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In This Issue

REFORM FOR SECURITY

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Introduction to Volume Two of "The Canadian"

THE CANADIAN was first published in February, 1930. In an introductory to the first issue, these statements were made:

> The purpose of this publication is to discuss with you National Affairs. It will deal with the political issues which you must decide. You may rely with the utmost confidence upon the accuracy of every reference recorded herein, whether you use the material for addresses, or in discussion with your friends. The Conservative Party is well content to accept the judgment and abide by the decision of the enlightened Canadian electorate.

That plain straightforward declaration of policy applies in its entirety to the 1935 issues of *The Canadian,* as it did to those published in 1930. The notable achievements of your government during four years of the most difficult times in Canada's history will be placed before you, from the authentic records. As against those achievements you will be invited to study the record of the Opposition, under the leadership of Mr. King.

When the record is complete, the sovereign voters will make their choice.

Save the Issues. Together they will provide a Speakers' text book on the political problems of the day.

THE RIGHT HONOURABLE RICHARD BEDFORD BENNETT, P.C., K.C.M.P.
Prime Minister of Canada

First Let Us Consider the Facts

CANADIANS, as a whole, are notably a prudent and a patriotic people. We are not afflicted with attacks of mob hysteria, nor do we leap hastily to conclusions. It is the Canadian habit of thought, especially in political matters, to weigh all the evidence carefully, and then to return a verdict after due deliberation.

Already there are many clear indications that the plan of campaign to be followed by the Leader of the Opposition and his party during the coming Dominion general election aims to blame the period of world depression from which Canada is now steadily emerging, upon the Government elected in July, 1930, headed by Premier Bennett. The most vociferous of the Opposition spokesmen are striving frantically to persuade the voters that the difficult experiences of the past four years, unemployment, business lassitude, even drought conditions in the West, are directly chargeable to Mr. Bennett's administration.

It is essential in order that a clear and accurate view of the situation as it exists to-day may be obtained, to keep continually in mind the basic fact that **the depression was NOT Mr. Bennett's responsibility.**

MR. KING'S RECORD

Let us study for a moment some recent Canadian political history. The Rt. Hon. William Lyon Mackenzie King led his party to power in the general election of 1921. In that year Mr. King became Prime Minister of Canada for the first time. He continued in office until 1926. Between July and September, 1926, a Conservative government was in power with the Rt. Hon. Arthur Meighen as Premier, but the general election of the autumn of that year again returned Mr. King's party to power and Mr. King to the Premiership. He remained in that high office from 1926 until the summer of 1930, when the Liberal-Conservative Party, with Mr. Bennett at its head, swept the country.

With the exception of those three months of 1926, Mr. King was at the head of the Dominion government from 1921 to 1930. His administrations enjoyed all the advantages of the so-called boom years; he must also accept the responsibility for them. His administrations steered the course which dashed Canada on the rocks in 1929. While the King governments cannot in fairness be blamed for adverse conditions in Canada directly due to adverse conditions in other parts of the world, they must accept responsibility for those adverse domestic conditions which clearly are the result of their extravagance, maladministration and recklessness while they were in control. Whatever was lacking in leadership between 1921 and 1930 was lacking in the leadership of Mr. King. The follies of the "boom" years are the follies of succeeding King governments. **The bubble that burst on the Montreal and Toronto stock exchanges in the autumn of 1929 was Mr. King's bubble—NOT Mr. Bennett's.**

Mr. King's friends will claim that none of the 1929 debacle was his fault. That no human being could have foreseen the crash, or have in any degree averted it. Not so.

MR. BENNETT'S WARNING

In June, 1928, sixteen months before the collapse of October, 1929, Mr. Bennett, on the floor of the House of Commons issued a clear concise and unmistakable warning of the disaster ahead. The date was June 8th (*Hansard, 1928, Page 4044*) and this is what Mr. Bennett said:

"Do you realize, sir, that this great speculative era that we now have on the American continent is one fraught with possibilities of the gravest disaster for this country? The brokers' loans alone in New York last week were over $5,000,000,000, an unheard of figure. In this country speculation is rampant. Some people imagine that trading in pieces of paper upon which are engraved words and figures constitutes the creation of new wealth. It is not so. The new wealth of the country is being created by the application of labour and capital to the natural resources of the country, and this trading in stock certificates, **this great era of speculation in this country, and on this continent, is one fraught with possibilities of the gravest dangers to Canada, because we have not, as they have in the United**

States, a vast accummulation of wealth that will enable us to meet the approaching conditions with ease.

"Look at the movement of securities; look at the movement of gold; look at every indication there is with respect to speculation in this country. I know great brokerage houses that have declined to take new accounts in this country for over twelve months, one perhaps the greatest brokerage house in this country, because they fear what they see in the distance. But no one in the government seems to care, and if we point out the conditions we are "pessimists", if we venture to direct attention to the conditions we are "decrying our country". That is the talk that the honourable gentlemen hurl at us and before the country. But I recall the language of one who was regarded in after years as one of the very greatest of British statesmen, who observed that when their orgy was through, when they had at last recovered from the debauch in which they were then enjoying themselves, possibly, then in their sober and quiet moments they would look back and recall the warning that had been given by those who, looking into the future as best they could, guided by those economic signs that were apparent, and by beacon lights warning of the future, had pointed out the conditions as they also had come to pass. You perhaps will look back upon our warnings, **and perhaps remember with at least some degree of fair minded justice the observations that were made by those of us who have pointed out the national disaster that is inevitable if this orgy of mad expenditure continues."**

LAISSEZ FAIRE

Surely no words of warning could have been spoken, more definite, more sincere, more positive than were contained in that speech of Mr. Bennett's, made more than a year before the crash of 1929. What did the King government do? The King government politely disregarded Mr. Bennett's admonitions. The King government went serenely upon its way, blandly assuring the country that everything was for the best in the best of all possible worlds. The King government spent money like the proverbial drunken sailor—money borrowed at high interest rates, against mortgages on future taxation—on extravagent and unnecessary railway and hotel projects, on surplus public works. **The King Government increased the cost of**

living, and multiplied taxation even in prosperous years with no such demands on the treasury as the present government has been called upon to meet. The recklessness of the margin stock speculator was paralleled by the recklessness of the administration, right up to the day of the crash, and afterward.

Canadian citizens, proud of their country, loving their country, can never forget that it was Mr. King who piloted the ship of state on to the reefs of the depression in 1929.

The Financial Chaos of Mr. King

WHEN the Liberal government was swept from power under the Conservative landslide of 1930, a financial baby was left on the doorstep of The Hon. R. B. Bennett, the new Prime Minister, that could be satisfied only by the expenditure of $254,327,000. Here was a mammoth debt child, whose greedy appetite for dollars and cents had been fostered during the "boom" years leading up to 1929, but whose diet had not been balanced to fit the purse of the government mother feeding it.

But—definite promises had been made by Mr. King that it should have this luxury and that—promises which Mr. Bennett, when he took over care of this baby with a prodigious financial appetite, could not honourably repudiate. **So, in addition to the tremendous task of assuming the added financial burdens that grew greater as economic resources steadily grew less, the Bennett Government shouldered responsibilities of Liberal government contractual commitments to the tune of $254,327,000.**

Let us examine the construction of this mountain of obligation, details of which are contained in a statement issued in January, 1935, by Hon. Edgar N. Rhodes, Minister of Finance. Seventy-eight million dollars was under the heading of Dominion government contractual obligations and was itemized as follows:

Dept. of Agriculture, subsidies, cold storage warehouses	$1,100,000
Indian education, new buildings	394,000
Dept. of Marine, including River St. Lawrence Ship Channel, dredging, construction of dams, ice-breakers, etc.	6,400,000
Dept. of National Defence, naval services, construction of destroyers	1,794,000
Post Office Dept., air mail service contracts	4,000,000
Dept. of Public Works, public buildings, harbours and rivers, dry dock subsidies	32,500,000
Dept. of Railways & Canals, including Welland Ship Canal, Hudson Bay Railway	11,400,000
Dept. of Trade & Commerce, construction of elevators and subsidies	4,300,000
Other	16,112,000
	$78,000,000

On account of the Canadian National Railways, the programme of expenditures uncompleted and unfinanced—branch lines, terminals, hotels, etc.—was $155,000,000, made up as follows:

Branch lines	$17,900,000
Toronto Terminals construction	2,300,000
Montreal Terminals construction	42,000,000
Acquisition of railways	15,700,000
Manitoba Northern Railway construction	9,000,000
Hotel construction	9,400,000
1930 Budget of Railways	58,700,000
	$155,000,000

Further details regarding this obligation, together with Prime Minister R. B. Bennett's observations made on the subject in his Budget speech of 1931, will be found elsewhere in this issue.

Other obligations which had to be assumed totalled the imposing sum of $21,327,000. Of this amount, $6,000,000 was for unauthorized commitments (again see Mr. Bennett's remarks about this in the 1931 Budget speech reproduced in this issue) and the balance for authorized expenditures to various harbour commissions. On August first, 1930, the various harbour commissions had uncompleted approved programmes of works amounting to $15,327,000 which, together with the $6,000,000 of unauthorized commitments, make up the total of $21,327,000. Here are the details:

Halifax	$2,187,000
Saint John	2,025,000
Three Rivers	1,080,000
Chicoutimi	909,000
Montreal	4,829,000
Vancouver	952,000
Quebec	3,345,000
	$15,327,000
Unauthorized commitments, Saint John and Halifax	6,000,000
	$21,327,000

Seventy-eight million dollars of contractual obligations, one hundred and fifty-five million dollars of Canadian National uncompleted expenditures, and twenty-one million, three hundred and twenty-seven thousand dollars of other obligations (part unauthorized) make up the colossal sum of two hundred and fifty-four million, three hundred and twenty-seven thousand dollars which the Bennett government had to shoulder in 1930 on account of Mr. King's pre-election extravagance.

Unauthorized Commitments

INCLUDED in the quarter of a billion dollars of obligations which Prime Minister R. B. Bennett and the Conservative government had to assume when they took office in 1930 was an item of six million dollars under the heading "Unauthorized commitments (Saint John and Halifax)."

Here is yet another example of the carelessly optimistic methods of financing which prevailed under the Liberal govern-

ment of 1926-30. Little more comment is necessary than that **of** the Prime Minister in his first Budget speech in 1931. He **said** (*Hansard, 1931, page 2169*):

> "While on the subject of our commitments for the year, let me say that contractual obligations entered into by the harbour commissions of Halifax and Saint John under the former administration involving millions of dollars of expenditure for which no parliamentary sanction was in existence will add materially to our financial requirements. It will be necessary for the government to ask parliament to make provision for the implementing of these contracts. The whole matter is under investigation and report, but it is possible to say that the amounts involved in these contracts and in ancillary expenditures which are recommended to render the main projects of commercial value will be over $6,000,000, divided about equally between these ports. Also, in respect of the elevator built in 1927 at New Westminster but not yet in operation, some $300,000, in addition to $700,000 already provided by way of guarantee of securities, is asked of this administration to meet commitments made but not provided for."

The New Westminster elevator is another example of Liberal methods. **"Commitments made but not provided for" probably enabled the 1926-30 administration to make a better financial showing because they did not appear in the annual balance sheet of the country's position.**

High Financing and the C.N.R.

MORE than two hundred millions of dollars was the amount to which the Liberal government committed the taxpayers on Canadian National Railways account in 1929, apart from interest and operating charges.

Of this sum one hundred and fifty-five million dollars represented the balance of the programme of expenditures, uncompleted and unfinanced, for branch lines, terminals, hotels and other undertakings which the government of Mr. Mackenzie King had contracted to finance for the Canadian National Railways and left as one of the major financial problems that the incoming Conservative administration of 1930 had to face. Detailed statistics of this stupendous figure, which will be found elsewhere in this issue, are contained in a statement of the commitment of the government on August 1, 1930, released in January, 1935, by Hon. Edgar N. Rhodes, Minister of Finance.

This Liberal legacy of trouble was but the left-over of a colossal spending programme instituted by the Mackenzie King governments after the amalgamation of the lines in 1923. The prodigality of Mr. King and his administrations was clearly dealt with by Prime Minister R. B. Bennett in his first Budget speech in 1931 (*Hansard, 1931, pages 2159-2161*), a résumé of which follows.

HUGE DEBT INCREASE

Examination of the results of the eight years of operation to 1931 show that some 400 millions of dollars were added to the C.N.R. investment account for the construction and acquisition of lines, for terminals, hotels, new equipment. This increase in debt added to the annual interest charges on the system almost twenty million dollars, or about fifty-five per cent. Considering the result of operations over the period, Mr. Bennett said:

"We must have in mind, on the one hand, the advantages expected to accrue from the assumption of a heavy additional obligation and, as an offsetting factor, the annual carrying charges resulting therefrom."

The balance sheet of the Canadian National Railways, through the profit and loss account, showed **a loss in the eight-year period of three hundred and forty-six million dollars.** The first and largest item of this loss was two hundred and fifty-three million dollars charged in the railway account—**but not paid**—as interest on the sum of six hundred and four million dollars of direct assistance by way of cash loans which the Liberal government had given to the company.

"As between the government and the system," Mr. Bennett declared, "this is only a bookkeeping item. **The actual burden**

of this liability was taken over by the Dominion and has been carried by the tax-payers of the country."

The balance of the loss, totalling ninety-three million dollars, was made up of eighty-six million dollars of actual deficiency of earnings in the eight-year period after charging interest due the public, but leaving aside the interest due the government, and seven million dollars representing the net debit of adjustments through profit and loss account.

These figures did not take into account the operations of the eastern lines after the passing of the Maritime Freight Rates Act in July, 1927, from which date the Liberal government contributed directly to operating losses on those lines, apart from the twenty per cent. reduction in tolls, the sum of seventeen nillion, five hundred thousand dollars.

The situation thus was that between 1923 and 1930 an additional capital liability of four hundred million dollars had been assumed in respect of the railways, involving an annual interest charge increase of twenty million dollars. **The system had failed to earn its interest charges during that period by the round sum of eighty-six million dollars, while the Liberal government had borne the carrying charges in respect of six hundred and four million dollars contributed by them direct to the system, as well as after 1927 operating losses of seventeen million, five hundred thousand dollars on eastern lines.**

NOT OPPOSED TO C.N.R.

Mentioning the difficulties of transportation systems, not unique to Canada or to the Canadian-owned system, Mr. Bennett said that to realize that in the year 1930 the gross revenues of the system were less than in 1923, notwithstanding the addition of four hundred million dollars to the investment in the property, served only to impress the seriousness of the problem. He cited the list of C.N.R. bonds guaranteed by the Dominion government as of March 31, 1931, which totalled $954,892,778.73, at rates of interest varying from three to seven per cent.

The Prime Minister then continued:

"Now, Mr. Speaker, at this point I should like to point out that there is a tendency on the part of the press supporting hon. gentlemen opposite to allege that the government is opposed to the Canadian National Railways. May I venture to declare that no man is a good Canadian who does not take time to study and realize the extent of the obligations which are being laid upon this country by this parliament. The Canadian National Railways' management cannot be charged with responsibility for this. The Canadian National Railways Act provides that the Governor-in-Council takes the position of shareholders under the Railway Act, and **when I point out the sums that have been expended and the obligations that have been created during the last eight years, I do so because it has been done at the initiation of the government which is now the official opposition. Bear that in mind. I do think there is a failure on the part of the Canadian people to understand and appreciate the extent and character of the obligations which have thus been placed upon them.** You have eighty-six million dollars of a deficit in interest earning power in the last eight years, in addition to which the people of this country paid interest on six hundred and four million dollars advanced for the running of the enterprise.

FIXING THE BLAME

"Now, I submit, sir, I would be derelict in my duty, and I believe any hon. member would be derelict in his duty, if he did not analyze and ponder these matters. And **the blame must rest with the government of the day, for the management of railway companies are always prone to submit requests for larger sums than they expect to get. Yet, so far as I have been able to ascertain, not one single capital request made by the management of the Canadian National Railways during the last eight years was refused by the late government—not one.** Is that so in any privately owned road? Go through the requisitions made on the Canadian Pacific Railway or on the Union Pacific or the Santa Fé, and you will not find that state of affairs existing. Yet the late government, for reasons best known to themselves, have put the country in the position that I have just pointed out. And I do suggest that there is no business of the nation which should so concern hon. members—who represent the shareholders in a larger way than does the governor-in-council—as that resulting in figures to which I have just directed their attention. I certainly think, and this government certainly thinks, it is most unfair and unjust, and, what is more, inimical to the well-being of the enterprise itself, to say that because you direct attention to those figures you are an enemy of the enterprise. The best friend any business enterprise has is that shareholder who carefully scrutinizes the expenditures made by the directors during the year."

Labour and Mr. King

WHATEVER may be one's opinion of the Rt. Hon. William Lyon Mackenzie King as a man of action, nobody can question his standing as a promising parliamentarian. Back in 1919, Mr. King, then as now earnestly seeking office, pledged his party to the cause of a long list of reforms designed to better the condition of the working man in Canada. In 1921 Mr. King's party was elected to power, and remained in office until 1930, except for three months in 1926.

Mr. King had ample time in which to fulfil his promises; but he did not fulfil them. Leaders of Labour in Canada know that he did not fulfil them. On January 22nd, 1935, Humphrey Mitchell, M.P., Labour member for Hamilton East, recited those promises, made in the Liberal platform of 1919. Mr. Mitchell said: (*Unrevised Hansard, Page 112*)

"That platform declared for:

> **Limiting hours of work to an eight-hour day and forty-eight hour week, along with weekly day of rest of at least twenty-four hours;**
>
> **Abolition of child labour and the imposition of limitation of the labour of young persons to assure their proper education and physical development;**
>
> **Abolition of sweatshops by setting legal standards for conditions of labour which should have due regard for the equitable economic treatment of all workers;**
>
> **Industrial control to safeguard workers' interests and shape industrial policies;**
>
> **An adequate insurance against unemployment, sickness, dependence in old age and other disabilities;**

Steps to overcome questions of jurisdiction between the Dominion and the Provinces on these matters;

Government action to deal with the high cost of living and prevent profiteering;

Payment of a wage sufficient to maintain an adequate standard of life;

The right of association for all lawful purposes for both employees and employers;

That labour shall not be regarded merely as a commodity or article of commerce; and

Enforcement of laws and regulations for the protection of the employed, etc."

On the strength of these promises and with the important assistance of Labour, Mr. King was swept into power in 1921. He held office as prime minister until 1930. Nine years he had in which to fulfil his promises of 1919. How many of the pledges were kept? **None. They were left for Mr. Bennett to fulfil.**

Plain Figures on the Net Debt

IT has become the habit of Liberals to follow the cue of their pedagogical leader in asserting that during the glorious heydey of Liberalism from 1921 to 1930, Canada's financial position was steadily improved.

Some doubts must have been engendered in the minds of even the staunchest of the Opposition members when Hon. Edgar N. Rhodes, Minister of Finance, issued recently the statement of the Dominion's direct and indirect debt as shown by Public Accounts covering the period from April 1, 1922, to March 31, 1930.

Instead of the net debt being reduced during that time, it increased by the large sum of $127,466,780. To this must be added temporary loans to the Canadian National Railways outstanding at March 31, 1930, and later assumed by the Conservative government under guaranteed or direct loans, amounting to $38,349,142. **In all, an adverse position of $165,815,922 was the result of nine years of Liberal stewardship.**

Appended is the statement of Mr. Rhodes:

Fiscal Year	Increase or Decrease in Net Debt of Canada	Increase or Decrease in Guaranteed Debt	Net Increase or Decrease
1922-23	$ 31,641,067 (Inc.)	$ 11,109,026 (Dec.)	$ 20,532,041 (Inc.)
1923-24	35,993,594 (Dec.)	71,750,000 (Inc.)	35,756,406 (Inc.)
1924-25	345,589 (Dec.)	56,287,000 (Inc.)	55,941,411 (Inc.)
1925-26	27,706,586 (Dec.)	1,500,000 (Dec.)	29,206,586 (Dec.)
1926-27	41,896,729 (Dec.)	37,379,239 (Inc.)	4,517,490 (Dec.)
1927-28	50,984,137 (Dec.)	48,725,139 (Inc.)	2,258,998 (Dec.)
1928-29	71,345,528 (Dec.)	47,480,973 (Inc.)	23,864,555 (Dec.)
1929-30	47,740,746 (Dec.)	122,825,297 (Inc.)	75,084,551 (Inc.)
	$244,371,842 (Dec.)	$371,838,622 (Inc.)	$127,466,780 (Inc.)
Add C.N.R. Temporary Loans outstanding Mar. 31, 1930, later assumed by Govt. under guaranteed or direct loans		38,349,142	38,349,142
		$410,187,764 (Inc.)	$165,815,922 (Inc.)

The above statement shows that while from April 1st, 1922, to March 31st, 1930, the net debt of Canada decreased $244,371,842, the indirect obligations represented by Dominion guaranteed securities outstanding increased by $371,838,622. In addition, at March 31st, 1930, the Canadian National Railways owed in temporary loans $38,349,142 which the Government subsequently provided for, in part, by the issue of guaranteed securities and, in part, by cash loans. The increase, therefore, in the obligations assumed for the Canadian National Railways and Harbour Commissions was $410,187,764. Combining the decrease in the net debt of Canada with the increase in indirect obligations, a net increase of liability in the eight-year period, 1922 to 1930, of $165,815,922 is arrived at, as shown by the statement.

The indirect liability was assumed on the following accounts:

Canadian National Rys. (Guaranteed)		$341,103,504	
Temporary Loans (Unguaranteed:			
Government	$21,060,542		
Banks—			
Central Vermont	8,601,600		
Manitoba Northern	8,687,000	38,349,142	$379,452,646
Canadian National (West Indies) Steamships			9,400,000
Harbour Commissioners of Montreal (South Shore Bridge)			18,500,000
New Westminster Harbour Commissioners			700,000
Saint John Harbour Commissioners			2,135,118
			$410,187,764

It would be interesting to hear what explanation, if any, the Leader of the Opposition could advance by way of refutation. Figures don't lie !

Same Old Gang!

The same men are in control of the Liberal Party as in 1930, when voted out of power. King, Lapointe, Ralston, Malcolm, Euler, Motherwell, Cardin, Stewart, Elliott, and the others are still in control. What reason is there to suppose that the men who were in office between 1921 and 1930 would be more efficient in 1935 than they were then?

Mr. King and Wheat!

The attitude of King and his men is well illustrated by the words of his former Minister of Trade and Commerce, Mr. Malcolm, *March 14, 1929, Page 948, Hansard*: "The Department of Trade and Commerce is not exercised over the sale of such commodities as wheat, because those commodities find their own market."

DO YOU REMEMBER 1929?

WALL STREET HAS ANOTHER BAD CRASH; WHEAT TURNS WEAK WITH STOCKS
Montreal Star, Oct. 28.

FRENZIED SCENES IN LOCAL MARKETS AS PRICES CRASH
Montreal Star, Oct. 29.

CANADIAN EXCHANGES HIT IN GENERAL STAMPEDE
Toronto Mail and Empire, Oct. 25.

MILLIONS IN PROFITS SWEPT AWAY AS PRICES CRASH
Manitoba Free Press, Oct. 25.

MARKETS TOTTER AS PANIC GRIPS INVESTORS
Quebec Chronicle-Telegraph, Oct. 29.

HUNDREDS OF MILLIONS LOST IN GREAT MARKET CRASH TODAY
Quebec Chronicle-Telegraph, Oct. 24.

STOCK AND GRAIN CRASH
Winnipeg Tribune, Oct. 24.

HALIFAX TRADERS LOSE HEAVILY IN STOCK MARKET DEBACLE
Halifax Chronicle, Oct. 25.

BIGGEST CRASH SINCE 1914 HITS STOCK MARKET
Montreal Gazette, Oct. 25.

DARKEST DAY IN YEARS ON MARKETS
Edmonton Bulletin, Oct. 24.

SPECULATIVE PANIC SWEEPS STOCK MARKETS; RECORD SLUMP IN LOCAL STOCKS; PANICKY TONE
Montreal Star, Oct. 24, 1929.

The above headlines appeared in Canadian newspapers between October 24th and October 28th, 1929, after eight years of "prosperity" under Mr. King's administrations, and sixteen months after Mr. Bennett had warned the country on the floor of the House of Commons, that the situation was "fraught with possibilities of the gravest disaster."

While every newspaper in the country was filled with tragic tales of panic and calamity, Prime Minister King granted an interview to a representative of *The Canadian Press*, on October 29th, 1929, in the course of which Mr. King made this amazing statement:

"Economic conditions in Canada were never more sound."

What Mr. King Did to the Farmers

MR. Mackenzie King says he is very proud of what he did for the farmers.

World markets were clamoring for goods, and Mr. King points to the wheat, cattle and other products which he sold to foreign importers during the good years.

But Mr. King was too busy chasing financial rainbows to note the decline in agricultural and other exports which started with a drastic drop in 1927 as compared with the previous fiscal years. The decline in total exports continued, right up to 1930, but Mr. King was engrossed with other things.

What was happening to the farmer? World markets for Canadian farm products were being closed rapidly. But still Mr. King did NOTHING. And more and more, the United States and other countries were finding Canada a happy dumping ground for their surplus farm products, both raw and in manufactured form.

WHEN PRICES COLLAPSED

There could be only one result of such inaction. Prices tumbled rapidly, and the farmer suddenly found himself in a worse economic plight than had ever before been his lot.

Time and time again, in those years, Mr. King ignored warnings from the floor of the House of Commons. Still more tragic, Mr. King's advisers failed in their duty to keep the farmers of Canada informed as to world trends. Hence, they were tossed into the chaos of 1929 without a Liberal hand being lifted to help them.

The failure of Mr. King's stewardship was ably summed up by Gen. J. S. Stewart, of Lethbridge, in the following words (*Hansard, 1934, pages 3065-6*):

"Canada being an exporter of agricultural products was vitally interested in and would be affected by any policies initiated in Europe. **But the King Government did not appear to realize the significance of the policies initiated in the European countries, and certainly made no attempt to warn the**

farmers of the wheat marketing problem which was bound to follow as the results of the policies initiated in 1925 in Continental Europe."

Figures such as the following cannot be disputed. Let us have a look at them (*Canada Year Book, 1931*). In round numbers, Canada's total exports of 'animal and animal products', including beef, butter, eggs, cured meats, give this picture:

1927	$167,000,000
1928	165,000,000
1929	158,000,000
1930	133,000,000

Then, again, let us have a look at the figures for the value of Canadian wheat exports for the same four years:

1927	$353,000,000
1928	352,000,000
1929	428,000,000
1930	177,000,000

The above tables give a clear picture of what was happening to Canada's foreign markets for her agricultural products. **What had Mr. King done about it ? NOTHING !**

It had been proved as far back as 1919 that orderly marketing (Canadian wheat board set up by Sir Robert Borden) was fundamentally sound for the Canadian producer. Let us consider Mr. King's attitude in 1922 on this subject.

"LAISSEZ FAIRE" AGAIN

Speaking on the bill which was to have set up a Canadian wheat board designed to market the 1922 crop, and which was supposedly patterned after the 1919 'war-time' wheat board, Mr. King said (*Hansard, 1922, page 2922*):

" . . . I might say of the scope of the bill that it creates a marketing agency endowed with such powers as it is within the jurisdiction of this Parliament to confer, with the further provision that as regards compulsory powers, these may be conferred on the board by the provincial governments. . . ."

The proposed 1922 Canadian Wheat Board Act was approved and passed by the King government on June 22, 1922. (*Hansard, 1922, page 3387*). **But—the Dominion board was never formed**

and therefore the legislation never became operative. And this despite the fact that Alberta and Saskatchewan had gone so far as to approve and pass the supporting legislation to make the Act operative—Another example of Mr. King's laissez faire, do nothing policy.

In the light of Mr. King's subsequent indifference to the fate of Canadian farmers, especially in the West, this abortive legislation can be read only as an ineffective gesture to implement his 1921 election promises. It is a matter of record that his Minister of Agriculture, Hon. W. R. Motherwell, was elected for Regina, Sask., on the promise of a federal wheat board similar to the 1919 Board.

THREE DOLLAR WHEAT

Only too well did the farmers of Western Canada know that this board had brought them nearly $3.00 per bushel for their wheat, and that the slump of 1920 called for action if they were to get anything like a fair price after the war was over.

The sincerity of the common demand on the prairies for the Wheat board may be judged from the fact that farmers of the three prairie provinces subsequently formed the Wheat Pools on their own initiative.

Again alluding to Mr. Stewart's outline of the world market situation (*Hansard, 1934, page 3067*) we find:

"In Italy, Mussolini in 1925 commenced his famous 'battle of wheat', and inaugurated his new policy by placing a duty of 58 cents per bushel against (all) imported wheat".

And again, " . . . Germany in August, 1925, revised her tariff in an effort to increase the intensity of German agriculture, and the exemption from duty of the most important agricultural products was abolished. Heavy duties were placed on imported livestock, and a duty of 32 cents per bushel was placed against imported wheat".

Still further, " . . . The 1925 policies of Germany and Italy were followed by France in 1927. In September of that year the duty on wheat entering that country was increased from 20 cents to 37½ cents a bushel."

In the years 1929 and 1930, also referred to by Mr. Stewart, there were further increases in the tariff against Canadian wheat entering these three European countries, to the point of closing these markets so far as Canada was concerned.

Let us turn now to the picture for the fruit and vegetable growers:

Steadily mounting imports of fresh vegetables between the years 1927 and 1930 inclusive (*Canada Year Book, 1931*) are given in the following table:

1927	$ 6,000,000
1928	8,000,000
1929	9,000,000
1930	11,000,000

Again, in fresh fruits over the same period (*Canada Year Book, 1931*) we have a similar picture:

1927	$21,000,000
1928	24,000,000
1929	25,000,000
1930	23,000,000

Two fresh fruits which are grown extensively in Canada and for which there is a tremendous domestic market are strawberries and peaches. The import picture is shown clearly in the appended tables (*Canada Year Book, 1931*):

	Strawberries	Peaches
1927	$ 668,000	$500,000
1928	832,000	663,000
1929	1,029,000	625,000
1930	1,024,000	768,000

These are but a few lines from the Tragedy of the Farmer, a scenario written by Messrs. Robb and Dunning and produced under the direction of Mr. Mackenzie King. As it unfolds, the tragedy becomes more and more painful in its revelation of the consideration accorded foreign producers on the Canadian markets at the expense of the Canadian farmers.

PROTESTS WENT UNHEEDED

Many a time and oft Conservative protests went unheeded in the House of Commons during the nine years that the Liberal forces held the fort on Parliament Hill. Particularly were they voiced during the debate on the remarkably obscure budget brought down by Mr. Dunning in 1930. Space will not permit of reporting the many points raised by Conservative members, but there follow a couple of summing up remarks.

Mr. Grote Stirling, member for Yale, B.C. (*Hansard, 1930, page 2027*) summed up the situation concerning the fruit and vegetable growers very ably as follows:

"My main objection to the government's proposal is the fact that **once more** it has turned a deaf ear to the growers' request for something in the nature of an emergency tariff. Foreign countries with surplus production of certain fruits and vegetables endeavour to keep that production off their own markets because the price, there, would be broken. They look around for some unprotected spot to which they can send their perishable commodities, and in this particular instance Canada is next to such a neighbour. **The surplus production of the United States is tipped into our markets at various times.** When the glut is coming into the Canadian market the price is so low that the ad valorem rate is not the higher, and the specific rate is insufficient. So far as I know, the grower has never asked that the specific rate shall be raised to such a height as would make the price such as to prohibit the foreigner marketing his products in Canada. . . . "

NO LIBERAL ACTION

Again, on the same page of *Hansard,* Mr. Stirling uttered these words:

"As I said before, the government has once more refrained from doing anything which will be of the slightest assistance to the producer in taking care of the glut in importations. At the present time nothing stands between the producers and these importations except what one might call the toy clause of the Liberal government. That clause was inserted in the Customs Act in 1922 and requires the passing of an Order-in-Council to make it operative, which Order-in-Council this government has never passed. . . . "

Along the same lines as Mr. Stirling, the present Prime Minister, R. B. Bennett, (*Hansard, 1930, page 2264*) verified the fact that the Liberal administrations from 1922 to 1930 took no effective action to prevent "financial ruin, complete" to the large number of fruit and vegetable growers in the Dominion of Canada.

Finally, Mr. King looked abroad during the first years of his stewardship and saw that there were plenty of markets for Canadian produce. When these markets closed, he was looking in another direction. Parliamentary records show that his policy for agriculture must have still been one of looking in another direction, for he did nothing to recapture fast disappearing export markets.

***Laissez faire* will not do for the farmer because it cannot bring back lost markets—or create new ones!**

Laissez Faire and Unemployment

ONE of the most glaring examples of *laissez faire* policy ever exhibited by Mr. W. L. Mackenzie King was his method of NOT dealing with the unemployment problem in the spring of 1930. He answered all the pleadings submitted to him by municipal and private authorities with empty abstractions; filled pages of Hansard, but all to one end—INACTION.

Unemployment was not slow in developing after the stock market crash in the autumn of 1929. By the time the last session under the King régime had opened, thousands of men were walking the streets of the larger cities of Canada, looking for work, unable to find it. Their shadows lengthened on the walls of the House of Commons as the sun of prosperity waned, and members began to inquire as to what the government of Mr. Mackenzie King intended to do about it.

HE SHOULD HAVE KNOWN

Six days after the fourth session of the Sixteenth Parliament opened on February 20, 1930, mayors of the leading western cities met with Mr. King and his government, with the authority of their provincial governments, and asked assistance in caring for the throngs of unfortunate individuals who were even then forced to ask for help in order to maintain an existence.

The only record of the proceedings when the government and the delegation met is that of the *Canadian Press,* which says in effect that Mr. King told the mayors unless the provincial governments would confess their inability to meet the situation, it was no responsibility of his (Mr. King's). Unemployment relief was purely a provincial matter, he told them.

Certainly, after resolutions, letters, petitions and pleadings had been poured into the Prime Minister's office and to his ministers during the winter of 1929-30, and then after these mayors of the western cities had taken the trouble to come to Ottawa to talk over the situation and to beg for help, Mr. King could not deny knowledge of the existence of unemployment.

Yes, Mr. King must have or should have known that unemployment had become an acute problem even then. But what did he do about it? He made his notorious "Five Cent Speech" in Parliament! *The Canadian* feels it is worth reproducing in this issue, in order that Mr. King's attitude toward the unemployed, many thousands of them people he had brought to this country from foreign lands with great Utopian promises of riches and wealth, may be made quite clear.

THE FIVE-CENT SPEECH

During a discussion in the House, when some of the Opposition members had been asking what Mr. King intended to do about unemployment, and Mr. King was giving his statement of policy, he uttered these remarkable words (*Hansard, 1930, pages 1227-8*):

Mr. Mackenzie King: "May I conclude what I have to say? So far as giving money from this federal treasury to provincial governments is concerned, in relation to this question of unemployment as it exists to-day, I might be prepared to go a certain length possibly in meeting one or two of the western provinces that have Progressive premiers at the head of their governments—

Some hon. Members: "Oh!"

Mr. Mackenzie King: **"But I would not give a single cent to any Tory government."**

Mr. Bennett: "Shame!"

Mr. Stevens: "Shame!"

Mr. Mackenzie King: "Do my hon. friends say 'shame'?"

Mr. Bennett: "Yes, Shame!"

Mr. Mackenzie King: "What is there to be ashamed of?"

Mr. Stevens: "You ought to be ashamed of that."

Mr. Mackenzie King: "My hon. friend is getting very indignant. Something evidently has got under his skin. **May I repeat what I have said? With respect to giving moneys 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."**

Again, during the same debate (*Hansard, 1930, page 1225*) we find these priceless words of Mr. King's:

NO EMERGENCY IN 1930 ?

" . . . The fact that hon. members are obliged to restrict themselves to naming individual municipalities and are able to name them in numbers that can be counted on one hand so far as the Dominion of Canada is concerned, **demonstrates more strongly than words could how little we have a national problem of unemployment in this country at the present time."**

" . . . I submit that there is no evidence in Canada today of an emergency situation which demands anything of the kind (federal assistance)."

Hon. Hugh Guthrie (*Hansard, 1930, page 1245*) expressed very well the folly and shamefulness of these words of Mr. King later in the debate:

"Was there ever a more glaring piece of impropriety on the part of a prime minister? What does that language amount to? It is a threat or a bluff against five of the great provinces of Canada, and an inducement or a bribe to vote Liberal, and that from the lips of the Prime Minister! Surely that is a 'vicious principle' to proclaim in public. It is an exposure of the narrow, partisan mind of the prime minister himself. **Language of that kind might be worthy of a Tammany leader in the lower wards of New York, where they say: you will vote the whole ticket or you will get no money; but it is unworthy falling from the lips of the prime minister of this country. . . ."**

Now, let us pass on to the scene a few weeks later. Mr. Bennett was elected to power that summer, and fulfilling his pledge to the people of Canada during the campaign, he called his new Parliament together for a special session on September

8, 1930. And what did Mr. Bennett find as the situation existing on that date? Here are the government figures (*Hansard, 1930, Special Session, page 63.*):

FACING THE FACTS

"Consulting the numbers which were provided from the various provinces by the various provincial governments, I find that at present in the province of Alberta there are 5,155 unemployed; during the winter it is contemplated that that number will reach 6,650. In British Columbia, at the present time, the unemployed number 7,692 and it is expected that during the winter that number will increase to 14,700. In the province of Saskatchewan the present number given is 5,276, and it is expected to rise during the winter to 8,201. In Manitoba the figure is now 6,950, with a possible 9,600 in the winter. In Ontario, the figure is given as 49,367, rising to 82,214. In Quebec the present number is 41,190, as against an anticipated number of 49,290. In New Brunswick the present number is 500 and it is expected it may reach 2,850. In Nova Scotia the present number is 1,800, and it may rise to 2,350."

Mr. Bennett explained that his figures were supplied either through the employment offices, set up by Hon. Peter Heenan (Liberal) Minister of Labour, or direct by the provincial governments, and that they **represented registered unemployed only, and there were other hundreds of thousands not registered.**

He further stated that trade unions and other organizations in a position to know something of the situation had estimated 200,000 as being nearer the actual number unemployed at that time, than the figure of approximately 117,000 reported to the government.

In any case, Mr. Bennett put his bill to provide $20,000,000 for relief through at that special session. Complete details of Mr. Bennett's relief programme will be given in later issues of *The Canadian.*

Back now to Mr. King. We have quoted his words and his policy. In the face of conditions as we find them in the summer of 1930, what did Mr. King **DO** for the unemployed?

Except to deliver his "Five Cent Speech", absolutely nothing! There was not a cent provided directly or indirectly in the Liberal estimates brought down in May, 1930, for unemployment relief!

Mistaken Liberal Optimism

WHEN in 1928, Conservative members of the House of Commons, led by Mr. Bennett, were warning the King government of disaster ahead unless administration extravagance and wild cat speculation were curbed and economies instituted, the ready reply of Mr. King's supporters was to condemn them as "pessimists" and accuse them of "decrying our country". The country to-day is in a better position to judge whether Mr. Bennett's warnings were based on pessimism or sound common sense.

GENERAL OPTIMISM

But, if the Conservatives in Parliament in 1928 and 1929 were mere pessimists, or inspired voices crying in the wilderness of the King government's self complacency, there can be no question of the soaring blind optimism of Mr. King and his supporters. Even Mr. King's Finance Ministers, Mr. Robb in 1929 and Mr. Dunning in 1930, could see nothing but happy days ahead. The Minister of Finance in any government should be the best informed man in the country on business trends and conditions. He has immediately available reports of every bank and trust company in the Dominion. He has at his elbow charts and statistical tables acquainting him with trade conditions from Cape Breton to Vancouver Island. If he is gravely in error, then he errs either through ignorance or through sheer wilfulness; and in either case he cannot escape the consequences of his error, or avoid the responsibility when his errors are exposed.

On March first, 1929, with the stock market collapse marking the beginning of the world's worst depression and the most difficult period in the history of Canadian business only six months away, Finance Minister Robb saw no cloud on the horizon. In his budget speech on that date (*Hansard, 1929, Page 587, and following pages*) Mr. Robb said:

"The general optimism prevailing throughout Canada has, during recent months, been so widely reflected and strongly emphasized in provincial legislative assemblies, annual reviews and financial statements, that, in presenting this annual budget, little need be said beyond submitting official figures which, when analyzed and compared with the records of previous years, will show a steady and continuous reduction of both debt and rates of taxation. . . . Canadians to-day are prospering. Employment is at a high level. Our basic and manufacturing industries are producing large quantities of goods for home consumption and also for the vast external trade outlets which have been developed. Many new trade channels within the British Commonwealth are being opened and, in addition, the ever-increasing number of countries with which Canada exchanges most-favoured-nation treatment **assists Canadian business to establish permanently "Made-in-Canada" goods on the markets of the world."**

Thus Mr. King's Finance Minister on March first, 1929. And at the end of the fiscal year of 1928 (March 31st, 1929), the official reports of the Dominion Bureau of Statistics showed that Canada's trade balance had fallen from (in round figures) $401,000,000 in 1926, when the King Government took office, to $123,000,000.

Ill health compelled the resignation of the Hon. J. A. Robb from the Cabinet in 1929. In 1930, the Hon. Charles A. Dunning was Mr. King's Minister of Finance. Mr. Dunning had seen the stock market collapse. He had seen the beginning of the depression. He knew that unemployment was widespread and increasing, that the farmers, especially the grain growers, were suffering hardships, that Canadian business as a whole was in the doldrums.

CHEERFUL MR. DUNNING

Surely, faced with so grave a crisis, Canadians were entitled to expect of Mr. King's 1930 Finance Minister a budget speech which would recognize the seriousness of the situation, which would propose constructive measures to meet it, to improve it, if possible. Surely by May first, 1930, when the Dunning Budget was introduced to the House of Commons, Mr. King's Finance Minister should have known that the time for cheery, casual optimism was past, and the time for courageous, immediate and effective action had arrived, even that such action was long overdue.

Mr. Dunning didn't think so. As he saw the picture, the lapse from normal trade conditions was temporary, the unemployment situation perhaps not as rosy as he would have like to see it, but altogether, Mr. Dunning thought, things were pretty good, and getting better.

FOREIGN TARIFFS DESTROY MARKETS

Introducing his 1930 Budget (*Hansard, 1930, Page 1614*) the Finance Minister said:

"During the year certain unusual factors made themselves felt, in particular, the delayed marketing of the grain crops and the great decline in prices of stocks in the latter months of the year. **While these factors are important, they cannot be con-considered as permanently prejudicial to our economic structure.**

"Looking back over the year, it is noted that substantial development occurred throughout Canada. Many undertakings of magnitude were completed; others made promising progress. **Employment throughout industry in general was maintained at a high level, although irregular in some groups, particularly in those which are seasonal, dependent on crops or on a luxury buying demand."**

Even as Finance Minister Dunning was making this cheery declaration of policy in the House of Commons, leading nations of the world were raising prohibitive tariff walls against Canadian wheat, our most important export.

By May 20th, 1930, France had raised her tariff against Canadian and other foreign grown wheat to eighty-five cents a bushel. Germany, which in 1922 admitted Canadian wheat duty free, had hoisted her import duties to the unheard of figure of ninety-eight cents a bushel in April, 1930. The Italian impost was eighty-six cents a bushel. The United States had doubled its tariffs against Canadian cattle to three cents per pound, and in that same Budget Speech (*Hansard, 1930, Page 1623*) Mr. Dunning was compelled by the cold stern facts to give the lie to his happy-go-lucky optimism with this statement:

"The past fiscal year was marked by a decline of $244,000,000 in the value of our visible exports."

In the face of a $244,000,000 falling off in Canada's visible exports, Mr. Dunning told the people of Canada that "employment throughout industry in general was maintained at a high level" and "these factors . . . cannot be considered as permanently prejudicial to our economic structure."

It may be, of course, that Mr. Dunning, having the gift of second sight, could have justified his optimism by the sure knowledge that the King government was about to be swept out of office; that his $244,000,000 decline in visible exports was about to be bequeathed to Mr. Bennett's administration. Even so, the people of Canada have the right to expect from those in charge of their affairs a more serious consideration of actual facts, of real circumstances, than Mr. Dunning showed in May, 1930, seven months after the stock market crash of 1929, seven months after the depression was an actual, vital, and disastrous influence in the life of every man, woman and child in Canada.

Back in the eighteenth century wise old Jonathan Swift coined a phrase to meet the situation, when he wrote:

"There is none so blind as they that won't see."

That Trade Balance

SO stubborn was the Liberal party's adherence to its rainbow chasing policy in 1929, that some speakers even got their years mixed up. Party workers had been told by party leaders so often and so loudly that everything was all right, that they did not bother to check their figures or substantiate their "facts".

Sometimes the result would have been humourous had not the consequences, as reflected in the smash of October, 1929, been so tragic. The Rt. Hon. R. B. Bennett, then leading the Conservative Opposition, let one of these Liberal cats out of the bag during the debate on the Speech from the Throne, in the final session of the Sixteenth Parliament. Speaking in the House of Commons on February 24th, 1930, Mr. Bennett said: (*Hansard, 1930, Pages 17 and 18.*)

"Then we turn to the next test, the balance of trade. Who has not heard of it? Why, last year, taking one of their speeches out of cold storage in western Canada, they forgot they were dealing with 1929 and thought it was a previous year, and they said:

"Canada has the greatest trade balance of any country in the world but one.'

BALANCE AGAINST US

"But while they were saying that, an adverse balance was running against Canada. Last year the adverse balance of trade in this country, taking domestic exports apart from foreign exports that pass through Canada was $116,000,000. If you deduct from that figure the foreign goods shipped through Canada, the adverse balance of trade against Canada was something over $90,000,000. Those are the facts. That test, if it meant anything, applied in days gone by, must be applied again. These are the figures issued by the government itself showing the trade balances for the past four years:

YEAR	FAVOURABLE	ADVERSE
1926	$275,000,000	
1927	151,000,000	
1928	151,000,000	
1929		$90,000,000

"If you apply that test this country is not prosperous."
In other words, the trade balance claimed by Mr. King in 1929 was not a trade balance but an unbalanced trade.

The Art of the Possible

EVERYTHING is comparative. However often sages may aver that comparisons are odious, or odorous as Shakespeare put it, nevertheless we live by the rule of comparison.

With public interest in politics stimulated to a pitch seldom reached, let us make a comparison of what the three major parties stand for—Conservative, Liberal and C.C.F.

Briefly, they may be compared as follows:

Conservatism is the art of the possible, a definition of the German philosopher and mathematician, Oswald Spengler.

Liberalism is the art of laissez-faire, or non-interference, as defined by Mr. Mackenzie King.

C.C.F. is the art of the impossible, or unattainable Utopia, as its program discloses.

A Matter of Record

THIS first issue of the Second Volume of *The Canadian,* as readers will have observed, deals entirely with the record of the successive governments headed by the Rt. Hon. William Lyon Mackenzie King which administered Canadian affairs between 1921 and 1930.

There are excellent reasons for the recapitulation. The public memory is short. The past five years have been difficult ones. Human nature being what human nature is, always there exists a tendency on the part of men or women afflicted by economic woes to blame their troubles on the Government of the day.

There will appear on the lists of those eligible to vote at the next general election the names of approximately 800,000 young men and women who will be casting their first ballots. These young people, born between the years of 1909 and 1914, have come to the voting age through two decades of the most exciting, tumultous and perplexing years in Canada's history. They are a new, intensely alive generation.

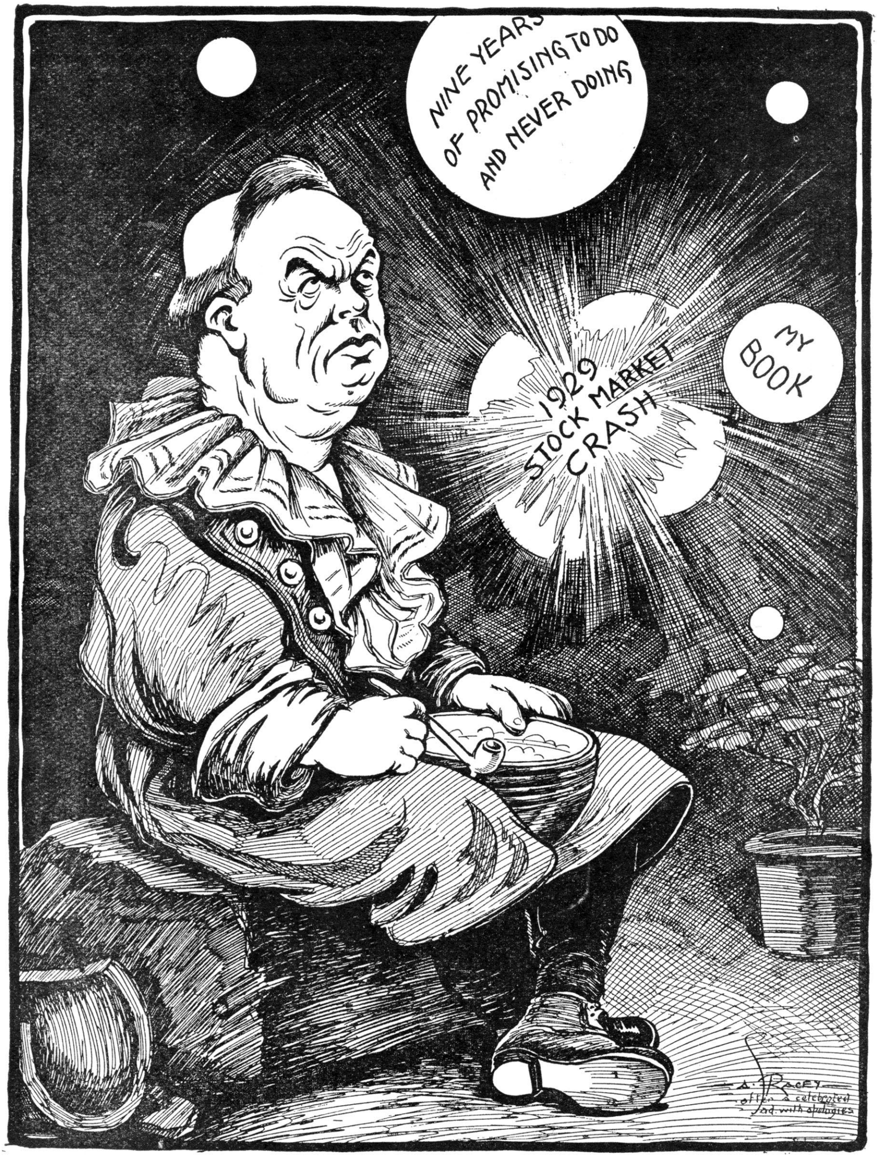
THE NEW VOTERS

Five years ago these young people, in their 'teens, were not especially interested in political matters. This year they are keenly aware of the significance of their government to their personal affairs.

The Canadian has thought it advisable, in the interests of fair play, to remind the older generations of the fact that between 1921 and 1930, Mr. Mackenzie King was head of the Dominion Government. For the same reason it has seemed necessary that the new voters of 1935 should be informed that those things which happened between 1921 and 1930, happened under the administrations of Mr. King.

The story is not a pretty one, but there it is. Now the same men who were responsible for the mismanagement of those years are seeking office once more. *The Canadian* does not believe it possible that the informed voters, young and old, will return to power the party responsible for the disastrous experiences of 1921 to 1930.

It has been Mr. Bennett's task to salvage the wreck which Mr. King left behind him. Future issues of *The Canadian* will be devoted entirely to demonstrating, from the records, how well the Bennett Government has accomplished that task.



"I'm Forever Blowing Bubbles"