

The Canadian Elections

THE general election which is to be held in Canada on December 6th has a significance for the people of the United States beyond the normal interest in the affairs of one's nearest neighbor. It is not merely that one party seeks to make the recent tariff policy of the United States an issue in the Dominion contest. Of more general importance is the shift in the basis of party organization, and particularly the rise of the farmers' movement, which is distinctly more advanced in Canada, in both the economic and the political sphere, than it is south of the boundary line.

Four distinct parties have entered the lists. The party in power, officially termed National Liberal and Conservative, is the old Conservative party, plus a few Liberals who joined it on the reciprocity or the conscription issue, and minus many farmers who have left it on the tariff issue. Traditionally the party of restricted franchise, high tariff and closer imperial relations, it suffered a long eclipse after the death of Sir John Macdonald in 1891. In 1911, under Sir Robert Borden, it regained power by attacking the Taft-Fielding reciprocity agreement as dangerous to economic independence, national unity and imperial connection. In office when the war broke out, the Borden administration directed Canada's effort with a very considerable measure of boldness and efficiency, but by the end of 1916 personal dissensions, charges of graft and discontent against profiteering had lost it popular favor.

Then the military necessity of providing stronger reinforcements than voluntary recruiting could insure, or the political expediency of ranging English-speaking Canada against Quebec on the charge of slacking in the war, led the government to introduce conscription. The proposal split the Liberals; a War-Time Election act, taking the franchise away from all citizens born in the enemy countries and naturalized since 1902 and giving it to women relatives of overseas men, further armed the government. A group of Liberal leaders joined Borden, in a coalition or Union government. The Military Service act utterly failed to provide the expected increase of men, but it did win the elections. The Unionist coalition began office vigorously, but after 1918 its persistence in retaining in peace the power given for war purposes, internal rivalries, and favors to big interests, notably in the attempt to maintain high sugar prices, along

with the general post-war unrest, soon made it the most unpopular government in Canadian annals. In 1920, Sir Robert Borden resigned, and was succeeded by Arthur Meighen.

The Liberals, traditionally the party of wider franchise, lower tariffs and insistence on Canadian self-government, held unbroken power through the period of Canada's greatest development, from 1896 to 1911. Defeat in 1911, division in 1917, the death in 1919 of their incomparable leader, Sir Wilfrid Laurier, and the inroads of the farmer movement, played havoc with their following. In the 1917-1921 parliament, they held sixty-two out of sixty-five seats from Quebec and nearly half the seats in the three Atlantic provinces, but from Ontario they had only a handful, and from all the West only two members. A national convention in 1919, which drew up a new platform and chose William Lyon Mackenzie King as leader, put new heart into the party. Of late, the return to the fold of most of the Liberals who had supported Union, and the mistakes of the government, have materially strengthened its position.

The National Progressive or Farmers' party is the new and disturbing factor. Previous agrarian movements in Canada, Grangers and Patrons, were largely echoes of United States developments, and had little abiding influence. The present movement is home-grown and firmly based on an economic foundation. The farmers of the western prairie provinces, who led the way, have built up strong cooperative marketing companies, the United Grain Growers and the Saskatchewan Co-operative Elevator Company, which are transforming western agriculture not merely by the financial success of their operations in selling grain and livestock and purchasing supplies, but by developing a new business capacity, a new solidarity, a new sense of the dignity of farming. From the west, the cooperative movement, always on a province-wide, not a merely local basis, spread to the east. Since the war, the organized farmers have entered politics. Their general purpose was to lessen the power wielded by the Canadian triumvirate, the manufacturers, the railroads and the banks. More specific motives were, in the west, resentment against the rejection of reciprocity, and, in the east, resentment against the cancelling in April, 1918, of the exemption from military service promised to farmers' sons during the 1917 election,—a promise indispensable for Unionist

victory. In three years the organized farmers have captured the Ontario and Alberta governments, dominated the Saskatchewan, and threatened the Manitoba government. In the federal parliament, by defections from the Unionists and success in bye-elections, they have built up a strong group, under the leadership of T. A. Crerar, and now they are fighting all along the line.

Labor has not yet developed a common basis nor a central organization. But though incoherent, the labor movement is steadily gaining strength and momentum and will undoubtedly win a fair number of city and mining seats.

The leaders of the three chief parties are all Canadian-born, all Ontario men, and all in their early or middle forties. Arthur Meighen, farmer's son, teacher, lawyer, member for a Manitoba constituency since 1908, won early recognition in parliament by a judicious blending of party service and occasional independence. Intellectual keenness, tremendous industry and thoroughness, an austere and iron will, have made him the master of his party and a power in parliament. Whenever there was a difficult job to be done, a Canadian Northern subsidy to be defended, a war times election gerrymander to be framed, Winnipeg strike leaders to be jailed, Arthur Meighen did the work ruthlessly and efficiently, and now has his reward. Mackenzie King, grandson of the leader of the Upper Canada Reformers before the Rebellion of 1837, and, like Mr. Meighen, a graduate of the University of Toronto, studied further at Chicago and Harvard, became Deputy Minister of Labor in 1900 and a member of the Laurier Cabinet in 1909. His chief official achievement was the enactment of the measure providing for compulsory investigation of labor disputes in public utilities. While Mr. Meighen is at his best in the quick fence of parliamentary debate, Mr. King is most effective in the rounder periods of the public platform. His wide experience of industrial disputes and his broad sympathies give him unusual equipment for handling the economic difficulties which Canada is facing. Both leaders have the defects of their qualities. Mr. Meighen's critics insist that his keenness tends to hair-splitting, his firmness to intolerance, his assuredness to arrogance, while Mr. King's critics, if admitting his broad sympathies, interpret them as leading him to be all things to all men. Thomas Alexander Crerar, farmer's son, teacher, farmer, president of the United Grain Growers, became Minister of Agriculture in the Unionist government in 1917, resigning in 1919. His frank and hearty directness, his shrewd common sense, his constructive business capacity and his genuine social sympathies have

won him wide confidence. He has not, however, the political experience of either of his fellow leaders, and Conservative opponents denounce him as a reckless visionary.

Of the issues in the election, both Conservatives and Progressives have laid chief emphasis on the tariff. The western farmer, seconded less vigorously by his eastern brother, demands a substantial, if gradual, lowering of duties on the instruments of production and the necessities of life, including food-stuffs: free trade with England in five years is a further plank rashly inserted in the farmers' platform and not now emphasized. Rural depopulation, combines and mergers, the unwillingness of infant industries ever to grow up, are the chief counts in the indictment. The challenge has been taken up by the Conservatives. Mr. Meighen is seeking to divert attention from the government's record, to unite the east against the west and the city against the country, by insisting that once more the nation's industry, its unity and even its independent existence are menaced by free trade wreckers. The Fordney Emergency tariff has played into his hands, and is being worked for all it is worth as a proof of the impossibility of friendly tariff relations and the futility of trusting to the United States market. The Liberals hold a midway position; their platform, adopted in 1919, is substantially the same as the farmers', save for the free trade with England plank, but an influential Montreal wing opposes any reduction, in view of international disturbance and the United States attitude. The old compromise of a tariff for revenue with incidental protection is therefore relied upon. The majority of Liberals would favor a careful and gradual revision downward, possibly including a renewed reciprocity agreement.

Taxation proposals do not count in the campaign, aside from the tariff, and aside from an academic leaning toward land values taxation by some of the farmer leaders. The railway question is as yet in the background. The government has taken over the Grand Trunk and Canadian Northern systems, comprising practically all the roads in the country aside from the Canadian Pacific. The roads have not until lately met operating costs, much less fixed charges, achieving a deficit in the past year of \$70,000,000. The farmers, so far at least as their platform goes, favor public ownership. The Conservatives, while including a strong public ownership element in Ontario, to which publicly developed and distributed hydro-electric power is the Gospel and Sir Adam Beck its prophet, have on the whole been lukewarm; they were led into taking over the roads, when they approached bankruptcy, by the burden of state guaranteed

bonds and the pressure of interests seeking to unload their white elephants upon an accommodating public. The Liberals are similarly divided, but the official position is in favor of giving public ownership a full and fair trial. Meanwhile, various financial interests bide the time when incessant deficits will have cured the public of what they term its hobby, and make them ready to listen to bargain sale proposals. A government grain pool or marketing agency has been proposed by the government; it is ingeniously devised to divide the western farmers and divert them from the tariff trail, as well as from the cooperative marketing agencies, but thus far it has not succeeded.

Imperial relations are not to the fore. Liberal and farmer opinion is overwhelmingly opposed to imperial centralization and international entanglements, though sympathetic to the League of Nations. Mr. Meighen has been traditionally an imperialist, but the influence of Sir Robert Borden and Mr. Rowell, and the teaching of experience made him stand out this summer, in the Imperial Conference, against the Anglo-Japanese alliance, at the expense of upsetting Mr. Lloyd George's plans and temper, and made him insist upon the paramount need of retaining United States friendship. In the election, any Conservative centralization views will be kept out of sight while the wooing of Quebec goes on.

Mr. Crerar is probing into the campaign chests of the older parties, or rather into the Conservative chest, as Liberal funds appear to be scanty. The farmers' campaign expenses are being raised by open and popular subscription in small amounts. Whence, Mr. Crerar asks, come the funds for the lavish advertising campaign in press and poster which the government is carrying on? Thus far, he has had no answer.

Next to the tariff, the government forces are trying to make "class rule" the issue. The farmers' movement is depicted as a reckless and selfish class organization, seeking to impose its will regardless of justice or national necessities. The farmers retort that for a generation the country has been ruled by a class and for a class, by lawyers for manufacturers, and that it is time for a change. The Liberals seize the opportunity to emphasize the need of a mediating and moderating influence such as historic Liberalism supplies. As a temporary expedient, to redress the balance of forces, much can be said for the organization of farmers in a distinct group, and thus far the farmers' leaders have not demanded any special privileges for themselves. It is clear, however, that a permanent organization on this basis would provoke counter groupings, and tempt each class to a naked pursuit

of its own economic interest. Mr. Crerar and Ernest Drury, the farmer Premier of Ontario, therefore favor a broadening-out policy, the inclusion in the party ranks of all city-dwellers of like views, while other leaders, like J. J. Morrison of Ontario and especially H. W. Wood of Alberta, fear that disintegration and flabbiness would follow, and insist on a farmer shibboleth. Mr. Meighen has taken advantage of the fact that Mr. Wood hailed originally from Missouri to paint the western farmers as under American influence, though as a matter of fact it has been Eastern Canadian and British settlers who have dominated the movement.

The fact that all women are entitled to vote for the first time, in this election, and particularly the number of three-cornered contests, make the outcome extremely uncertain. So far as can be judged at present, the Atlantic provinces are likely to go strongly Liberal. Quebec, in spite of the natural conservatism of a great part of its people, and the appeal to tariff sentiment, is likely, for this election, to continue Liberal; Mr. Bourassa is not entering the lists, and the farmers, though now beginning to organize, have not yet a strong hold. In Ontario, the farmers are likely to come first, the Conservatives second, and the Liberals third. The farmers should win two-thirds of the prairie seats, while the government and the Liberals, with a Labor man or two, will probably divide British Columbia. The prevalent view at present is that no party will have a majority over all, but that the Liberals will have the largest group, the Farmers second, and the Conservatives third. Three-cornered contests in Ontario and Manitoba, and the revival of Conservative-Nationalist tactics in Quebec, may improve the government's position. Some time for campaigning remains, and the election may be lost or won in the last two weeks.

The real interest in the election will come after the election. Assuming four groups, what then? Whether to form a Cabinet or to carry out a policy, some cooperation of groups will be essential. Clearly Farmer and Conservative cannot unite. The Liberals, if not in control, must be in any combination. But with which group? Business interests, chiefly Montreal-centred, are urging and preparing, as against the day of government defeat, a Liberal-Conservative alliance, perhaps under a new leader. The majority of the Liberal members and certainly of the rank and file would much prefer a Farmer alliance, and the welding of a new Liberal-Progressive party. But that is for tomorrow: today each group is playing for its own hand.

O. D. SKELTON.

The Great Mark Joke

IT was for Germany to make world finance ridiculous. She is paying reparation with spurious money, the vanishing price of which is solemnly recorded on all the great foreign exchange markets, and there is apparently no way to stop her.

When the armistice was signed the German mark was worth about seven cents,—say, fourteen for a dollar. It now is worth only a fraction of a cent,—two hundred more or less for a dollar. The obvious truth about this phenomenon is obscured by a variety of absurd notions, particularly the notion that the depreciation of the mark increases the German exporter's profit and gives him a special advantage in the race for foreign trade. Wherein this is true it is specious and temporary; that effect is possible only so long as the fall of the market in London and New York is faster than the rise of wages and materials in Germany. If it were more than that then every country seeking foreign trade, our own included, should proceed at once to debase its money.

No. What the fall of the market actually represents is a colossal swindle. It represents theft by government on a scale hitherto unimaginable, and finance, knowing it to be such, is engaged in passing the spurious money.

Since the armistice Germany has printed and sold in the outside world through the agencies of foreign exchange, that is, finance, perhaps sixty billions of marks, maybe more. The exact figure doesn't matter. These marks are intrinsically worthless. They will not be redeemed. Every buyer who does not instantly get rid of them in trade makes an involuntary contribution on account of German reparation, for as he holds them the price falls and his loss is the exact measure of his contribution.

Where will the fall of the mark stop?

That question has been continually asking for three years. The answer has been steadily present in the facts. It will stop when the cost of printing and selling the mark is greater than its price. What finance needs is not a prophet but an expert bank-note printer who can say at what price the production of German marks will cease to be profitable as an engraving industry. Then it will stop and Germany will say to the world: "What are we going to do about it?"

Why shouldn't she?—or, why wouldn't you if you were Germany? What has she to lose by go-

ing bankrupt? The debtor who cannot see his way out and lacks besides a conviction of debt will have no pride in solvency.

It is a grotesque matter. Yet this German mark is a significant symbol. What it signifies is the moral and material impotence of finance.

Sanctity of debt is the first postulate of finance. The thought of a country not paying its bonds fills it with horror. But it conducts an enormous traffic in German marks, buying them, selling them, passing them in the ways of trade, and is thereby accessory to a fraud of historic proportions. If it is not conscious of this fact then it is convicted besides of utter stupidity.

It says: "What can finance do? It is helpless."

Just so. In the greatest financial crisis of the world, finance is helpless. It is not responsible. It is without authority. It waits for the event to happen instead of going to meet it.

Mr. Hoover says: "The great banks of issue are the guardians of stability in currencies. It would appear to me that these institutions,—the Federal Reserve Board, the Bank of England, of France, of Amsterdam, Italy, Spain, etc.,—could well consider that it is within their province to concert some unofficial plan leading to the re-establishment of . . . the primary conditions of economic life."

But finance has no background for that task. Its pretensions have broken down. It was never able to rationalize men's pursuit of economic ends; never seriously contemplated that responsibility. It called impractical visionaries those who talked aforesaid of stabilizing the dollar or any unit of money in order to eliminate those price panics which periodically convulsed the economic world because there was no constant relation between the volume of money in circulation and the volume of business doing. You couldn't eliminate fluctuations, said finance. You wouldn't if you could. You were crazy to think so.

The one great obstacle to a rational reform of the money mechanism before the war was the preference of finance for its own anarchic way. Well, now it is caught in the whirlwind and cannot imagine what will happen. It prays to be let down whole and calls upon Heaven to witness that it started nothing, did nothing to anybody, and is the victim of circumstances. That is well true. Therein occurs the indictment.