

King and Chaos

Contents

Foreword: Turning Point Elections and the Case of the
1935 Election / vii

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Preface / xii

Introduction / 3

- 1** Depression Politics / 17
- 2** What's Left and Who's Right? / 43
- 3** It's Time for a New Deal / 71
- 4** The Campaign Begins / 104
- 5** King or Chaos? / 142
- 6** And in the End / 181

Appendix 1: List of Key Players / 217

Appendix 2: Timeline of Events / 226

Notes / 232

Suggestions for Further Reading / 252

Index / 259

Introduction

It became an intensely political decade, a decade of political radicalism, of new concepts of the economic role of government, and of the creation of new political parties and new political institutions to apply these concepts in practice.

– H. Blair Neatby¹

THE ONE GREAT ISSUE that pervaded the 1935 Canadian federal election – and made it a pivotal moment in Canadian history – was the Great Depression. Canadians, for the most part, could agree on the problem – the economic devastation was apparent for all to see – but there was much less certainty about what to do about it. The Depression affected people differently, and how they understood it and responded to it depended on who they were, where they lived, and what they did. The Depression meant different things to different people, but it also provided the context for the one moment in 1935 when Canadian voters had the opportunity to express their choice on which government was best able to meet the economic crisis. The 1935 vote was the electoral expression of Canada's response to the Great Depression.

All the issues in the campaign were in some way the product of the Depression. The Canadian economy was more dependent on international trade compared with most other industrial nations, and it was easily affected by changes in the international scene and by growing restrictions on international trade. By the end of the 1920s, Canadian farmers were producing more wheat and other foodstuffs than they could sell. Several important industries were doing likewise: the newsprint industry had overexpanded and prices were already on the way down; the market for cars was not expanding and automobile manufacturers were making more than could be sold. Overproduction, falling prices, and the contraction in world trade led to serious deflation.

Canada was largely dragged into the Depression by the collapse of world trade, and it had to wait for the revival of world trade to come out of it. Closely connected to the American economy, the Canadian economy had little hope for recovery until the US economy revived. Nor was the Depression a continuous event; there was a series of slumps and recoveries across the decade. Rock bottom was hit in the first quarter of 1933, followed by a slow, uneven recovery that continued beyond the 1935 election. Pre-Depression economic levels were not attained before the outbreak of the Second World War in 1939.

Everything fell in the Depression, it seemed, except unemployment, mortgage debt, interest payments, and rain. Canada was a major exporter of grains and other foodstuffs, fish, livestock, newsprint, lumber, and minerals, and the collapse of overseas markets and international prices resulted in an unprecedented economic catastrophe. Canada's total exports dropped by nearly half between 1929 and 1933. Businesses closed, factories cut back production again and again, and the two major railways – which made up much of the backbone of the Canadian economy – slashed their workforces. Across the country, jobs were lost by the thousands as unemployment soared to record levels.

The hardest hit were those who worked in resource industries. In the 1930s, close to 35 percent of the workforce worked outdoors in primary production industries, including agriculture and construction. Most of these occupations were badly paid and often seasonal, and they were reliant on export markets for survival, which meant they were at the mercy of international forces.² At the same time, immigration policy continued to focus on attracting unskilled workers for the staple industries, which only helped to keep wages low and fill the ranks of the unemployed during bad economic times. Union members had a little more protection than the average worker, but there was relatively little that unions could do to save jobs or maintain prices; indeed, in the early Depression years, union membership began shrinking to some of the lowest levels since the First World War.

In the cities, hundreds of thousands of men and women were thrown out of work. Prices dropped, as did wages, and industries – from manufacturing to construction – withered, while the demands on governments at all levels for relief surged. By 1933, per capita income had dropped from 1929 levels by anywhere from 39 percent in New Brunswick to 71 percent in Saskatchewan.³ For those who kept their jobs or lived on fixed incomes, conditions were not so bad; some even found themselves better off, as the prices of goods fell rapidly. Those who lost their jobs or worked seasonally or in more precarious circumstances were less fortunate. Those who fell through the cracks were left to the churches and local charities and hostels.

Unemployment rates never dropped below 10 percent in the 1930s. By mid-1933, close to 30 percent of the Canadian workforce was out of work; things had improved only marginally by election day in 1935. In 1939, the unemployment rate still lingered above 15 percent. And those numbers do not always tell the whole story, as tens of thousands more worked part-time jobs, or made do with seasonal work, or were underemployed. Nor did the numbers always include



Unemployment remained high throughout the Depression and life could be hard for those out of work. Many Canadians suffered in silence; others took to the streets. Pictured here are members of the Single Men's Unemployed Association marching to Bathurst Street United Church in Toronto (no date). | *Toronto Star*, Library and Archives Canada, C-029397

the women and men who were forced into retirement once they lost their jobs. And many of those who lived on farms could still be counted as employed even if they were starving.

For the unemployed, it was a very bad time. There was scarcely any social security net, and governments appeared to lack the capacity or the will to deal with the problem. There was a general sense that unemployment was the individual's fault, that one was lazy or

incompetent. Governments at various levels acted on the premise that relief was to be turned to only as a last resort, and put up regulations and red tape to ensure that only the “worthy” received it. For municipalities, this usually meant that the needy had to prove residence in the local community. And relief was not given automatically or evenly across the country. Need had to be demonstrated, meaning that destitution was practically a prerequisite for relief. Single mothers might be turned away and told to seek support from their families. In British Columbia, Asian Canadians might be lucky to receive relief at half the rate provided for whites. In Central Canada and the Maritimes, Black Canadians were often denied relief outright.

Women’s pay was already 40 to 60 percent lower than men’s, and the Depression only limited their choices further. It was not unusual to hear working women being blamed for the high unemployment because a working woman took a job away from a man. Moreover, women were often the first to be let go from their jobs, based on the dubious logic that a man would have a family to support, while a woman would have a family to support *her*. The federal government specifically refused to hire married women, leading to a drop in the number of women in the federal civil service. Barred from other occupations and with their choices narrowing, working women increasingly came to dominate a few occupations, including waitressing and sales, domestic service, and teaching, nursing, and secretarial work.

As a result, unemployment became something of a political football in the 1935 election, serving as both a backdrop and a central issue in the campaign, as politicians of all stripes debated what caused it, who was responsible for it, and what was to be done about it. To many Canadians, the two leading federal politicians – Conservative prime minister R.B. Bennett and Liberal leader William Lyon Mackenzie King – appeared out of touch and indifferent. They dominated Canadian federal politics in the 1930s and were the

major contenders in the 1935 election campaign, but neither seemed to have the answers. More than ever, thousands of Canadians were asking whether the traditional parties had any solution to unemployment at all, and they became increasingly willing to look elsewhere for new ideas. This search for answers to the problem of unemployment in the Great Depression was a key feature of the 1935 federal election.

Relief, Reaction, and Regionalism

Despite the rules and obstacles, well over 10 percent of the Canadian population was on relief at some point during the Depression. What they received was little more than subsistence-level support, most often in the form of vouchers that could be cashed in for food at a local store or turned over to landlords to pay the rent. Those caught working while on relief were cut off. For tens of thousands of Canadians, it was either relief or starvation. Living with the stigma and shame of having to line up at soup kitchens for a meal was just one more indignity to be endured.

Families felt the humiliation of seeking relief. Thousands of young unemployed men who could not prove residency were left to drift from town to town in search of work. On the one hand, it was believed that they *should* have been able to find a job, and they were therefore often denied relief; on the other, large groups of able-bodied men congregating at the edge of towns became a social problem. The spectre of social unrest and even revolution emerged in Canadian cities. Governments became concerned. The proposed solution was to get them out of the cities, where they might spark unrest, and to give them work. But it had to be work that no one else was doing, as there was no sense in replacing one set of workers with another.

To that end, in 1932 the Bennett government established work camps, run by the Department of National Defence, to house unemployed men. Young men were taken off the streets and shipped

out to remote areas where they couldn't cause trouble. The camps, primarily in British Columbia, across the prairies, and in Northern Ontario, offered work clearing bush, building roads, and laying air strips. No one was forced into the camps or prevented from leaving, but existing economic conditions and the remoteness of the camps ensured that most men had little choice but to stay, especially during the winter months. The men were not paid wages but were given an allowance of twenty cents a day plus room and board. It kept them alive but offered little more than hard work, harsh rules, and boredom, and there was little in the way of recreation or outside contact. The project expanded quickly, and by the time the work camps were closed in 1936, 237 had been built and they had housed approximately 170,000 men for varying lengths of time.

Not surprisingly, there was a political dimension to the camps. They were occasionally places of unrest, where the men would protest against the working and living conditions and pay. Some tried to organize, but most efforts were quickly suppressed by the government, until July 1935, when a large group went on strike and launched a cross-country trek to bring their demands to the federal government. The trekkers were stopped in Regina, and a serious riot erupted when the authorities tried to disperse them. It came at the worst time for the Bennett government as the riot coincided with the start of the election campaign. Bennett had nothing to fear from the strikers electorally, as the men in the camps were denied the vote (getting the vote was one of their strike demands),⁴ but the entire affair gave the opposition parties more ammunition against the government during the election campaign.

The Depression affected the various regions of Canada differently, and these regional variations were underscored during the 1935 election campaign. Hard times had already hit the Maritimes in the 1920s, and the region continued to face serious economic troubles in the wake of the Maritime Rights Movement and the stopgap measures offered by the King Liberals in Ottawa. The slump of the



Government relief camps offered little more than hard work, harsh rules, and boredom. Occasionally, they were also places of unrest. Here men from work camps engage in road construction at Kimberley-Wasa, BC, in May 1934. | Department of National Defence, Library and Archives Canada, PA-036089

1930s only made things worse, as the out-migration of people was curtailed and many Maritimers, unable to access government relief in Central Canada and the West, returned home.

In Quebec, the Depression and industrialization were shaking the roots of traditional French Canadian society. Thousands of farmers went bankrupt and local communities and parishes fell deeply in debt because of the rising relief burden. The provincial government stepped in to help (itself falling deeper into debt), but the problem of rural depopulation persisted. In Montreal, unemployment was the issue as thousands of families slipped below the poverty line and survived on inadequate diets. Whereas Maritimers blamed Central Canada and Westerners blamed the East, French Canadians blamed Ottawa and domination by the English.

Ontario fared best, but that was little consolation to the unemployed in the cities or those working in the hardest-hit resource industries, such as pulp and paper and agriculture. On the other hand, the industries protected by the National Policy tariff were largely centred in southern Ontario (and to the east in Montreal), and there was also a greater concentration of government, retail, and white-collar work, which was less affected by the downswing. People there likely saw their incomes drop, but at least they were able to keep their jobs.

It was the West – and the prairies in particular – that was hardest hit by the slump and that experienced the greatest upheaval during the 1935 election. The Canadian system just wasn't working for the people of Western Canada. The trauma suffered during the First World War – from the demands placed on Western wheat producers to the ethnic divisions unleashed by the 1917 election – was followed in the 1920s by slow economic recovery, labour unrest, and political frustration. By the end of the decade, Canadian farmers were already facing tough international competition, and when the price of grain fell, an agricultural crisis ensued.

Making things much worse, in the 1930s the West experienced some of the coldest winters on record and suffered from plagues of grasshoppers, gophers, and various plant diseases. And there was relentless drought, which led to widespread crop failures year after year, as farms turned to dust and literally blew away. On some days, there was so much dust it could be dark at mid-day. In his memoir of the 1930s, popular historian James Gray remembers how the heat and high winds made Saskatchewan and Manitoba perpetually overcast:

The soil blowing across the roads and railway tracks was caught and held in the Russian thistle until it drifted to the tops of fences and snow-fences, and all that could be seen was the tops of the posts. In southern Alberta, the C.P.R. used snowploughs to clear the tracks of

soil drifts ten feet high. From Calgary to Winnipeg there was almost nothing but dust, in a bowl that extended clear down to Texas.⁵

Acres production dropped and net farm incomes plunged to record low levels. In the late 1920s, income from the sale of farm products averaged over \$500 million per year; by the early 1930s, it had plummeted to \$180 million.⁶ Thanks to the years of drought, cold winters, dust storms, and plagues, Canadian production fell, but international competition remained stiff and kept the price of wheat low. Incomes fell dramatically, but mortgage payments did not, and the burden of fixed interest payments on debt remained. Money was scarce; in some cases, people reverted to bartering for food and goods. Thousands of farming families were destitute and found it impossible to carry on. Some sold their farms; others were forced out when the banks foreclosed. Thousands moved to the cities, some American settlers returned to the United States, and others moved northward in search of a wetter climate. The barren, abandoned farm of the dust bowl became the enduring symbol of the Depression in Western Canada, an era that historian Gerald Friesen described as “an identifiable period that affected the psychology of individual citizens, the fate of entire communities, and the image of the region.”⁷

Provincial governments were forced to step in with relief, and when they teetered on the brink of bankruptcy, the federal government had to act. The first to go were the wheat pools, which had been successful in marketing prairie wheat in the 1920s. They collapsed in 1931, and Ottawa intervened to take over some of their marketing operations. In 1935, just weeks before the election, the new arrangement was made more permanent when the Bennett government created the Canadian Wheat Board. More direct support came from the Prairie Farm Rehabilitation Administration, created by Ottawa earlier in 1935 to funnel federal money for

education programs, for land reclamation and water conservation, and for help on a variety of other projects.

One outcome of the Depression was that the Western provinces became more dependent on the federal government for support, a situation that only embittered federal-provincial relations. This heightened sense of regional grievance led to the creation of two new political parties just in time to contest the 1935 election – the Co-operative Commonwealth Federation and the Social Credit Party – and it sparked a political realignment, the ramifications of which are still felt today.

Unemployment and relief, federal-provincial relations, and regional grievances would all be at the heart of the 1935 election campaign and in a way never seen before in Canadian politics. The crisis of the Depression was a crisis of capitalism itself, and Canadians turned in multiple directions – from socialism to populism to evangelicalism – in search of answers. The old ways came under siege, and the policies of both traditional political parties (and the political debates reaching back to Confederation) were challenged. New parties appeared, each offering its own explanations and solutions. The Depression changed the political face of Canada, and it made the 1935 election a turning point in Canadian history.

Politics in the Great Depression

The Great Depression set the stage for the 1935 federal election. The scale and duration of the crisis made it impossible to explain away the unemployment, poverty, and destitution as a momentary blip in an economic cycle or as the result of people's laziness and unwillingness to work. More and more Canadians began questioning the underlying structure of the economy and the role of the state in Canadian society, looking at old problems in new and different ways. There were growing calls for government intervention in the economy through deficit spending, economic regulation and

management, and social welfare. Others questioned whether either of the two leading parties and their leaders – Bennett and King – were up to the task.

The economic crisis also exposed a serious weakness in the Canadian constitution and in federalism itself, as the federal, provincial, and municipal governments debated over who bore the responsibility for the unemployed and destitute, while several provinces, especially in the West, faced bankruptcy and default. Canadians increasingly looked to government, particularly the federal government, as the institution best able to act to end the Depression, or at least alleviate the worst of its effects.

It was a very political decade and the Depression inevitably impacted politics. Canadians often blamed the Conservative government in Ottawa for the economic crisis, pointing, in particular, to Prime Minister Bennett, who had promised decisive action but failed to deliver. The federal Conservatives had long been the party of high tariffs, fiscal prudence, support for the Empire, and generally keeping out of the way of business. The crisis of the 1930s challenged these positions. First to go was reliance on the National Policy tariff, which had been used by Conservative leaders from Sir John A. Macdonald to Sir Robert Borden not only as the major source of federal revenue but also to foster and promote the growth of industry in Canada. Governments now had expanded sources of revenue, and the damage of Depression-era protectionism was evident. Trade would always remain important, but the Conservative focus now shifted to freer trade and more open markets.

Other changes followed in the months before the election, as the Conservative Party confronted the new realities of Depression-era Canada. The crisis in the country played out within the party and produced more division than anything else, with some members calling for dramatic action and active government while others stuck to the old ways of balanced budgets and retrenchment. Prime Minister Bennett appeared cold, distant, and uncaring, apparently unable

to sympathize with the unemployed or destitute. He was equally unable to stem the tide of unrest in his own party as the followers of H.H. Stevens, Bennett's colleague and former cabinet minister, split with the party altogether just weeks before the election and formed the rival Reconstruction Party. Stevens's defection was particularly damaging to the Conservatives' prospects for victory in 1935, and it set off years of internal debate as the party remodelled itself to meet the challenges of modern Canadian society.

If there was any uncertainty for the federal Liberals and their leader, Mackenzie King, as they prepared for the 1935 election campaign, it was about the West. Traditional prairie Liberalism supported banking and electoral reform, and the maintenance of the Canadian National Railway and opposition to its amalgamation with the privately owned Canadian Pacific Railway. Above all, Western farmers needed markets for their goods, and this meant support for the lowering of import tariffs in return for the opening up of foreign markets, especially in the Empire and the United States. John Dafoe, the veteran editor of the *Winnipeg Free Press*, was the mouthpiece for this brand of Western Liberalism, dating back to before the First World War, and he remained a vociferous opponent of high-tariff Conservatism.

The idea of focusing on tariff reform as a way out of the Depression may have appealed to Dafoe and King in Ottawa, but for a growing number of Westerners in the mid-1930s the language of Liberalism now spoke of social reform, government services and welfare, and innovative fiscal policies. The Depression heightened awareness of the need for change in Canadian politics and added to the desire to improve the lives of all Canadians, not just those who might benefit from tariff reform. State intervention in the economy was the way of the future. Liberals could no longer satisfy Western demands, or placate Western alienation, by tinkering with the old policies of reciprocity, railways, and freight rates. Dafoe and King were becoming out of touch with the times, and the prairies

were moving in another direction, away from the Liberal Party. The process was already underway, but it was highlighted in the 1935 election. As the West turned to more radical third parties and a stronger sense of regional identity emerged, the Liberals could no longer count on Western votes merely by offering an alternative to the Conservatives with lower tariffs and better freight rates.⁸

The traditional parties were dominated by the east and looked out for eastern interests, and they offered few solutions to the problems facing the West. Inevitably, new parties moved into this political void to stand in stark opposition to eastern Toryism, traditional prairie Liberalism, and “stand-patism.” The 1935 election also signalled the end of the era of the National Policy – the policy of railway construction, tariff protection, and Western settlement. Canadians were now faced with the problems of regionalism and those arising from modern urban industrial society, and they were increasingly looking for action on unemployment, welfare, and economic regulation. In the election of 1930, the traditional political parties resisted change and stuck to the old policies. In 1935, that was no longer possible.

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Depression Politics

The man-in-the-street, on whom the burdens of the depression have fallen more heavily than upon the industrialist and the financier, seems to have blamed the Government for his distress, and to have felt that the tariff, and an inadequate control of “big business,” were the causes of his sufferings.

– “Capitalism under Fire,” *The Round Table*
(March 1935)¹

MORE THAN ANYTHING ELSE, the election of 1935 was a referendum on one man: Conservative prime minister Richard Bedford Bennett. Born in New Brunswick in 1870 and trained as a lawyer, Bennett moved west to Calgary near the turn of the century, lured by a job invitation from Conservative senator James Lougheed. Thanks to hard work and a booming economy, he made a name for himself first in law, then in business, and finally in politics as a member of the Alberta Legislative Assembly before winning the federal riding for Calgary in 1911. He was already something of an outlier, being one of the few winning Conservative politicians in what was then

largely Liberal territory. He served in various capacities in Sir Robert Borden's cabinet during the First World War, and in the 1920s served in both of Arthur Meighen's short-lived governments. When Meighen resigned the leadership in 1927, Bennett was the logical successor as Conservative leader: he knew the country from east to west; he was successful in business; he had cabinet experience; he displayed the leadership qualities of maturity, sobriety, and intelligence; and he had personal financial resources that he was willing to bring to the aid of his party.

He was without doubt intelligent, as well as hard-working, ambitious, self-confident, temperamental, proud, sensitive to criticism, bombastic, stubborn, and a man who almost always dressed formally. He was a well-groomed, teetotaling bachelor who developed a healthy appetite and lived a rather solitary life. He reportedly bought only one car in his lifetime, damaged it on the first day by driving into a tree, and never drove a car again. He never owned a home until after he had retired to England, choosing instead to live in rooming houses and hotels. His residence of choice while prime minister was a suite of rooms in Ottawa's Château Laurier. A story circulated that at the height of the Depression, Bennett asked to change rooms, moving to the front of the building because he disliked having to look out over the unemployed transient men lingering in the park outside his rear-facing windows.²

He could be autocratic, if not dictatorial, and was often accused of running a one-man show as prime minister. His fingerprints could be found over all of his government's important legislation, and few decisions were made without his approval. The standard Bennett joke had the prime minister relaxing at his favourite club (or walking alone on a street, or sitting at a conference table), talking to himself. A stranger sees him and asks what he is saying. The reply: "He's holding a cabinet meeting." He could justifiably claim most of the credit when things went well, but he was also an easy target when things went wrong.

Capable of acts of great generosity, concern, and empathy, Bennett was equally prone to being rude, dismissive, petty, paternalistic, and condescending. He also became involved in petty feuds and held great grudges, often against former friends and colleagues, and he was easily roused to indignation, to the point that it ruined several friendships over the course of his life. As long-time Conservative colleague Charles Cahan once said of Bennett, “the sun never sets on the day on which the Prime Minister hasn’t insulted some good and loyal Conservative.”³ In 1917, while anticipating a Senate appointment from Prime Minister Borden – an appointment that he believed he had earned – Bennett launched into a bitter attack on his own party in the House of Commons. The Senate appointment evaporated. “His vanity,” Borden wrote of Bennett, “makes him quite unbalanced.”⁴ In 1935, just weeks before calling the election, Bennett became embroiled in a public spat in the House of Commons with one of his own ministers over the number of ex-servicemen hired to work in government-owned canals. The two men glared at each other across the desk of the minister of justice. It may have been just a tempest in a teacup, the *Toronto Globe* editorialized, “but so many teacups are sizzling here in Ottawa these days.”⁵ Having a thin skin is never an asset in politics, and in Bennett’s case it made him less able to inspire loyalty among his colleagues, as he alienated many of his erstwhile supporters, colleagues, Conservative journalists, and voters.

Bennett was perhaps a better leader than politician. Inclined to give orders rather than take them, and quick to anger when orders went unobeyed, he inspired fear more than loyalty in his colleagues. This made him the centre of the action when he held power but left him few friends when that power inevitably slipped away. His energy, intelligence, and quickness of mind helped when it came to strategy, ideas, and decisive action; his brusqueness and arrogance always made it more difficult to motivate people to actually get things done. His ambition, self-confidence, and penchant

for keeping things to himself made him the essential leader, but they also almost guaranteed the failure of his government. Liberal Charles “Chubby” Power, no friend of the Conservative leader, called Bennett a “man of deep integrity and great patriotism,” but added that there was “no question that Bennett *was* the Conservative Party.”⁶ In the view of journalist Grattan O’Leary, he was a “man of moods who seldom caught the ear of the House. As an orator he was powerful rather than persuasive.” More to the point, as a politician, Bennett “was a combination of Billy Graham and Jack the Ripper.”⁷

As prime minister, Bennett was blamed for the Depression. From Bennett buggies to Bennett blankets (newspapers used as blankets), his name became synonymous with hard times and deprivation. He assumed office claiming to have the answers, but failed to deliver on his promises and, as a wealthy man, appeared out of touch and unsympathetic to the average Canadian. He relied on traditional policies of balancing the budget and tariff protection, but now he faced the problems of a modern industrial society, ranging from social and labour issues to civil rights. Despite his fiscal conservatism, he was not ideologically opposed to government action or intervention in the economy, but those views were almost always lost or submerged beneath the more common caricature of Bennett the wealthy, uncaring, austere plutocrat.

The 1930 Election

Ironically, Bennett became prime minister because he was seen as the leader more in tune with the times, more sympathetic to the emerging problems of the Depression, and as the one politician who promised genuine action to meet the growing economic crisis. In 1930, as international prices fell and domestic unemployment spread, Liberal prime minister Mackenzie King rejected calls for the federal government to help the provinces with relief and support for the unemployed. He was particularly unwilling to release federal

cash when it came to the five provincial Conservative governments in British Columbia, Saskatchewan, New Brunswick, Nova Scotia, and Ontario; they would only waste the money, he claimed. King was pilloried for ignoring the poor; opposition MPs even pulled out old copies of King's largely unread book *Industry and Humanity* to throw his own words – which seemed to support government action – back at him. Angered by the opposition taunts, King, in a rare lapse of political judgment, denounced the Tory provincial governments and vowed never to give them a cent for relief. In the ensuing uproar, filled with heckling and cries of “Shame!” King exploded: “I would not give them a five-cent piece.” This statement crystallized for a lot of Canadians what they could expect from a future Liberal government, and it came to define the Liberal election campaign.

In 1930, Bennett promised jobs over relief, and as opposition leader he was able to set out a clear plan of action without the fear of actually having to do anything. Across the aisle, the Liberal government had provided neither jobs nor relief, and it was held accountable for this failure. Extra campaign support on the ground was provided by the five Conservative provincial governments, and Bennett even made a real comeback in Quebec, home to one of only two Liberal provincial governments (the other was that of Prince Edward Island). Although the government of Louis-Alexandre Taschereau maintained its disdain for the Conservatives, there was support for Bennett in the Quebec business community and in the rural areas outside of Montreal, where his conservative message appealed even as memories of the Great War and conscription had begun to fade.

The biggest issue in 1930, beyond King's insensitivity to the unemployed, was the tariff. It was an age of protectionism and “beggar-thy-neighbour” policies that only exacerbated the effects of the Depression as nation followed nation in raising protective tariffs. Canada was affected perhaps more than most states, given

its dependence on international trade, but Bennett hastened the downward spiral of trade by not only joining but also promising to outdo the others by “blasting his way into foreign markets.” After the 1930 election, Canada was to join an international trade dispute that ultimately did little to alleviate the effects of the Depression, but it was a memorable slogan used to good effect during the campaign. The Liberals had no response to Bennett’s bold promise and were clearly on the defensive. They ran on their record – which was part of the problem – and claimed to have furthered Canadian autonomy internationally. Against this, Bennett was self-assured and a successful man of business (and he used his own money to finance the campaign and support the Conservative Party); he claimed to have the answers to the pressing domestic questions that had stumped the Liberals.

In the first of Canada’s two Depression-era federal elections, the Conservatives were the clear winners. The popular vote was fairly close but Bennett won 137 seats. The West split fairly evenly between the two major parties despite its long history of supporting freer trade, while the Tories held the edge in the Maritimes and won an impressive 25 seats in Quebec. But the election was won in Ontario, where the Conservatives won 59 seats to the Liberals’ 22. The Liberals were reduced to 91 seats, of which 39 (plus 1 Independent Liberal, Henri Bourassa) were in Quebec. This enhanced the role of French Canadians in the party but left Mackenzie King to defend his party against accusations that it was dominated by Quebec, French Canadians, and priests. Independent labour candidates had relatively little success, but in the West wins by J.S. Woodsworth and A.A. Heaps in Winnipeg and Angus MacInnis in Vancouver would have important repercussions over the next five years. The election also witnessed the end of the Western-based Progressives, a third party that had risen quickly in the aftermath of the Great War, emerged as a political force and the voice of the West in Ottawa, and faded just as swiftly by the end

of the 1920s.⁸ The two-party system was re-established in 1930 – but not for very long.

The Bennett Government

Bennett had four years – five at most – to do something about the economic crisis. It was an enormous task for any government, and failure to produce results would be punished severely on the next election day. The first task was to assemble a team with the breadth and experience to do the job. Besides being prime minister, Bennett ensured his dominance of the government by keeping the external affairs and finance portfolios for himself. To this one-man show he added the following: Hugh Guthrie (justice), a former Liberal who had deserted Wilfrid Laurier for Borden's Union Government in 1917; Anglo Montreal businessman Charles Cahan (secretary of state); H.H. Stevens (trade and commerce), his old friend and colleague from Vancouver; Robert Manion (railways), another former Ontario Liberal who joined the Unionists in 1917; and E.N. Rhodes (fisheries), a former premier of Nova Scotia. From Quebec, he chose three French Canadians: Arthur Sauvé (postmaster general), Arthur Duranleau (minister of marine), and Maurice Dupré (solicitor general). This cabinet remained largely unchanged until 1935, although Rhodes was shifted to finance when the burden became too great for Bennett.

Shorn of the rhetoric of change and dynamic action, Bennett's plan for the Depression was essentially to get the federal financial house in order, balance the budget, use the tariff to help revive trade, and limit relief expenditures as much as possible. He spent a good deal of his time over the next four years in pursuit of international solutions to the Depression, and was out of the country for much of that time. Soon after his election, he left for England to attend the 1930 Imperial Conference, and his attachment to Britain only grew over the years. He played an important role in the confirmation and ratification of the 1931 Statute of Westminster, which recognized



Prime Minister R.B. Bennett and his cabinet, March 13, 1931. The occasion is the making of a long-distance telephone call to Sir George Perley (Bennett's minister without portfolio) in South America. |

National Film Board of Canada, C-009076

the constitutional equality of the British Dominions and considerably broadened Canadian international autonomy. As promised, he boosted tariffs on imports of manufactured goods to the highest levels ever, largely in retaliation for the US Smoot-Hawley Tariff Act. His plan was to raise Canadian tariffs first and then negotiate mutual reductions with key trading partners in Washington and London. To that end, he chaired the 1932 Imperial Economic Conference in Ottawa in an effort to bring about bilateral trade agreements between the various members of the Commonwealth.⁹ The following year, he ventured to Washington to initiate trade discussions with the new Democratic president, Franklin D. Roosevelt. Neither effort produced much in the way of increased trade or jobs, at least not before the 1935 election.

At home, Bennett raised corporate taxes and passed a series of annual Relief Acts, each as parsimonious as the year before, which set aside a small amount of federal funds for public works projects and direct relief for the unemployed (he also dipped into his personal funds to help individual Canadians). He was happy to leave responsibility for relief with the provinces, where it resided constitutionally, and the provinces in turn offloaded it onto the municipalities. But the constitutional question could not be ignored, and Dominion-Provincial Conferences were held in 1933 and 1934 to thresh out a comprehensive arrangement. Who was responsible for the unemployed? Which governments had the resources to do something about it? Ottawa had the financial power but not the constitutional authority; the provinces had the powers but lacked the financial resources to meet the challenges. Each blamed the others. The smaller provinces were more willing to hand over power to Ottawa, whereas Quebec and Ontario balked at relinquishing powers to the central government. Ottawa was reluctant to step in, but the federal government could not let the provinces default on their debts.

At the January 1934 Dominion-Provincial Conference, Bennett threatened to withdraw Ottawa from relief altogether, and the four Western provinces announced that such a move would force the West into default. In the end, all efforts to reach an agreement on relief and unemployment failed and the conference descended into acrimonious bickering.¹⁰ No government had a solid plan other than, first, sitting tight and waiting it out until good times returned, and, second, blaming the other level of government for failing to do its job. The only result of these conferences was embittered relations between the provinces (regardless of which political party was in power provincially) and the Bennett government in Ottawa, a situation that did not bode well for Bennett in his search for provincial allies in the run-up to the 1935 election. In the meantime, the Canadian economy spun out of control.

There were areas in which the federal government could act to combat the Depression, and Bennett's government was increasingly active, especially in 1934–35, when some important – and constructive – legislation was passed. More funds were earmarked for direct relief through the earlier Unemployment and Farm Relief Act. The Farmers' Creditors Arrangement Act was introduced to provide farm debt relief to help families stay on their land through renegotiation of mortgages to prevent foreclosures. Similarly, the Canadian Farm Loan Act set up a system of low-interest mortgages for farmers. The Natural Products Marketing Act was passed as a way to offer federal help with the marketing of products and to maintain prices, short of government intervention to take control of the entire marketing process.¹¹ Finally, the Public Works Construction Act sought to create jobs by pumping money into infrastructure projects. To its credit, the Bennett government also created the Canadian Radio Broadcasting Commission (CRBC), a national broadcasting body and precursor of the Canadian Broadcasting Corporation (CBC) to regulate broadcasting, and the Canadian Wheat Board, a broader federal effort to stabilize the marketing of the annual Canadian wheat crop.

Equally important, the Conservatives passed the Bank of Canada Act, which established a central bank to regulate currency and credit. It meant that all currency would be produced by the Bank of Canada, not individual banks. It was a popular act, but the government faced some criticism. Under the Conservative plan, the new institution would be a kind of private national bank, in that private shareholders would buy shares and they would have the right to participate in the selection of the bank directors. Bennett argued that the new bank would therefore be beyond “political” control, but the Liberals opposed leaving it in private hands.

In addition, several prominent Quebec MPs who had long complained about the lack of francophones in the federal public service demanded changes to the bill. Ernest Lapointe, the influential

Quebec Liberal and Mackenzie King's close confidant, introduced an amendment calling for bilingual currency (even though the previous Liberal government had done little to introduce such currency). In rejecting the idea outright, Bennett exhibited a degree of tone-deafness, which only added to his government's growing unpopularity among Quebecers.¹² Nevertheless, the Bank of Canada began operations in March 1935, with Graham Towers from the Royal Bank as its first governor.

At the same time, Bennett vigorously revived section 98 of the Criminal Code (first passed in 1919), which made it illegal even to merely advocate the overthrow of the system of government in Canada. Section 98 could be applied unevenly and at random by the authorities against Canadians who had done nothing revolutionary, and left it up to them to prove their innocence. In 1931, Bennett used section 98 to arrest the leaders of the small Canadian Communist Party, and several of its leaders spent a few years in jail. This draconian provision had been denounced by people of all different political stripes, but in the early 1930s it was still in force and maintained by Bennett. To make matters worse, in 1933 Bennett restored the granting of aristocratic titles in Canada, something that his Conservative predecessor Sir Robert Borden had outlawed back in 1919. It made him an easy target for his detractors, who pointed to, on the one hand, his willingness to deport alien agitators and arrest working Canadians under section 98, and, on the other, his support for reintroducing the trappings of a Canadian aristocracy. If nothing else, it reinforced the sense that he was indifferent to the ravages of the Depression and its impact on average Canadian families.

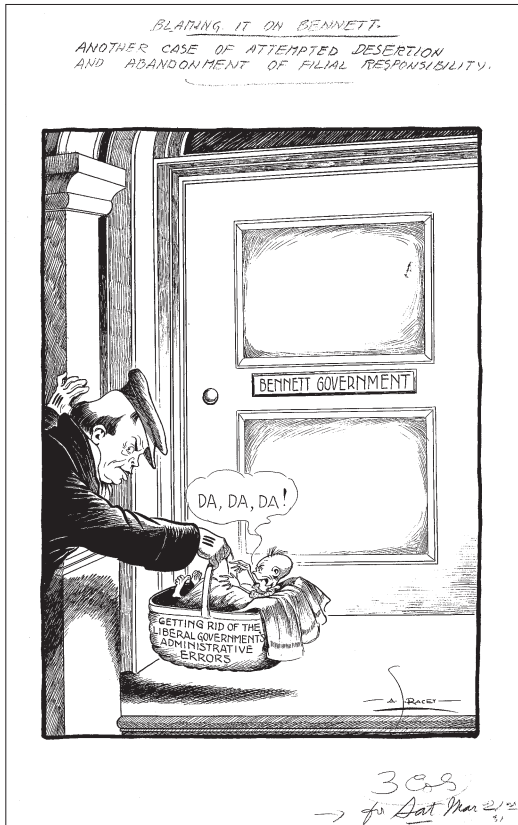
At the beginning of 1935, the Canadian economy remained stagnant; unemployment had dropped from the record levels of 1933 but remained stubbornly high; farm incomes had not revived; urban demand for relief continued to rise; several provinces teetered on the brink of bankruptcy; and the imperial trade agreements had

yielded little in increased trade, while the Americans had not even agreed to talk about tariff reductions. Bennett still saw himself as the captain of the ship, whose role it was to steer it through balanced budgets, tariff revisions, and the provision of relief. But now, after four years in office, he faced a re-election campaign that would force him to defend his record to the Canadian voter. The issues that would dominate the campaign – trade and tariffs, unemployment and relief, section 98, the Constitution – were already coming into focus.

Mackenzie King and the Liberal Opposition

For Liberal leader William Lyon Mackenzie King, 1935 started off well. On New Year's Day, he sat with his confidant Joan Patteson at the "little table" for about an hour, "with the following wonderful result for the first night in this momentous new year": Lorenzo de' Medici, a fifteenth-century Italian statesman and patron of the arts, came from beyond to greet King and offer his forecast for the coming year. He predicted that King would have a long life, be a peacemaker, make people happy, and, perhaps most importantly, "will be Prime Minister this year."¹³ King had long believed in spiritualism and in his conversations with those who had passed from this world. His conversation with the Italian statesman likely only confirmed what he already hoped and maybe even believed, for the signs for the Liberals were all good as the year began.

King was already one of Canada's longest-serving prime ministers. He had been in politics since 1908, when he was recruited by Sir Wilfrid Laurier to serve as minister of labour. In the wilderness for most of the decade following the disastrous Liberal defeat in 1911, King was elected prime minister in 1921 and remained in office, save for a few months in 1925–26, until his defeat by Bennett in 1930. He had good political instincts, intuiting what might work and what would or could be acceptable to the greatest number of voters. He could sense political danger and where the dangers lay;



After losing the 1930 election, the Liberal Opposition was quick to leave the responsibility for the Depression at the door of the government. | “Blaming It on Bennett,” March 21, 1931, *Montreal Star*, Library and Archives Canada, C-141243

he had a nose for politics that worked well over the years and made up for his lack of charisma, warmth, and the kind of personality that attracted followers and inspired loyalty. He was also lucky, even in defeat. In 1917, he remained loyal to Laurier and went down in defeat with his mentor, despite his own feelings in support of conscription. That defeat – or, more precisely, his loyalty to Laurier – served him well with the Quebec wing of the Liberal Party and

helped win him the leadership in 1919, a position he held for almost thirty years. Similarly, his defeat in 1930 ensured that the Liberals would be out of office for most of the economic crisis, and the Depression would be forever linked to the Conservative Party, enabling his return to office in 1935. Once back in power, he remained until 1948, and his party continued on until 1957 – an astounding twenty-two years in office.

King saw Canada as a linguistically, religiously, and geographically diverse nation that it was his job to unite or at least keep from falling apart. In his view, the vehicle for this national unity was the Liberal Party; the Conservatives were the party of British colonials and big business, whose demands for high tariffs threatened that unity.¹⁴ He fought long and hard against Tories – real and imagined – wherever he found them.

Ironically, he had a rather conservative view of the Depression, believing that it was caused by the collapse of world trade and exacerbated by the erection of protective tariffs. The solution was not to overthrow the system but to end the tariff wars and to restore world trade by reducing tariff barriers. Negotiations to reduce tariffs became his main proposal to end the Depression; in the meantime, the federal government had to keep things going – keep governments and people afloat until trade was restored. Bennett, like Tories everywhere, had raised tariffs and made things worse; the Liberals would reverse that trend and, the thinking went, things would improve. To this slim list of policy alternatives he added caution, hesitancy, and limited action, for there was no sense in leading the country where large parts of it might not want to go.

As a leader, King often appeared to worry more about making mistakes than doing what was right. He tended to put things off, avoid decisions, and extend negotiations, and then call it compromise; the 1935 election would be a perfect fit – he could sit tight and watch as the government disintegrated on its own. Although he could be overbearing and moralistic, his sympathies often lay

with the average person over the plutocrats; he had a real disdain for armaments manufacturers and was closer to being a pacifist than any previous prime minister. He was intelligent and one of the hardest-working politicians of his, or any other, era.

He had few vices – at least of this world – and devoted his whole life to his party. He claimed to have a fundamental belief in Parliament and parliamentary government, was often disturbed by the poor attendance and lack of decorum in the House of Commons, and was critical of his own team as well as the Conservative government. “It was shameful the members in the House yesterday,” he complained in his diary shortly after a debate on several new pieces of legislation introduced by the Bennett government in the last parliamentary session before the 1935 election:

The Quebec men and many others desert Friday afternoon – [J.L.] Ralston and [Ian] MacKenzie’s [sic] absences were particularly to be deplored, but the benches were only 1/3 filled on our side – not that – a little better on the other, and yet the greatest issue since Confederation was assuming definite shape and being joined by the parties. The men that are off thro colds, flu etc. are many – drinking I think the main cause – others helpless as children.

The government benches were no better: “It was pathetic to see the mechanical following applaud Guthrie’s & Bennett’s indefensible position as they must know it is indefensible.” Charles Cahan “sat there while Bennett was speaking looking annoyed beyond words he gave no applause – held an order paper in his hand. Perley came in and out but did not stay, he too dislikes it all ... The other ministers sit like dummies. The spectacle is a shocking one.” It was sad to think, King concluded, “how little the public know of what Govt. amounts to, how their liberties hang on a thread, but for one or two upright men who are ready to sacrifice themselves all would vanish over night.”¹⁵

King's own speeches often descended into cliché and platitude, perhaps *because* he worked so long on them – trying to get the phrasing just right, trying to say something without really committing to anything, being careful to avoid any hint of controversy while at the same time attempting to appease one part of the country without alienating the other. And he could do this in speeches that lasted several hours, a feat that could test the goodwill of any member of the House of Commons, including R.B. Bennett. The two leaders irritated each other regularly. Liberal MP Charles “Chubby” Power recalled how Bennett “often indulged in petty squabbles with King, who had a similar belief in his own importance and that of the position he held as leader of the opposition. At times the arguments between them, even on minor procedural points, were interminable.”¹⁶

Like Bennett, King was a childless bachelor who was devoted to politics and determined to win, but the similarities ended there. Bennett was forthright and volatile, while King smouldered and schemed; Bennett was public, while King was private; Bennett was decisive and liked to act, while King preferred to wait and avoided decisions until the very end; Bennett barely looked beyond tomorrow, while King played a much longer game. Perhaps most important, Bennett lost as much as he won in politics, whereas King was the perennial victor. In the run-up to the 1935 election, it looked like history was about to repeat itself.

The Rise of Harry Stevens

For Bennett, there were always Liberals to fight and Mackenzie King was a formidable opponent, but as 1935 began, the prime minister faced a greater threat to his leadership from within his own party, in the form of H.H. “Harry” Stevens. Henry Herbert Stevens was a British-born immigrant who was raised in Peterborough, Ontario, before he and his family moved to Vancouver. As a young man, he travelled and worked various jobs, including a stint as a miner in

British Columbia and as an office worker for a trust company. He also briefly ran a local newspaper and owned a small grocery business. He entered Vancouver municipal politics in 1909 before running and winning a seat (Vancouver East) in the House of Commons as a Conservative in the Tory win of 1911. Stevens is most often remembered as a virulent anti-Asian crusader before and after the *Komagata Maru*, a ship bearing hundreds of potential Asian immigrants, docked in Vancouver harbour in 1914.

In Ottawa, Stevens shared a parliamentary office with Calgary's R.B. Bennett, another rookie MP from the 1911 election. They developed a close friendship and worked together through the war years and into the 1920s. Stevens served briefly in Arthur Meighen's cabinet in 1921 and 1926 but lost his seat in 1930 even as the Conservatives were returned to power. Bennett, the new prime minister, found him a safe seat in Kootenay East, British Columbia, and brought him into cabinet as minister of trade and commerce.

Stevens was both a member of a Conservative Party that had strong ties to big business and a minister whose cabinet colleagues included several wealthy and successful businessmen. On top of it all, of course, was Bennett, also a very wealthy man. As a former small grocer, Stevens was also a businessman, but he had faced serious economic difficulties in the past and never attained the comfort or wealth of many of his colleagues. His lack of business success compared unfavourably with several of his colleagues, and he believed that this failure hurt his political career and that he was even looked down upon because of it.¹⁷ Whether it was true or not, he resented it and it likely affected his relations with some of his more successful colleagues, such as Charles Cahan, Sir George Perley, and even, to some degree, Bennett himself. If nothing else, it heightened his awareness of the problems facing small business owners in Canada, and he became determined to fight for the "little guy."

Stevens increasingly devoted his attention to the difficulties facing small business owners and retailers in Depression-era Canada,



H.H. "Harry" Stevens as a rookie Conservative MP in Ottawa, 1912. By 1935, Stevens had become one of the most popular Conservatives in the country and a potential challenger for the prime minister's job. | Photographer William James Topley, Library and Archives Canada, PA-043015

especially serious competition from the big chain stores, which were threatening to squeeze out smaller retailers by undercutting their prices. The big retailers used their power and influence to force manufacturers to sell to them in bulk at much-reduced prices, and they used loss leaders in their stores to lower prices to levels that small retailers could not match. Manufacturers had to cut their costs to make a profit, and their workers were caught in the middle, working at reduced wages in sweatshop conditions, especially in the production of clothing and textiles. At some point, the workers

could not afford to buy the clothing they produced. For Stevens, the culprits in this economic free-for-all were the major retail chain stores, particularly the two largest retail chains, Eaton's and Simpson's, and the major meat packers.

Trouble started on January 15, 1934, when Bennett asked Stevens to stand in for him at a meeting of the Retail Shoe Merchants and Shoe Manufacturers Association at Toronto's Royal York Hotel. In a speech that was broadcast simultaneously on a local radio station, Stevens condemned the large retailers for their purchasing practices, low wages, and big profits. He focused on what he believed was the crux of the problem: the "price spreads," the difference between what businesses paid for products and what they sold them for – or, more precisely, the huge disparity between what producers were paid for producing their goods on one end and what consumers were forced to pay for them on the other, and how much of the profit went to the powerful retailers and manufacturers sitting in the middle. "There must be action taken of some kind to face the evils that have developed like a canker," he declared. "I warn them that unless they are destroyed, they will destroy the system."¹⁸ This was a matter close to Stevens's heart. He did not single out any company, but everyone knew to whom he was referring. And he went a step further, promising government action to rein in the power of the giant retailers. It was one thing to raise an issue of importance to shop owners but quite another to get ahead of where the government wished to go, and Stevens had discussed this proposal with no one in cabinet. To make matters worse, the small retailers and business leaders in the audience loved what Stevens had to say, and they fully expected action to follow.

Stevens made a name for himself with the speech, and he nurtured it with a series of speeches in which he set out the bad conditions facing workers and small businesses in Canada. His message quickly became very popular, attracting a lot of national attention as well as, increasingly, the ire of his leader, Bennett. From the head offices

of Eaton's and Simpson's came demands that Stevens produce some evidence to support his charges of unfair competition – or be fired from cabinet if he could not. In addition, Stevens had broken one of the basic rules of this Conservative government by making promises on his own without Bennett's approval. Bennett demanded that Stevens stop saying such things; Stevens refused.

Stevens offered a letter of resignation from cabinet, but it was ignored by Bennett. Nevertheless, the two men's friendship had taken a serious hit, and the trouble between them was not ameliorated by their characters: both men could be stubborn and indignant, and neither was willing to concede an inch to the other. Stevens, however, had struck a nerve not only in the country but also in the Conservative Party, and even with the prime minister himself. Backbenchers sympathized with the plight of the small business owner, Stevens gave a plausible explanation of the deplorable economic conditions in the retail sector, and voters might be interested in hearing more about it.

Such was the popularity of Stevens's initial attack on vested interests that rather than sack his insubordinate minister, Bennett gave him his own Commons committee to examine the issue. On February 16, 1934, the Special Committee on Price Spreads and Mass Buying was established with Stevens in the chair. Better known as the Stevens Committee, it began a series of public hearings one week later in a committee room in Parliament. Over the next eighteen weeks, it attracted huge public attention, in the process turning Stevens into a household name as someone who appeared to actually be doing something about the Depression. In hindsight, Bennett might have wished that he had accepted Stevens's resignation right at the start, instead of giving him what he wanted – a national platform from which to launch his investigation into the problem of price spreads. What that decision almost guaranteed was a steady stream of commentary, criticism, and outrage emanating from

within his own party – and often directed *at* his own party – as it prepared for a general election.

Stevens was a committee chair on a mission, as he set out to prove his allegations of price fixing and unfair competition by defending his friends and attacking large business owners, examining witnesses like a prosecuting attorney, and producing enough bombast, accusations, and heated exchanges with well-known businessmen to ensure steady publicity in the press. To critics, Stevens saw the problems facing small business in a simple way and he sought simple solutions. One contemporary observer noted that he had been “touched with the mental habits of a promoter to whom many propositions look rosy when they are really not so.”¹⁹ Vincent Massey, a leading Liberal, was even less charitable. “Stevens can hardly be acquitted of using the technique of the demagogue in his handling of the problem,” he wrote to a British friend. “The Parliamentary inquiry has the air of a police court case with Stevens himself acting as police constable, judge, jury, and executioner.”²⁰

When the spring 1934 parliamentary session ended, Bennett could have allowed the Stevens Committee to expire, but instead, because of its popularity, he launched a full-fledged Royal Commission – the Royal Commission on Price Spreads and Mass Buying – with Stevens at its head. As a Royal Commission chair, Stevens might have been expected to remain quiet about the results of the commission at least until after it had researched and reported on the issue, but he could not, and he began speaking about what needed to be done long before the commission was scheduled to meet for the first time in October.

In a private speech delivered on June 27 to a group of MPs at the Conservative Study Club, Stevens levelled accusations against the meat-packing industry and the large retail stores, particularly Simpson’s, and spoke of his work in the Stevens Committee. He then launched a much-publicized personal attack on the aging

Toronto businessman Sir Joseph Flavelle, one of the major owners of Simpson's, for price fixing and unfair business practices. The published version of the speech was, according to one observer, "brutally frank, and, in the opinion of some people, somewhat indiscreet and not wholly accurate."²¹ Flavelle, an important banker, philanthropist, supporter of many good causes, and major supporter of the Conservative Party, was outraged.

There is some debate concerning whether Stevens meant to release the speech to the public, but he did have copies printed and distributed. He claimed they were printed without his knowledge or consent and were solely for the information of other Conservatives who were interested but unable to attend the Study Club meeting. Critics charged that by printing three thousand copies he intended it for a much wider audience.²² Regardless, one copy landed in the hands of journalist Grant Dexter of the *Winnipeg Free Press*. No friend of R.B. Bennett, the *Free Press* published it. The story was picked up by other papers and soon became a national sensation, angering many, including Simpson's. Bennett was livid. He threatened to sue the paper for libel and tried to stop further circulation of the contents of the speech.²³ Stevens was unrepentant, and the rift between him and the prime minister broke wide open. So began the "Stevens Affair."

It was a delicate situation for Bennett, who usually preferred decisive action. But he was soon to call five by-elections when the Stevens pamphlet appeared, and he likely did not want the speech to influence the outcome of those campaigns. Calling the by-elections also signalled that there would be no federal campaign that year, which, as it turned out, was fortunate given that the Liberals won four of the five by-elections, with only former Toronto mayor T.L. Church winning for the Conservatives in Toronto East. Bennett was also about to leave for England before going to Geneva to head the Canadian delegation at the League of Nations Assembly in September, and he was happy to avoid

controversy in advance of his trip. Furthermore, during his absence he would need to rely even more on the popular Stevens to campaign in the five by-elections.

More important, what Stevens had to say was very popular, and it would do Bennett and his party no favour to discipline the one Conservative who was rising in public consciousness. Bennett saw himself as a supporter of the small business owner, but nationally he was seen as the champion of corporate Canada and the major business elites. It was Stevens who appealed to the “man on the street” – the small business owner who was a natural Conservative but who couldn’t catch a break from the financial powers that controlled his fate. Bennett needed the support of such voters, and he was more likely to keep it with Stevens inside the party than on the outside as a critic, or even as a potential rival to his leadership. Stevens was widely popular with small business people and many in the agricultural sector, and he offered solutions of a non-socialist nature that were likely to attract Conservative voters as well as some Liberal voters. Even many Quebecers might be attracted to the non-socialist aspect of his proposed reforms. Already there was talk of Stevens as a potential prime minister or party leader and as a man who, if he replaced Bennett, could prove to be a more formidable challenge to the Liberals in the upcoming election.

Consequently, Bennett did not sue the *Winnipeg Free Press* or demand Stevens’s resignation; instead, he left for Europe as planned. In his absence, the Conservative caucus began to break up, with many supporting Stevens for breathing some life into a moribund government while others opposed him and felt that he should wait until the Royal Commission had at least *begun* its work before revealing what it had determined. Those on the party’s left wanted to stand with Stevens and small business; those on the right maintained their support for the business elite. There were diehard Bennett supporters, but a growing number believed that Bennett was on his way out, and Stevens presented himself as a winning

future leader. With the cracks in the party becoming wider, there was rising speculation in the press over Stevens's future. For example, the *Toronto Daily Star*, which traditionally maintained an attitude of "studied contempt" regarding Bennett and had once congratulated him for "walking up to the very verge of doing something," openly wondered how long Stevens and Bennett could stay in the same government.²⁴

By the time Bennett returned from Europe, cabinet was openly divided between Stevens on one side and, on the other, Minister of Finance Edgar Rhodes, the old-school veteran Sir George Perley, and, in particular, Secretary of State Charles Cahan, the mouthpiece of St. James Street (the Montreal financial establishment) and spokesperson for the older Tories who eschewed the radicalism suggested by Stevens and his inquiry. Last-ditch efforts were made to keep Stevens in the government, but the controversy came to a head on October 25, at the first cabinet meeting following Bennett's return. There was much criticism of Stevens's actions, especially from Cahan (who was also known as "Dino," short for dinosaur), and few ministers came to Stevens's defence. No resignation was demanded, but the cabinet requested that Stevens make a public apology to Sir Joseph Flavelle. The decision was leaked to the press and Stevens refused to toe the party line. Apologizing would have been the easy way out, Stevens concluded, but he reportedly told Bennett, "I prize my liberty of action and my sense of duty to the public of Canada more." He submitted his resignation for the second time, and this time Bennett accepted it.²⁵

Stevens was out of the cabinet but he was still an MP and a member of the Conservative caucus, so the tension remained and the public feuding continued through the fall. He also resigned as chair of the Royal Commission, which had not even been convened, but remained a member and the focus of considerable national attention. The commission held its first hearing on November

1, 1934, with W.W. Kennedy, the Conservative MP for Winnipeg, as its chair. It continued until February 2, 1935. By then, Stevens was regularly pointed to as Bennett's rival and potential successor.

By the end of 1934, Stevens, no longer a cabinet minister and Royal Commission chair, had more time to travel the country crusading for the recommendations of the earlier Stevens Committee, and he faced the open hostility of several former cabinet colleagues. It remained to be seen whether the split with Bennett was irreversible, but the conflict had clearly spilled out into the open. On December 5, Bennett announced that he was staying on as leader to fight the election that had to be held in 1935, and it was clear to many that it was his personal dislike for Stevens that led him to continue as leader and prime minister. "In 1935 I had intended, as you know, to retire and had hoped to take up residence in England," Bennett wrote in 1938 to his old friend Max Aitken, now Lord Beaverbrook, in London. "But Stevens' action made that impossible and I had to remain."²⁶

On New Year's Eve, *Winnipeg Free Press* editor John Dafoe opined on the coming election:

The whole play will be on emotions, prejudices, appetites, hopes and what-not, with promises of a new Jerusalem for them as a reward for electors if they vote right. R.B. will be in the coming campaign the outstanding demagogue of Canadian history. Poor Harry Stevens will have to go way back and sit down, his ineffectual fires paling in contrast with R.B.'s effulgence.²⁷

Few held out hope for reconciliation; more were worried that the split would completely fracture the Conservative Party and pave the way for a Liberal victory; still others silently longed for Stevens to replace Bennett as leader. Over the next year, the relationship deteriorated even further and Stevens evolved in two ways: first,

from a minor nuisance into a major disruptive influence in the party, and second, from a potential rival to Bennett's leadership into an existential threat to his re-election.

Bennett had to respond to the challenge from Stevens both as party leader and as prime minister. Digging in his heels as an old-style Tory capitalist likely would not resonate well with the Canadian public. He believed – and was hearing from several close sources – that a bolder, more dramatic plan of action was necessary. It is perhaps not that surprising, then, that at the beginning of 1935 and facing an election that year, Bennett, as captain of a ship quickly taking on water, would be so receptive to the idea of sailing off in a bold new direction by launching a “New Deal” for Canadians – one filled with ideas and proposals that he could at least claim to have supported at some time in his past. The election campaign was on.

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