, gave a thought to the effect of their vote of policy --- what they wanted to do was to hit someone in the eye, in retaliation for hard times, low prices of grain, disappointment at the failure of the wheat pool to deliver the goods, losses suffered through speculation, lack of cash, the indignity of having to put up with the old car, and for a hundred other causes, just as profound. Voting against the government afforded them in the jargon of the psychologists, an "emotional release". (Dafee Papers, M. 75, P.A.C.).

One of the more interesting factors of the election was the situation in Quebec, the Liberal strong-hold. Here the old question of construction had reappeared. The intimation was that a Conservative government would propose at the Imperial Conference, military conscription for the Dominions, for Empire Defence. (Article in La Presse of Montreal, July 25, 1930, as found in G.A.R., 1929-1930.

Although this was an attempt to hinder Conservative efforts, the results backfired, for out of the sixty-five seats, whereas before the election only four seats were Conservative, now twenty-four seats were won for the party. (John R. Williams, ibid., 161).

The Conservative victory showed gains throughout the Dominion. Bennett now had twenty-two other conservative members to help him represent the west. Once King had tendered the resignation of his administration to the Governor-General, Viscount Willington, the way was open for Bennett to assume the reins of office, which he was to hold through five difficult years.

There were several men he could now call upon in order to form his ministry. Those who had tried for the leadership in 1927 were considered, as were some new faces who now appeared on the victorious party benches. Of the men he selected, Guthrie was given the post of Minister of Justice and Attorney General, while Manion got the important portfolio of Minister of Railways and Canals. Both of these men came from Ontario and had entered the government service under the Union Banner of Borden in 1917. During Bennett's years in office they played an important role. They were joined by Henry Hubert Stevens, Minister of Trade and Commerce, later to split with Bennett and attempt to form his own party, and Sir George Perley, Canada's first Overseas Minister during the war years, Minister without Portfolio. In addition to these comparatively experienced men, Bennett added, as Minister of Fisheries, Edgar Nelson Rhodes, formerly Premier of Nova Scotia, and destined to replace Bennett in his portfolio of Minister of Finance.³⁸ As Minister of Pensions and National Health,

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Rhodes had served briefly, but with distinction in Meighen's 1926 government as Speaker of the House of Commons.

Bennett selected a physician who had served with prominent distinction during the war, Dr. Murray MacLaren. Edmond Baird Byckman, a staunch party member, became his Minister of National Revenue, while the important portfolio of Minister of Agriculture went to a brilliant farmer-mathematician, Robert Weir. The Ministry of Public Works was given to Hugh Alexander Stewart, a strong advocate of abolishing the party spoils system, while Alfred Duranleau received the portfolio of Minister of Marine.³⁹

True to his word, Bennett called a special session of parliament to meet in September. The Prime Ministership of Richard Bedford Bennett had commenced.

³⁹Guide to Canadian Ministries Since Confederation, July 1, 1867 - January 1, 1957, (Ottawa, 1957), Fifteenth Ministry of Canada, 51-53. See as well, "Cabinet Portraits", Maclean's Magazine, XLV (August through October, 1931). These are briefs on the members of the new cabinet.

CHAPTER II

"IMPERIUM ET IMPERATOR"

Prime Minister, Minister of State for External Affairs, and Minister of Finance, Richard Bedford Bennett opened a special session of parliament on September 8, 1930, at an auspicious moment in Canadian history. The world economic upheaval was now hitting Canada with force.

If there ever was an election conducted by a political party on the basis of wholesale and most unqualified promises and pledges to all classes and description, it was the Election through which we have just passed, and it is as a result of these promises and pledges that the Honourable gentlemen opposite are in office.¹

With these words of the opposition ringing in his ears, Bennett became determined in his efforts to carry out his pledges. In fact the chief purpose for calling this special session of parliament was to fulfill his 'Calgary speech' unemployment pledge.²

To meet the problem, Bennett presented three measures to parliament: unemployment relief, amendments to the tariff, and

¹King's opening remarks on the Speech from the Throne, House of Commons Debates, Special Session (September 8, 1930), 35.

²Address of June 11, 1930, see above, 13.

Customs Acts amendments, designed to halt the "dumping" of foreign goods into Canada.³

The Unemployment Relief measure consisted of the sponsoring of a programme of public works. In speaking on the proposed measure which would allocate some \$20,000,000.00 in government funds to such projects, Bennett stated:

It is a measure to deal with an acute present problem. It does not in any sense aim to deal with the problem as a problem in economics, so far as may be thought desirable to endeavour to remove it from the realm of further discussion in this House. We do believe that this resolution which I am now submitting ... will go far to relieve the situation.⁴

By this means he hoped to provide work for those able and willing to work. Although the Liberals were in agreement with the principle of the measure proposed, they disagreed with its method of presentation. They felt that before parliament voted on questions of money they had to pass the usual Parliamentary Supply Bill, and enumerate the specific purposes for which definite appropriations were to be made.⁵ However Bennett's majority easily defeated their proposed amendments,

³This refers to the flooding of the Canadian market by the excess goods of other countries, in particular, the goods of the United States, which were literally dumped upon Canada, since her import duties on these products were low.

⁴Bennett's speech on the proposed Unemployment Relief legislation, House of Commons Debates, First Session, 17th parliament, special session, 63. Some Liberals felt that Bennett had no plans. In a letter of J.W. Daffoe to Grant Dexter of August 15, 1930, Daffoe stated: "... Mr. Bennett really has no plans in mind about unemployment. Some sort of spending programme in conjunction with the provinces and municipalities may be got together for the short session, but he appears to have no solution for the problem, except first a complete embargo on immigration and secondly, tariff increases." (Daffoe Papers, M. 74, P.A.C.).

⁵C.A.R., 1930-1931, 34 outlining the Liberal

and the bill was quickly passed by the end of the first week of the session.

Bennett, as Minister of Finance, then introduced the tariff amendments.

It is not for the purpose of protection that the tariff is being revised today. The resolutions that are being submitted to this House are not for the purpose of affording protection in the sense in which that term is usually used; but if that term is used to designate just what we, during the Election, indicated that it did mean, namely the giving to Canadians an equality of opportunity with others who are building up their country to enable us to build up our Dominion and to give fair competition to the worker in Canada, be it man or woman, then it is protection we propose.⁶

These tariff changes dealt with agricultural products, and several of the infant Canadian industries, among them the iron and steel concerns. Dunning's countervailing duties were to be replaced with fixed duties. Bennett anticipated that these tariff changes would protect the consumer as well. He said:

What we have done is to take those industries that we believe are in a sense the key industries of this country where activity may be stimulated and employment insured to the greatest possible extent and we are confident that the measures we have taken to secure the consumer against exploitation, coupled with increased production in Canadian factories by the work of Canadian men and women to supply the requirements of Canadians, will result in ... meeting the exceptional conditions....⁷

arguments and proposals.

⁶House of Commons Debates, Special Session, 1930, (September) 239.

⁷Bennett, ibid, 241.

Thus instead of a general revision of the tariff, Bennett aimed at a remedial change to ensure greater employment. The end result was an increase in the general tariff. To Bennett, the tariffs were aimed primarily at building Canada up, rather than building a protective wall. His attitude was best summed up in a talk by Stevens, the Minister of Trade and Commerce.

Our idea is that nothing will be imported except what cannot be grown or manufactured or otherwise produced in Canada. If Canada cannot produce it, then the hope is to get the goods from Britain or the other dominions.⁸

King argued that the proposed changes which Bennett desired to implement would in fact result in the gradual urbanization of Canada. The agricultural centres would decline, which would in turn increase the standard cost of living and the cost of production. He argued further that the proposals were in essence detrimental to the success of the Imperial conferences, perhaps even weakening Canada's position. But Bennett held firm to the ideals expounded along the campaign route. To the arguments espousing the cause of agriculture and the cause of industry he replied:

We cannot make a country by agriculture alone or by industry alone. The two are interrelated, and until such time as we relate one to the other by the closest possible ties, we shall not bring about that national sentiment which is so desirable. There should in that sense be no East and West... we are one country and one people endeavouring to accomplish our purpose and the policies which we outline here today are taken because we believe it is in the interests of Canada that our people

⁸Speech of Henry Hubert Stevens given in Vancouver, September 2, 1930, as cited in the Border Cities Star, (September 2, 1930).

should buy Canadian products if we do not raise the prices.... I prefer therefore if I can, by any policies at my command, to direct into those channels the productivity of the Canadian people, the agrarian population. That is my effort that is all. That is the effort of this Government. That is all we are trying to do.⁹

Though the Liberal opposition attempted to amend or otherwise change the tariff proposals put forward, the tariff changes were approved on September 22, 1930, the last day of the special session of parliament. There was an understanding between the two party leaders that the discussion on the tariff changes could be re-opened at the next session of parliament, when the Budget would be considered. Included in the tariff changes was legislation principally concerned with a fair market value in duty of imported goods, to prevent dumping.¹⁰

⁹Comments of Bennett, House of Commons Debates, Special Session, 1930, (September) 463.

¹⁰Clauses of the new Bill in respect to anti-dumping duties: "In determining the fair market value for duty of goods imported into Canada the prices of which are published or listed by the manufacturers or producers, or persons acting in their behalf, the Governor-in-Council may from time to time fix and determine a certain rate or discount which may be applied in such published or listed prices, subject to deduction of the amount of discount according to such rate shall be deemed and taken to be the fair market value of any such manufactures or products respectively as are specified in such Orders-in-Council." (Replacing section 37 of the Sales Act). A further clause stated that if goods came into Canada under conditions which were prejudicial to Canadian interests, then the Governor-in-Council might fix the duty value and such would be deemed the fair market value of the goods. This clause replaced section 46 of the previous Act. (Clauses are as cited in the Border Cities Star, September 16, 1930, 3). This was felt to allow Canadian producers to compete successfully with producers in other countries selling into Canada (Border Cities Star, September 17, 1930, 10).

As well, the former agreements made by the Liberal government in respect to New Zealand and other dominion trade were brought under review. Expressing the view of Bennett, his Minister of Trade and Commerce had commented:

I am not labouring under any illusions about the problem of making new agreements with Australia and New Zealand. Just now it is not a question of Canada selling more goods to those two dominions, but how we can buy more. In my department at Ottawa, (we are trying to discover that imports from various countries) we may as well or better buy from Australia and New Zealand rather than from the country of present export.... We are earnestly trying to work out that plan.

New Zealand rather overdid her butter exports to Canada and that policy has had a rather serious effect upon some dairy districts. Our own people we must consider first, but generally we shall give our best attention to an adjustment of this butter business with New Zealand.... We are hoping to enter a new era of trade relations with them.¹¹

During this session the forthcoming Imperial Conference was discussed to considerable extent. King had enquired if Bennett would consider leaving parliament in the hands of one of his cabinet colleagues, while he left to attend the Conference. But Bennett pointed out that he had not as yet secured assent to his tariff legislation and thus would not take up the preferred suggestion.

I have no desire to be charged with railroading this legislation through Parliament and if the sense of this House of Commons is that I should remain here, I will, but I can say only this: I do not propose to leave this House with this legislation unpassed.¹²

¹¹ Speech of Stevens, in Vancouver, September 3, 1930, (as cited in Border Cities Star, September 3, 1930, 4).

¹² Bennett's discussion on the Imperial Conference of 1930, during the debate on it. (House of Commons Debates, Special Session, 1930, September 20, 489).

This attitude prompted King to agree to the understanding in order to accept passage of the legislation and to continue discussion at the next parliamentary session.

Once Parliament adjourned, Bennett was prepared for his departure to the London Conference. In effect, there were two conferences, the Imperial Conference for the discussion of constitutional and related subjects, and the Imperial Economic Conference for the discussion of trade. To accompany him to these sessions, Bennett selected three members of his cabinet, Hugh Guthrie, his Justice Minister, Henry Stevens, and Maurice Dupré, his Solicitor-General.¹³ With their aides, they embarked for London and the conferences immediately following prorogation of the special session.

Shortly after his arrival Bennett expressed a strong faith in the Empire.

In the past, the Imperial Conference has had before it problems of vast importance and supreme intricacy and has successfully disposed of them. But in my view at least, there have never been presented to it for solution questions of such urgency and such basic consequences to the economic welfare of the empire as those which now arise.

We meet at a time of industrial depression, falling prices, slackening of trade and diminution of revenues, and in a time of rising unemployment.... Those factors which once controlled the course of international trade and commerce have given place to others. The old order of things has passed. How far the present unhappy state may be regarded as a manifestation of a change into a condition of world affairs it is, perhaps, profitless at the moment to enquire.

The facts alone concern us. They are plain and they

¹³The Conference had been delayed in order to allow Bennett to conclude his emergency session.

must be faced. We in Canada have faced them, and through adequate employment of those means within our control have, we believe, provided a way out of our present difficulties. My colleagues and I come to this conference ... in the strong belief that by concerted action of the whole, we can advance the interests of the Empire and all its sections. We have a common purpose and it would be strange indeed, if, by our united determination to achieve it, there should not follow on our action that same high measure of success which in the days gone by, has crowned our joined and steadfast efforts.¹⁴

He declared that the economic solidarity of the Empire was just as capable of being achieved as had constitutional liberties. "In the diversities of the peoples of our empire, their talents and their resources lies the real secret of the empire's greatness."¹⁵

Bennett knew that of prime consideration as far as Canada was concerned, was the problem of the surplus western wheat. The prairie provinces relied strongly on Bennett to secure a greater share of the British market for Canadian grain. Unanimously they had urged this upon Bennett. Strongly they had stated, "what we need is a trade agreement with Great Britain and other countries which will ensure markets for our surplus agricultural products. Unless profitable export markets are secured, unemployment will continue and so will depression and also the abandonment of farms."¹⁶

¹⁴Bennett's opening address to the Conference, October 2, 1930, as cited in the Border Cities Star, October 2, 1930.

¹⁵Bennett's speech at a banquet in his honor given in London, October 2, 1930, as reported in the Border Cities Star, October 2, 1930.

¹⁶An address to the Government by Premier John Bracken of Manitoba, of October 3, 1930, as appearing in the Border Cities Star, October 3, 1930.

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At the second session of the Conference on October eighth, Bennett delivered his proposal for a definite policy of an inter-imperial tariff preference. He stated that the principle of Empire preference could either be approved or rejected. "Delay is hazardous ... the time for action has come."¹⁷ Thus he stirred the spirits of the delegates. For him the basis of the proposals which he was to expound was to be adequate protection for those industries already in existence as well as those yet to be established. As a result Bennett held that "we must ensure a certain flexibility in the preferential tariff."¹⁸ But in making his offer, he so proffered it as to elaborate upon Canada's position and his government's desires.

Before offering this conference a plan, which once effective, will in my opinion make for greater prosperity in all parts of the Empire, I shall briefly state the fiscal policy of the Canadian administration of which I am the head. The Conservative party of Canada believes in and employs the principles of protection of the home producer of agricultural and fabricated products from harmful interference by world competitors. But it is not part of our policy to exclude from our markets foreign goods so long as their importance does not threaten a reduction in the high standard of living which our citizens enjoy.

On the other hand it is our declared policy to provide for the consumer a cheap market by stimulating the growth of competing domestic industries to that point of development where they will be able, in fair competition with others beyond our dominion to offer to the Canadian public products of like quality and at prices comparable to those prevailing in the larger markets of other countries.

To achieve this result we are obliged to consider the whole question from the point of view of both the consumer and the producer, and through employment of a flexible

¹⁷ Extract from the address of Bennett to the Second Session of the Imperial Economic Conference in London, on October 8, 1930, as appearing in the Border Cities Star, October 8, 1930, 1.

¹⁸ Ibid., October 8, 1930, same address.

tariff to ensure the proper protection of the one and safeguards from exploitation the other.

... This policy of the Conservative party has come to be known as Canada First. In approaching the economic problems of our empire I stand four square behind that policy. And if this Conference is to meet those problems and provide an effective solution of them it seems to me that my attitude towards my own country will be the attitude of you all towards yours. On no other basis can we hope to effect an enduring agreement of benefit to each one of us.... For we believe that through the broadening of the home markets of the empire states to empire products, in preference to products of foreign countries every unit of this empire will benefit. This does not mean of course that an attempt should be made to exclude from empire markets the goods of other countries.... What it means is that we should direct the present flow of trade into more permanent empire channels by preferring empire goods to those of other countries. This can only be done in one way, by creating a preference in favour of empire goods.

... The primary concern of Canada today is profitably to sell its wheat. We believe we shall be reaching towards a solution of the problem if we can establish a better market in Great Britain. This market we want and for it we are willing to pay by giving in the Canadian market a preference for British goods.... I offer to the Mother Country and to all other parts of the empire a preference in the Canadian market in exchange for like preferences in theirs, based upon the addition of ten per cent increase in the prevailing general tariffs or upon tariffs yet to be created. In the universal acceptance of this, and in like proposals and acceptances by all other parts of the empire we attain to the ideal of empire preference.... And so I propose that we of the British in our joint and several interests do subscribe to the principles of an empire preference and that we take without delay the steps necessary to put it into effective operation....

Any government of which I am the head will be prepared to support the proposal I have made with whatever variations to the general plan may seem advisable, to make it effective by the proper legislation.

... We have a common purpose. The means by which it may be fulfilled offer themselves in like measure to each one of us. In the days of our past achievements we surely learned that our material trust and confidence were not misplaced. With them by us yet and faith in the future of our empire I cannot but believe that out of our

deliberations there will come an enduring scheme of co-operation based, if you will upon self-interest, but destined to carry the empire through all its parts into an era of commercial supremacy such as it has not heretofore known.¹⁹

Although Bennett urged a preferential tariff he did not advocate Empire free trade, a programme which had received considerable public support, as well as aid from certain Conservative elements in England.²⁰

Empire free trade is neither desirable nor possible for it would defeat the very purpose we are striving to achieve. All that is helpful in Empire Free Trade may be secured by Empire preferences. All that is harmful may in this way be avoided.²¹

Though Bennett was admired for his eloquent remarks, it appeared to be a foregone conclusion that the British government would reject the offer of the empire preference.²² Prime Minister Ramsay Macdonald in a speech to the Labour Party in Wales, just prior to Bennett's
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¹⁹Text of the address given by Bennett to the Imperial Economic Conference on October 8, 1930, as cited in the Border Cities Star, October 8, 1930. It was felt that at the very least, Bennett had given the conference something in the way of direction. From the Canadian point of view his plan advanced the interest of Canada in respect of a more assured market for Canadian wheat.

²⁰Lord Beaverbrook, Bennett's friend, led the Empire Free Trade Movement. In a letter of Beaverbrook to John W. Dafoe of January 13, 1930, he puts forth his arguments for the Empire Free Trade movement, the idea being to propose no tax on foodstuffs being brought into Britain by members of the Empire. (Dafoe Papers, M. 74, P.A.C.)

²¹Lord Beaverbrook, "Friends", 57-58; see also Border Cities Star, October 8, 1930. This was a blow to Beaverbrook who regarded his friendship as something which would draw Bennett to the movement.

²²Letter of Philip Snowden to Bennett, November 14, 1930, found in Borden Papers, folio 30, CCLXI, Public Archives of Canada (hereinafter referred to as Borden Papers, P.A.C.)

speech, had blasted the idea of tariff protection.²³ Further, the British Chancellor of the Exchequer, Philip Snowden, had indicated that Bennett's proposal would be rejected.²⁴ Macdonald himself had addressed the British parliament with the words "we cannot do it", when queried about the preferences proposed.²⁵ British policy was declared formally in a statement released to the Conference which in essence, rejected Bennett's plans for tariffs. They did declare, however, an intention of submitting reports to the suggested conference to be held at Ottawa.²⁶

²³Border Cities Star, October 8, 1930.

²⁴Speech of Snowden made at Manchester, England, as reported in the Border Cities Star, October 20, 1930.

²⁵C.A.R., 1930-1931, 316.

²⁶Declaration of Policy by the Delegates of the United Kingdom, given at the Conference Meeting of November 13, 1930, as reported in C.A.R., 1930-1931, 317.

1. His Majesty's Government in the United Kingdom, believing that the development of Inter-Imperial markets is of the importance to the Commonwealth, have declared that the interests of the United Kingdom preclude an economic policy which would injure its foreign trade or add to the burdens of the people; but that their fiscal policy does preclude marketing propaganda and organization which will secure valuable opportunities for the consumption of Dominion products in the United Kingdom.

2. His Majesty's Government in the United Kingdom have suggested that the Government of the Empire should undertake to make forthwith a close examination of the various methods by which each may make the greatest possible contribution to economic co-operation within the Empire with a view to presenting reports to a Conference which, it has been suggested should be held next year or as soon as the reports are ready.

3. In the meantime His Majesty's Government in the United Kingdom have declared that the existing preferential margins accorded by the United Kingdom to other parts of the Empire will not be reduced for a period of three years or pending the

At the sessions of the Imperial Conference dealing with matters of constitutional issues which had arisen at the preceding 1926 Imperial Conference, Bennett proposed, and secured the agreement of the assembled delegates, that the Provinces be allowed to determine whether their rights were affected by the proposed changes to the Colonial Laws Validity Act.²⁷ Until this time, there had been a committee set up under the previous Conference which had submitted a report to the present Conference sittings proposing changes. As a result of their deliberations, the format of the Statute of Westminster was evolved, pending the outcome of the provincial decisions.²⁸

Though the Imperial Economic Conference decided nothing, Bennett emerged as the most striking figure.²⁹ His return to Canada

outcome of the suggested Conference, subject to the rights of the United Kingdom Parliament to fix the budget from year to year.

4. His Majesty's Government in the United Kingdom agree to reconstitute the Empire Marketing Board as a body with a fixed minimum annual income, with a provision enabling it to receive such other contributions from public or private sources as it may be willing to accept, for the purpose of furthering the marketing of Empire products; and to the reconstruction of the Imperial Economic Committee on the lines recommended by the Committee of the Conference on Economic Co-operation.

²⁷C.A.R., 1930-1931, 318.

²⁸At the Dominion-provincial conference of April, 1931, which allowed Bennett to consult with the governments of the provinces, they agreed to the changes, and the Dominion Parliament resolved to request enactment of the Statute of Westminster on June 30, 1931.

²⁹H. Napier Moore, 'The Imperial Conference', Maclean's Magazine, XLIII (December 1, 1930).

was triumphant. To all effects, he had struck an inspiring note for Canadian leadership in the Empire. Yet he had not solved the problem of the western wheat. Relief had to be given, and Bennett set about the task of arranging it. But it was his stand with regard to the Imperial Economic Conferences which was first seriously attacked in the debate on the Speech from the Throne in his second session of parliament. King not only harshly criticized the position which Bennett had taken at the Imperial Conferences, but also felt that Canada would be dragged into the forthcoming British election campaign. Bennett, he stated, was attempting to impose forcibly, his views on the British government through threats upon the eventual determination of the British Empire. Bennett was criticized for relying too much on his own judgment. King pointed out that Bennett's proposals made in London were in conflict with those proposed at the special session of parliament, which had placed duties against Britain and had eliminated those preferences set up by the Dunning Budget.³⁰ The British rejection of the proposals implied that a new customs duty should be put on foodstuffs imported into England.

Bennett replied to King's remarks about his 'autocratic methods', to the effect that decisions arrived at were those of the "united opinion of his cabinet". Further he held that the pledges which he had made during the campaign were being implemented as quickly as they could be. "They cannot be done in eight months, it

³⁰See above, 20-21.

was never suggested that they would be."³¹

Bennett turned the attention of the legislators from the criticism of his handling of the Conferences in London, to the conditions of western Canada. He felt that the position of western Canada was not as bad as it was pictured to be.

What is the cause of the great depression in western Canada? Hon. Gentlemen opposite know that the most important cause is speculation. Not speculation in wheat options, or in oil or mining stocks, but speculation in the large sense in which the term is used.... This has brought disaster in its wake...³²

As Finance Minister, Bennett discussed the western crisis in wheat in his debate on the budget.

There has been a succession of bad harvests in some parts of Western Canada, ... Two things must happen. First, provision should be made to assist those who have a crop, because they have considerable obligations, taxes, etc., which must be discharged. Other methods will be taken to deal with the situation of the Provinces which are not in a position to assist those who with their reserves exhausted and their crops a failure for the third time are practically ruined.³³

But at the same time, Bennett indicated that if the conditions in the western provinces were acute, the Dominion government would co-operate with the provinces in any effort which would be necessary to deal with the situation. In this respect, he proposed his Unemployment and Farm Relief Act.

The principle upon which the Government would proceed would be that where there was work there would be pay,

³¹House of Commons Debates, Session 1931, I, 58.

³²Ibid., I (April 21, 1931), 779.

³³Ibid., II (June 1, 1931), 2171.

and that, if an individual was capable of work and would not work, there would be no benefits.³⁴

It was clearly stated to the provinces, that they were to be responsible within their respective provincial areas for the establishment of control committees to supervise and carry out the provisions of this relief measure.

Above all things, Bennett was desirous of fulfilling his programme of inter-Empire trade pledged at the Imperial Economic Conference. To this end, he had concentrated many of his tariff implementations. These were to highlight the session and overshadow whatever solutions he preferred for the conditions in western Canada. Thus a new treaty was arranged with Australia in June of 1931 and a new Tariff Board was created. The duties of the latter were to determine the duty necessary to enable adjustments with regard to the differences between the cost of competitive goods and the Canadian goods themselves.³⁵ With his parliamentary majority, he was able to secure his legislation and after five months of sitting, parliament was prorogued on August third of 1931.³⁶

³⁴House of Commons Debates, Session 1931, III, 3246-3247.

³⁵C.A.R., 1930-1931, 74.

³⁶Only one incident diverted attention away from the problems of economic upheaval. This was the inquiry into the Beauharnois Power Corporation. The investigations brought to light weaknesses in the collecting of campaign funds and in the necessities for maintaining the separation of public and private interests and duties of the various individual members of government bodies. Out of the enquiry, it was found that three Senators, Haydon, Raymond and McDougald, had, through their connections and influence, been able to secure benefits for the Corporation, which otherwise it might not have received. The Corporation had been engaged in a hydroelectric

Yet overshadowing all other concerns, was the impending conference on closer economic co-operation between Britain, the Empire, and Canada. In mid November, Bennett had sailed for London and secured the approval of the new National Government to attend the projected conference in Ottawa. On his departure for Canada, it appeared that he had "the British government's assurance of an Empire wheat quota in his pocket."³⁷

When Bennett returned to Canada, he stated:

With the adoption of the Statute of Westminster, the old political Empire disappears, and everywhere I went in the Old Land, I found the people looking forward to the Conference in the belief that we would lay at Ottawa, the foundations of a new economic Empire in which

and canal project, which the former Liberal administration had approved, having in mind a St. Lawrence waterway project. The question of campaign funds brought to light individual profits made from stipends of the corporation, by various members of the government and also the payment of large sums of money into the party coffers, especially those of the Federal Liberal party and the provincial coffers of both the Liberal and Conservative parties in Quebec and Ontario, with the Liberals maintaining the greater benefits.

The Liberal leader had stated that he did not regard it a duty of the party leader to be in charge of campaign funds, rather he felt that the duties related to matters of policy and for organizing campaigns. Bennett felt this to be a diversion from the real issue, which he intimated to be bribery. As a result of the inquiry, the Senate itself approved of a request to provide for effective penalties against any member who might be found guilty of dishonourable conduct.

The final aftermath of the affair was the resignation of one of the Senators involved (McDougald). (C.A.R., 1930-1931, 67-71).

³⁷C.A.R., 1932, 27. In the effort to get Britain and other Commonwealth countries to consent to the meeting to be held in Ottawa, Bennett had used considerable skill. Their assent was regarded as a 'feather in his cap'.

Canada is destined to play a part of ever increasing importance.³⁸

The pending conference was looked to with anticipation. It was a hope for Bennett, the statesman.³⁹

On the political front, Bennett made an important cabinet change, prior to the opening of his third parliamentary session on February 4, 1932. He relinquished his portfolio of Minister of Finance to Edgar Rhodes, his Minister of Fisheries. Rhodes was to hold this position until the defeat of the government in 1935. Thus it was Rhodes who presented the Government budget, during this session. The Rhodes Budget consisted primarily in the levying of additional taxes. In this regard, Rhodes had stated:

Bearing fully in mind the fact that, in common with the rest of the world we have suffered, while not in equal degree at least in substantial degree, as the result of a depression universal in scope and of unparalleled magnitude; realizing also the anxieties and burdens of the people and the manifold difficulties resulting from the trying period through which we are passing; and appreciating how desirable it is that we should endeavour to the fullest possible extent compatible with the public interest to call for as little further sacrifice as possible; --- at the same time we would be recreant to our duty if we failed to face our problems with determination, and, at whatever sacrifice, fully meet our financial obligations, balance our Budget, and preserve our national credit in the eyes of an observant financial world.

This course may result in hardship. It may entail sacrifice. But in the long run it will result in less hardship and will call for less sacrifice than that

³⁸Ibid., 28.

³⁹Bennett had a two-fold purpose; first to get the meeting to Ottawa and secondly to get the delegates to support his plan for economic revival through adoption of his Canadian policy stated in his speech before the London Conference of 1930.

which would flow from a policy less courageous. Furthermore, the preservation of our national credit is an indispensable pre-requisite to the return of prosperity.... I desire to record my conviction that we are not far removed from events which will herald the dawn of better days; that those qualities of courage, resourcefulness and thrift which characterized our forebears are not lost to the present generation; that our struggles and difficulties of today will serve as a challenge to greater effort on the part of governments and people to the end that Canada will found in the vanguard of those nations which successfully emerge from the greatest testing time in modern history.⁴⁰

In the debate which ensued, it was apparent that all the other parties opposed the budget. There was evidence of a movement for a closer political alliance between the agrarian groups headed by Robert Gardiner, and the Labour group headed by J. S. Woodworth, when both leaders advocated a subamendment to the budget calling for reform of the financial system. Although Bennett handily defeated the motion, the seeds of unity between these two political elements were taking root. It had only need for continued difficulties in the western areas to see it emerge as a new unit.

Since the 1931 Unemployment and Farm Relief Act was to expire on March first, Bennett asked for an extension. King felt that his procedure was unconstitutional. For him, it was the prerogative of parliament to vote monies for relief and not to allow the cabinet to extend an expiring Act. Rather he advocated the substitution of a Supply Bill to secure the necessary funds.⁴¹

⁴⁰House of Commons Debates, Session 1932, II, debate on the budget, (April 6), 1748-1749.

⁴¹C.A.R., 1932, 59-60.

While the session was in progress, representatives of the provincial governments conferred in Ottawa with Bennett on unemployment relief questions. At this conference consideration was given to the difficulty experienced by the municipalities in contributing their share for relief works. As a result it was decided to modify the policy of relieving the unemployment through public works by means of direct relief to meet the situation.⁴² A Relief Bill was finally passed on May 12, 1932 providing for the Government to loan money to the provinces and to guarantee provincial repayment of the money loaned.

Though the question of unemployment relief was a dominant one, it was the Imperial Economic Conference meeting scheduled in July at Ottawa which permeated the discussions throughout this session of parliament. The New Zealand commercial agreement was a further step towards closer empire economic association based on the principle of reciprocal benefits. In referring to the Conference, the Speech from the Throne had stated:

From that conference may arise a power which will bring enduring harmony out of economic chaos, and provide the wise and courageous leadership which in other times of universal stress the world looked for and obtained from the British peoples. Canada believes that the closer economic association of the British Empire will herald the dawn of a new and greater era of prosperity both for ourselves and for all the nations of the earth.⁴³

⁴²Ibid., 30. One should recall Bennett's campaign speech wherein he stated that Canadians would never be on the dole system. See above, 13.

⁴³House of Commons Debates, Session 1932, II, (May 26) 1869.

Thus the Ottawa Conference opened auspiciously after publication of a provisional agenda which divided the talks under three issues. Firstly there was General Trade questions, which included, "general trade and tariff policy and administration affecting Empire trade, including recognition of the principle of reciprocal tariff preferences, application of existing and future preferences; Empire content, export bounties and anti-dumping duties, commercial treaty policy with respect to foreign countries".⁴⁴ Secondly, the subject of existing interrelationships of the various currencies and monetary standard of the Empire and the desirability to restore and stabilize prices and exchange, came under Monetary and Financial questions. The third concerned itself with negotiation of Trade Agreements.

Bennett outlined Canada's position by re-iterating his arguments espoused at the London Conference.⁴⁵ He desired to preserve all the Canadian industries without sacrificing one for the other. He felt that if Britain continued her trading agreements with Russia in wheat and lumber, it would weaken Canada's exports of these two commodities to Britain. At the expense of the American trade, Bennett offered Britain markets in Canada for her iron and steel. In return he anticipated British abrogation of her agreements with Russia.⁴⁶

⁴⁴C.A.R., 1932, 319.

⁴⁵See above, Bennett's address to the London Conference, 26-28.

⁴⁶Though Canada secured new preferences in the British market for many of her staples, and a continuation of a ten percent duty on foreign lumber, fish and certain minerals, with the same products duty free in England, Bennett maintained that Britain should relinquish her Russian treaty.

Baldwin, the British chief delegate finally agreed to a clause to be included in the agreements which would provide that, "no unfair competitive business practises would be permitted to interfere with any Empire preferences".⁴⁷ If this was not acceptable Baldwin held that he would conclude treaties with all of the Dominions except Canada. Finally, on August 18, 1932, the following clause was inserted in the Anglo-Canadian agreements:

This agreement is made on the express condition that if either government is satisfied that any preferences hereby granted in respect of any particular class of commodities are likely to be frustrated in whole or in part by reason of the creation or maintenance directly or indirectly of prices for such class of commodities through state action on the part of any foreign country, that Government hereby declares that it will exercise the powers which it now has or will hereafter take to prohibit the entry from such foreign country directly or indirectly of such commodities into its country for such time as may be necessary to make effective and to maintain the preference hereby granted.⁴⁸

Although this did not denounce the Anglo-Russian treaty, Bennett felt that it covered the situation. Thus, when the conference adjourned, it was announced as a success. To all appearances, the member states were satisfied. Yet, the Ottawa Conference was unique in one respect. More than any previous imperial conference, it brought to light more quarreling and bitterness of feeling among the member states. Although the British delegates consented to an agreement, they did so with resentment, which was publicly and

⁴⁷H. Napier Moore, "The Imperial Conference", Maclean's Magazine, XLV, (September 15, 1932), 47.

⁴⁸Ibid., 47.

privately expressed. The British press openly criticized Bennett's stand.⁴⁹

Though Britain gave definite preferences, in return the British delegates received a promise from Bennett that "protection against British products should be afforded only to those industries which are reasonably assured of sound opportunities for success; that Canadian protective duties would not exceed such a level as would give British procedures full opportunity of reasonable competition on the basis of relative cost of economic and efficient production. Infant industries in Canada were to receive special considerations (and Canada) ... would give sympathetic consideration to the possibility of reducing and ultimately abolishing the exchange dumping duty".⁵⁰

The Conference itself agreed that foreign treaty obligations were not to interfere with mutual Empire preferences. As well, a committee was to be appointed which would look into the question of Empire economic co-operation and consultation. The Ottawa Conference

⁴⁹Frank H. Underhill, "After Ottawa, Notes on New Era", Canadian Forum, (October, 1932), 6. The British National Liberal Federation had passed a resolution condemning the Ottawa Conference Agreement as embodying "dangerous and vicious principles" which it was claimed would impede exports to the Dominions and all international trade, and would strain Empire relationships (September 21, 1932). - Two Liberal Members of parliament, Sir Herbert Samuel, Secretary of State for Home Affairs, and Sir Archibald Sinclair, Secretary of State for Scotland, as well as the Lord Privy Seal, Lord Snowden, resigned from the National government on September 28, 1932 when the terms of the Conference had been announced (C.A.R. 1933, 471).

⁵⁰Ibid., 6-7.

had not in truth solved the economic plight of Canada. Bennett's stature was somewhat shaken in that his ultimatum placed before the earlier London Conference was not adopted in full.⁵¹ Yet, at the same time his statesmanship was enhanced by the very fact that he had succeeded in securing the meeting at Ottawa.

The completion of the Conference saw Bennett return his directiveness to activities of internal Canadian affairs. Since he had assumed office, there had been growing concern over the deficits accruing to the government owned Canadian National Railway, and the privately owned Canadian Pacific Railway. As this problem gave Bennett considerable concern, he had appointed, at the insistence of the railway managements, a Royal Commission headed by Mr. Justice Duff of the Canadian Supreme Court, in November of 1931, which was to enquire into the whole problem of transportation in Canada. Shortly after the conclusion of the Ottawa Conference, this commission submitted a report to Bennett, covering the period 1920-1930.

The commission found that the railways had been unduly extravagant. Administrative practices did not allow for an intensive check upon their expenditures. Further, the various federal governments up to this time had endorsed expenditures for railways without thoroughly maintaining a detailed accounting custom which was strongly reprimanded.⁵²

⁵¹ Recall Bennett's speech to the London Conference outlining Canada's aims. See above, 26-28.

⁵² Rivalry had caused the two railways to construct and acquire new branch lines, especially in the prairie provinces but they did not have the traffic to keep up with the expanding cost of operation. As well - the railways spent money on costly hotels and on coastal

No evidence could be ascertained as to any appreciable restraint on railway estimates placed before them. Many of the railway transactions were deemed to be due to public and political pressure.⁵³ As a result, the commission concluded that the Railways' directors and management "had been amenable to political influence and pressure which it would have been in the public interest to have withstood."⁵⁴ The Duff report recommended new legislation to halt any overdevelopment through uncontrolled competition and pressure on the managements.

In the ensuing legislation, a board of three trustees was created with fixed tenure of office. This was to replace the Board of Directors of the government-owned Canadian National. The keynote was to be co-operation between both railways.

In cases of disagreement, provision is made for arbitration by the setting up of arbitral tribunals from time to time which will have power to determine conditions and interpret and enforce agreements and co-operative arrangements. These tribunals do not exercise any administrative control of either railway and a tribunal may never be invoked unless a situation arises as to which either railway may feel the need of appeal to such a body.⁵⁵

Minister of Railways and Canals, Robert J. Manion concluded that "it

steamship services, most of which operated at deficits (W.T. Jackson and D.T. Buchanan, "Our Transportation Problem", Canadian Problems, (Toronto, 1933) 100-102).

⁵³ Many branch lines had been encouraged through demands of isolated communities and through a desire to maintain a transcontinental service.

⁵⁴ Honourable R.J. Manion, "A View of Canada's Railway Problems", Canadian Problems, (Toronto, 1933) 162.

⁵⁵ Ibid., 162.

has always been the case that when the railways are prosperous, business generally is prosperous, and the reverse is also true. The railways are the best barometers available to determine business trends...."⁵⁶ There had been intimation that a possible benefit might result if the railways were amalgamated in order to eliminate undue duplication of services, but this had brought harsh outcries from private business enterprise. The commission enquiry felt that such merger in whole or in part would establish a monopoly with such powers as would be prejudicial to Canada's interests. Thus as essentials in maintaining a practical solution to the problem, they urged the retention of the two railway systems. In essence their recommendations were as follows: firstly, the maintenance of identity of the two railway systems; secondly, emancipation of the Canadian National Railway from political interference and community pressure; thirdly, provision of machinery for co-operation between the two systems to eliminate duplicate services and to avoid extravagances; and fourthly, reasonable protection for the privately owned Canadian Pacific Railway against arbitrary action of the publicly owned Canadian National.⁵⁷

⁵⁶Ibid., 164.

⁵⁷C.A.R., 1932, 537. At the session of parliament, a Bill embodying these recommendations was proposed consisting of three parts, one dealing with reorganization of the Canadian National providing for the three trustees; one dealing with co-operation between the two railroads and eliminating unnecessary duplication of services; and one allowing for the setting up of a tribunal to deal with any disagreements between the two railroads. Manion introduced a subsequent clause which would make it impossible to have the railroads amalgamate. The bill was passed in May of 1933. (C.A.R., 1933, 59-60).

But other transportation problems pushed those of the railways to the background. There had been constant talk of a St. Lawrence waterways project since Bennett had come to office. Indeed such a programme had been one of the Conservative party planks in their election campaign of 1930.⁵⁸

The United States had signified its readiness to undertake the effort with Canada in September of 1930. But it was not until a year later that Bennett replied that they would proceed first with a treaty for the joint development of such a project. Canada's Minister to Washington, W. D. Herridge, had been paving the way for such development since his appointment in 1930. His return to Ottawa, to consult with Bennett in the fall of 1931, led to reports that such a treaty to this effect was imminent.⁵⁹

Herridge and H. B. Stimson, United States Secretary of State, had agreed to a certain programme which was released in a communique by the Department of External Affairs, explaining their discussion in relation to the international rapids section of the waterway and to projects of both countries which would serve as links in the waterway's development.⁶⁰

The question of the treaty had come up for discussion in

⁵⁸ See Appendix A, 67.

⁵⁹ "Backstage at Ottawa", Maclean's Magazine, XLIV, (December 15, 1931), 23.

⁶⁰ C.A.R., 1932, 371.

parliament during 1932, when the Senate resolved to delay further negotiations with the United States until further consideration could be given previous Canadian-American treaties.⁶¹ Opposition arose in two quarters, on the federal field, and on the provincial field. The province of Quebec strongly opposed the scheme. Premier Tachereau held that:

... any agreement entered into between the Dominion of Canada and the United States with regard to the canalization of the St. Lawrence River and development of hydro-electric power in the International Rapids Section of the River should first be ratified by the Legislature of the Province of Quebec in order to protect the interests of that province.⁶²

Quebec felt that little benefit would accrue to the province, but the cost which Quebec would share, would be great. There was a fear that the province would suffer industrially at the expense of Ontario and the United States with the reduction of her own power developments. Not only was Quebec opposed to the treaty plans, but the state of New York objected to the procedure since it had been omitted from the negotiations.⁶³

Further opposition was raised by the Canadian press. It made issue of the party pledge which had declared for the St. Lawrence waterway system as "an all Canadian project, to be developed in the national interest when conditions warrant and that the rights of the

⁶¹Ibid., 372.

⁶²G.A.R., 1932, 373.

⁶³Ibid., 374. Originally there was to have been a commission on which New York State was to be a member.

provinces in respect to development of power should be protected".⁶⁴

Despite the opposition, the government concluded a treaty with the United States on July 18, 1932.⁶⁵ This reversed Bennett's stand for an all Canadian waterway. Commenting on his position, Bennett said:

The government has come reluctantly to the conclusion that the opposition was inspired by the fear that certain monopolistic and class privileges would thereby be affected. That consideration has no weight with this government. The waterway is for the people of Canada. This government will not tolerate interference by big interests with one sworn duty to the country as a whole. These are anxious times. The need of Canada compels our undivided support. Those who prefer their own welfare to their country, may expect just that measure of consideration which their actions merit.⁶⁶

Further, he held that the Treaty itself was timely in that it manifested Canada's confidence in the future. The country had within its means to make the St. Lawrence valley one of the great industrial centres. "The treaty is a proclamation of Canada's maturity."⁶⁷

The success of the Treaty reflected on Canada's minister to Washington, William D. Herridge. He, above all others, strongly influenced Bennett in his outlook. Herridge had been a former Liberal supporter, but had early joined the Conservative ranks in the 1920's. Skilled in the art of persuasion, Herridge quickly

⁶⁴See Appendix A, 87.

⁶⁵Under the terms of the treaty, there was to be a joint undertaking only on the International Rapids section. Those areas wholly within the boundaries of either country were to be constructed by that country. The treaty was subsequently rejected by the American Senate.

⁶⁶Canadian Forum, (September, 1932), Notes and Comments, 444. The opposition here refers to that of the province of Quebec.

⁶⁷G.A.R., 1932, 378.

became a staunch voice in the Conservative ranks. When Bennett became a party leader, and subsequently Prime Minister, Herridge eagerly served him and became his close friend. The relationship was enhanced when Herridge married Bennett's sister.⁶⁸ Though there was little animosity over Herridge's appointment, the post of High Commissioner to England did arouse considerable conflict. Bennett held that ministers appointed at the various embassies were permanent appointments not subject to a change of administration.⁶⁹ The post of High Commissioner, in his judgment, should be filled by one having the fullest confidence of the administration. Further he was a civil servant, an appointee of the government, whose discharge of duties made him practically a member of the administration.⁷⁰ Bennett stated his views thusly:

With regard to the position of High Commissioner, I can point out only that it is a statutory office. Provision is made for that office by a Statute passed by this Government in the days of Sir John A. Macdonald. From that day until this, the position has been of a political nature using the word in the large and proper sense of the term. In the judgment of this Administration, the High Commissioner should not only reflect the policies that are originated and initiated by the Government of Canada,

⁶⁸Bennett's sister Mildred was his official Government hostess. Posting Herridge to the United States afforded a strong link between the two governments.

⁶⁹Herridge had secured the Washington post on Bennett's election because that post had been vacated prior to the election.

⁷⁰H. Gordon Skilling, Canadian Representation Abroad, (Toronto, 1945), 118. Vincent Massey had been appointed just prior to the election by King. Bennett felt that the holder of the office had to have the complete confidence of the Government of the day, which Massey did not have. Thus his interpretation.

but enjoy to the fullest degree the confidence of the Administration and reflect the spirit and attitude of mind of the Administration towards the problems with which they have to deal. It therefore follows that the incumbent of that office is practically a member of the Administration so far as the discharge of his duties in London is concerned.⁷¹

Appointed to this post was one of the Conservative Party stalwarts, one who vied with Bennett for the party leadership in 1927, the premier of Ontario, G. Howard Ferguson. Ferguson's appointment thus removed him from the provincial scene and in effect, eliminated him from the active Canadian political scene. Herridge and Ferguson were the links between Bennett and the two countries whose fortunes would seriously affect Canada.

But events were transpiring on the Canadian scene which were to weaken the political structure. A problem which Bennett had not been able to overcome, or even to provide an adequate remedy, that of unemployment, had become so acute that the ineffective splinter groups from the west saw no other recourse but to unite to protect their common cause, the rights of the farmer. To this was added the rights of the working man in general. Out of the dying embers of the United Farmers Organizations, the Progressives, and the Labour forces, a new political party was being shaped, which was to have a profound effect, not only upon the fortunes of the Bennett government, but also upon the political thinking of the Liberal opposition.

⁷¹C.A.R., 1930-1931, 42.

CHAPTER III

AGRARIAN UNREST: BIRTH OF A NEW PARTY

The idea of a strong third force in the political scene appeared to be growing during the 1920's when the several farmers' political movements were fostered and indeed, when one new party, the Progressives secured several seats in parliament. There were as well, other potentially strong minor forces consisting of the Labour group and the United Farmers Alliances of Ontario and Manitoba.

When Bennett was elected and proposed drastic tariff revisions the tendency was socialistic. He began by promising that any protective interests that were abusing their new privileges by exploiting the consumer, would be punished.¹ In the autumn of 1930 Bennett adopted a relief measure to assist the provinces through public works. The employment these projects secured was insufficient to meet the needs of all the unemployed. The need for some direct form of relief was necessary. Coupled with the rising unemployment problem was that of the western wheat farmers. They had attempted to secure from the Bennett Government financial support to purchase wheat when the market fell below certain levels. However, the industrialized East did not

¹Canadian Forum, (August, 1932), Notes and Comments, 404.

feel too strongly about sharing in the western farmers' plight. Prime Minister Bracken of Manitoba sent a message to the Farmers meeting in late 1930 which indicated the trend being followed and which was to be followed for a considerable time. "Sentiment seems to be against any guarantees such as would in any substantial degree share with the Western farms the shock of agricultural depression."² The restrictions which the tariff regulations imposed brought about an increase in costs to the farmer. The wheat on the world market dropped in value. Through their small voice in parliament, the farmers attempted to secure Dominion aid. The relief problem which related to two quite different situations, that of the western farmers suffering from droughts and falling prices, and that of the unemployed laborers from the urban centres, drew the two elements together. The farmers demanded "favourable marketing prices, social control of currency and credit, and the expansion of co-operative enterprises".³

Not since 1926, when the elections had put an end to the Progressives as a national party, had there been a strong third party group on the national level. It was the remnants of this group dispersed among the various provincial farmer organisations, which was to combine with the labour forces of J. S. Woodsworth, that ultimately formed a new third party on the Canadian national scene. The feeling had gradually developed that there had to be an alliance of the labour

²G.A.R., 1930-1931, "Industries and Commerce", 462, citing Bracken's note to R.A. Hovey, his representative at the meeting.

³Paul F. Sharp, The Agrarian Revolt in Western Canada, (Minneapolis, 1948), 188.

group and the United Farmers Alliance, By this they hoped to become more than critics of the government. They hoped to mold legislation.⁴ Thus it was that in May of 1932, members of both groups in parliament met formally to plan co-operation. Woodsworth was selected as president to help plan the formation of a "Commonwealth Party". Earlier, western labour political parties had resolved to consider union with the farmers' representatives of Ontario and Manitoba, and their July conference in Calgary, saw the launching of the Co-operative Commonwealth with Woodsworth as its leader. Their economic policy embraced the idea of establishing a planned system of social economy, social ownership and co-operative enterprises. Further they desired that the federal government accept responsibility for the unemployed.⁵

Woodsworth himself had early been dissatisfied with Bennett's approach to solving the problem. He said, "... but I am quite at one with you in the feeling that Mr. Bennett has not found the way out for our difficulties. Ultimately it is the big business interests that will profit by his tariff changes and we of the common folk

⁴W.L. Morton, The Progressive Party in Canada, (Toronto, 1930), 273. Much consideration was given to the problem of Dominion organization. It was the beginning of a new federal party designed to be both agrarian and labour.

⁵ See Appendix B, 89 ff. for the text of the Regina Manifesto which set up the credo of the C.C.F. party. Bennett had vigorously attacked the new party organization when he said that it was moving toward a "government soviet in its character". (House of Commons Debates, Session 1932-1933, II, 1688).

will find living more expensive."⁶

In January of 1933, Woodsworth formally outlined the aims and objects of the new Co-operative Commonwealth Federation in relation to the older parties already established, in a speech at Winnipeg.

Neither of the old Parties can be expected to fight definitely for fundamental changes. There remain two other organizations, the C.C.F. and the Communist Party. Both believe in a new economic and social order. The Communist Party is firmly convinced that this can only be brought about through violence and bloodshed and with, at least, a temporary dictatorship. They can only think in terms of Russia. We in the C.C.F. believe that it may be possible to bring about fundamental changes in Canada by peaceable and orderly means. Only the event will prove whether we are right, but when we consider what is involved in a total collapse of our financial system, or in a revolution by force, we believe we should do everything in our power to attempt the first alternative.⁷

Bennett had attempted to satisfy the western provinces by convening a Dominion-Provincial conference in January of 1933, in an endeavour to devise further policies to cope with unemployment and farm relief. He opposed giving further financial assistance to the prairie provinces until they could curtail expenditures or produce a balanced budget. The question of jurisdiction over federal interference became significant during these deliberations. Bennett

⁶Letter of S.P. Rose to J. S. Woodsworth of September 23, 1930, ('Woodsworth Papers', P.A.G., Correspondence 1901-1934, II). Unfortunately these papers are incomplete. Letter of Woodsworth to Rose expressing his own view has been destroyed. The words "at one with you" seem to suggest that Woodsworth had written to the effect which Rose expresses in his letter.

⁷Remarks made by Woodsworth in a speech at Winnipeg, January 18, 1933, from the Winnipeg Free Press of January 19, 1933, as cited in C.A.R., 1933, 37-38.

had said that "we must realize that there are Provinces in this Confederation that will not tolerate the Dominion's interfering with or endeavouring to trench upon their jurisdiction".⁸ It seemed that the existing legislative power in the constitution between the Dominion and the provinces was a barrier to the efficient distribution of the responsibilities for unemployment and farm relief.

The liberal leader had advocated a national commission to supervise federal expenditures in relief monies and to co-ordinate all the efforts of both Dominion and provincial authorities through a national relief plan. Bennett questioned the constitutionality of such a commission.

The infant new party was dissatisfied with Bennett's stand.⁹ It put forward a plan of its own in a resolution advocating a co-operative commonwealth being set up in Canada. This resolution stated that "the Government should immediately take measures looking to the setting up of a co-operative commonwealth in which all natural resources and the socially necessary machinery of production will be used in the interests of the people and not for the benefit of a few".¹⁰ A planned economy was advocated. Collective action was the only way

⁸House of Commons Debates, Session 1932-1933, II, (November 22), 1452, (debate on the unemployment issue).

⁹Under a blank check power granted him in 1930, Bennett had advanced grants to the provinces. Now he was attempting to halt further grants until the provincial budgets could be balanced or did not exceed a maximum of \$1,000,000. (C.A.R., 1933, 26).

¹⁰House of Commons Debates, Session, 1932-1933, (February 1, 1933, 1687).

of coming out of the depression. The new party felt that only by having an entirely new system of government could the problems which had been brought about under the present setup, be overcome. Opposition to this resolution was strong and a vote on it was adjourned. But the new party had made itself heard.¹¹

Bennett appeared to be harassed from all sides. The west was slowly turning against him. The Ottawa Conference, thought of as his greatest triumph had been bitterly attacked in parliament. The appearance of a new party, stronger than the older splinter elements and more united in its credo began the undermining of Bennett's strength. It was a solemn Bennett who tried to maintain his policies amidst the growing voice of opposition.

At the moment I think that the Dominion of Canada is faced with the greatest crisis of its history. The real difficulty is that we are subject to the play of forces which we did not create and which we cannot either regulate or control. We are between the upper and the nether millstone. We are a debtor country, and a debtor country must suffer under the conditions with which we are threatened. Our people have been very steady but they are depressed and, having listened on the radio to so much "ballyhoo", they are now demanding Action! Action!! Action!!! Any action this time except to maintain the ship of state on an even keel and trim our sails to benefit by every passing breeze involves consequences about which I hesitate ever to think.¹²

¹¹Its policies had a profound effect on the reorganization of the Liberal party policies. They did not advocate state socialism as did the C.C.F., but a reformed capitalism with expansion of social legislation. (Bruce Hutchinson, The Incredible Canadian, Toronto, 1953, 185).

¹²Letter of Bennett to Sir Robert Laird Borden of October 5, 1933, (Borden Papers, folio 30, GGLXI, P.A.C.)

CHAPTER IV

BENNETT AND ROOSEVELT: EFFECTS OF AMERICAN POLICY

The country needs, and unless I mistake its temper, the country demands bold persistent experimentation. It is common sense to take a method and try it; if it fails, admit it frankly and try another. But above all try something.¹

The recent American election indicated that Americans desired to place their trust and confidence in the hands of a new leader and a new government. "I pledge you, I pledge myself, to a new deal for the American people",² was the vibrant message which had echoed across half a continent. This 'New Deal', to raise the economy and to restore the prosperity of Canada's southern neighbour, the United States, was to be led by its architect, Franklin Delano Roosevelt. Canadian hopes for a better tomorrow turned to look at the policies of the new American president. Bennett, his personal triumph of the Ottawa conference fading into the background, could now reflect upon the new man in the White House as a new year set in, increasing his difficulties rather than easing them.

This New Deal had two essential aspects, socio-political and

¹Speech of Franklin Delano Roosevelt at Oglethorpe University, May 22, 1932, cited in Daniel R. Fusfeld, The Economic Thought of Franklin D. Roosevelt and the Origins of the New Deal, (New York, 1956), 205.

²D.R. Fusfeld, Ibid., F.D.R.'s nomination acceptance speech at Chicago, July 2, 1932, 229.

economic. Its basis was strong organization in which government, labour, and business were to unite freely to protect the individual and thus act for the general good. The economic problem of the country now was to be under the direction of the federal government as a single national question. The government basis was control, not ownership, through co-operation.³ The passage of the National Industrial Recovery Act, with its active arm, the National Recovery Administration gave concrete expression to the New Deal philosophy. Roosevelt had said of the Act that:

It represents a supreme effort to stabilize for all time the many factors which make for the prosperity of the nations and the preservation of American standards.

Its goal is the assurance of a reasonable profit to industry and living wages for labour; with the elimination of the piratical methods and practices which have not only harassed honest business but have also contributed to the ills of labour.... If this project is to succeed it demands the whole-hearted co-operation of industry labour and every citizen of the nation.⁴

This grand scheme was to reduce unemployment, improve labour standards, eliminate unfair competitive practices, revitalize industry, and conserve the natural resources of the country.⁵ All of the subsequent legislation implied an expanded role for the federal government in the regulation and direction of the economic activity of the country.

³T.W.L. MacDermott, The Significance for Canada of the American New Deal, as found in The Liberal Way, (Toronto, 1933), 192-193.

⁴W. Averill Harriman, The American N.R.A. in Operation, citing Roosevelt's statement on the signing of the Act, as found in The Liberal Way, 171.

⁵W.A. Harriman, ibid., 172-174.

The effect of the sweeping reforms and proposals enacted in the United States were felt in Canada. The apparent whole-hearted enthusiasm of the American people for the active steps taken by their president, saw a gradual change come over Bennett. Beseet by troubles, nevertheless Bennett became determined in his course.⁶

Yet his unequivocal rule within his own party, and his handling of all matters himself, were leading many Conservatives to wonder whether Bennett would carry out his programme. Bennett's treatment of his ministers and the growing discontent among his party followers saw the Conservative predicting a defeat at the next election.⁷ His opponents marvelled at his versatility. He became a one-man opposition to them.

His vigor, the gusto with which he entered into things, the extraordinary range and variety of his knowledge, were amazing. No one in the House talked as much, or with as much information, or as often or as long. Day after day and night after night he was on his feet, nothing too small to escape him, little too intricate to puzzle him --- a veritable walking encyclopedia.⁸

Things were reaching an impasse by 1934. To his critics Bennett stated, "I will not imperil or wreck this country's institu-

⁶Some considered the American programme foolhardy. In a letter of Hugh Bullock to Sir Robert Laird Borden of September 29, 1933, Bullock stated that "its object is commendable but it goes at everything backwards and I consider it unsound economics". (Borden Papers, folio 100, P.A.C.).

⁷See John R. Williams, ibid., 209. In a letter of Grant Dexter to John W. Dafee of January 11, 1931, he points out that Bennett's disregard for the confidence of his cabinet ministers, and his turning more to W.D. Herridge as his sole confidant, caused resentment against him. (Dafee Papers, M. 74, P.A.C.). Bennett also rejected many representations from supporters entitled to some consideration, by exerting his authority to the limit. (Lord Beaverbrook, Friends, 82).

⁸"Backstage at Ottawa" Maclean's Magazine, XLIX, (July 15, 1936), 37.

tions nor endanger its integrity. I will not give way to clamour either through fear or favour."⁹ Bennett did not elaborate on his programme. He maintained comparative silence on the progress of his efforts while clamours grew for concrete proof of their accomplishment.

Again Bennett confronted the wheat problem. He felt that the use of western wheat should be encouraged in eastern Canada.¹⁰ This would develop the home market and maintain western economy. Publication of the assistance given by his government to the western farmers was urged upon Bennett.¹¹ The clamour grew for an inquiry into the trading practices in wheat. In addition, Roosevelt's success in the implementing of his New Deal policies to revitalize American industry, encouraged Bennett to direct his attention towards trade and commercial practices in Canada. His Minister of Trade and Commerce, Stevens, had suggested the appointing of a commission to investigate unfair trade practices.¹² By a resolution of the House of Commons on February 2, 1934, Stevens was appointed to head a parliamentary committee to investigate price spreads and mass buying. This committee was to inquire into "price spreads in natural products and manufactured articles, the effect of mass buying by chain and department store

⁹ Bennett's remarks in a speech at Lethbridge on October 17, 1933, as cited in C.A.R., 1934, 28.

¹⁰ Letter of Bennett to Honourable H.H. Stevens, September 19, 1933, (Stevens Papers, P.A.C.)

¹¹ Letter of Stevens to Bennett, November 2, 1933, (Stevens Papers, P.A.C.)

¹² Letter of Stevens to Bennett, January 27, 1934, (Stevens Papers, P.A.C.).

organizations, labour and wage conditions and the marketing of livestock and other farm products."¹³

Public interests from the outset, was acute. The committee looked into every area of business, calling before it several industries throughout the 1934 session of parliament. As the business of the committee was not concluded by the end of the parliamentary sitting, it was empowered as a Royal Commission to continue its sittings in order to complete its investigations.¹⁴

What led to a serious party rift was the action taken by Minister Stevens in an address he gave to the Conservative Study Club in a private meeting. Stevens had printed a pamphlet of his speech for the personal use of the club members. In the pamphlet he had stated some of the results which his committee had thus far accomplished and his own observations as to the evidence submitted. News of the contents became known to certain of the companies under discussion and a complaint was lodged with Bennett over the pamphlet. Stevens insisted that the pamphlet had been only for private circulation to members of the Study Club, but the newspapers had got hold of copies of the pamphlet and though Bennett desired the entire issue be suppressed, and requested the newspapers to withhold

¹³C.A.R., 1934, 38.

¹⁴In a letter of former Prime Minister Sir Robert Laird Borden to Stevens of April 23, 1934, Borden stated that several American businessmen showed interest in Canada's economic progress and they felt there was a popular movement to emulate the American programme of "Planned economy" (under the NRA). He held that this would halt the freedom given to Canadian industry and bring most of them under

publication, one newspaper published the text.¹⁵ The pamphlet created a furor. At a cabinet meeting Bennett questioned some of Stevens's statements and suggested that he make some public explanation. Stevens, angered that Bennett would not stand by him, tendered his resignation not only as Chairman of the commission, but also as Minister of Trade and Commerce. He remained as a member of the commission and as a Conservative member of parliament. But the wedge had been driven into Bennett's shield of cabinet solidarity.

Liberal leader King summed up Bennett's progress as government leader in a long debate on the Speech from the Throne of the fifth session of Bennett's parliament. He concluded by stating:

The Government's policies have not brought about the improvement in the conditions which the Government said they would. Under them, conditions have become worse instead of better. The Government have failed to bring forth any real policy on finance and monetary matters; they have failed to bring forth any policy on labour matters. They have no policy except one of restriction in matters of trade. In all these things and in many others they have been deplorably deficient.¹⁶

But was this in fact true? Stevens's resignation from the cabinet

national political control, from the American point of view. Stevens replied on April 24, 1934, that his committee was not copying the United States. Rather, he desired to see that some sort of order was instilled in Canadian business. (Stevens Papers, XIV, F.A.C.).

¹⁵Winnipeg Free Press of August 7, 1934, as cited in C.A.R., 1934, 40.

¹⁶House of Commons Debates, Session, 1934, 17th parliament, I, (January 29), 58.

had left a gaping hole in Conservative ranks. Yet few followed him. Bennett's policies were heading along a path strewn with rocks, yet he had managed to maintain himself, despite the constant threats and the increased failure of the Conservative government to win the several by-elections as they arose.¹⁷

At this time Bennett commented on the relative positions of the United States and Canada. He stated that as a debtor nation, Canada, who depended to a considerable extent on her export trade, could not embark upon any programme such as the National Recovery Administration of the United States. The only form of reciprocal trade between the two countries was "one that was just and fair to both and one that afforded an opportunity for the products of one country in the markets of the other under fair conditions."¹⁸

Bennett thus became determined to put forth his greatest efforts to solve the issues which had plagued him since he took office. These efforts were to revive the old issues of the relative power of parliament and of the executive powers, as well as those of the provinces. They seemed to compare closely with the American legislation of the NRA with its regimentation of business. As a result it focused attention upon economic questions and Bennett's recovery programme. The legislation concerned the marketing of natural products.

¹⁷Between June, 1933 and December, 1934, nine federal by-elections were held, one each in New Brunswick, Quebec and Saskatchewan, and six in Ontario. Eight of the seats were won by the Liberals. (C.A.R., 1934, 54-55).

¹⁸C.A.R., 1934, 59.

Many commercial interests had approached the federal government urging Bennett to enact regulatory legislation which would avoid any difficulties in interprovincial export trade and which would prevent unfair marketing practices.¹⁹ The powers advocated by the government appeared to be in excess of what was felt to be constitutionally conferred upon the federal government by the British North America Act of 1867. Thus the opposition assailed the government on the constitutional issue. The Liberals feared that too much authority would be placed in the hands of the Federal Marketing Board. One Liberal critic argued that:

When you introduce coercion, co-operation ceases. Something that is lovely becomes unlovely.... The nature of this legislation is known throughout the world. It is a half-way house. The cry of 'control' and 'planned industry' retaining private property is a cry that appears to please everyone but it will not work. The inevitable end is Socialism.²⁰

King had cried out:

Here we are in this parliament representative of all classes of the community, representative of the Consumers of Canada as a whole and we are being asked by the Government in this legislation to allow all matters relating to the regulating of marketing, and questions that affect the prices and supplies of commodities to be dealt with by these interested occupational groups and without a single safeguard being provided to protect the interests of the consumers. In theory and practice alike this Bill leaves out of account the responsibility of Members of Parliament to all classes in the country.²¹

¹⁹ For example, the Manitoba Livestock Association petitioned the Minister of Agriculture on January 11, 1934 and on November 20, 1934, The National Dairy Council sought to discuss marketing problems with the Minister, (C.A.R., 1934, 'Industries and Commerce', 410).

²⁰ Speech of W.H. Moore, Liberal M.P., House of Commons Debates, Session 1934, III, (May 4) 2811.

²¹ House of Commons Debates, Session 1934, IV, 3729.

But Bennett, undaunted, replied to the attacks on his legislation by saying:

I have said sufficient to indicate the shallowness of the arguments that have been made against this measure. I have quoted the authorities of the courts of last resort to show that arguments of that kind are not valid, and I commend this Bill to this House. I do so because the Bill affords a practical illustration of the efforts that have been made by a Party not bound by the shibboleths of the past, but accepting only the history of the past for the purpose of guiding them aright in the pathways they hew out for the future. I commend the Bill also because we believe that the true measure of faith of the Conservative Party is shown by our ability and willingness to accept, in the light of experience and knowledge, those principles which we know are sound and which involve, as they do, the lopping off of much that has gone before in order that the world may progress and civilization prevail.²²

Though criticism was intense, Bennett carried the Bill which became known as the Natural Products Marketing Act. Further criticism in regard to the constitutional issue concerned Bennett's Unemployment and Social Insurance measures. Here the objection was over the section which gave the Dominion cabinet wide powers in the event of a national emergency to preserve the "peace, order and good government".²³

Bennett gave two reasons for supporting the claim that unemployment and social insurance measures were within the competence of the Dominion parliament. Firstly, he said that Canada entered into a treaty of peace - the Treaty of Versailles 1919 - as part of the British Empire,

²²Ibid., 3775.

²³This refers to the B.N.A. Act, section 91, providing for the legislative authority of the Parliament of Canada. Bennett had agreed that the wide powers which would come under this clause were needed to safeguard the veto power of the Dominion (power of disallowance) and its taxation prerogatives against unconstitutional inroads from the provinces.

wherein provisions were made for matters dealing with the question of labour.²⁴ Secondly, he held that there was a wider concept of the Federal power.²⁵

When introducing his Bill to provide for unemployment and social insurance, Bennett said:

It is my judgment that the Parliament of Canada has jurisdiction with respect to this matter for the reason I indicated (the above two reasons). Those reasons spring from the duty which rests upon us to discharge the obligations to Canadian Labour. They rest also upon the fact that legislation of this character affects international and interprovincial trade, and the maintenance of equitable relations between the provinces is undoubtedly affected by such legislation.

On all these grounds and others that need not be discussed, I am clearly of the opinion, having regard to the decisions in the aviation case and the radio case, that this proposed legislation is *intra vires*.²⁶

Again Bennett was able to carry this measure before the opposition. These two measures, together with a third, the Bank of Canada Act, were the principal banners waved by the Bennett administration amidst

²⁴ Canada had representation at the International Labor Organization. Bennett felt that parliament could exercise its power under section 132 of the B.N.A. Act, which dealt with treaty obligations, and thus deal as part of the British Empire with the obligations accepted and created under the Peace Treaty, which included social insurance. (See J. Alex. Aiken, "Rewriting the National Constitution," Canadian Forum, (March, 1935), 207).

²⁵ This refers to the decisions handed down by the Privy Council in the Aviation Case and the Radio Case, wherein, the federal government was allowed to have jurisdiction dealing with matters pertaining to the use of the air. (See J. Alex Aiken, Ibid., 207).

²⁶ By this means, Bennett held that the line of interpretation adopted by the Privy Council in the Aviation and the Radio Cases, gave the Dominion all the powers it needs and that therefore, the question of amending the constitution does not arise. (See J. Alex Aiken, Ibid., 208).

increasing hostility to Bennett and his government.²⁷ In regard to the banking system, Canada was one of the countries still without a central bank. Both major parties favoured such a system, but they differed strongly on whether the bank should be publicly or privately controlled and owned. The Liberals advocated public ownership and control, whereas the Conservative government had decided upon private ownership and public control. The government had established a committee to look into the feasibility and purposes to be fulfilled by a central bank. Once this MacMillan committee had submitted a report, Finance Minister Rhodes proposed the Central Banking legislation which would regulate credit and foreign exchange as well as giving impartial advice to the government and allowing an easier fluctuation in production-trade-employment and price levels.

The government's stand on private ownership and public control was to remove the bank from the influence of partisan politics. Rhodes issued an explanatory statement to show the role to be played by the central bank in the Canadian financial system.

A central bank is primarily an instrument of control. Its functions are largely, though not entirely, regulative.... Its chief purpose is to provide a measure of control, in the public interest and in accordance with national policy, over both the issue of paper money and the creation of bank deposits. By means of its regulation over the total volume of our means of exchange,

²⁷It should be noted that when an earlier proposal for the establishment in Canada of a nationally owned central bank had been put forward by G.F. Coates, a U.F.A. member of parliament in May of 1931, it was opposed by Bennett who felt that the banking system as it stood, was the best one. (See C.A.R., 1930-1931, 82).

that is, of our 'money' in the broadest sense, the Bank of Canada will be an important factor in influencing not only the general level of prices but also the general tempo of business activity in Canada.²⁸

Thus it was anticipated that the new Bank of Canada would contribute both directly and indirectly to the national economic welfare.²⁹

Despite Bennett's efforts to alleviate financial ills, it appeared that none of his measures would gain public support. Indeed, the pendulum was swinging the other way. Provincial elections in the early autumn had resulted in the strengthening of the Liberals. Conservative governments in Ontario and Saskatchewan were toppled. Together with the previous year's Liberal victory in Nova Scotia, it gave the Liberals new hope as a federal election year approached. Stevens's resignation from the cabinet in the fall was yet another omen. It appeared that if Bennett did not forsake his traditional policies, the forthcoming national elections would spell disaster.

As the new year approached, Bennett appeared to hint at a "New Deal" for Canada. In December, he stated that a "sane and regulated capitalistic system and a wise regulation of business and industrial practices were essential to a prosperous and happy state".³⁰

²⁸ Statement of Rhodes regarding the new Bank of Canada, as cited in C.A.R. 1934, 85-86.

²⁹ Bennett himself stated that "the credit of Canada is the collective reputation of its people. There can be no restoration of prosperity in Canada until stability of currency is achieved. One of our main difficulties in this connection is the fact that we have no direct communication between the financial centre of Canada and London. We are subject in this matter to the domination of Wall Street.... (Isaac F. Marcossan, "North of N.R.A.," Saturday Evening Post, (January 20, 1934), 69.

³⁰ Speech quoted in the Vancouver Daily Province, December 17, 1934, (Stevens Papers, GXXXIV, P.A.C.)

Backing up his utterances were those of Canada's Minister to the United States, Herridge, who in his remarks to the Canadian Club proposed progressive unbiased and fearless thinking on the problem facing Canada. He stated "there is nothing sacred about an economic system but the welfare of the people.... Let us search through this system from top to bottom and see what is wrong with it and what we can do to right it."³¹

Indeed, a bold new step appeared to be the measure required by Bennett. Yet there was no further sign of change until the momentous first weeks of the new year when Bennett addressed the nation with a mass appeal, strongly reminiscent of Roosevelt's fireside chats.

³¹Speech in the Vancouver Daily Province, December 17, 1934, (Stevens Papers, P.A.C., CXXXIV).

CHAPTER V

'WHETHER THOU GOEST...'

And in my mind reform means Government intervention. It means Government control and regulation. It means the end of laissez-faire. Reform heralds certain recovery. There can be no permanent recovery without reform. Reform or no reform. I raise that issue squarely...¹

His words held out a new hope for a new tomorrow. In the depression ridden west, the agrarian elements took heed of his words. In the east, industry listened in amazement as he outlined what was, for conservative minds, a revolutionary policy, smacking of American influence. The Conservative hierarchy was surprised at his words, but Bennett, undaunted by the clamour within his cabinet and party, continued to outline to the Canadian people his new ideas in a radical programme.² Clearly it appeared to be the initial step for an election campaign.

There must be unity of purpose. There can be no success without it.... I am willing to go on if you make it possible for me still to serve you....

... In the beginning of its term of office, the policy of the Government was determined by the critical

¹ Extract from Bennett's first address in a series of Radio Broadcasts, January 2, 1935, delivered from Ottawa, (Pamphlet copy, Stevens Papers, P.A.C.)

² Bennett's broadcasts were made without the knowledge of members of his cabinet. They knew nothing of the contents until they heard Bennett on the radio or read it in the newspapers. (Backstage at Ottawa, Maclean's Magazine, XLVIII, (March 1, 1935), 15).

nature of the times. The economic system had broken down. Dismay and uncertainty prevailed. We were storm tossed in turbulent seas. Swift and decisive measures were needed to avert shipwreck. The emergency demanded emergency action. It was no time for changes or reforms in the economic system. The only sensible thing was to get behind the system and make the best of it until the fury of the storm had abated.... We were determined to resist the impulse to change until we could be satisfied that change was beneficial; until we could be satisfied that change was safe.³

For the opposition it was an apologia for Bennett's past four years in office; for Stevens it was a vindication of his investigation; for Bennett it was the termination of "recovery" measures which would bolster up the existing system, by the substitution of "reform" measures, designed to replace a system both ineffective and inefficient. Bennett felt that 1935 was the time to launch reform. "You will agree", he told his listeners, "that free competition and the open market place as they were known in the old days have lost their place in the system, and the only substitute for them, in these modern times is government regulation and control."⁴ The socialist overtones were very evident.

The economic system must be reformed.... The conditions under which capitalism was born and grew powerful have changed. Therefore capitalism must change to meet the changed conditions of this new world.... It is my purpose that it conform and that it change as your needs demand that it should. Such reform means progress, security, prosperity, and happiness. It also means, I believe, the salvation of the system.⁵

³First Address of Bennett, "the Premier Speaks to the People", January 2, 1935. (Pamphlet copy in Stevens Papers, P.A.C.).

⁴Ibid., Speech of January 2, 1935.

⁵Second Radio Address of Bennett, January 4, 1935, (Stevens Papers, P.A.C.).

In fact, Bennett's legislation in the field of finance and business was emphasized as the beginning of government reforms. The government reforms were to bolster the income of the nation and to increase its labour force through encouragement of new industry and trade. By this, Bennett had hoped to increase the standard of living. But the opposition to these measures had been most vociferous.⁶

Again he advocated further reforms, appealing to the human emotions of his listening audience. For labour he urged:

There must be an end to child labour. There must be an end to the reckless exploitation of human resources and the trafficking in the health and happiness of Canadian citizens. There must be an end to the idea that a workman should be held to his labour throughout the daylight hours of everyday.... My idea is that ... stupendous improvement in the technique of production should make itself manifest in the happier conditions of the workingman.⁷

As if realizing at last that his programme of government unemployment relief was unsatisfactory, he now proposed to establish a permanent system of sound insurance against unemployment and to do away with emergency relief measures.

Turning to another facet he stated "so long as I am the head of the Government of this country, I will see fair play between the producer and the consumer, between industry and the public."⁸ This was in support of the government position with regard to the recent

⁶Recall the difference in view over Banking legislation, above, 65.

⁷First Radio Address of Bennett, January 2, 1935, (Stevens Papers, P.A.C.)

⁸Third Radio Address of Bennett, January 7, 1935, (Stevens Papers, P.A.C.)

legislation which had roused the ire of the provincial rights groups and the constitutionalists in parliament. Experience was to be the guide for broadening the application of the Natural Products Marketing Act. "The quality of products produced must be kept high if good markets are to be maintained."⁹ The new issue in the party platform during the latest parliamentary session was for him, "reform of the capitalist system, the intervention of the state (and) government regulation of industry".¹⁰

He argued impressively for the maintenance of a Bank of Canada underlying his reforms of the banking system. "The central bank ... will be the means of insuring against a greater measure of equity in the dealings of class with class ... it begins a new chapter in the history of Canada's financial life."¹¹

In all, he urged upon the people his new credo: reform to eliminate the present disabilities.

My party has already undertaken and will pursue to the end a programme of reform which will rid the system of these disabilities. It stands for the freedom of the individual and private initiative and sound business, but it stands with equal certainty for permanent and better relationship between the people and those instruments of commerce and finance which are set up to serve them. It stands not for traditions which are outworn

⁹Radio Address of Bennett of January 7, 1935, (Pamphlet Copy, Stevens Papers, P.A.C.)

¹⁰Radio Address of January 12, 1935, (Pamphlet copy, Stevens Papers, P.A.C.)

¹¹Radio Address of January 10, 1935, (Pamphlet copy, Stevens Papers, P.A.C.)

or practices which belong to another age, or for economic faults which, if pursued now, mean economic hardship. My party stands simply for the greatest good of the greatest number of people. And it shapes and will continue to shape its policy of reform to make that sure.¹²

His words had an electrifying effect upon the people of Canada. Not only was his own party stunned by the new pronouncements, but also it appeared to have taken the thunder from the opposition. The people now had to see if he would implement these grand policies. His rhetoric fascinated them. Was he sincere? Yet he had emphatically stated:

My friends, I have declared for reform now that the time for action has come, delay is hazardous.... We have decided that permanent prosperity wait upon reform measures.... We are now ready for it. We have been preparing for it.¹³

The country took heart at such a determined step. The aftermath of Stevens's resignation appeared to be apparent support for the very ideas which Stevens had encouraged through his committee.¹⁴ At this crucial time it seemed that Bennett would heal the breach in his ranks. But he made no overtures to his former minister. Instead Stevens bolted the Conservative party and began organizing a new

¹²Radio Address of Bennett of January 12, 1935, (Stevens Papers, P.A.C.).

¹³Radio Address of Bennett, January 7, 1935, (Stevens Papers, P.A.C.).

¹⁴In a letter of R.L. Maitland to H.H. Stevens of January 11, 1935, commenting on the radio addresses: "Bennett plans to go forward with an aggressive far-reaching policy". Further Bennett had agreed with Maitland that Stevens had been the one carrying the burden of bringing about some change and that Stevens had to be won back to his (Bennett's) confidence. (Stevens Papers, CXXXIV, P.A.C.).

party, the Reconstructionist Party.¹⁵ Bennett had expected King to attack his new plans and to propose one of his own. But King in fact agreed to support them.¹⁶ The basis of a new election year platform, to all appearances, had been laid. Bennett, in his last session of parliament introduced his new reforms. "There was legislation to limit working hours and enforce minimum wages in all industries; to establish unemployment insurance; to give the Federal Government wider control over the marketing and price of basic materials; to provide relief for farm debtors by a scaling down of mortgages; to police the issuance of securities; to jail swindlers and exterminate unfair practices in business."¹⁷ In fact most of the new legislation seemed to be outside the sphere of federal authority. Its constitutionality was questioned because it was felt to be encroaching upon the powers granted to the provinces under section 92 of the British North America Act. Bennett held that they came under Canada's treaty making powers, "since Canada had signed foreign treaties as a gesture toward reform ... that ... power superseded the sovereignty of the provinces".¹⁸

¹⁵ Glamour had been growing for Stevens to lead a new party. His stand against Bennett over the Price Spreads Inquiry had alienated him from the Conservative hierarchy. This, together with encouraging reports of support from the country at large prompted him to bolt Bennett and the Conservative Party and launch a new party. (Stevens Papers, CXXXIII, Reconstruction Party, 1935-1936, P.A.C.)

¹⁶ Comments in the Ottawa Evening Citizen of January 28, 1935, (Stevens Papers).

¹⁷ Bruce Hutchinson, The Incredible Canadian, 192.

¹⁸ Ibid., 192. This refers to section 132, B.N.A. Act. See also remarks above, 62-64.

Bennett felt confident that the people would once again rally behind the Conservative banner with its promise of Canadian prosperity. He campaigned across the country maintaining the three basic issues of the expansion of trade through further imperial preferences, the reformed social legislation, and the furtherance of Canada's good name throughout the world.¹⁹ To the electorate, he urged that they had a choice of three courses: "drift, violence, or rational progress".²⁰

The programme of the Liberals centered around the person of Bennett and his one man rule within his own party, and the failure of his policies. In addition King advocated a restoration of responsible government and electoral reforms as well as the liberation of external and internal trade from the Conservative restrictions. To curb inflating practices, primary industries were to be encouraged and credits and investments were to be strictly regulated.²¹

The third force, under the Woodsworth leadership advocated a completely socialized economy.

Bennett defended his past policies, and presented himself as the only man capable of saving the country. But the country was not convinced by the oratory and sudden change of the Prime Minister. The party which he led had been split.²² He himself was beginning to show the

¹⁹R.B. Bennett, "The Election Issues As I See Them", Maclean's Magazine, (September 15, 1935), 10.

²⁰Ottawa Citizen, September 24, 1935, (Stevens Papers, P.A.C.)

²¹W.L.M. King, "The Election Issues As I See Them", Maclean's Magazine, (September 15, 1935), 11 et seq.

²²Recall Stevens' Resignation and Formation of a New Party, above, 72.

signs of a burden of office. King found it easy to criticize his tardiness in reforms. Both wanted reforms. Yet on campaign, Bennett reverted to the standard Conservative programme which he had advocated in his first years of office.²³ This sudden change was a final effort to prevent the disunity of his party.²⁴ The results of the election were a foregone conclusion. The tide was sweeping against Bennett in the opinion of the Canadian press.

True Mr. Bennett has worked hard and sincerely to make matters different to end this nightmare (five years of crisis) in national affairs. But hard work and good intentions alone are not enough. So long as policies are mistaken and demonstrably inadequate, the nightmare will persist.

The Prime Minister has given no intimation during his platform campaign that he has changed by one iota his policies for economic regeneration.

Last January he gave hope that fundamental remedies would be applied. He talked of reforming the capitalist system, of ending that system if the dole continued part of it.

Today his revolutionary spirit is quenched and he preaches the old doctrines of sound money, spotless credit and high tariffs. He gives no sign that he has any designs on a system which produces such cruel and absurd contrast as poverty and plenty. He points to his achievements; but what are they compared with requirements

²³ Bennett was again saying that the maintenance of Empire Trade Pacts would gain him the support of the country. Further he intimated that he would urge parliament after the election to place country above party and thus devote themselves to the task of placing Canada on a firm basis. In his Quebec campaign he stressed the idea of unity. He declared that Canada was leading the way for other nations. (Montreal Star, October 8, 1935, Stevens Papers). Again he said that his aim was "Equal chance for all", (Montreal Gazette, September 30, 1935, Stevens Papers).

²⁴ In a letter of Grant Dexter to John W. Daffoe of September 26, 1935, he intimated Bennett's reverse of tactics was a last resort to save his party. (Daffoe Papers, M. 76, P.A.C.)

and with physical possibilities? Canada deserves better of her statesmen.²⁵

Indeed Bennett's rout in 1935 was as complete as his victory had been over the Liberals in 1930. The aftermath of the election saw Bennett heading a fraction of his former power in parliament. The party wanted a new leader, but was unwilling to relinquish the services of Bennett's rhetoric and commanding personality.²⁶ The west which had supported him in the 1930 election failed him in 1935. The complete reversal of party positions in parliament despite Bennett's high hopes for election victory, was the result.

For almost three more years he headed the party which would not follow him. His retirement from the Canadian political scene, once he had decided upon it, was permanent, and he withdrew to the comparative quiet of the countryside in England.

²⁵ Editorial on Bennett, from the Ottawa Citizen, October 5, 1935, (Stevens Papers, P.A.C.).

²⁶ Letter of Grant Dexter to John Dafoe, May 14, 1935, (Dafoe Papers, M. 75).

CHAPTER VI

CONCLUSIONS

... the government will never palter with its principles in order to retain power. No, if the moment ever comes then the majority of this house conclude it to be desirable that his government should go out, it will go out, but there will be no vacillation, no paltering, with the opinions of others to secure support in order that it may continue in power.¹

For five long years Bennett had been Prime Minister of Canada. Caught up in the throes of the world-wide depression, Bennett had placed upon himself the task of maintaining the Canadian ship of state and with it, rallying the country behind him. In 1930, when he swept the country, it was not so much that he fired the imagination of the people, but that he provided a new face and a new broom, which, it was hoped, would help to restore Canadian prosperity and Canada's position on the world markets. Bennett was confronted with the immediate effects of the depression. Unable to carry out his broad party platform of 1927, he set about instituting stopgap measures, while striving to maintain economic order and stability both at home and abroad. Highly successful in his dynamic speeches and noble

¹Comments of Bennett on Address of the Throne Speech, House of Commons Debates, Session 1931, II, (April 21), 785.

bearing, he was able to lead many doubters to his support. Yet though they supported him, his government was not warmly liked. The bitter attacks upon the Bennett regime were not upon Bennett as a person, but upon his policies.

The weakness of his attempts became apparent after 1932, when the honeymoon of office was over. Bennett's pinnacle as a statesman had been the success of his policies in the outcome of the Ottawa Conference of 1932 where he was able to "force" the British to accede to his demands. The Ottawa Conference was without a doubt, Bennett's conference. He dominated it as he had dominated the earlier London Conference. His dynamic commanding personality had won him grudging admiration. His ideas were at all times bold. Yet the implementation of his ideas into actual legislation was lax. Perhaps Bennett was too far bound up in the credo of the Conservative Party with its reliance upon the traditions of Macdonald.

Few doubted Bennett's sincerity, honesty, or hard work, but all disliked his autocratic attitude and his domineering control of his Party. He did not seem to be able to reach the masses or to cultivate a multitude of warm friends. Rarely did he consult his cabinet before making important decisions. His tendency to neglect his party and ministers led him to become isolated. Few people shared his inner confidence.²

²One sympathetic to Bennett holds that he was not especially popular in Ottawa because Ottawa "did not understand a worker". (Andrew D. McLean, R.B. Bennett, 33).

Bennett believed that Canada could be saved by tariff preferences in the Empire markets and won them at the Ottawa Conference. When prices slumped in 1932 and 1933, Bennett remained steadfast against any inflationary projects, carrying this policy with him to the Economic Conference in London in 1933.³ Once upon a course, he never faltered or veered from it until it was evident even to himself, that nothing could be gained by pursuing it.

Bennett stated that he was never interested in politics as such.

I am here in Ottawa as Prime Minister today, and I may be gone tomorrow! ... I don't care! Life has given me about everything a man can desire. I am sixty-one, old enough to sit back and enjoy what I have. But what I have, I owe in a considerable degree to Canada, and if I can do anything for Canada, that is what I want to do. When the Canadian people are finished with my services I am also content.⁴

That Bennett maintained Canadian interests in the international sphere was evident. During the International Monetary and Economic Conference of 1933, Bennett made a special plea to the conference for a consideration of the wheat situation.⁵

Domestically, Bennett had to consider the West in a greater degree of importance. It is true that the farmers' plight had

³Associated Press Release of November 1, 1933 (files of the Library, Windsor Daily Star).

⁴Andrew D. McLean, R.B. Bennett, (Toronto, 1934), citing comments made in October, 1931, 86.

⁵C.A.R., 1934, 415. Bennett was successful in that a committee was organized and an international agreement on wheat was reached.

alienated many of them from Bennett. His relief measures in this respect met with little success.⁶ Yet the rise of a third party from these dissident elements did not greatly affect Bennett. Rather he felt that his position might be strengthened as this new party appeared to cut into the ideas of the Liberal opposition.⁷

The public saw Bennett as the embodiment of Conservatism. His chief role during the course of his office had been to maintain the Canadian government and to balance trade. Bennett appeared to be grasping for a solution of the difficulties besetting the country in her economic plight after his performance at Ottawa in 1932. He had attempted a revival of reciprocity with the United States, but the movement of Roosevelt's New Deal programme had ended such efforts.⁸ It was during this same period that he continued to amass the duties and functions of the majority of governmental departments under his watchful eye. Always a glutton for detailed work, Bennett became obsessed with the idea that he, as Prime Minister, had to have first hand knowledge of all matters. Despite the fact that he had given up the portfolio of Minister of Finance in 1932, after considerable clamouring by the opposition as to his 'one man rule', he nevertheless continued to exert an inquiring eye and influence over all departments

⁶ See above, 49-53.

⁷ King was forced to seize upon some C.O.F. measures and utilize them himself in order to retain urban and rural support, (Bruce Hutchinson, The Incredible Canadian, 183-185).

⁸ "Backstage at Ottawa", Maclean's Magazine, (June 15, 1933), 13.

of government. Opinion thus remained unchanged as to his role. "Bennett is still the government or the greater part of it ... taking upon himself the work of his Ministers, or of many of them, trying to be in a dozen places and to do a dozen things at the same time!"⁹

Roosevelt's spellbinding mastery of the situation in the United States prompted Bennett to try a new approach on the Canadian scene. Although the main purpose of the American National Recovery Administration was to get the people back to work and to increase buying power,¹⁰ Bennett's purpose of adopting such ideas in Canada seems to have been of a similar nature, but with a concentration on reforms which were unheard of for a Conservative leader. "It is not a revolutionary policy but it is the most important statement to come from the lips of a Conservative Prime Minister since the announcement of the National Policy of Protection."¹¹

His new efforts in late 1934 and in 1935, towards what he called a "reform" programme, were not as profound as they appeared. Most of what he proposed to do at that time had been urged at one time or another by the opposition. Indeed the Canadian Commonwealth Federation manifesto contained many of the aims which Bennett now put forward.¹² King himself agreed with Bennett's proposals, once

⁹"Backstage at Ottawa", Maclean's Magazine, XLVI, (April 15, 1933), 50.

¹⁰Raymond Clapper, "N.R.A.: Is It Really Working", Maclean's Magazine, XLVII, (April 1, 1934), 12-13.

¹¹"Notes and Comments", Canadian Forum, (February, 1935), 104.

¹² See Appendix B, 89ff.

he had announced a new programme and had insisted that it be put into action at once.¹³

Though he lacked a human touch in dealing with people, Bennett made up for it with his moral fervour. Yet at the same time that he advocated new reforms, Bennett displayed his autocratic attitude which had marked him throughout his tenure of office. He strongly declared that "opposition from any class which imperils the future of this great undertaking we will not tolerate".¹⁴ The criticism heaped on him by many was in part due to his greatest weakness, his aloofness from the people around him and from those at large. This trait, coupled with his domineering attitude certainly aroused hostility both within and without his own party.¹⁵ Throughout these trying years, Bennett had raised many new problems without truly solving the ones he had originally pledged himself to eliminate in the election which brought him victory. From the first, the problem of the western farmer had been most pressing. It still remained a problem despite the introduction of the Natural Products Marketing Act as an effort

¹³ H. Reginald Hardy, Mackenzie King of Canada, (Toronto: 1949) 149.

¹⁴ J. R. McLean, "Bennett of Tarsus", Canadian Forum, (February, 1935), 179. This was stated in answer to a request of the Director of the Drama League to prevent Tim Buck (the Communist leader) from addressing a meeting in the Little Theatre premises in Ottawa. This attitude of Bennett's was common not only to this branch of political opposition, but to any who disagreed with his views.

¹⁵ Recall Stevens' resignation. As well, his close friend, Lord Beaverbrook, stated that Bennett "always regarded his Cabinet colleagues as subordinates". (Lord Beaverbrook, Friends, 82).

to find the solution. Yet, that effort raised considerable difficulties in another field, namely, dominion-provincial rights under the British North America Act.¹⁶ In the end, the combination of the business depression, the agricultural plight in the west, the slow employment recovery, and Bennett's neglect to instill a warm relationship between himself and his party, reflected on Bennett and his government.

No trumpets were sounded on the Bennett government's demise. In opposition Bennett never quite commanded the attention of his audience, as he had as Prime Minister. With his defeat, an era had closed in Canadian public affairs. Government in Canada was to be dominated by one strong party. With the emergence of new splinter parties, the whole Canadian political scene had been recast. Bennett had towered as the statesman of a new hope in 1930. The hope remained in 1935, but the man who had attempted to achieve its reality had succumbed to the clamour of the opposition. The era of the Prime Ministership of R.B. Bennett was over, and with it, the fortunes of his party for over two decades.

It was said of Bennett that:

In his going there was something of a tragedy. He lacked something not easily definable that is essential to party leadership ... he never held mastery over his party as Macdonald did, or Laurier, nor appealed to its reason as did Meighen. Nor did he command affection. Respect of his followers he had, and discipline he enforced, but he did

¹⁶See above, 61-62.

¹⁷The beginning of a federal Liberal government which was to last uninterrupted for twenty-two years.

not excite, uplift, or thrill them.... Indeed, he baffled them; they did not know what to make of what he said, were not sure of what he was at.

His leadership revealed a strong mixture of the traditionalist and the radical. Reform he could preach with ... fervour ... yet he had an ingrained respect for wealth, loved every aspect of the ceremonial of authority. By temperament he was an authorization, liking the hierarchical view of things through a sense of history that was acute and constant.... He did not seem to think he needed a party, nor colleagues, nor friendly newspapers, nor propaganda for the public. His work would be enough. His work. Thus more and more, he became the victim of a loneliness imposed by his own nature. With legions of admirers, he had no close friends; none ready to fight for him through thick and thin. It was this, in the end, which caused his going.¹⁸

Long after the depression had ended, Bennett remained the despised and forgotten Canadian Prime Minister of the twentieth century.

¹⁸M. Grattan O'Leary, "Who'll Succeed Bennett", Maclean's Magazine, LI, (May 1, 1938), 10.

APPENDIX A

THE CONSERVATIVE PLATFORM, 1927

This is printed in R.M. Dawson: Constitutional Issues in Canada, 1900-1931, p. 370 et seq.

The following are some of the most important resolutions passed by the Conservative National Convention, 1927:

Resolution on Tariff

This convention desires to record its feeling of pride in the growth, progress, and prosperity of Canada, under the historic fiscal policy of the Liberal-Conservative party. It affirms its adherence to the principles of that policy in its declared objects of stimulating the development of the natural resources of the Dominion; preserving and enlarging the market for Canadian farm products; building up the industries of Canada, and thus creating employment for our workmen; promoting inter-provincial trade, and generally providing a diversified economic life which will be effectual in retaining Canada's sons and daughters within our own boundaries. This Convention affirms the principle that from time to time, as changing conditions require, the customs tariff should be revised and its rates adjusted and brought into conformity with such conditions. In such revisions, regard should be had not only to the objects of fiscal policy herein enumerated, but to the welfare of the consumer, and it is desirable in the national interest that in such revisions the cost of living and the cost of the implements used in production of whatever nature should be given special and attentive study, with a view to the reduction of such costs to the extent practicable. This convention affirms the policy first introduced by the Liberal-Conservative Government in 1912, that with a view of having tariff rates under scientific investigation, a permanent tariff commission should be appointed representative of the three great classes of Canadian industry - agriculture, labour, and manufacturing - entrusted with the duty of studying tariff problems, and making such recommendations to the Government as it deems in the public interest with reasons therefor. Should it find that unfair advantage is being taken of tariff duties it shall make recommendations to be given effect to by the government for reducing or removing tariff schedules or imposing special duties of excise upon products in respect of which such advantage has been taken, and its reports, findings, and reasons therefor shall be laid before Parliament and made known to the public. And this convention expresses the view that while strong effort should be directed towards the establishment of a system of preferential tariffs throughout the Empire no preference should be given at the

expense of the Canadian farmer or workman, and all such preference should be conditional upon the use of Canadian ports.

Resolution on Labour

Resolved that this Convention accept and adopt as a part of the platform of the Liberal-Conservative party, the terms of the Labour Convention and general principles associated with it, which forms a part of the treaty of peace of 1919.

This Convention and these principles, adopted as they were on motion of Canada's then Prime Minister, accepted and subscribed to by representatives of Governments, of employers, and of labour from many countries of the world, from a fitting foundation upon which stability in industrial relations and progressive social legislation may securely rest.

And be it further resolved:

- (a) That national peace and prosterity can be established only if founded on social justice.
- (b) To promote industrial peace and human welfare is the duty of the state. To best accomplish this the following is adopted:
 - (1) Encouragement of the production of goods within Canada by Canadian labour.
 - (2) Conversion of our raw materials into finished goods at home rather than exporting them for manufacture abroad.
 - (3) Encourage especially industries that afford reasonable continuity of employment.
 - (4) That all possible aid be given capital and labour by encouraging both to promote co-operation, conciliation, and arbitration methods in adjusting controversies between those two important factors in the country's industrial life.
 - (5) By co-operation between Government, capital, and labour, extend the scope and use of public employment service, thereby reducing labour turnover and giving unemployed women access to wider employment opportunities.
 - (6) Encourage the prevention of employment of children under sixteen years of age.
 - (7) Make available to Canadian citizens and especially to returned soldiers any offers of assistance for land settlement that are extended to prospective immigrants from other countries.
 - (8) Consultation with representatives of both employers and employees on matters affecting them, and representation for both on federal boards or commissions dealing with matters directly affecting their interests.
 - (9) So far as it is practicable, to support social legislation designed to conserve human life, health, and temperance, to relieve distress during periods of unemployment, sickness, and old age.

- (10) To encourage uniformity in labour laws throughout Canada, and the wider spread of technical education both in industry and agriculture.
- (11) That ample provision for the care of our war veterans, nursing sisters, and the widows and orphans of those who made the supreme sacrifice be restored and maintained.

Resolution on Railway Policy

Whereas the Canadian Pacific Railway owes its existence to the courage and vision of Conservative statesmen;

And whereas, the amalgamation of the different units now comprising the Canadian National Railways were achieved by the Conservative party;

And whereas, it is in the best interests of our country that both railway systems should remain separate and apart;

Be it resolved, therefore, that the Conservative party pledges itself to maintain the Canadian National Railways as a publicly owned and operated utility and to make the directorate of that railway non-partisan and free from political interference.

Resolution on the St. Lawrence Canal

In regard to the St. Lawrence Canal, the following resolution was submitted:

Whereas the improvement of the Welland Canal system by the Canadian people is nearing completion;

This convention is of the opinion that the St. Lawrence Canal system as an all-Canadian project should be developed in the national interest and when conditions warrant.

When undertaking the development of power the sovereign rights of the respective provinces shall be protected.

Resolution on Imperial Relations

This Convention reaffirms the traditional adherence of the Liberal-Conservative Party to the principle of loyalty to the Crown and to the maintenance of that integral connexion of Canada with the British Empire, which is based upon full concurrence of the Canadian people. This Convention further expresses its satisfaction at the position attained by Canada as a nation within the British Empire, which was acknowledged at the close of the Great War by our participation in the Imperial Conference and Canada's signature affixed to the Treaty of Versailles, and also by Canada's admission with full status to the League of Nations. The Convention emphasizes the fact that the attainment of this position, which has been the result of the practical applications made by the leaders of the Conservative party of

the principles laid down by that party, which was founded in the struggle for confederation, and has continuously stood for the unity and equality of all Canadians and for the material, moral and spiritual development of Canada. This Convention rejoices in the powers and the freedom of action which Canada as a nation has attained largely through the efforts and sacrifices of our soldiers, and pledges itself anew to the ideal of a united Canada. This Convention emphasizes the fact that the Conservative Convention cherishes the traditions and purpose of the British family of nations, and believes that in the co-operation of the British nations, will be found good for Canada and for the world.

Resolution on the Natural Resources of Western Canada

That, in the best interests of confederation and the economic development of Western Canada, the provinces of Manitoba, Saskatchewan and Alberta should be granted their natural resources free from restrictions with the legislative competence of the Parliament of Canada, but in compliance with the letter and spirit of the Constitution, and the claims of these provinces to compensation for loss for lands and resources alienated and the claims of any other provinces in connexion with this subject should be investigated with a view to satisfactory and equitable adjustment ...

Resolution on Agriculture

That this convention recognizes agriculture as the basic industry of Canada and it pledges the Liberal-Conservative party to encourage the development of agriculture by promoting by legislation and otherwise a greater interest in agriculture and securing a greater degree of contentment and prosperity for those dependent upon it, and, in particular, this party believes that by the scientific investigation of agricultural problems, the Government should prosecute every possible effort to advance the interests of this great industry.

And further, this convention is of the opinion that the Government of Canada should co-operate with any and every agency which exists where such co-operation will further the great industry of our country.

Resolution on Party Policy

The Liberal-Conservative party, whose founders brought about Confederation, and cemented its provinces into an harmonious political whole, based upon common interests, common ideas, and mutual respect and affection of all its elements, stands everlastingly pledged to a policy which will at all times bring prosperity, contentment, and peace to all its citizens irrespective of boundaries and origins.

APPENDIX B

THE CO-OPERATIVE COMMONWEALTH FEDERATION

At Regina in 1933 a social-democratic platform was adopted by the newly organized CCF party. Represented at the conference were organized farm labour, and urban-socialist groups. Unlike its British Labour party counterpart, CCF did not provide for the direct national affiliation of trade unions as such.

The following is part of the Co-operative Commonwealth Federation programme, adopted at the First National Convention, Regina, 1933, as found in Reid, J.H.S., McNaught, K., and Crowe, H.S., A Source-book of Canadian History, 415 f.

The CCF is a federation of organizations whose purpose is the establishment in Canada of a Co-operative Commonwealth in which the principle regulating production, distribution and exchange will be the supplying of human needs and not the making of profits.

We aim to replace the present capitalist system, with its inherent injustice and inhumanity, by a social order from which the domination and exploitation of one class by another will be eliminated, in which economic planning will supersede unregulated private enterprise and competition, and in which genuine democratic self-government based upon economic equality will be possible. The present order is marked by glaring inequalities of wealth and opportunity, by chaotic waste and instability, and in an age of plenty it condemns the great mass of the people to poverty and insecurity. Power has become more and more concentrated into the hands of a small irresponsible minority of financiers and industrialists and to their predatory interests the majority are habitually sacrificed. When private profit is the main stimulus to economic effort, our society oscillates between periods of feverish prosperity in which the main benefits go to speculators and profiteers and of catastrophic depression, in which the common man's normal state of insecurity and hardship is accentuated. We believe that these evils can be removed only in a planned and socialized economy in which our natural resources and the principal means of production and distribution are owned, controlled and operated by the people.

The new social order at which we aim is not one in which

individuality will be crushed out by a system of regimentation. Nor shall we interfere with cultural rights of racial or religious minorities. What we seek is a proper collective organization of our economic resources such as will make possible a much greater degree of leisure and a much richer individual life for every citizen.

This social and economic transformation can be brought about by political action, through the election of a government inspired by the ideal of a Co-operative Commonwealth and supported by a majority of the people. We do not believe in change by violence. We consider that both the old parties in Canada are the instruments of capitalist interests and cannot serve as agents of social reconstruction, and that whatever the superficial difference between, they are bound to carry on government in accordance with the dictates of the big business interests who finance them. The CCF aims at political power in order to put an end to this capitalist domination of our political life. It is a democratic movement, a federation of farmer, labour and socialist organizations, financed by its own members and seeking to achieve its end solely by constitutional methods. It appeals for support to all who believe that the time has come for a far-reaching reconstruction of our economic and political institutions and who are willing to work together for the carrying out of the following policies:

1. Planning:

The establishment of a planned socialized economic order, in order to make possible the most efficient development of the national resources and the most equitable distribution of the national income...

2. Socialization of finances:

Socialization of all financial machinery - banking, currency, and insurance, to make possible the effective control of currency, credit, and prices, and the supplying of new productive equipment for socially desirable purposes...

3. Social ownership:

Socialization (Dominion, Provincial or Municipal) of transportation, communications, electric power and all other industries and services essential to social planning, and their operation under the general direction of the Planning Commission by competent managements freed from day to day political interference...

4. Agriculture:

Security of tenure for the farmer upon his farm on conditions to be laid down by individual provinces; insurance against unavoidable crop failure; removal of the tariff burden from the operation of agriculture; encouragement of producers' and consumers' co-operatives; the restoration and maintenance of an equitable relationship between prices of agricultural products and those of other commodities and services; and improving the efficiency of export trade in farm products.

The security of tenure for the farmer upon his farm which is

imperilled by the present disastrous situation of the whole industry, together with adequate social insurance, ought to be guaranteed under equitable conditions.

The prosperity of agriculture, the greatest Canadian industry, depends upon a rising column of purchasing power of the maintenance of large scale exports of the staple commodities at satisfactory prices or equitable commodity exchange.

The intense depression in agriculture today is a consequence of the general world crisis because by the normal workings of the capitalistic system resulting in:

- (1) Economic nationalism expressing itself in tariff barriers and other restrictions of world trade;
- (2) The decreased purchasing power of unemployed and under-employed workers and of the Canadian people in general;
- (3) The exploitation of both primary producers and consumers by monopolistic corporations who absorb a great proportion of the selling price of farm products. (This last is true, for example, of the distribution of milk and dairy products, the packing industry, and milling).

The immediate cause of agricultural depression is the catastrophic fall in the world prices of foodstuffs as compared with other prices, this fall being due in large measure to the deflation of currency and credit. To counteract the worst effect of this, the internal price level should be raised so that the farmer's purchasing power may be restored.

We propose therefore:

- (1) The improvement of the position of the farmer by the increase of purchasing power made possible by the social control of the financial system. This control must be directed towards the increase of employment as laid down elsewhere and towards raising the prices of farm commodities by appropriate credit and foreign policies.
- (2) Whilst the family farm is the accepted basis for agricultural production in Canada the position of the farmer may be much improved by:
 - (a) The extension of consumers' co-operatives for the purchase of farm supplies and domestic requirements; and
 - (b) The extension of co-operative institutions for the processing and marketing of farm products.

Both of the foregoing to have suitable State encouragement and assistance.

(3) The adoption of a planned system of agricultural development based upon scientific soil surveys directed towards better land utilization and a scientific policy of agricultural development for the whole of Canada.

(4) The substitution for the present system of foreign trade, of a system of import and export boards to improve the efficiency of overseas marketing, to control prices, and to integrate the foreign trade policy with the requirements of the national economic plan.

5. External trade:

The regulation in accordance with the National plan of external

trade through import and export boards.

Canada is dependent on external sources of supply for many of her essential requirements of raw materials and manufactured products. These she can obtain only by large exports of the goods she is best fitted to produce. The strangling of our export trade by insane protectionist policies must be brought to an end. But the old controversies between free traders and protectionists are now largely obsolete. In a world of nationally organized economies Canada must organize the buying and selling of her main imports and exports under public boards, and take steps to regulate the flow of less important commodities by a system of licences. By so doing she will be enabled to make the best trade agreements possible with foreign countries, put a stop to the exploitation of both primary producer and ultimate consumer, make possible the co-ordination of internal processing, transportation and marketing of farm products, and facilitate the establishment of stable prices for such export commodities.

6. Co-operative institutions:

The encouragement by the public authority of both producers' and consumers' co-operative institutions ...

7. Labour code:

A National Labour Code to secure for the worker maximum income and leisure, insurance covering illness, accident, old age, and unemployment, freedom of association and effective participation in the management of his industry or profession....

8. Socialized health services:

Publicly organized health, hospital and medical services...

9. B.N.A. Act:

The amendment of the Canadian Constitution, without infringing upon racial or religious minority right or upon legitimate provincial claims to autonomy, so as to give the Dominion Government adequate powers to deal effectively with urgent economic problems which are essentially national in scope; the abolition of the Canadian Senate...

10. External relations:

A Foreign Policy designed to obtain international economic co-operation and to promote disarmament and world peace.

Canada had a vital interest in world peace. We propose, therefore, to do everything in our power to advance the idea of international co-operation as represented by the League of Nations and the International Labour Organization. We would extend our diplomatic machinery for keeping in touch with the main centres of world interest. But we believe that genuine international co-operation is incompatible with the capitalist regime which is in force in most countries, and that strenuous efforts are needed to rescue the League from its present condition of being mainly a League of capitalist Great Powers.

We stand resolutely against all participation in imperialist wars. Within the British Commonwealth, Canada must maintain her autonomy as a completely self-governing nation. We must resist all attempts to build up a new economic British Empire in place of the old political one, since such attempts readily lend themselves to the purposes of capitalist exploitation and may easily lead to further world wars. Canada must refuse to be entangled in any more wars fought to make the world safe of capitalism.

11. Taxation and public finance:

A new taxation policy designed not only to raise public revenues but also to lessen the glaring inequalities of income and to provide funds for social services and the socialization of industry; the cessation of the debt-creating system of Public Finance...

12. Freedom:

Freedom of speech and assembly for all; repeal of Section 98 of the Criminal Code; amendment of the Immigration Act to prevent the present inhuman policy of deportation; equal treatment before the law of all residents of Canada irrespective of race, nationality, or religious or political beliefs...

13. Social justice:

The establishment of a commission composed of psychiatrists, psychologists, socially minded jurists and social workers, to deal with all matters pertaining to crime and punishment and the general administration of law, in order to humanize the law and to bring it into harmony with the needs of the people...

14. An emergency programme:

The assumption by the Dominion Government of direct responsibility for dealing with the present critical unemployment situation and for tendering suitable work or adequate maintenance; the adoption of measures to relieve the extremity of the crisis as a programme of public spending on housing, and other enterprises that will increase the real wealth of Canada, to be financed by the issue of credit based on the national wealth.

The extent of unemployment and the widespread suffering which it has caused, creates a situation with which provincial and municipal governments have long been unable to cope, and forces upon the Dominion Government direct responsibility for dealing with the crisis as the only authority with financial resources adequate to meet the situation. Unemployed workers must be secured in the tenure of their homes, and the scale and methods of relief, at present altogether inadequate, must be such as to preserve decent human standards of living.

It is recognized that even after a Co-operative Commonwealth Federation Government has come into power, a certain period of time must elapse before the planned economy can be fully worked out. During

this brief transitional period, we propose to provide work and purchasing power for those now unemployed by a far-reaching programme of public expenditure on housing, slum clearance, hospitals, libraries, schools, community halls, parks, recreational projects, reforestation, rural electrification, the elimination of grade crossings, and other similar projects in both town and country. This programme which would be financed by the issuance of credit based on the national wealth, would serve the social needs. Any steps which the Government takes, under this emergency programme, which may assist private business must include guarantees of adequate wages and reasonable hours of work, and must be designed towards the complete Co-operative Commonwealth.

Emergency measures, however, are of only temporary value, for the present depression is a sign of the mortal sickness of the whole capitalist system, and this sickness cannot be cured by the application of salves. These leave untouched the cancer which is eating at the heart of our society, namely, the economic system in which our natural resources and our principal means of production and distribution are owned, controlled and operated for the private profit of a small proportion of our population.

No CCF Government will rest content until it has eradicated capitalism and put into operation the full programme of socialized planning which will lead to the establishment in Canada of the Co-operative Commonwealth.

APPENDIX C

In the last session of Parliament under the Bennett Government, the debate on the address in reply to the speech from the throne reflected the new political opinions growing out of the Great Depression. (Canada, House of Commons Debates, 1935, 3 et. seq.)

Mr. Speaker:

I have the honour to inform the house that when the house did attend His Excellency the Governor General this day in the Senate chamber, His Excellency was pleased to make a speech to both houses of Parliament. To prevent mistakes I have obtained a copy which is as follows:

Honourable Members of the Senate; Members of the House of Commons:

"I welcome you at a time when our country stands upon the threshold of a new era of prosperity. It will be for you, by your labours, to throw wide the door.

"During the past year the grip of hard times has been broken. Employment is increasing. Conditions show marked improvement. Our trade is expanding. The national revenues are higher. These evidences of recovery attest the wisdom and efficacy of the measures you have taken. In these improved conditions, there may now successfully be carried forward these great tasks of reform upon which the well being of this country depends.

"In the anxious years through which you have passed, you have been the witnesses of grave defects and abuses in the capitalist system. Unemployment and want are the proof of these. Great changes are taking place about us. New conditions prevail. These require modifications in the capitalist system to enable that system more effectively to serve the people. Reform measures will therefore be submitted to you as part of a comprehensive plan designed to remedy the social and economic injustices now prevailing, and to ensure to all classes and to all parts of the country, a greater degree of equality in the distribution of the benefits of the capitalist system.

"Upon this plan you have made a beginning. Reform measures approved by you at the last session of parliament are already in successful operation. I observe with especial gratification the manner in which the Natural Products Marketing Act and the Farmers' Creditors Arrangement Act are already serving the great and urgent needs of agriculture and other primary industries. You will be invited to

consider amendments to these acts which will extend the sphere of their usefulness. The organization of the Bank of Canada is nearing completion, and it will commence operations at an early date. My ministers are convinced of the value of this institution as an instrument of national policy to direct the better utilization of the credit resources of Canada.

"Legislation enacted at the last session of parliament respecting the metallic coverage of our note issue and the initiation of the public works program have eased credit conditions and stimulated business enterprise.

"Better provision will be made for the security of the worker during unemployment, in sickness, and in old age.

"The measures taken respecting public and private debts have done much to lighten the burden of the taxpayer and to improve the position of the farming community. My ministers are now engaged upon a survey of the national debt structure, to determine what action may be practicable and advisable to effect further improvement in it.

"You will be invited to enact legislation to extend existing facilities for long term and intermediate credit.

"During the past year, wider markets for our products have been secured. A supplementary trade agreement has been negotiated with the Republic of France. The trade agreement with Austria has been renewed. Negotiations with the government of Poland, which it is hoped will lead to the conclusion of a comprehensive commercial convention are in progress. It is the policy of my ministers to pursue vigorously every opportunity by which our world trade may be increased. The policy of my government of consolidating and expanding empire markets will be vigorously pursued.

"A royal commission has been appointed to advise my ministers upon the steps which should be taken to implement the findings of the Duncan commission.

"Pursuant to the agreement made between the government of Canada and the governments of Saskatchewan and Alberta, royal commissions have been appointed to determine what, if any, compensation is payable to those provinces in respect to the period since 1905, in which their natural resources were under the control of the government of Canada.

"My ministers are co-operating with the governments of the prairie provinces in a survey of those areas which have been stricken by recurring periods of drought, for the purpose of determining what steps may be taken to provide a permanent solution to this grave problem.

"Action will be taken to ameliorate the conditions of labour, to provide a better and more assured standard of living for the worker to secure minimum wages and a maximum working week, and to alter the incidence of taxation so that it will more directly conform to capacity to pay.

"You will be invited to enact measures designed to safeguard the consumer and primary producer against trading practices and to regulate, in the public interests, concentrations in production and

distribution.

"You will be invited also to enact measures to provide the investing public with means to protect itself against exploitation.

"You will be invited to enact legislation to amend and consolidate the acts relating to patents and inventions.

"My government has under consideration the adoption, throughout the penitentiaries of Canada, of a system similar to that which is known in England as the 'Borstal System', and is making investigations as to its operation.

"My ministers have under preparation a plan for the re-organization of the government services so that they may be better equipped to discharge the onerous duties which devolve upon them. You will be invited to consider measures, the purpose of which will be to authorize the first stage in this plan of re-organization.

"You will be invited to authorize the constitution of an economic council, the functions of which will be to advise my ministers upon all economic questions which concern the national welfare.

"The four hundredth anniversary of the landing of Jacques Cartier was fittingly commemorated in the chief centres connected with his voyages of discovery. Representatives of the governments of the United Kingdom, France, and the United States, took part. The celebration and the visit of a large and distinguished mission from France knit new bonds of understanding.

"The maintenance of peace and the good understanding between nations upon which peace depends, have been the constant concern of my ministers. There are definite signs that the political tension and unrest in Europe which have intensified rivalry in armaments and economic restrictions, are lessening, largely as a result of the renewed determination to make use of the agencies of conciliation and co-operation provided by the League of Nations. It will be the object of my government to support this policy and to work towards the progressive reduction of armaments and the stabilization of international economic relations...."

Mr. King:

"The ministry today is without the presence of the ex-Minister of Trade and Commerce for the simple reason, as he has publicly stated and as is set forth in the correspondence which the Prime Minister tabled the other day, that he had not confidence in the Prime Minister's intention to carry out any reforms worthy of the name. These are all interesting circumstances and bear immediately upon the situation with which above all others this session of parliament is faced...."

"The old order has gone, the Prime Minister tells us; yes, it has gone in regard to some of the things that are best, some of the things that make for security. The speech from the throne has a paragraph or two respecting the Prime Minister's plans with reference to social reform and security. But what is to become of the services and security that are to be given workers and industry if the very

foundations of government are being made insecure by the method that is being taken to attain these alleged ends?

"I would ask whether it is not a fact that, before His Excellency the Governor General had had any opportunity of acquainting honourable members with what was to be the business which they were called together to consider at this session, the Prime Minister of Canada himself had not declared over the radio in a broadcast that the speech from the throne would contain such and such measures, such and such policies, mentioning in specific language that they would be set forth in the speech from the throne. It may be that in part of the new order, but I confess that, in these particulars, I rather like the old order, under which some courtesy is still extended to the crown, and some recognition taken of the crown's position in matters of the kind.

"But let me go a step further. Do we not meet here today with statements of policy set forth in the speech from the throne, which members of the government themselves have had no opportunity carefully to consider? It is an open secret that many of the things which the Prime Minister said in his radio broadcast as to the policies of the Conservative party had never been the subject of discussion with his colleagues in council, that he was speaking on his own, giving his own plans? And in justice to my right honourable friend, it must be said that if you read his speeches you will find that he does not speak of the plans as being those of the government, but as 'my plans'....

"I say, the ministry has not considered this so called reform policy, has not been united upon it, knew nothing about its scope or extent or its implications, until it was announced by the Prime Minister himself. And I go a step further and say that apart from the ministry, honourable members opposite have not so much as been consulted; yet they are all members of the Conservative party, return to this house as members of parliament and as such immediately responsible for the policies of their party. We are told that they are having a caucus. When? Tomorrow morning. They are having a caucus to discuss the policies, and tomorrow they will learn the reasons why these particular policies are what they are. And they will be told exactly how they must face, and what they must say, and what they are to do, from now on. That is the new order....

"May I say just a word with regard to the new and old order in relation to industry? The Prime Minister says the thing that, above everything else, needs to be reformed today is the capitalist system, yet he is going to reform the capitalist system by bringing in legislation which, while possibly very necessary, only touches the fringe of some of the evils of the system. The legislation proposed keeps very carefully away from the heart of the system which in the main is responsible for those evils; it does not touch that, but it touches the fringe of some of the evils. What is the very essence of the capitalist system? It is that industrial policy is controlled by capitalists; that the capital investor, the man who puts his money into the business, to the exclusion of all others, formulates industrial policy. He is the one to say what the hours are to be, who is

to be employed, what is to be payed. He is the one who says how large production is to be and when production is to increase and decrease. Under the present system these things are for the capital investors to decide. But what about the labour investors? What about the man who invests his life? What about the man who invests his skill in industry? Is he to have no consideration in the shaping of industrial policy? I tell the Prime Minister that, if he wants to reform the capitalist system, the way to begin is by sharing between labour and the community as well as capital, the control of industrial policy. Let labour and the community, which are as essential to industry as capital, be represented around a common board to determine the policy that is to govern, and very soon these questions of maximum hours, minimum wages, sweat shops and other evils that unfortunately prevail only too generally, and have done so for generations, will be remedied in the one effective way, namely, by the parties themselves who are directly concerned having an effective voice in the determination of the conditions under which they shall work. No changes of the capitalist system which keep the capital investor secure in his position as the controller of industrial policy will ever in this world bring about any reform worthy of the name. It is going to take more than minimum wage laws past by parliament, or maximum hour laws, or laws against sweat shops, to bring about the change that is essential in that regard.

"I have not arrived at my views on this question by thinking over very seriously for the last two or three years. I have thought over these questions all my life and the view I am expressing now is no death-bed repentent of the eve of a general election."

An Honourable Member:

"What did you do?"

Mr. Mackenzie King:

"I will tell you what I did. I put these views in a book -

Some Honourable Members:

"Oh, oh."

Mr. Mackenzie King:

"- which was written so clearly that he who runs may read. For the past eighteen years my views have been before the public and may I repeat they were not given on the eve of a general election. During the time I have sat in this House of Commons, the views I put in the book to which I refer I have given expression to in a hundred and one practical ways. I did not do as honourable gentlemen opposite evidently had in their minds when they laughed a moment ago: I did not give expression of views on social and industrial reform to serve the purposes of a general election. I placed before the public of Canada, at a time when I was not in parliament, views which I believed were essential to the improvement of industrial conditions and the transformation of the industrial system as a part

of industrial reconstruction in post-war days; these views, as opportunity has afforded I have given expression to in legislation. The underlying note in that volume from beginning to close is that where industry and humanity are in conflict, the interests of humanity, not the interests of industry, must be served. More than that, I have set forth clearly my conviction that, while in our political institutions we may have worked out a system of democracy whereby not merely the crown but the different classes are represented in the making of our laws, equally we must secure in the government and control of industry a system which will not be autocratic but democratic. The only way we can bring about an effective transformation in industry is to do away with what remains of autocracy and substitute therefor a real democracy in industrial control. These views are on record; they have stood and will continue to stand the test of years.

"I will venture a step farther and state that anyone who has read the speech from the throne and the broadcasts of the Prime Minister will discover that possibly within the last few weeks the Prime Minister himself has been reading the book."

Mr. Bennett:

"No, no. I could say, 'Oh that mine adversary had written a book!'"

Mr. Mackenzie King:

"If the right honourable gentlemen and other honourable members have not read it, they reveal how slight their interest in these matters is when they have neglected this very valuable source of information.

"To conclude this part of my remarks I should like very clearly to bring out one feature. You may have democracy in government combined with autocracy in industry. The latter two are all ill mated as the former are congenial. And as long as the capitalist system remains - and we find by reading between the lines in the speech from the throne the evident intention that it is to remain - a system whereby industrial policies will be exclusively controlled by capitalist investors, parliament intervening here and there to correct incidental evils only, just so long you will have no reform that is fundamental or far-reaching. The only reform worthy of the name is that which I have already described, namely reform whereby in the determination of industrial policy you give to the labour investor and to the community representing amongst others the consumers, rights equal to those of the capitalist investor.

"Let me say - it would be better if the Minister of Railways (Mr. Manion) would not say 'all poppycock' quite so loudly."

Mr. Manion:

"I did not use any such words, or any words resembling them. I am afraid something is wrong with the right honourable gentleman's hearing."

Mr. Mackenzie King:

"I accept the minister's statement, but there are others who heard it. And may I add -

Mr. Manion:

Nobody heard these words. The Prime Minister heard the words I said; I was speaking to him, not to the right honourable gentlemen opposite."

Mr. Mackenzie King:

"I have not any desire to enter into a discussion with my honourable friend."

Mr. Manion:

"I think I might have said it though, and quite truthfully."

Mr. Mackenzie King:

"That comes nearer to being in line with the old order, yes. My honourable friend running true to form.

"In other words, 'I want votes,' that is why the Prime Minister today brings in this platform of social reform so-called, on the eve of an election, after having made all kinds of promises five years ago; after saying 'I will end unemployment'; after saying 'I will blast my way into the markets of the world', after making promises in every part of the country with respect to every conceivable thing that could influence an electorate. Having failed to carry out those promises and having to admit he has failed, the Prime Minister brings in on the eve of a general election an entirely new set of policies and claims that these are the policies of the party of which he is the head and says: 'I want you to give your support to these policies' - or rather 'I am giving you these policies because I want your votes'.

"Well, my right honourable friend will not be able to cover up his record of the last four and a half years quite so easily as that. The people of Canada have too intimate a knowledge of what they have had to endure during the last few years through the failure of his policies, and his failure to fulfil any of his promises, to allow any other policies he says he will put into effect to influence their judgment very much....

"In regard to intervention I shall indicate a little later some of the instances in connection with social legislation in which the Liberal party has thought it advisable to interfere, and where its policy has been consistently one of intervention on the part of the state. But where the policy has been one of intervention it has not been for the sake of intervention itself; it has been intervention for the sake of preserving freedom, or giving a larger measure of freedom.

"Here may I just point out the difference between the two parties in their use of these methods in obtaining their ends. Study the history of Liberalism and what do you find it to be? It has been

an effort at all times to subject the particular interest to the general interest. Whatever it has been found that the general interest is being made subordinate to some special privilege or some particular interest, there Liberalism has come along and, either by laissez-faire or by state intervention, has sought to secure a larger freedom by preserving the general interest in its control over the particular interest. But what has been the history of Conservatism, of the Tory party? It has been the very opposite; it has been to see that particular interests were made superior to the general interest, that the general interest should be subordinates to particular interests.

"The capitalist system is to be reformed by the interference of the state, and the Prime Minister says that the keystone of the capitalist arch is the profit system, which still remains. May I say to the Prime Minister that I think the keystone of the capitalist arch is the private control of a nation's credit and currency. The keystone of the capitalist structure that stands for money control and money power, and how that money control and money power are to be exercised, how that credit and currency are to be controlled. In the capitalist system it is to be carefully and securely kept in the control of capitalists....

"How has he dealt with that matter? Some three years ago the Liberal party put forward in specific terms as one of its policies the establishment of a national central bank as an agency for the control of credit and currency considered in terms of public need. We proposed that the bank should be an agency of control in the interests of the country's social as well as industrial and financial needs; in other words that credit was a public matter, not of interest to bankers only but of direct concern to the average citizen....

"How did the Prime Minister show his faith in government intervention then? He brought before this House a bill establishing a central bank. On the second reading his Minister of Finance (Mr. Rhodes) said that the question whether it should be publicly or privately owned was a perfectly open question which might be discussed in committee, and that the views of the committee and of honourable members composing it would not be prejudiced in any way by honourable members on the second reading voting simply for or against a central bank as the only principle involved. It was stated at that time that the government would allow on this question of public or private control the freest discussion in committee itself. Well, the bill went to the committee, and when it got there what was discovered? It was discovered that members of the committee belonging to the party opposite were opposed to any bank that would be other than privately owned and controlled, and that they stood as a unit for a privately owned and controlled bank. Was that because they believed in state intervention and interference in business, or was it because they entirely and absolutely disagreed with any such policy call it reform or whatever you like, and did not approve it? When the measure came back to this house it was found that the Liberal members of that committee had made a very strenuous fight to secure control on the part of the government and parliament over that central bank. They

were prepared to consider any steps that would admit of any degree of control, but the government was adamant in the matter. During the discussion on the third reading of the bill I spoke with great emphasis to the importance of allowing the government to have some control over this central bank. I pleaded with the Prime Minister to at least allow one or two directors to be named by the government, but I pleaded in vain. This bank was to be private corporation and was to be removed entirely from all government authority or control. That was the objective, and that is how the Prime Minister then viewed reform of the capitalist system - at all costs to keep free of intervention the keystone in the arch of the capitalist system....

"As a means of expediting and hastening the consideration of these matters, I would ask the Prime Minister when he gets up to speak this evening, and I hope he will, to tell this house whether as leader of the government, knowing that a question will come up immediately as to the jurisdiction of this parliament and of the provincial legislatures in matters of social legislation, he has secured an opinion from the law officers of the crown or from the Supreme Court of Canada which will be a sufficient guarantee to this house to proceed with these measures as being without question within its jurisdiction.

"I want to make it perfectly clear that I do not feel that a matter of jurisdiction should be allowed in the last analysis to stand in the way of anything in the nature of a national reform that may be generally recognized as necessary and urgent. If it be found that jurisdiction does interfere, that it is an obstacle, then I think the proper step should be taken to see that the British North America Act is so amended as to make possible the enactment of such legislation. In taking any step of this kind I think we should remember that perhaps the most serious subject with which parliament at any time can be called upon to deal is one which raises a question of the relationship between this dominion and the provinces, and in all such matters we must consider very carefully the views the provinces may hold in regard to what are their rights and the views which this dominion may hold in regard to what are its rights. For my part I believe that through conference and good-will it will be possible to obtain by reason and consent - though not by coercion - whatever is needed by way of amendment to the British North America Act. But I do say that any effort to secure social reform by means of coercion of one or more of the provinces by the dominion, rather than by endeavour to secure the consent of all, is going to make the situation in this country much more difficult than anything we have thus far faced....

"If that step has been taken, I think we shall be on sure ground. If it has not I think it is the obvious duty of the government to take it at once. I wish to make it clear that not only have some Liberal provincial governments been questioning the right of the federal government to interfere with provincial rights, but Conservative provincial governments equally have been jealous of their rights. My right honourable friend will recall what happened at the time of the enactment of the Statute of Westminster; how the present high commissioner, Honourable Howard Ferguson, his own representative in

London, then Premier of Ontario, took every strong exception to any course being taken by the federal government which might in any way interfere with the rights of his province. I have a copy of an article from the Montreal Gazette of September 20, 1930, when the matter was under consideration. It states that a memorandum was given to the Prime Minister in which Mr. Ferguson said:

'I am deeply interested in the deliberations of the conference because I have been battling to prevent the destruction of the whole fabric of the Canadian constitution'.

"So apparently I am not the only one who is trying to save the constitution.

"The memorandum deals with provincial rights under the British North America Act and various treaties and amendments since its inception.

"Mr. Ferguson went on to say: 'The result of these precedents has been to undermine the constitutional right of the provinces to be consulted....'

"He said further: ' - the right of the various provinces of Canada to an equal voice concerning any contemplated changes in the law or the constitution of the dominion rests upon fundamental facts, which are as binding today as ever they were upon all the parties to confederation.'

"That was Mr. Ferguson's view. I am not saying it is right, but it is the view taken by a Conservative premier of Ontario when he was in office. What about another Conservative government, a Conservative government in Saskatchewan which made its voice heard at the same time? On September 19, 1930, the attorney general of Saskatchewan had this word to say:

'We in the province', said Honourable M.A. Macpherson, attorney general and acting Premier, 'will endorse Premier Ferguson's attitude that the constitution should not be interfered with in any way until the individual provinces have been given ample time for consideration of any such changes, and the entire matter has been given consideration at an interprovincial conference.'

"I wish again to say that I think the British North America Act has been a marvellous achievement; thus far it has served its purpose remarkably well, but I wish to make it clear that I think the British North America Act requires amendment in some particulars, and the first amendment that should be secured is the recognition of the right of his country to amend its own constitution. Canada, as far as I know, is the only British dominion that has not that right. There ought to be an amendment arrived at as a result of agreement, as I believe it can be, which enable this parliament to amend this act with regard to many subjects which will become increasingly national in their character as time goes on. But, I repeat, I believe the way to effect that change is by conference and by securing consent and agreement if at all possible. At all events that should be the first step...."

Right Honourable R.B. Bennett:

I endeavoured to inquire, and I now propose to inquire, just

what the right honourable gentlemen did - besides putting it in a book - with respect to the problems to which he has referred. To start with, he came into office in December, 1921. He was in power during 1922, 1923, 1924, 1925, 1926 with a short break, 1927, 1928, 1929 and part of 1930. During the latter part of his term of office this country was in a higher degree of speculation than it had ever before been in its history, and as a result of the failure of his government to take adequate measures to safeguard the public interest, thousands of people became bankrupt and were ruined. Further, the very friends upon whom he relies and upon whom he has relied were those who accomplished those purposes. That is the reason I say that the times cry for reform and that the right honourable gentlemen is wholly incapable of effecting reform, because during the period when he had the opportunity in the full flush of power, when he appealed to the electorate in 1925, when he did not receive the majority he sought, and when he came back in 1926, the only reform he put upon the statute books in that year, the measure to which he referred tonight, was a reform forced upon him by the honourable gentlemen who sit to his left. The record of Hansard shows conclusively that that is so and the issue is plain and simple: Are these evils to which he has referred, these evils which we see all about us and which are known to every one of us, the result or not of the capitalist system as it flourished during those years? That is the question. Are they or are they not the result of capitalism as it flourished during those years? If ever there were a case proven it has been by the evidence given by the right honourable gentlemen himself tonight. With the amplitude of his power, with all the surrounding he had, he sat quietly by and let those evils flourish to the extent of thousands of his fellow citizens being ruined, and yet his voice was not raised against those evils....

"There is not an honourable member in this house who does not know that during the last four years we were concerned with problems of recovery, we were concerned with the problem of saving the financial, the industrial structure of Canada. We were concerned with the problem of saving this country from absolute ruin, from bankruptcy. Day in and day out, week in and week out, month in and month out, year after year our concern has been the safety of Canada, the preservation of this country, the introduction of such measures of recovery as would enable us to pass through the stress and storm we encountered. It is a matter of satisfaction to me at least, if not to honourable gentlemen opposite, that other countries bear testimony to the fact that Canada emerged from this crisis better than did any other country in the world. So I say that when the evidence became clear that the greatest danger of the depression had passed, that the country was on the upward grade and moving towards complete recovery, I conceived it to be my solemn duty to introduce into this house such measures as I believed would prevent a recurrence in part of those difficulties which we had to overcome. Have I had any opportunity to do this before? Has this government had any opportunity to do it before? Every honourable member knows in his soul better than that. He knows a matter of fair play and justice that those were not the times when we could

deal with these matters. That time was only when this country had shown some sign of emerging from the valley, not of humiliation but of depression and was coming back to prosperity. Now, with the opportunity - because if we have not a majority in the house we have not the opportunity - we are proposing to press forward those reforms in the capitalist system which, had they been passed in the years when the right honourable gentlemen was in power, would not have left this country in the condition in which it was in 1930....

"I may have misunderstood the right honourable gentlemen but he said, 'Let the community and labour and capital meet together and arrange matters to their mutual satisfaction'. For, he said, the community had an interest, capital had an interest and labour had an interest. Now, I have read a little of history and I have always been interested in the life of one great man, especially on an occasion such as this, because his greatness was such that even to refer to it should, it appears to me, induce every honourable gentleman who hears it to pause a moment. What did he find? Labour, capital and the community, -

Mr. Mackenzie King:

"Not working together."

Mr. Bennett:

"Certainly not. How were they brought together?"

Mr. Mackenzie King:

"They were not."

Mr. Bennett:

"But they were."

Mr. Mackenzie King:

"They were not."

Mr. Bennett:

"They were brought together by statute."

Mr. Mackenzie King:

"They were not and are not yet."

Mr. Bennett:

"They were brought together by statute, because it was realized that they would never come together so long as capital was in the position in which it was. And so legislation was enacted that curbed its power. Even those who recall Morley's Life of Gladstone will remember how he objected as a breach of the tenets of Liberalism, that there should be no interference with the free power to contract, even with respect to hours of labour. That was the Liberal doctrine, in the days of free competition and open markets, the days before combinations of capital made it impossible to have the one or the other. And so

parliament has been asked to intervene. Why do we ask the intervention of parliament, why do we invoke the regulatory power of parliament? Because parliament represents all the people and not a few of the people; and the interests of all must be protected by that institution set up in the state, called parliament, for the purpose of enacting laws for the protection of all who may suffer from the inequalities of freedom on the part either of capital or of labour.

"Lord Shaftesbury found it so; others have found it so. Others have said that it is not desirable nor necessary that there should be any interference with the power of men to conciliate with one another. That might have been once, it is not so now. There must be the collective power of the state, as indicated by its laws, to curtail the power of the capital, which, unbridled and unrestrained, means ruin absolutely to the community in which it flourishes. Is there any one who has any doubt about that? If so, he has only to read the history of Canada from 1920 to 1930. All he has to do is to read the history of mergers and combines and the exploitation that took place by men sitting close in council to the right honourable gentlemen. They were not curtailed; their power was not lessened; they were not restrained but encouraged, because the Combines Investigation Act was circumvented - how? By mergers, which took the administration of business out of the control of those who has built the business and knew it, and placed it in the hands of the exploiter. If you have any doubt about it, you might read the proceedings before the tariff board in a very important case which it is not necessary for me to mention. I have in my hand the Life of Shaftesbury. The right honourable gentlemen has asked me from what source I have derived such impetus as is given my mind to survey these problems. I say, it has come from reading the lives of great reformers - not reformers who have been content to put these things in a book but who have insisted that parliament should legislate and enact them in the statutes of the country....

"I am convinced that the good sense and high intelligence of the Canadian people who have suffered long and patiently from the circumstances to which I have alluded, who have seen their savings taken away by speculation unbridled and uncontrolled, who have seen their properties lost, who have seen their children impoverished by reason of that speculation, will give those measures that warm support and allegiance which will be found far beyond, shall I say, the range of parties but in the hearts of the people themselves."

Mr. J.S. Woodsworth (Winnipeg North Centre):

"Mr. Speaker, now that both parties have seen the light, there remains very little for us to do. I have sometimes wondered, as I have listened to the Prime Minister (Mr. Bennett) in his denunciation of the evils of capitalism, whether if he could appreciate how fundamental those evils were and how inherent they were in the system itself, he might not become a fine soap boxer for us....

"If we are to have better conditions in Canada we must be willing at times to make some immediate sacrifice in order that we may ultimately attain a position which will be of advantage both to

Canada and to the world at large. In this connection may I quote another statement, really not inconsistent with the preceding but emphasizing an important aspect of the problem. Henry Wallace, United States Secretary of Agriculture, recently said this:

'There can be little doubt that the trouble traces, in whole or in part, to a maldistribution of income. That doctrine is implicit in our new deal, which seems to me to rest on irresistible logic. We are trying to build up consumption per capita at home as a substitute for the continual search for new consumers abroad. Our new method involves a planned redistribution of the national income, in contrast with the unplanned redistribution that takes place regularly, usually unhappily, in every major economic crisis the civilized world over.'

"I suggest that it is only as we get away from the idea that we must solve our problems by a larger measure of trade - and as I understand that is essentially the position of both the Liberal and the Conservative parties - that we shall begin to set our feet on the road that will lead to a permanent solution of our economic problems.

"As I listened to this debate I thought that perhaps it was time to get down a little nearer to the realities of the situation. The speech from the throne, as is frequently the case, opens with phrases like this:

'... our country stands upon the threshold of a new era of prosperity. During the past year the grip of hard times has been broken. Conditions show a marked improvement. Employment is increasing.'

"How does that square with the statement made by the Prime Minister a few days ago in his first radio speech. In that statement he was nearer the facts. He said:

'The truth is disturbing. The world is in tragic circumstances. The signs of recovery are few and doubtful. The signs of trouble are many and they do not lessen.'

"I turn to unemployment, which for many years we have been trying to bring to the attention of the house. Let me read the figures as given recently by the council of child and family welfare, which I think works in very close co-operation with the government. 'While Canada's December bill for unemployment relief will likely prove to be not less than \$5,800,000 with an estimated number of 1,150,000 dependent on relief aid....'

"Is that a satisfactory condition, even though unemployment was a little greater a few months ago?

'At least 200,000 heads of families, probably more, are still receiving unemployment relief.'

"Some of us know that means to one individual family. Think of the misery and degradation involved in 200,000 such families in this country. Further:

'... over 20,000 able-bodied employable men are in relief camps....'

"Again let me ask whether, even in spite of fair food which we are told is given in these camps, it is a satisfactory condition that large numbers of our young men should be forced to spend months, yes, years now, of their lives under such circumstances, with no hope whatever in life? Then it is stated that there are:

' - perhaps 25,000 to 30,000 men temporarily engaged in relief works. There are probably 25,000 more single or homeless men idle in their own communities.'

"The Prime Minister may tell us that Canada now has the proud honour of holding fifth place among the nations of the world in trade matters, but does that compensate for the fact that we have these enormous numbers of our young people not having a chance in life? 'There are an unascertained number, at least not less than 200,000 youths and girls, say 16 to 25 years of age, who are idle, unemployed, and receiving relief either in their own homes or as "single persons".'

"More than that there are:

' - hordes of homeless young graduates of the business and technical schools, and of the colleges and universities, unplaced, idle, drifting to dependency.'

"The Prime Minister made a few weeks ago a very fine statement. He said:

'When because of fluctuations in industrial conditions, the worker is thrown out of employment, he should not be punished when the fault is that of the machine. For whatever is the cause of these depressions, whoever is to blame for them (if anyone is to blame), assuredly it is not the workman.'

"Yet to this day the workman is bearing the brunt of the depression.

"I went the other day in my own city to where the men were receiving relief, and I think they were being treated there as well or perhaps better than in most cities in Canada. They were receiving two meals a day costing 5½ cents a meal. Is that a satisfactory condition? Is that the kind of thing that should prevail in Canada? Is the fact that we are the fifth trading nation and according to the Prime Minister better off than other nations, consistent with permitting these hundreds of thousands of fellow citizens, who confessedly are not to blame, to go on under conditions of this kind?

"Let me give one incident. I know of many more, some among my own personal friends, but I give one that attracted considerable attention a few weeks ago in my own city. It is rather a typical case, although the tragic circumstances may be somewhat exceptional. I read from the Free Press of December 18, 1934, the front page:

'Valour Road Man Returns Home to Find Baby Boy Drowned in Bathtub, Five-year-old Daughter Strangled, and Wife Poisoned.... With thoughts of a poverty-stricken Christmas gnawing at her mind, a 28 year old Winnipeg mother, Monday afternoon, took the lives of her two little children aged 18 months and 5 years, and then committed suicide. She had just completed the hanging of Christmas decorations in her little home. Then with the home bravely adorned and spotlessly clean, she strangled one child, drowned the other in the bath, and killed herself by drinking a powerful germicide. There had not even been enough money in the house to buy the poison that killed her. She left a farewell note on the kitchen table bearing this out. "I owe the drug store ¼ cents; farewell", it said. She had, according to neighbours become despondent over continued poverty. Her husband had

not had steady work for a long time and they had been forced to accept relief.... They came to Winnipeg from England about four years ago. He is an electrician by trade. He got some work and the future looked bright. Then he lost his job. They moved away from their neighbourhood. No work came. Finally they were forced to accept relief. Then the baby, William Edgar, was born.'

"I should like to turn for a moment to the jury's verdict on that case. They recommended that:

' - powerful disinfectants which contain a large quantity of carbolic acid be placed upon the poison list by statute.'

"Is that the solution of the problem - to put a few more bottles on the list of poisons? Yet it is typical of the way in which we treat our major problems of today. Further the jury found:

' - that the five-year-old daughter, Margaret Constance, died from asphyxia induced by strangulation, and that the two-year-old boy, William Edgar, died from asphyxia induced by drowning.'

"And that the mother was of unsound mind. Is that any solution or any real explanation of that occurrence?...

"Immediately below the story on the front page to which I have called attention I find the following item:

'Conditions in textile trade investigated. It was apparent from the auditor's report that the cotton industry had weathered the depression successfully. The three largest companies, Dominion Textiles Company, Limited, Montreal; Canadian Cottons, Limited, Cornwall, Ontario, and Wabasso Cotton Company, Limited, Three Rivers, Quebec, had bigger sales and higher percentage of gross profit in 1934 than 1933. The three largest companies which dominate the Canadian industry had a trading profit of 8.7 per cent in 1934, the highest since 1929. At the same time wages stood at the lowest percentage 24.5 in the period...?

"The managers of these corporations objected to their names being publicity. I do not much wonder. Further than that one of them had the audacity to say that conditions in the mills of this country were superior to those existing in Japan, where silk workers were paid 18 cents a day.

"Mr. Speaker, I can scarcely speak with restraint when I realize that while year after year we have brought such conditions to the attention of this parliament practically nothing has been done to improve them. We drift along, sometimes passing a little bit of legislation, but spending the greater part of our time in acrimonious party debates. I must say I do not see that in the present session there is any very great tendency to alter the situation. Of course in the speech from the throne we have outlined a long program of reforms, and no matter what their motives may be I should like to congratulate the government upon bringing these matters forward for consideration. This speech contains more than any other speech I can recall during the period I have sat in this house since 1921. There are some twenty items of important measures....

"Of course one must reserve judgment until the bills are introduced but I think that at this stage several observations are pertinent. First of all, why has the government waited until the eve

of the election? The Prime Minister's explanations are not convincing. Again, unless some method is evolved of settling the matter of jurisdiction it is not fair to introduce legislation which may be challenged in the courts. I am not a constitutionalist, as a good many people would testify, but I do not think it is wise to plunge into a long legislative program which in the end may mean nothing to our people. But having said that I think we are surely in a very happy position today. The Conservative party has pledged itself to these reforms. The Liberal party states that they were pledged back in 1919; I hope they are still pledged. Then it would seem that we are all pledged, and the reforms should be passed in the present session.

"In his radio addresses the Prime Minister said that he is going to reform the capitalist system, and that his legislative program will solve our troubles. I want to say that that program offers no solution of our major economic problems. If in spite of constitutional difficulties and opposition, the government is able to carry out 100 per cent of the reforms it has listed in the speech from the throne, I would say that Canada would come up only to the position in which Great Britain stood in the days of Lloyd George's famous program of social insurance, or to the point Germany had reached before the war. I hope the reforms are carried out but in such event, let me repeat, we would then only be in line with the more civilized nations of the world. I hope Honourable member in this house or any person outside will be deluded into the belief that this program constitutes a reform of capitalism. Capitalism still stands as a menace to the Canadian people and to the world.

"I take it the speech from the throne must be read in the light of the Prime Minister's speeches over the radio. His earlier broadcasts were very startling; we were led to believe that capitalism was doomed and that Mr. Bennett was about to administer the coup de grace....

"regulation is almost instinctively opposed by the children of the old pioneers, and as one of them I understand their feeling. We have been so accustomed in the simpler forms of society to going our own way that we hate to be regulated. I confess that I hate to obey the traffic signals on the street; in fact, I can hardly see them. I like to go in spite of them, and yet I know perfectly well that the traffic of a modern city cannot be kept moving on the old uncontrolled basis. We cannot get through to our destination unless we observe the rules of the road.

"We must recognize the changed conditions of business. We talk about individual freedom and individual initiative, but there is not a business man or a professional man or a labour man today but recognizes that in practice very few persons do have much individual freedom or individual initiative. They can hardly call their souls their own.

"Even university professors are being told they cannot enter politics. Labour people are being told that if they speak on their job against the party of the boss they will be fired, and with their wives and children dependent on them they hardly dare take the risk.

I should like to ask what freedom in practice is left even to the branch bank manager, much less to the clerks. What freedom is left to the employee of a great commercial firm like Eaton's or Simpson's?"

Mr. Irvine:

"Freedom to starve."

Mr. Woodsworth:

"Yes, freedom to starve. In practice what freedom is left to the individual in a great industrial concern? Very little, and political freedom becomes absolutely futile unless we have freedom in the economic world. I think that has been amply demonstrated by the revelations of the price spreads and mass buying commission. Big business takes advantage of the old time psychology to urge freedom, but I submit that what we call freedom from government restraint means in practice that the big industries and the big commercial concerns control us body and soul.

"It is a curious thing that today a great many business men are saying: We should have less government in business. Do these people stop to think that Canadian business today is almost entirely dependent upon government support? What about our railways with their charters, their grants, their subsidies, and more recently their guarantees? Yes if you were to talk about wages on the railways immediately the president of the Canadian Pacific Railway Company would get up and say: We must not have interference by government with business.

"What about those gaining control of the natural resources and the water powers? A few years ago we had Beauharnois, and I noticed in the papers only a few days ago that the Sifton estate was to receive \$50,000 from Mr. Sweeny because of the services that Mr. Sifton had rendered in securing from the government the right to go ahead with that development. Is that the way we treat the people who come here lobbying, and getting \$50,000 for persuading the government to do what the government never should have done? And now the natural resources are gone."

Mr. Mackenzie King:

"Was there not also mention of having a lobby of members of parliament, apart altogether from the government?"

Mr. Woodsworth:

"That is just as bad."

Mr. Mackenzie King:

"Yes, certainly, I agree with my honourable friend's point of view. The whole business is bad."

Mr. Woodsworth:

"It is bad to have the members lobbied, but of course the government really has control, and that is why I refer to the

government.

"I need not refer to what big business has been able to secure from the government in the way of company incorporations and charters through which they have been able to exploit the public. I need not refer to the tariffs under which a great many of our big manufacturers have been enabled to charge the people sometimes double what they ought to be charged for protected products. I need not refer to the bank charters which have given practically a monopoly of the financial affairs of this country into the hands of a group of private individuals. Such is the situation and yet today the bankers and these big business people have the assurance to come to us and say that there must not be any government regulation in the business. I give the Prime Minister credit for challenging that position. I think we can never do back to the old position.

"The fundamental weakness of the Prime Minister's speeches seems to me to be that his proposals would stabilize the present capitalist system. He divides people into producers and non-producers and non-producers, and incidently I would point out that he leaves out most business men and professional men who are not usually classes by economists as producers. He says the producers are those who live by investments on money, either earned or given to them. I want to say here that in my judgment the big fortunes of this country have not been earned by the sweat of the brow. Some of the big fortunes have been founded on war profiteering; others have been built up by a series of special privileges. They came out of the public; there was no other place from which they could come. The Prime Minister did not suggest that any of these big fortunes should be investigated, so I take it for granted that he assumed that they are to remain much as they are today.

"As to fortunes that have been inherited, let me say that if we in this house had been doing our duty for the last few years there would not have been these big inherited fortunes at all. What does an inherited fortune mean? It means that if I inherit a fortune my children have a claim on your children before the children are born. It means that the man who inherits the fortune has the right to the services of others in the community, and while I am just as anxious as anybody can be to look after the widows and children, I want all widows and children to be looked after. The time will come when the position will be as it was very well put in the first labour manifesto issued years ago in Great Britain, that, after comparatively small allowances are made for the immediate dependents, it should be that naked the man came into the world and naked he shall go out again....

"Years ago, I remember reading the older socialist economists who pointed out that we had to face certain inherent contradictions in the capitalist system. I confess that formerly I was not able to understand that, but I understand it today. We have reached the point when such contradictions are evident. The very steps the government ought to take to save the situation they cannot take and meet their obligations. The very steps the business community ought

to take in the way of putting into the hands of the people increased purchasing power they cannot take because of the huge capital indebtedness which has been piled up.

"So now we face the need for a new social order. I think the Prime Minister was right, in words at least when he said the old order is gone. Yes, I said 'in words' because I do not believe the Prime Minister with all his knowledge - and he has a capacious mind - has yet realized that the present economic system is doomed. If he had realized that he would not have talked about a few of these reforms saving the system. We are facing one of the world's great crises, and while we attempt to do these things which some of us feel pretty sure cannot be accomplished under the system, we might as well frankly face the larger issues. I believe that in this election, as in no previous election the issue that will face the people of Canada is this: capitalism on the one side and a new social order on the other...."

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VITA AUCTORIS

Family Leon Levine, eldest son of Albert Levine and his wife Bette Levy; born May 25, 1935, at Toronto, Ontario.

Education

- 1941-1953 Received elementary and secondary education at Prince Edward Public School and Kennedy Collegiate Institute, in Windsor, Ontario. Grade XIII Certificate, 1953.
- 1953-1956 Registered as an undergraduate in the Faculty of Arts and Science at Assumption University of Windsor. Received Bachelor of Arts degree June, 1956.
- 1956-1958 Attended post-graduate studies in law at Osgoode Hall Law School, Toronto, Ontario.
- 1958-1960 Registered as a post-graduate student at University College, Assumption University of Windsor, September, 1958. Admitted to Faculty of Graduate Studies and Candidate for the degree of Master of Arts, in history, 1959. Paper submitted, May, 1960.

Other Activities

- 1953-1956 During undergraduate years active in the university publications, Drama, History, and United Nations Organizations on campus, holding administrative positions in each.
- 1955-1956 Taught Jewish History and Current Events as lecturer in the Shaar Hashomayim Religious School, Windsor, Ontario.
- 1956-1959 Clerk and Student-at-law in the firm of Yuffy and Yuffy, Barristers and Solicitors, Windsor, Ontario.
- 1956-1960 Head Counsellor and Activities Director in the Windsor Jewish Community Centre Day Camp and Club Programme, Windsor, Ontario.
- 1958-1960 Librarian Assistant in the Circulation Department, University Library, Assumption University of Windsor.

1959-1960 During the final year of graduate studies, granted a graduate fellowship in the Department of History, University College.

Awards

- 1956 Recipient of Assumption University Merit Pin Award for scholastic and co-curricular activities.
- 1956 Recipient of Assumption University Publications Award for work on University newspaper and yearbook.