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THE BENNETT ADMINISTRATION, 1930-1935

I. Bennett and the Depression Enter the Arena

In the spring of 1930, two wealthy Canadian bachelors were preparing to match their skills in a general election. Neither Mackenzie King, the Liberal Prime Minister, nor R. B. Bennett, leader of a revitalized Conservative party, had any personal reason to worry about the rapidly deteriorating economic situation. Neither had been harmed by the stock market crash in 1929. King's investments, valued at half a million dollars, were assured of certain returns from government securities. The much wealthier Bennett had been equally untouched by the vagaries of the stock market and had carefully invested much of his fortune in gilt-edged securities like bank, insurance and railway shares.

Little wonder then that these men did not foresee the impending Depression. Of course, no one else did either. The coming of the Great Depression was an intensely personal event. You knew it had arrived when the Windsor automotive plant laid you off or when the prices for your wheat crop suddenly tumbled. The depression's appearance lacked the dramatic beginning of a war and politicians could not be blamed because they did not issue a declaration against it in 1929 or even in 1930. Still, it is difficult to explain Mackenzie King's angry remark during a heated Commons debate on unemployment that his administration would not give "a single five cent piece" in relief assistance to any provincial government that was not Liberal. He had been provoked into making this retort by J. S. Woodsworth, the Independent Labor Member and avowed socialist from Winnipeg, but even King admitted in his diary that it had not been "in accord with my grnl [*sic*] attitude of conciliation". It was a damaging slip and Bennett used it unmercifully during the summer election campaign. In fact, the confident Tory leader seized and held the initiative throughout that campaign, with promises to end unemployment by "blasting" his way into world markets. This assurance was what the voters wanted and the \$600,000 Bennett had poured into the Tory campaign coffers from his personal fortune paid off as handsomely as any of his corporate investments. The King government went down to defeat and Canadians had their first government with a clear majority since 1917.

The new Bennett administration was different in another way. For the first time since 1911, the Conservatives had a significant block of support in French-speaking Quebec. The party almost

always could rely upon the influential backing of Montreal's English speaking financiers, although this group was largely responsible for the ousting of Arthur Meighen as party leader in 1927. Three of this anti-Meighen clique, namely C. H. Cahan, Leslie Bell and R. S. White were among the 24 Quebec Tories elected and some political observers felt that these three had paved the way for Bennett to assume the party's leadership. Cahan's actions following his election seemed to support this belief. A corporation lawyer who had known Bennett for years, he informed the new Prime Minister that he would enter his cabinet if given the justice portfolio. Bennett was in no mood to hear ultimatums; instead, he presented Cahan with one: accept the post of Secretary of State within twenty-four hours or stay in the back-benches. Cahan quickly accepted. The incident served notice that Bennett would be in command, as he always had been. He certainly would be no apologist for St. James Street interests.

The Bennett cabinet was as representative as it was inexperienced. Except for the seventy-three year old Sir George Perley, not one of the new ministers, Bennett included, had had any cabinet experience except that gained in the short-lived Meighen administrations of 1921 and 1926. A few, including the three French-speaking cabinet ministers, were entering the Commons for the first time. One of the most experienced parliamentarians was H. H. Stevens, the new Minister of Trade and Commerce, who had represented Vancouver East for the past nineteen years. He suffered his first political defeat in 1930 but Bennett was determined to have him in the cabinet and soon found another seat for him in East Kootenay. The External Affairs and Finance portfolios Bennett kept himself, giving up the latter in 1932, when Edgar Rhodes, former Nova Scotia premier, moved over from Fisheries. Like almost all previous cabinets, this latest had a strong business orientation, but more importantly, it was a cabinet almost certain to be dominated by its wealthy leader, a point raised repeatedly by the Liberal opposition after Parliament reconvened for an emergency session in September, 1930.

This special session had been promised by Bennett during the election campaign as his answer to deal with the growing unemployment and languishing trade. On September 10, he asked Parliament to grant \$20 millions "for relief of unemployment in constructing, extending or improving public works and undertakings". He was careful to explain that this sum would deal with an "acute present problem" since the British North America Act prohibited direct federal assistance for provincial relief. In his opinion, the solution to Canada's present economic crisis lay in increased international trade, but this could not be achieved as long as major trading nations, notably the United States, maintained high tariffs. These artificial

barriers had to come down, but until they did, Canada could only follow suit. Hence, the other major piece of legislation passed at this emergency session raised Canadian tariffs to record heights. All this took just two weeks; then it was off to London for the Imperial Conference.

II. The Imperial Effort: 1930-1932

London was Bennett's second home. He had been there at least once in each of the past fifteen years, attending to his growing business interests and on occasion pleading a client's case before the Judicial Committee of the Privy Council. But this time he was going as the Prime Minister of the Empire's oldest Dominion. He took with him to this 1930 Imperial Conference three cabinet colleagues: Hugh Guthrie, his Minister of Justice, Maurice Dupré, Solicitor-General, and H. H. Stevens, Minister of Trade and Commerce. His advisory staff consisted of W. D. Herridge, his personal assistant and speech writer during the recent election campaign; Dr. H. M. Tory, chairman of the National Research Council, and Dr. R. H. Coats, Dominion Statistician. The inclusion of the last two officials indicated the importance that Bennett already placed upon senior civil servants. As time went on, he would rely more upon them than on his senior cabinet ministers.

This 1930 conference posed one major question for Bennett and hence for Canada. Would he support the Empire Free Trade Party launched a few months earlier by his old friend and business associate, Lord Beaverbrook, the former Max Aitken? Together they had created such successful mergers as the Canada Cement Company, the Calgary Light and Power Company and the Alberta Pacific Grain Company. They sold out their interests in the last-named firm to the British in 1923, a deal that netted Bennett a capital gain of \$1,350,000. The Bennett-Aitken alliance began in the 1890's when Bennett was a struggling lawyer in Chatham, New Brunswick, and even though the younger Aitken had gone to London and a seat in the House of Lords, they had always maintained close contact, to the financial advantage of both. Would they now combine in a much grander scheme than a merger of cement companies, that of Empire Free Trade? Would Bennett join his old friend? He would not, and the reason had less to do with his views of Empire Free trade than Beaverbrook's failure to support him during the Canadian election campaign. Indeed, statements attributed to Beaverbrook and printed in that arch-Grit paper, the *Toronto Globe*, probably cost Bennett votes. Bennett refused even to telephone Beaverbrook, and he told the assembled delegates at the Conference that existing tariff preferences made the Empire Free Trade idea "absolutely impossible". Still, he had another suggestion: why not adopt an Empire Preference plan? The details could be

worked out at another conference early in 1931 in Ottawa. The British Secretary of State for the Dominions, J. H. Thomas, had his answer: "Humbug!" Prime Minister Ramsay MacDonald was equally opposed: "We can not do it," he told the Conference. But events were soon to be in Bennett's favour, thanks to drastic changes over the next few months in Britain's political and trade pictures.

The delegates did agree to Bennett's idea of an Ottawa meeting, and with this small victory, he and his fellow-Canadians sailed home to prepare for a new session of Parliament. They were also heading into an economic storm the likes of which they had never seen. Wheat prices were still dropping and the wheat carry-over was expected to be a hundred million bushels. News that the price for No. 1 Northern, the best grade, had dropped to 50c a bushel prompted the Canadian Wheat pool to close its London office. A few weeks later, Prime Minister Bennett told a Regina meeting: "If we can't get 50c a bushel for our wheat, the country is done for." The price continued to drop. When Parliament began March 12, 1931, there seemed but one logical step to take: establish a royal commission. The chairman would be Sir Josiah Stamp, president of the London Midland and Scottish Railway, and the commission's secretary would be L. B. Pearson, seconded from the Department of External Affairs.

While the wheat problem was being dealt with in typical Canadian fashion, the prices of basic commodities continued to drop at about the same rate as employment figures. Milk was down to ten cents a quart, bread six cents a loaf, sausages fetched three cents a pound and potatoes forty-five cents a bushel. But as with wheat prices, the bottom was nowhere in sight.

Prime Minister Bennett told the new Parliament that Canada had been spared "the same acute degree of hardship which many other nations have been called upon to bear", but this "should not blind you to the fact that between this country as it is and as it should be, there is a gulf to be bridged." As for the recent London conference, Bennett denied Liberal charges that he had proposed the creation of "a closed, walled Empire, or a closed, walled country". Some delegates had favoured a system of tariff preferences; others wanted a quota system. "We said, let the investigations proceed in order that it may be determined" whether Bennett's preference scheme was valid. But the problems of the moment could not be ignored for long. During the budget debate, Bennett revealed the latest news from the west. His old friend and wheat expert, John I. McFarland, had telephoned him that another drought threatened to wipe out the 1931 crop. For some areas, this would be the third successive crop failure. "The reserves of the people are entirely exhausted;" Something had to be done. Bennett's answer to this

continued emergency was to extend the 1930 Unemployment Relief Act. He also introduced amendments to the existing freight rate structure allowing the government to absorb five percent per bushel on all wheat exported in the 1931 crop year. Furthermore, the tax rate would be reduced for 100,000 of the 142,000 Canadians paying income tax.

A Liberal critic, Fernand Rinfret, argued that these changes were a far cry from Bennett's election promises:

If . . . The Prime Minister had been courageous enough to say to the electors, 'In my first budget . . . I shall tax fuel, I shall tax tea, I shall tax oranges, I shall raise the sales tax from 1 percent to 4 percent . . . I shall add to the tax on Postal Services, and when I have done all that and have received from the humble people of this country more money than I need I shall detax myself by 25 percent of my income . . .

If these promises had been made, Rinfret concluded that Bennett would still be leader of the opposition.

By the fall of 1931 the economic situation was still deteriorating and the Conservatives still had the problem of finding a solution to the deepening depression. Prime Minister Bennett did not lack advice. He agreed with a suggestion from the Trades and Labor Congress that a study should be made into unemployment insurance, but he refused to commit himself on a demand from a communist group that the government should institute non-contributory insurance. The Minister of Trade and Commerce had another idea: why not appoint an economic advisory council under the chairmanship of Dr. O. D. Skelton, the under-secretary of External Affairs. He could cooperate with representatives from labor, industry and the universities in studying the whole unemployment problem. "Why talk such nonsense," was Bennett's reply. "Do you think I want a lot of long-haired professors telling me what to do?. If I can't run this country, I will get out."

Bennett did agree to call a Dominion-Provincial conference to study the unemployment problem, especially its constitutional implications. And thanks to a rapidly changing British political situation, he did not have to prepare Ottawa for an Imperial conference in 1931. The new date was now July, 1932. The only Imperial landmark established in 1931 was the passage of the Statute of Westminster, the culmination of a decade or more of effort to define dominion status. Two significant restrictions to complete autonomy were the decisions to consult all provincial governments on any constitutional changes and another to keep the Judicial Committee of the Privy Council as Canada's highest court. Meanwhile, the lower courts and the R.C.M.P. were busy in 1931 preventing Tim Buck and his

Canadian Communist party from taking over the leadership of the army of unemployed. On August 11, Buck and eight other Communist leaders were arrested and charged under Section 98 of the Criminal Code, which gave the government very broad powers to deal with "unlawful associations". All were threatened with deportation but ended up instead in Kingston penitentiary.

Once Parliament had been adjourned, Bennett's personal answer to the depression was travel. During the summer he toured the drought-stricken prairies; then it was back east for speaking engagements throughout Ontario. After a short time in his Ottawa office, he went to Ohio for an honorary degree and then back home again for more speeches and office work. Since he personally involved himself in the drafting of all the major bills, it was not surprising that by the end of October he was near exhaustion. He was persuaded to take an ocean voyage, preferably to the south of France, but France and all things French had no appeal to Bennett. He headed instead for London, where he spent two weeks conferring with members of Britain's new National Government about plans for the Ottawa conference. Arriving back home in mid-December, Bennett told a Halifax news conference that "Britain was looking forward to the Conference in the belief that we would lay at Ottawa the foundations of a new economic Empire".

A few weeks later, the Judicial Committee of the Privy Council handed down a judgment on radio broadcasting, placing jurisdiction with the federal government. In breaking this news to the spring session of the 1932 Parliament, Bennett said that his government planned to set up a Commons Committee to "inquire into the whole system of radio broadcasting". From this inquiry came the Canadian Radio Broadcasting Commission and the beginnings of a national publicly-owned broadcasting system. This Privy Council decision, coupled with a similar one concerning aeronautics, had another important result. It encouraged Bennett and his constitutional experts to hope that at long last the pendulum in terms of Privy Council decisions was swinging again in favour of the federal government. Perhaps now major legislation could be drafted to fight the depression — legislation that would not be declared *ultra vires* for contravening provincial rights.

Such legislation would take time. What could be done immediately to cope with the growing army of unemployed? General A. G. L. McNaughton, Chief of the General Staff had a suggestion: place all single unemployed in labor camps scattered across the country and administered by the defence department. Bennett agreed and the legislation passed by the 1932 session of Parliament gave these young men free board and lodging plus twenty cents a day. Bennett's decision to place these camps under the army's jurisdiction reflected

his growing fear that violence might break out. His uneasiness was never more apparent than when unemployed laborers held a convention in Ottawa while this 1932 parliament was in session. Bennett agreed to meet a small delegation but he took no chances. An armoured car was stationed on Parliament Hill; armed detachments of RCMP patrolled the East and West Blocks and a mounted force was kept hidden behind the Centre Block. Inside the House, the Labor M.P., J. S. Woodsworth, asked the government to repeal Section 98 of the Criminal Code. Bennett led the opposition to this motion which was quickly defeated, but the government did not escape criticism for its show of force. The *Ottawa Journal*, a Conservative newspaper, protested that "this Chicago-like flaunting of firearms . . . smacks more of fascism than of Canadian constitutional authority."

A few weeks later, on July 21, 1932 the Empire seemed to converge on Ottawa. Bennett's big moment had arrived: the Imperial Economic Conference was finally underway. Officially at any rate, the press and the politicians could set aside the ugly sights of the depression and marvel at and revel in the glamour of garden parties and high state functions for visiting Prime Ministers and Maharajahs. The conference held only two public sessions, but Ottawa soon buzzed with rumours. C. H. Cahan was reported to be ready to resign if Bennett did not protect Montreal's textile interests. Neville Chamberlain, Britain's Chancellor of the Exchequer, thought Bennett was trying to drive too hard a bargain. Undoubtedly the negotiations were bitter and in the end Bennett seemed to get his way. So for that matter did Cahan, for Canadian textiles continued to receive tariff protection. Britain granted Canada preferential duties on wheat, lumber, apples and bacon, in return for the same treatment for British manufactured goods. Similar bi-lateral agreements were signed between Canada and other Commonwealth countries. The conference ended as it had begun, with official smiles and expressions of Empire solidarity. In the months following, the Ottawa agreements helped Canada's trade with Britain, but they had little immediate impact on the 650,000 unemployed. By 1934, the three largest textile companies were reporting their highest trading profits since 1929 but they were still paying wages as low as nine cents an hour.

III. Bennett Discovers America, 1932-1933

Mid-summer of 1932 proved to be a turning point for the Bennett administration. Somewhat reluctantly and even before the Ottawa conference, it began shifting its focus away from London and towards Washington. On June 21, 1932, the United States Congress passed a new revenue act which would in effect exclude Canadian lumber, and base metals. Bennett instructed his trade and

tariff experts to prepare a trade proposal offering the United States the 'most-favoured nation' rates.

While the Ottawa talks were in progress, Bennett's brother-in-law and Canada's Minister to Washington, W. D. Herridge, completed negotiations for the St. Lawrence Deep Waterway Treaty, which was signed by the two governments in July, 1932, only to be rejected later by the United States Congress. By November, Herridge was establishing contacts with the advisory team being assembled by president-elect Franklin D. Roosevelt. Bennett went to London once more early in the new year, but upon his return he instructed Herridge to indicate Canada's desire for a reciprocal trade agreement with the United States. April found Bennett in Washington paying his respects and making himself known to President Roosevelt. Other heads of states were there for what the press called "The Washington Conversations", which actually were the prelude to the World Monetary and Economic Conference to be held in London.

No cabinet colleagues accompanied Bennett to Washington and when he went on to London, he was joined only by his Minister of Finance, Edgar Rhodes plus senior advisors from the Civil Service. Despite lengthy deliberations, the conference failed to establish a common base upon which to revitalize world trade. However, a memorandum submitted by the American Secretary of State, Cordell Hull, led directly to formal negotiations between his country and Canada for a trade agreement. The end result was to be the 1935 Reciprocity agreement, signed just one month after the Bennett government had gone down to defeat.

Bennett returned to London a few weeks later to chair the World Wheat Conference but it achieved even less than the monetary talks. Throughout the summer of 1933, Herridge in Washington was becoming more enthused about Roosevelt's new legislative program, the New Deal, and by September he was urging Bennett to consider the temporary suspension of laissez faire and to start a public works program that might tie in with reciprocity. Bennett got more suggestions at the Newmarket Summer School held by the Conservative Party. A Toronto sociologist recommended a Dominion Board of Employment Stabilization similar to one being organized by President Roosevelt. But Bennett would have none of it: "Canada was not going to try to keep up with the Jones'." And he had already given his answer to J. S. Woodsworth, now the leader of the Co-Operative Commonwealth Federation, Canada's socialist party:

What do they offer you for dumping you in the mud? Socialism, communism, dictatorship . . . And we know that throughout Canada this propaganda is being put forward by organizations from foreign lands that seek to

destroy our institutions. And we ask every man and woman to put the iron heel of ruthlessness against a thing of that kind.

These new doctrines, declared Bennett, meant the withdrawal "of the rights of an individual to invest his 'ten talents' and reap for himself and his family of his foresight and his genius". Clearly, R. B. Bennett was not ready in 1933 to leave the known paths that had enabled him, in another era, to invest his 'ten talents' and reap rich rewards. Socialism was definitely not the answer, and neither was Roosevelt's New Deal. Bennett's 1933 budget continued its relief policy begun three years earlier; it allotted \$25 millions to provide, as the government saw fit, for the 1,357,562 men, women and children officially acknowledged to be on relief.

IV. The Revolt of H. H. Stevens: 1934

In retrospect, one wonders why H. H. Stevens waited until 1934 to reject Bennett's "wait-it-out policy". This capable Minister of Trade and Commerce had been a faithful party man ever since he and Bennett had entered Parliament as freshmen back in 1911. Unlike Bennett, who became his desk-mate, Stevens was a man of modest means who remained in federal politics at considerable personal sacrifice. And to increase his sense of frustration, Stevens seemed to have little influence on Bennett. After a parliamentary investigation of the dairy industry in 1933, Stevens suggested that the federal government provide "reasonable supervision" to ensure milk producers an equitable share of the profits, but Bennett would have none of this. In June, 1933, Stevens told Bennett he planned to move into provincial politics and to contend the leadership of the B. C. Tories, and once again, as had been the case before the 1930 election, Bennett got him to change his mind.

During the autumn of 1933, Stevens faced more and more evidence that the depression was getting worse. The managing director of the Canadian Manufacturers' Association appealed to him as Minister of Trade and Commerce to help prevent "over 200 small manufacturers being driven into bankruptcy" by the mass-buying practices of department and chain stores. Another informant told him of sweatshop conditions in the clothing trade, so once more he wrote Bennett suggesting that "a fair wage officer of the labour department might be asked to investigate" working conditions in those factories filling government contracts. Bennett did not reply. In October, Stevens told a Winnipeg meeting that "if private enterprise fails to find a solution" to the desperate plight of wheat and livestock farmers, "then the government may have to step in". For further evidence, a Manitoba farmer sent him a receipt from the Winnipeg Stockyards showing a net return of \$5.82 per head from the sale of eleven pure-bred Shorthorns.

The beginning of the end to Stevens' career as an orthodox Tory came January 15, 1934 when he agreed to substitute for Bennett as the keynote speaker at the national convention in Toronto of boot and shoe manufacturers. Mentioning no firm by name, Stevens railed against the large retailers, especially in the clothing trade for misusing their buying power by forcing hard-pressed manufacturers to give them price concessions. The result was sweated labor and Stevens warned businessmen to correct these conditions before the capitalist system was destroyed, taking with it that "finest expression of democratic life", the independent businessman. When Bennett returned to Ottawa from Calgary three days later, he was confronted by the legal counsels for the T. Eaton Company and the Robert Simpson Company, demanding that Stevens make a public retraction. Bennett concurred, whereupon, Stevens handed in his resignation. Bennett refused to accept it and instead got Stevens to agree to chair a Commons committee to investigate the pricing and mass-buying practices of the larger businesses, especially those in meat-packing and merchandizing. By the time that committee had been forced to suspend its investigation with Parliament's prorogation in June, 1934, Stevens had emerged as the champion of what one critic called "the masses and the asses". The open hearings had revealed that Canada Packers since 1927 had made profits averaging \$900,000 a year, while paying farmers as low as 1½ cents a pound for beef that retailed for 19 cents. The T. Eaton Company in 1933 had paid its 40 directors an average of \$35,000 each while paying its 25,736 other employees salaries averaging \$970. In short, according to the evidence carefully marshalled by the Committee's auditor-investigators and by the Retail Merchants' Association, and emphasized by Stevens in his unofficial role of crown prosecutor, the larger the firm, the greater its profits and the lower its wages. There was much more to be revealed and Bennett agreed that the inquiry should continue in October as a Royal Commission with Stevens as chairman.

During the summer, Stevens was extremely successful in keeping the inquiry before the public. Shortly before the House recessed, he spoke before a Study Group of Conservative members. Then he printed up 3,000 copies of his speech and sent them far and wide. Among the recipients were several Liberal newspapers, including the *Winnipeg Free Press*, which published the pamphlet.

C. L. Burton, president of the Robert Simpson Company, promptly informed Bennett that he would sue unless Stevens made a public apology. Up until this point, Bennett had not even heard of the pamphlet, but he frantically retrieved as many copies as he could and informed Stevens that he wanted an explanation. Apparently it was satisfactory, because Burton did not sue and a few days later Bennett departed for Geneva to represent Canada at the

League of Nations. During the Prime Minister's latest absence, five by-elections took place in Ontario and the Conservatives lost all but one. When he returned in mid-October, his cabinet was divided over Stevens' actions, and at the first meeting, C. H. Cahan launched a tirade against Stevens, demanding that he make a public apology to the Robert Simpson Company. Bennett said nothing and Stevens concluded that his leader did not support him. When Cahan told a Liberal newsman that Stevens would be asked to apologize, Stevens resigned from the cabinet, but not from the party. His resignation, the second in ten months, was accepted by Bennett who also named a new chairman of the Royal Commission on Price Spreads. When the inquiry was renewed in November, Stevens continued to dominate it and remained the centre of interest until after the Price Spreads report was tabled in April, 1935.

V. 1934: Bennett's First Legislative Break-Through

A glance through the legislation passed during Bennett's first three years in office suggests a most conservative approach. Bennett seemed determined to wait out the depression and Stevens' decision to don the crusader's mantle in January, 1934 could be explained as the end of one man's patience with this approach. His Price Spreads inquiry might well have been the catalyst that aroused Bennett to legislative action. Thus, while Stevens and his Parliamentary Committee were interrogating business leaders, the Commons began its bitterest debate since Bennett took office.

On March 15, 1934, the Minister of Agriculture, Robert Weir, introduced the Natural Products Marketing bill, which would give a Dominion Marketing Board wide powers "to regulate the movement, direct the sale, without the power of buying and selling or of fixing prices", of a long list of products ranging from meat and wool to wheat and lumber. In effect, it would place the largest sector of the Canadian economy directly under the supervision of the federal government. A better way to end laissez faire would be difficult to find. Actually, the bill was similar to a British Columbia Produce Marketing Act which had worked well for three years until a B.C. court decision ruled that its Stabilization Board violated the federal Combines Act. Mackenzie King agreed with the principles of the federal bill but objected strongly to its compulsory features. After weeks of speeches and amendments, the C.C.F. members and W. R. Motherwell, former Liberal Minister of Agriculture, voted with the government to give the Marketing bill third and final reading.

In sharp contrast to this bitter struggle, the House gave prompt approval to the Farmers' Credit Arrangement Act, designed to end the burden of farm indebtedness by getting around the rigidity of the Bankruptcy act. Considering Bennett's earlier adamant stand

that all Canadians must be made to pay their debts, the appearance of this legislation indicated that three years of crop failures, grasshopper plagues and dust storms had finally convinced Bennett that the old debt rules could no longer be enforced.

The same spirit of near unanimity prevailed during discussions of a major revision of the Companies Act, which placed far greater restrictions upon promotion and share underwriting. Still another act of immediate interest to the corporate world was the Bank of Canada Act, which observers agreed at the time was long overdue. Britain, France, the United States and most western capitalist nations had had central banks for years.

All these legal landmarks had little immediate relevance to thousands of destitute citizens existing on hand-outs and relief vouchers or to the unemployed single men pining away in defence department labor camps on twenty cents a day. It mattered little to them that Bennett's closest advisors had been working since 1933 on an Employment and Social Insurance Bill. Neither could they appreciate the formidable constitutional obstacles that had delayed its appearance. All they could comprehend was the continued depression. And they could not help but be aware of the exciting experiments being tried by President Roosevelt. Like most Americans, Canadian citizens rarely missed his frequent Sunday evening "fireside chats" on the radio, explaining the latest developments in the New Deal. What was Bennett doing? Where was his 'new deal'? Canadians would soon know, for as the year 1934 dragged to its dismal end, Bennett was preparing to take to the airwaves. His broadcasts would not be fireside chats as much as sermons from the mount.

VI. Bennett's Last Stand: He Proclaims His New Deal.

Like a sleeping volcano the Prime Minister broke his year-long self-imposed moratorium on public speeches with a promise late in December to introduce unemployment insurance when Parliament reconvened in January. He would give more details in a series of national broadcasts early in 1935. On January 2, the first of his five 'New Deal' broadcasts fell on the unsuspecting public and his dismayed cabinet. Not one of his colleagues had known beforehand that Bennett would proclaim that there could be no permanent recovery without government control and regulation. "It means the end of laissez faire." Why had he waited four long years? Bennett answered that "we had first to save the ship and guide it into less troubled waters." The *Montreal Gazette*, long regarded as the voice of big business and all right-thinking Conservatives, editorialized that Bennett had "shocked and startled" the people especially those of Conservative leanings.

The second broadcast two nights later promised legislation establishing a uniform wage, an eight-hour day, a maximum work week, "a sound and scientific unemployment insurance", new health, accident and sickness insurance, an old age pension to replace "the present obsolete act" and higher taxes for those non-producers who derived their income from securities. Farmers' debts would be scaled down and a bill would be introduced to provide protection against exploitation of producers "by monopolistic purchasers and certain types of middle-men who are economic parasites."

The voice belonged to Canada's millionaire lawyer Prime Minister, but surely Harry Stevens, 'Mr. Price Spreads', wrote the words? No. The *Montreal Gazette* was closer to the mark: Bennett's promise of an Economic Council sounded "like a brain-trust, another importation from Washington". The speeches had indeed come from Washington, by way of W. D. Herridge, who had been bombarding his brother-in-law with long memos and frequent visits over the past six months. Herridge had been 'sold' on Roosevelt's New Deal, and his flamboyant phrasing often was transferred with few alterations to the radio scripts. (The other speech-writer who actually prepared the last three of the five broadcasts was R. K. Finlayson, a Winnipeg lawyer who had been Bennett's executive assistant and travelling companion since 1932).

Working through R. J. Manion, the Minister of Railways and Canals, Herridge tried to effect a reconciliation between Bennett and Stevens. He was nearly successful, for while Parliament re-assembled to consider the Employment and Social Insurance Bill, Bennett and his former minister did meet. At this point, what Herridge was hoping would happen was a Bennett-Stevens reconciliation, the passage of the bills referred to in the New Deal broadcasts, and finally a dramatic appeal to the electorate. What did occur was enough to finish a political party for a generation. A few days after talking with Stevens, Bennett fell ill and was confined to his suite in the Chateau Laurier for the next four weeks. The only parts of his New Deal legislation he had been able to introduce were bills to ratify six draft conventions passed in 1919 and 1922 by the International Labor Organization of the League of Nations. These included the 48-Hour Week Bill, the Weekly Day of Rest Bill and the Minimum Wages Bill. Bennett had argued in presenting these bills that they fell under section 132 of the British North America Act, whereby the federal government had the right to legislate to fulfill treaty obligations. The Liberal opposition strongly disagreed but the bills were passed without much delay.

Bennett's long absence from the House was most conspicuous on April 12 when R. B. Hanson, successor to Stevens as Minister of Trade and Commerce, tabled the long-awaited report of the Royal

Commission on Price Spreads. Mackenzie King, acting as the devil's advocate, provoked Stevens into defending his actions leading to his resignation, and this in turn brought C. H. Cahan to his feet to defend his leader. Thus the great rift in the Bennett administration was bared once more for all to see, and to read in the pages of Hansard. Four days later, Bennett left his sick bed to attend the Silver Jubilee celebrations in London. This latest trip seemed to substantiate rumours of his impending retirement to an English lordship. Meanwhile, the Commons debated a bill implementing the major recommendation of the Price Spreads Report. This was the Federal Trade and Industry bill giving the government sweeping powers to regulate industry.

In mid-May, while Bennett was returning home, Stevens renewed his public criticisms of big business, charging that fifty percent of the nation's wealth was controlled by twelve men — and he could name them and their companies. A clash seemed to be imminent between Stevens and Bennett, but Bennett bided his time. He returned to the Commons May 20 but did not make a major speech until the second reading of the Canadian Wheat Board Bill. He let his Minister of Justice, Guthrie, introduce three significant amendments to the Criminal Code — amendments intending to implement the Price Spreads recommendations regarding false advertising, minimum wages and trade discrimination. Guthrie admitted that some of the clauses to his bill had already been declared beyond federal jurisdiction by government legal advisors but he was submitting them for discussion. Stevens listened to these qualifications in silence but he told Parliamentary reporters that in his view, "these reform bills are inadequate. I have no patience with this government's attitude of waiting for legal opinions." As for Mackenzie King, he was simply waiting. He offered almost no major criticism of these so-called New Deal bills, indicating that the Liberals would press later for the higher courts to declare on their validity. The wisdom of this stand was supported on May 27, 1935 when Chief Justice Hughes of the United States Supreme Court declared Roosevelt's National Industrial Recovery Act unconstitutional. Of course, the Canadian situation was not completely analogous, but Justice Hughes' statement that "extraordinary conditions do not create or enlarge constitutional powers" was to be repeated in almost identical terms by the Privy Council two years later when it handed down its judgments on Bennett's legislation.

Bennett seemed to have premonitions of this future judgement when he and Stevens had their long-expected confrontation in the Commons on June 19. He accused Stevens of recommending legislation in the Price Spreads Report similar to acts passed in 1920 that were later ruled unconstitutional by the courts. He referred as well to the United States Supreme Courts decision, asking how many

members had considered "the relevancy of the reasoning in that case to ours". If Stevens had rebutted Bennett's arguments, no doubt he would have asked if the constitutional implications had been duly considered when Bennett delivered his New Deal broadcasts. But Stevens did not reply and the Tory response to Bennett's speech indicated a closing of ranks behind their leader.

Even as this bitter debate was being aired, events were building up to remind all politicians that the depression was far from over. The inmates of the government labor camps in British Columbia had begun a 'March on Ottawa' and by mid-June had reached Regina. According to the Minister of Justice, they were being led by "certain communist elements", a view Bennett could support after he had met with Arthur Evans, a self-declared communist and his delegation of marchers. This meeting broke up with Evans calling Bennett a liar and warning that his Government would have to take the responsibility for any trouble. It came on Dominion Day when a riot broke out in Regina's market square. A policeman and a marcher died, many were injured and scores were arrested before the RCMP and city police restored order. The next day in the Commons, the C.C.F. leader, Woodsworth said that many of these unemployed had been "interned for nearly four years" and added that if the Government continued to maintain their attitude of the past few weeks, there would be more clashes. Mackenzie King read a telegram from Saskatchewan's Liberal Premier, J. G. Gardiner, warning that unless food was supplied to the marchers, "this will end in a worse riot than last night". Stevens added his bit by urging the Commons "to be extremely lenient in its judgment of the boys" since they had been led astray by Communist agitators "or other evil-disposed persons".

VII. The 1935 Election: A Tory Rout

The Regina riot was not repeated but it served as a dismal valedictory to Bennett's five year fight against the depression. On June 20th, he announced that he would remain as Conservative leader and lead his party in a general election. Parliament was prorogued on July 5 and the next day Stevens announced that he would lead a Reconstruction Party "to re-establish Canada's industrial, economic and social life to the benefit of the great majority". No leading Conservatives joined Stevens but many Tory back-benchers declined to re-offer. In Quebec the former provincial organizer in the 1930 campaign, Jacques Cartier, resigned his post as Vice Chairman of the Radio Commission to become provincial organizer for the Reconstruction Party. By the time nominations had closed for the October 14 general election, there were 174 Reconstruction candidates, most of them political novices with 33 farmers forming the largest single group. For a time it appeared likely that Stevens would join forces with the United Farmers of Alberta. He met with

William Aberhart, in an effort to work out an arrangement whereby the Social Crediters would not contest federally, but this plan fell through and Aberhart went on from his sweep of Alberta in August to send fifteen Social Credit M.P.s from his province alone. After a coast-to-coast tour, Stevens concentrated his efforts in Ontario, which provided 76 of the Reconstruction candidates.

Bennett did his best to ignore the Stevens phenomenon and was even more reticent to discuss his 'New Deal.' Instead he stressed the importance of the Ottawa trade agreements in creating more jobs and the fact that "no Canadian bank has closed its doors; no Canadian insurance company has failed to meet a legitimate claim". The Conservative government had done everything that could be done under the British North America Act. "Our next step forward is to amend the constitution. I ask you to give me a mandate to take that forward step." Bennett seemed to be fighting alone. Only a corporal's guard remained of his original cabinet: one had died and eight had decided not to run.

Considering the sad state of the Conservatives, and the appearance of the Reconstruction, the C.C.F. and the Social Credit parties, the Liberal decision to adopt as its campaign slogan "King or Chaos" was eminently sound. Even so, few were ready to predict the election's outcome, except that it would produce a Liberal victory. Only 39 Conservatives were successful, including Bennett and three of his original cabinet, C. H. Cahan, Sir George Perley and H. A. Stewart. It was the worst Tory showing since Confederation and many, including Sir Robert Borden blamed Stevens, the only Reconstructionist to be elected. In 62 ridings, including more than half of those in Ontario, where Stevens had campaigned most extensively, the combined Conservative and Reconstruction vote would have defeated the successful Liberal candidates. But this does not explain the 386, 484 votes polled by the C.C.F., which elected seven western members. Perhaps the most accurate summation of the results came from a Canadian political scientist, Escott Reid, who wrote shortly afterwards: "The election merely demonstrated the wisdom of the Liberal Party to have no policy. The Liberals counted on the depression to defeat any government and it did."

VIII. Conclusions

It is difficult for most Canadians to associate Bennett's name with pleasant or positive events. After his resounding victory in 1930, his path followed the nation's down the Depression's road to despair and stagnation. The high hopes he had placed in the Ottawa conference were never realized; his cabinet was split asunder by Stevens' defection and most of those who did remain finally fled to the safety of the Senate or government commissions rather than face

another election. The New Deal legislation was damned even by some of the ministers who introduced it, and within two years most of it was declared unconstitutional by the highest court in the realm. Finally, there was Bennett's personality. By his handling of the unemployed marchers, of the communists and those who refused to remain passively on relief — in fact all those who did not agree with him and his approach, Bennett's manner was oppressive, arrogant and cold.

Now that the Depression is a full generation behind us and Bennett has been dead twenty years, perhaps his role can be assessed with less of the bitterness generated by the Hungry Thirties.

Over the years, one impression has remained constant: Bennett was no politician. He was a successful corporation lawyer who took on the Dominion of Canada as his client for five years. He applied the same legalistic principles to the problems posed by the Depression as he had used when defending the interests of a client like the Royal Bank of Canada. It is difficult to escape or to avoid the rigid legal framework which binds our political system, but if Bennett had had fewer bank and insurance clients and more 'people' clients, if he had been a married man with a family, he probably would have shown more sympathy and compassion for his less fortunate compatriots. When he entered the Prime Minister's office in 1930 at the age of sixty, his views and values had been formed; (his critics would say they had congealed). Bennett fought the depression like the expert corporation lawyer he was, and when by 1934 those efforts seemed to be of little avail, he was preparing to retire to England. As he admitted to Lord Beaverbrook, he would have quit in 1934 if it had not been for Harry Stevens.

No wonder Bennett's New Deal broadcasts lacked conviction. Here was no Canadian version of Franklin Roosevelt. This was a tired and aging leader desperately anxious to quit the political stage but unable to do so because he lacked the political sagacity and the humility to find a convenient exit.

Bennett's historic contribution rests on his recognition of the need to increase the federal government's control of the economy. His legislative attempt was thwarted by the Judicial Committee of the Privy Council. With few exceptions mostly from the province of Quebec, the Canadian legal fraternity denounced the decisions and demanded that Canada assume the responsibility for interpreting her constitution. Bora Laskin, later to be a member of the Ontario Supreme Court, wrote in 1947 that the Judicial Committee's performance was "surely a monument to judicial rigidity and to a complacency which admits of no respectable explanation unless it be that the blinders fashioned by Viscount Haldane's opinions permitted no deviation from the course on which he set Canadian constitutional

interpretation." Canada abolished appeals to the Privy Council in 1949 and by that time the King government had passed an Unemployment Insurance Act similar to Bennett's version. The Liberals also established an Economic Council but Canadians are still waiting for another legislative assault on the corporate elite that for a century has controlled their destiny. It is ironic that the first attempt was launched by a Conservative Prime Minister who was also a millionaire corporation lawyer. Bennett's legislative efforts to create a juster society remain the best to date.

BIBLIOGRAPHICAL NOTE

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