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TARIFF OUT OF POLITICS:
POLITICAL ECONOMY OF TARIFF POLICY IN CANADA,
1875-1935

by
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A thesis submitted to
the Faculty of Graduate Studies and Research
in partial fulfilment of
the requirements for the degree of
Doctor of Philosophy
Department of Political Science
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ABSTRACT

This dissertation examines the submergence of the tariff policy process in Canada during the period between 1875 and 1935, in terms of pressure groups, political parties, and the institutional evolution of the state. It argues that the tariff policy process was submerged into an expanded state's bureaucratic institutions, regarding the Tariff Commissions (1896-97, 1905-06, 1920-21), the Advisory Board of Tariff and Taxation (1926-31), and the Tariff Board (1931-88), in order to relocate the policy process away from partisan debate and confrontation. Consequently, the political system became immune to challenges over tariff matters from populist social groups.

This examination attributes the submergence of the tariff policy process to three reasons. First, the disproportionate political influence of the manufacturers, in relation to the farmers and workers, enabled them to relocate tariff issues away from the instability and disruptions of polarized partisan debates. Second, the political parties, such as the Conservative and the Liberal Parties, increasingly withdrew from any polarization over the matter due to their fear of an electoral loss as a result of the alienation of social groups. After the polarized debates that led to the National Policy of 1879 and over Reciprocity in 1911, these parties increased their efforts to submerge the issues and tried to avoid partisan confrontations over the issue. When the Progressive Party, which demanded lower tariffs, surged against the traditional two-party system in the early 1920s, the major political parties glossed over the polarities of social interests on the issues. Finally, the growth of the state enabled the submergence of the tariff policy process. The state established institutions specializing in tariff matters in order to take tariffs out of partisan politics so as to secure the stability of commercial policy and to avoid partisan challenge. During the emergency of the First World War, and following periods to the 1930s, the state expanded its role and relevant bureaucratic institutions. The growth of the state, therefore, propelled the process of the submergence of the tariff policy process within the bureaucracy.

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CHAPTER ONE

TARIFF POLITICS IN CANADA: FROM NEGLECTING TO EXPLAINING THEIR SUBMERGENCE

Introduction

Canada is often seen in terms of its heavy reliance on staples trade. However, in spite of the large volume of scholarship that has been inspired by this observation, not all of the relevant research questions have been properly addressed. For example, when the historical development of Canadian trade and tariffs is considered, Canadian political parties are most frequently assumed to have been captured by polarized tariff options: the Conservatives by supporting trade protection, and the Liberals through opting for freer trade. This view glosses over the complexities introduced to this issue both by the international environment and by the play of domestic social forces. Similarly, tariff policy during Canada's early decades is assumed to be the simple result of partisan politics. Sufficient account is not given of the increasingly complex and bureaucratic character of the federal state and its increasing autonomy from the push and pull of social and partisan forces. These misconceptions about party and state, in relation to tariff policy, are overly simplistic because they are derived from

a few isolated examples rather than from a comprehensive examination of relevant records. More seriously, these interpretations have prevented us from examining the changing and ever more complex nature of tariff politics in Canada.

My dissertation focuses on the course of Canadian protective tariff policy between 1875 and 1935, and seeks to explain why the tariff policy process was taken out of the arena of partisan politics and placed under the management of the bureaucratic institutions. The principal focus of my study is neither on the tariffs' role in raising state revenues nor on issues related to Canadian nationalism and sectionalism.¹ Rather it features an account of the political conflict over the tariff as protection for domestic producers and describes for the special nature of tariff politics in Canada, for which so far no sufficient analyses have been presented. Taking into account the changing agenda of the Canadian political economy within the international political economy, this analysis examines Canadian tariff politics through a broad survey of the interactions between pressure groups, political parties, and the state.

The period of this study is punctuated by the rising trade protectionism of the late 1870s, the First World War, and the aftermath of the Depression of 1929. British

economic hegemony, once at its height in the repeal of the Corn Law in 1846, was in decline during this era. The Canadian political economy experienced explicitly protective tariffs through the National Policy of 1879, lowered tariffs for its trade with Great Britain in 1897 through Imperial Preference, a failure to implement Reciprocity with the United States in 1911, the erection of the War Tariff of 1915, and the revision of tariffs in the wartime budgets. In the 1920s, tariff revisions lowered tariff levels following the surge of political support for the free trade oriented Progressive Party.

The state elaborated its structure and strategy from its primitive and simple forms in the earlier periods to the increasingly complex forms necessary for economic management in the face of economic and political fluctuations. This growth of the state was particularly important during the First World War and the Depression. During the period we explore, institutions specializing in tariff matters were established such as the temporary Tariff Commissions (1896-97, 1905-06, 1920-21), the Advisory Board on Tariff and Taxation (1926-1931), and the Tariff Board (1931-88).

Building a proper framework for analyzing Canadian tariff politics during the period of our study encompasses three steps. First, some international comparisons of tariff politics assist us in focusing on the tariff policy

process in Canada. These comparisons bring to our attention international changes that conditioned tariff politics in countries such as the United States, Great Britain, and Germany, and to the varied responses among these countries.² This examination also explores the changing role of tariffs in the international and Canadian political economies. Second, a survey of the existing studies on tariffs argues that they failed to properly explain the tariff policy process due to a lack of a properly defined research focus and a lack of suitable analytical instruments for discussing the topic. Finally, this chapter seeks to set out a research model suitable for this study.

1. Canada's Tariff Politics within the International Trade

a. Changing International Trade, the 1870s-1930s

The depression starting in 1873³ resulted in a world economic crisis and produced substantial changes in economic policies, including tariff policies. This depression magnified domestic protectionist movements that originated in the early nineteenth century,⁴ and transformed tariffs beyond their function as mere revenue sources into policy measures to protect domestic producers from international competition. The principles of trade protectionism,⁵ namely the protection of infant domestic industries, quickly came to dominate economic policy in Germany, the United

States, and Canada.⁶ By the end of the nineteenth century, tariff policy became one of the state central policy instruments of the state although tariffs in this early period were relatively simple and primitive in comparison to those found in later periods.

In the following periods tariffs were embedded in increasingly modified national economic policies. The emergency of the First World War required national mobilization, and special tariffs were implemented for covering the expanding war expenditures. Yet, tariffs did not relinquish their protectionist roles. More importantly, the war prompted the growth of states' economic interventions. The Great Depression of 1929 caused a drastic expansion of state intervention for the purpose of economic regulation, which was facilitated by the larger state bureaucracies.

Even while facing the international recession in 1873, British tariff policy did not immediately shift to protection, but protectionism was energized under the deteriorating economic conditions. The relative decline of British economic hegemony was becoming evident in the 1870s, and British export markets were shrinking because of rising protectionism and state-induced industrialization in other countries, such as Germany. Yet the matrix⁷ of social groups in Britain was unfavourable for an outright victory

for protectionism due to a sort of a balance between groups of agrarians and iron producers in favour of protection for their products, and a larger population of industrialists and workers preferring lower tariffs. The combination of this quasi-balanced polarization, and the traditionally dominant ideology of liberal trade, prevented any immediate institution of tariff protection.⁸

Although the Great Depression worsened the British economic situation, British policy was relatively behind, in comparison to other political economies, in instituting tariff protection. Again, the matrix of social forces prevented one single element from being dominant in pressuring for either a liberal or a protected trade policy. Even the working class failed to take any solid position regarding tariffs. Partisan politics did not really polarize the tariff question, either.⁹

In Germany, the state was involved in the economy from an early stage of its industrialization, which had started after the British had industrialized. As a late-starter, the German state directly supported the industrialization process. Already, in the early nineteenth century, the advocacy of protection for infant industry, such as that by Friedrich List,¹⁰ had gained supporters and set an ideological foundation for future state interventions.¹¹ The process of creating the German Zollverein custom union

in 1834 provided member states with a larger domestic market under tariff protection.¹² As soon as the recession started in 1873 in Europe, the German state instituted tariffs to protect domestic grain from imports in 1874, and other tariffs on industrial goods followed.

More importantly, the particular matrix of social groups in Germany was the essential condition for the emergence of the protectionist tariff regime. In contrast to the British case, German industrialists and farmers together pursued tariff protection. Without any other comparable forces pursuing a liberal trade regime, this protectionist alliance could dominate the political agenda. Rising nationalism also enhanced this protectionist notion of national economic development.¹³

In contrast to Germany, tariff issues were often a central cause of political polarization, an example being the Civil War, in the United States. In the face of competition from the already developed British industries, tariff protection was the essential instrument of an economic policy that supported industrialization. More importantly, there were links between the polarizations in social forces, regions, and partisan politics over tariff protection. There were some liberal laissez faire notions among the Republicans, supported by farmers in the South, although the growing manufacturing sector, mainly in the

North, supported protectionism and the Democrats. Therefore, this polarization situated the tariff at the centre of partisan politics.

Under international conditions, varied tariff politics emerged in these political economies, partly because each political economy was located differently in the changing international political economy. Second, the effects of the international changes on each economy differed according to domestic economic structures and matrices of social forces surrounding tariff levels. Finally, the specific nature of the links between social matrices and partisan politics in each country also defined tariff politics. There were direct and indirect junctions between the polarization of social forces and of political parties. The German case, in comparison to other cases we have seen, demonstrated lower levels of polarization in terms of social matrices and partisan politics. In Great Britain, social factions were divided between the supporters of liberal trade and the advocates of protective tariffs; yet, the matrices of the political parties were not quite in agreement with the matrices of the social groups. Therefore, together with the quasi-balance between free trade supporters and protectionists, the polarities did not result in any drastic shifts of tariff policies. In comparison, in the United States, the highly divided social matrices were connected to

partisan matrices, resulting in debate over two polarized tariff options; however, while this polarization did not shift tariff policy towards a free trade orientation, it did lead to swings in policy direction within the protectionist mode.

b. Canadian Conditions

Consistent with the rising tide of international protectionism, occurring as early as the 1870s, the Canadian political economy was also moving toward trade protection through higher tariffs on imports. In response to the previous recession in 1857, there were two consecutive tariffs, the Cayley Tariff of 1858 and the Galt Tariff of 1859, which were implemented in order to compensate declining custom revenues.¹⁴ In contrast, the National Policy of 1879 was a clear departure toward a tariff policy that was specifically designed to protect domestic producers from international competition.

Unlike the British case, Canada quickly implemented tariff protection in 1879 following a partisan struggle that led to victory for protectionist forces in 1878. Previously, Canada had been influenced by British notions of tariffs mainly for revenue purposes. However, in the depressed conditions of the late 1870s, manufacturers in the Manufacturers' Association of Ontario demanded tariff

protection for domestic industries in the face of intense competition from American industrial exports. In contrast, farmers in Canada gradually shifted from being subordinate to the manufacturers' aggressive protectionist campaign to supporting freer trade. As grain exporters in the prairie provinces they were already tied to European markets, and as consumers they found inexpensive American farming machinery more attractive than the higher-priced domestic products. This cleavage over tariff policy was also characterized by the contrast between the strength of the well-organized protectionists, mostly manufacturers, and the poorly organized liberal trade supporters, such as the farmers and the workers. This imbalance in the social forces was also accentuated by a partisan confrontation which the Conservative Party instigated by situating themselves in a protectionist position. Therefore, there was a juncture between the polarized social and partisan matrices. Nevertheless, with the exception of the Reciprocity debates in 1911, this partisan division faded, leaving the linkage between the social and partisan matrices ambiguous. Only the surge of the Progressive Party based in the support of western grain farmers in favour of lower tariffs, in the 1920s interrupted the general pattern of decline in partisan division over tariff policies.

Relations between manufacturers and farmers were

strikingly different in Canada and in Germany. Both implemented higher tariffs to protect infant industries from foreign competition in the 1870s. In Germany, there was a solid alliance between the manufacturers and the farmers (Junkers) for tariff protectionism, which was symbolized by the slogan "Iron and Rye."¹⁵ In contrast, Canadian farmers shifted to freer trade options and increasingly opposed protectionist manufacturers, somewhat similar to the polarities between industry and agriculture in the United States. As a result, a Canadian version of "Iron and Rye" never existed.

This contrast between Germany and Canada can be explained by two reasons. Due to the dominant influence of British liberalism in Canada, rising protectionist movements polarized social and partisan matrices in Canada,¹⁶ but not in Germany where trade protectionism had been already ideologically predominant and linked together with nationalism. Second, the contrast is also attributed to the differing nature of agricultural production in each country and their relations to international markets. German farmers were oriented to the domestic market as domestic suppliers concerned with competition from imported grains. Canadian farmers were exporting grain to Europe in competition with U.S. farmers, and so were interested in reducing export costs through freer access to cheaper

American farming implements. These different conditions resulted in the contrasting relations between farmers and manufacturers in each country. This division between the manufacturers and farmers in Canada also had the potential to polarize the politics over the pursuit of a protected or liberalized trade regime.

However, the polarization of tariff politics in Canada was not as divided as in the United States. In the case of Imperial Preference in 1896, Canadian imperialism blended trade liberalization and nationalist protectionism against American products,¹⁷ and helped to blur the divisions between them. Nevertheless, underlying contradictions occasionally caused outbursts of polarized tariff politics, such as the surge of support for the Progressive Party in the 1920s. Consequently, animosities continued to mould the social and partisan matrices that affected the tariff policy process in the following periods.

Despite some similarities with other political economies, international comparisons demonstrate that there were some important differences in Canada's tariff politics, as subsequent chapters will document. These differences were derived from: (a) the particular nature of the relations between the Canadian political economy and the international political economy; (b) the specific matrices of Canadian social forces; (c) the specific relationship

between social and partisan forces in the context of an expanding state structure.

2. Review of Studies of Canadian Tariff Politics

A few perspectives have emerged in the discussion of Canada's tariff policy during the period of 1875 to 1935. For example, Ben Forster, a historian, attempted to develop an account of the process of instituting tariff protection under the National Policy of 1879.¹⁶ The recent generation of the Canadian political economy tradition, the New Canadian Political Economy,¹⁹ also touched upon tariff policy during this period. R.T. Naylor attributed Canadian trade policy to the hegemonic alliance of commercial and financial sectors.²⁰ Tom Traves, and Paul Craven and Tom Traves, similarly using a class analysis, attributed trade policy to bourgeois dominance in the tariff policy process.²¹ In contrast, Glen Williams focused on the decision makers' visions for determining the courses of policies while pointing to some structural factors related to the changing international environment.²² Gordon Laxer, critical of deterministic class analyses, examined social actors, Canada's foreign direct investment policy, and also touched upon the tariff policy process.²³ An evaluation of these studies will sort out what can and cannot be helpful for this dissertation.

a. Historical Approach

Forster's analysis of the National Policy tariff politics managed to avoid crude economic determinism. He observed that the recession in the middle of the 1870s was the catalyst of the protectionist movement, and the National Policy was the state's policy response to these economic conditions. In his study, Forster uncovered some of the complexities which are essential to the comprehension of the relations between politics and the economy during this period.²⁴ Nonetheless, he was rather precipitous in concluding that the state was autonomous from lobbying groups. He considered tariff policy to be simply the result of rational choices made by state actors rather than viewing it in relation to unrelenting heavy pressure from business groups. Forster's parsimonious conclusion might be partly attributed to the rather primitive picture of lobby groups he presents in his study.²⁵ However, prior to reaching his conclusion regarding the extent of state autonomy, he did not really put forward the elements and indicators he used for measuring autonomy. In the absence of these discussions, Forster's conclusion about the nature and extent of state autonomy was not really convincing. This analytical deficiency suggests that a more appropriate research model would have a proper enumeration of relevant analytical factors in reference to the autonomy of the state

and some historical comparisons of the changes in these factors.

b. Class Analyses in the New Canadian Political Economy

R.T. Naylor, Traves, and Craven and Traves employed class analyses to explain the bourgeoisie as the critically dominant force in the policy process. R.T. Naylor pointed particularly to the demands of the commercial and financial bourgeoisie for policy options in their struggle against the industrial capitalists. However, he dismissed other social groups and political institutions involved in the process.²⁶ Traves argued that the close relations between manufacturers and the state dominated the policy process during the period of 1917-1931.²⁷ Despite Traves's own caution against a crude equation between economic strength and political influence,²⁸ his analysis was rather paradoxically overwhelmed by the notion of the hegemony of the industrial bourgeoisie. In comparison, the joint study of Craven and Traves²⁹ covered the relatively longer period of 1872-1933 and sectors such as manufacturers, farmers, and labour. Nonetheless, their studies resulted in a more crude schematic discussion of the perpetuation of bourgeois domination.

These analyses were trapped in the deficiencies of rigid class notions which categorized and prohibited

attention to social changes. R.T. Naylor, Traves, and Craven and Traves, for example, took for granted the class structure as "de facto" and never really explained how it emerged and persisted except for the existing dominance of the bourgeoisie. Second, these studies of social class paid little attention to the changing class structure by ignoring the factors that jeopardized class dominance, and even those that enhanced it. As a result, these discussions easily neglected the manner in which strategies of the bourgeoisie intensified, particularly after they experienced setbacks. Instead of rather simplistically considering class as the independent variable, the structural approach should have located class structure as a dependent variable to social and political changes. In other words, these deficiencies pointed out how essential it is to consider social structure or matrices of social groups more carefully within the relations to other factors.

These class analyses paid little attention to institutions within the state. Similar to Ralph Miliband's notion of state,³⁰ often called instrumentalism, R.T. Naylor's, Traves's, and Craven and Traves's focus on class structure typically regarded the state as little more than a puppet of the ruling class.³¹ Tariff policy was seen merely as an instrument of a bourgeoisie that held the state captive. In their concept, the state was seen as an actor

overridden by the class structure.³² Yet, these instrumentalist studies failed to address a concept of the state as being composed of different segments. In comparison to Nicos Poulantzas, having examined the role of bureaucracy in relation to other state institutions,³³ the instrumentalist notion of the state failed to analyze intra-state relations.

These analytical simplicities in the class approach resulted in blindness to levels of state autonomy.³⁴ Instrumentalist notions and a lack of analysis of the structure of the state dismissed reciprocal relations between the state and society in terms of their relative influence on each other.³⁵ Despite the recent development of studies on the relative autonomy of the state in comparative politics, relations between the economy and politics were not examined in depth in these studies. This deficiency suggests that an analysis of tariff politics should avoid a crude dismissal of either the economy or the social structure.

c. Policy Analyses in the New Canadian Political Economy

In the New Canadian Political Economy, Glen Williams³⁶ and Gordon Laxer,³⁷ in comparison with the class approach, pursued policy analysis with concrete configurations of relevant social groups and institutions. Williams and Laxer

challenged the myths of the Canadian political economy built on the crude applications of the dependency school, and they criticized its narrow focus which too easily dismissed changing matrices of the social groups.

Williams³⁸ explained that Canada's industrial policy had moulded Canadian manufacturing into a defensive pursuit of the domestic market rather than an outward search for foreign markets. He attributed this to the policy makers' visions of development within the British Empire. This account contrasted with what Williams saw as naive applications of dependency studies to Canada.³⁹ Williams further reminded us of the state autonomy which rested on the elites' capability to guide the Canadian political economy.⁴⁰ On the other hand, he also pointed to the importance of measuring Canadian state autonomy in relation to the international political economy.

Laxer examined the history of foreign direct investment (FDI) in Canada in a manner that contrasts with the neo-Marxists' analytical focus.⁴¹ Laxer challenged the notion of a dependent Canadian political economy by comparing it with the Swedish and German cases.⁴² Through these comparisons Laxer could explicate the peculiarities of the Canadian political economy which had often been mistaken for those in dependent political economies. Like Williams, Laxer saw the active role taken by domestic actors in

opening the Canadian political economy to FDI rather than being passively forced to do so by external forces.

Laxer concluded that the agrarians failed to make an effective representation in the tariff policy process because of their fragile class awareness and their animosities with labour.⁴³ Laxer shed more light on relations among the manufacturers, farmers, workers, and the changing matrices among them. Also, Laxer criticized the simplistic attribution of the tariff to heavy reliance on FDI in sectors of the economy.⁴⁴ As a result, he challenged the dogmatic analysis of tariff policy by neo-Marxists such as R.T. Naylor.

These studies pointed to the importance of the careful examination of the nature of the relations between the state and social forces. On the one hand, they were relatively preoccupied by the need to overcome the crude notions of neo-Marxist instrumentalism. On the other hand, their institutional analyses demonstrated the potential of integrating social, economic, and institutional factors in discussing the policy process.

In one way or another these existing studies touched upon the state in tariff politics in terms of two major topics: the unevenness of the representation of various interests to the state, and state autonomy in relation to

social forces. With respect to representation, the class analyses of R.T. Naylor, Traves, and Craven and Traves were generally in agreement regarding the domination of the state by business at the expense of other social groups. In comparison, Laxer and Williams acknowledged some of the uneven structure of representation, but did not place their main focus on either this hierarchical unevenness or elite domination.

With respect to state autonomy, there was another contrast. These class approaches by R.T. Naylor, Craven and Traves, and to a lesser extent Traves, were stiffly cast within the crude notion of the state as the instrument of the bourgeois class. Exploring the actual nature of the relations between the state and the bourgeoisie was beyond their analytical scope. This limited view of the state inhibited discussion of the ability of the state to bring its influence to bear over social groups, including business. In comparison, as a result of their attention to state institutions and elites' choices, Laxer and Williams were able to focus on some state autonomy vis-a-vis social forces. Similar to Gourevitch,⁴⁵ and within their conception of relative state autonomy, they took into account social relations and state institutions.

Yet, there are still a couple of qualifications to be made if we are to properly explore the relative autonomy of

the state in the tariff policy process in Canada. On the one hand, it is necessary to discuss the way in which, and the extent to which, groups pressure the state. At the same time, it is also imperative to examine the way in which the state is able to impose itself upon pressure groups. In short, the state should be seen both as a dependent and as an independent variable for social groups.

3. Framework for Analyzing Tariff Politics

a. Thesis Statement

During the period from 1875 to 1935, the process of protective tariff policy in Canada was taken out of the partisan arena and submerged into bureaucratic institutions within the state. The tariff policy process, therefore, increasingly involved an expanded, specialized bureaucracy rather than being only located in the hands of a few cabinet ministers. Employing a historical perspective, this inquiry argues that this submergence came about through a conjunction of three factors: the lobbying of powerful business groups in pursuit of tariff stability, the retreat of political parties from any sharp partisan division over the issue, and the creation of increasingly elaborate bureaucratic state institutions for the management of tariff conflict.

b. A Research Model

This study divides its inquiry into the bureaucratic submergence of the tariff policy process into three dimensions in each period.

Canadian Political Economy within the International Political Economy

The chapters examine the changing structure of the international and Canadian political economies. Discussing the nature of international trade in each period, the location of and conditions for Canada's tariff politics are explored, such as its trade structure with Great Britain and the United States, and other domestic political, economic, ethnic, cultural and regional issues. In addition, it sheds light on the ways in which the Canadian political economy was located within the international trade regime. This will help to overcome any failure to situate Canada properly in the international political economy.⁴⁶

Pressure Group-State Relations

The next section explores each period's social forces--their demands, organizations, strategies, and resources--and their matrices in tariff politics. This approach covers manufacturers, farmers, and workers among whom were the most relevant to politics over tariff protection. Since most of

the existing studies tended to focus narrowly on each group in isolation, it is important to widen our analytical scope to avoid simplistic images of their relations. Configurations of institutions aggregating and articulating these interests enable examinations of how and to what extent these interests were represented in the policy process. The discussion about social forces is connected to those about the location of organizations and the interactions among these actors.⁴⁷ Because my approach assumes the some level of hierarchical relations among them, this model can be distinguished from the liberal pluralists' assumption⁴⁸ that each social group has an equal basis for successfully pursuing their own interests. In this regard, my approach builds on the critique of pluralists by neo-Marxists such as Ralph Miliband.⁴⁹ At the same time, my study avoids the analytical limitation of many crude neo-Marxists⁵⁰ who assume the absolute power of the business-state⁵¹ alliance prior to an examination of the specificity of this relationship. Instead, my approach attempts to assess the relative power of social strata only after an examination of the specificity of the matrices among actors during each period has been completed. Therefore, the framework for this inquiry has two angles: pressure groups' influences on the state, and vice versa,

both in terms of their nature and their extent.⁵²

We will see that over the period of our study the manufacturers possessed better organization and expertise, and greater resources, and accordingly, in their pursuit of protectionist goals they were influential with the state institutions in regard to tariff policy. In comparison, farmers and workers found participation in the tariff policy process exceedingly difficult because of their fragile organizations, confusion in aggregating demands, and scarcity of resources and expertise for pressuring the state.

The State and Political Parties

Each chapter also explores each period's state and partisan political configuration. This study argues against a liberal notion of state rationality. For example, Michael Atkinson and William Coleman bluntly took for granted the state as a rational actor.⁵³ Atkinson and Coleman saw it as a given for their analysis, without proving it. In contrast, the chapters of this study try to remain untrapped by the deterministic arguments of the neo-institutionalist notion of the state.

At the same time, this inquiry discards the notion of the state as a single entity, but instead examines how lobby groups channelled their demands to various parts of the

state. In the tariff policy process, there were new institutions created for managing tariff issues such as the Tariff Commissions, the Advisory Board on Tariff and Taxation, and the Tariff Board. Therefore, our analytical agenda will focus on the role that these institutions played. This approach examines relations between interest groups and tariff related institutions in the state.

In so doing, we trace the changing strategies of the political parties in the debates over tariffs. We will see that, afraid of losing ground in partisan polarization, the major political parties avoided initiating tariff policy debates, unless they were assured of solid backing from well-organized pressure groups. This particular configuration of pressure group influence and partisan confrontation created a highly favourable environment for the introduction of special quasi-bureaucratic institutions related to tariff matters. These state institutions will be examined for the ways they interacted with the pressure groups. We will see that the state institutions further encouraged the relocation of the tariff policy process to the bureaucratic wing of the state. This relocation made the political system⁵⁴ less and less vulnerable to challenges based on tariff claims. Therefore, by the 1930s, the political system became "immunized" to populist challenges to the tariff regime.

This research model appears somewhat similar to that in Brodie and Jenson's study of political parties and class in Canada.⁵⁵ As in their study, this inquiry locates the Canadian political economy within the international political economy as an alternative to the realist model, which crudely divides international and domestic issues.⁵⁶ As well, this study covers manufacturing, agrarian, and labour sector relations with the state in order to compare them for an understanding of the changing structure of the political economy in each period. Finally, it shares with Brodie and Jenson a notion of political institutions as significant intervening variables that translate political demands, through their own interpretations, into the policy agenda.⁵⁷

Nonetheless, in comparison to Brodie and Jenson, this study concentrates its focus only on tariff policy. This inquiry explores why political parties tended to withdraw from conflicts over tariffs rather than aggressively and directly polarizing the tariff question. In addition, this examination is less certain about the capability of political parties to manage the agenda, compared with the model of Brodie and Jenson. This is because there were periods in which social forces were able to force tariff politics onto the political agenda. As we will see, this was the case in the National Policy of 1879, the Reciprocity

battle of 1911, and the rise of the Progressives in the 1920s. Finally, in contrast to Brodie and Jenson, this study sheds light on the development of state bureaucracies and their interactions with social forces.

c. Data

In order to fulfil these analytical demands, this study uses primary data available from the records of pressure groups and files stored in the Public Archives of Canada (PAC). These data include proceedings of the Executive Council and the Tariff Committee of the CMA which are currently kept in the PAC, in addition to research based on the periodicals related to the CMA.⁵² With respect to research on agrarian demands, the Grain Growers' Guide was the main source, which included the proceedings of the annual conferences of the provincial and the national associations. In addition, this study makes use of some of the dispersed collection of the minutes of the meetings of these pressure groups as well as of trade unions. In addition, this research covered relevant files of federal state institutions, such as the Governor General's Office, the Privy Council Office, the Department of Finance, Canada House and the proceedings of the Tariff Commissions, the Advisory Board of Tariff and Taxation, and the Tariff Board, all of which are kept in the PAC. These proceedings

provided more data on the pressure groups as well. With respect to the debates in Parliament, the study made use of the Commons Debates and the Journal of House of Commons.

In order to supplement these institutional records, private papers were also examined. Research in the Archives included Prime Ministers' papers from Sir John A. Macdonald to William Lyon Mackenzie King. This included their correspondence, and some other documents circulated to the Prime Minister's Office or the Privy Council Office. This discussion is also based on biographies of politicians during the period, but only to a limited extent.

These primary data, together with the secondary materials, prevent the discussion from falling into schematic descriptions. The data are connected to concrete institutions rather than abstract notions of the contending social forces.

4. Summary and Conclusion

Following this chapter which defines the question and the approach, Chapter Two discusses how the National Policy of 1879 was introduced at the culmination of the most extreme cases of partisan confrontation over protective tariffs. The well-organized Manufacturers' Association of Ontario (MAO) took advantage of the political vacuum created by the absence of other politically organized counter

groups. In short, both that era's partisan politics and configuration of pressure groups strengthened the alliance of the protectionists and the Conservative Party.

In comparison, Chapter Three records the way in which tariff politics became blurred after the implementation of the National Policy in 1879. Partisan differences no longer coincided directly with societal cleavages over the tariff because the Conservatives and the Liberals increasingly distanced themselves from polarized debates over the topic. At the same time, the manufacturers continued to elaborate their strategy by pressuring both political parties to ensure protection. In 1896, the Liberal administration introduced the Tariff Commission, a body which collected information on tariff demands and yet another Tariff Commission in 1905. The creation of these specialized institutions resulted in opportunities for the government to justify its policy and provided more opportunities, but only for the better organized associations, to push their demands. Nonetheless, these institutional arrangements were temporary, and furthered the partisan interests of the government; as result, there was still left some room for a further round of polarized debates involving the political parties.

Chapter Four provides an account of the polarized political conflict over the Reciprocity Agreement with the

United States, which was announced in January 1911. This re-polarization of the previous blurred positions was generated by the Conservatives' energetic defence of the National Policy scheme and, more importantly, by the manufacturers' campaign for tariff protection against American imports. The resulting anti-Reciprocity coalition between the protectionist manufacturers and the Conservatives featured a revival of the original manufacturers' strategy of explicitly supporting one party over the other. The basic matrices of the pressure groups underlying the polarized confrontation were also similar to those that had previously existed. Yet, the Liberals were divided, and farmers and workers failed to forcefully articulate their positions because of still being fragmented by their organizational and strategic contradictions. The manufacturers increasingly enhanced their traditional organizational and strategic supremacy by overcoming their internal divisions and external constraints. In the absence of the expanded state institutions for management of tariff policy, the political system was, then, still prone to outbreaks of polarized tariff politics.

Chapter Five records how the First World War, and the resulting economic boom, overwhelmed Canadian tariff politics. During this period, there was an early but primitive discussion whether or not a Tariff Commission

would be a mere partisan apparatus for the government or a more neutral rational administrative institution. At this point, the notion of a commission as a partisan-patronage institution was still predominant. The size and role of the state were expanded in order to manage the war economy in areas such as the production of war supplies and the distribution of commodities in the market. It also created various regulatory boards and their accompanying bureaucracies. The war tariff was implemented in 1917 and it provided increased trade protection for the manufacturers. Nonetheless, the basic matrices of tariff politics were again geared toward submerging political confrontation over this issue. The uneven capabilities of the pressure groups had yet to be overcome. Although farmers' representatives joined the Union government's cabinet, this did not provide the farmers with any substantial political strength in tariff matters. Thus, the war period simply postponed any conclusive resolution to the issue of the tariff policy, since the contradictions of interests over tariffs and relocating tariffs away from political collisions continued.

The surge of the Progressive Party in the 1920s, Chapter Six argues, caused a critical challenge to the traditional political parties. The Progressives were supported by agrarians and made uncompromising demands for

lower tariffs. The Conservative administration created the Tariff Commission in 1920; the following Liberal administration established the Advisory Board on Tariff and Taxation in 1926. These tariff-related institutions within the state were designed both to absorb various specific demands and to reduce any political risks that originated in tariff demands to the two main parties. There was increasing acceptance that the Advisory Board was a bureaucratic institution with specialized experts rather than serving the party in power or specific privileged interest groups. The political system showed increasing "immunity" to these challenges by dealing with the matter through the Commission and the Board bureaucracies. At the same time, the traditional political parties regained their control over the political agenda, as the Progressives were torn by internal contradictions and began to lose their political influence. This weakened the agrarian party, and confused and disorganized labour organizations.

Chapter Seven, an epilogue, covers the 1930s during which tariff politics continued to be submerged. In 1931, the R.B. Bennett Conservative administration created the Tariff Board after abolishing the Advisory Board on Tariff and Taxation. The issues regarding the establishment of the Tariff Board were no longer simply questions of whether or not protection was necessary; instead, they were concerned

with who would have control of, or be responsible for, tariff changes. From 1935 the Liberal administration also retained the Tariff Board for tariff policy-making, thereby confirming the now bureaucratic nature of the management of the tariff issue. The farmers were not able to bring tariffs onto the political agenda again. The new Cooperative Commonwealth Federation (CCF) could not ally with two dominant political parties or the farmers in order to challenge the tariff policy process, although J.S. Woodsworth, the leader, was aware that the workers' interests were not properly served by the tariff policy process. Consequently, the submergence of tariff politics was further sheltered from political challenges and the "immunity" of the political system was confirmed.

This dissertation demonstrates that the process of removing tariffs from the partisan political stage was not simple or linear. We will see that after every polarized partisan struggle over tariffs, renewed efforts to remove tariffs from politics were made. This process of the bureaucratization of tariff policy was also propelled by the growth of the state, including the introduction of regulatory boards and their bureaucracies as a normal mode of state activity. After the two-party system reasserted itself in the final decade of our study, the Liberal and the Conservative governments respectively mandated special

boards to deal with tariffs by holding hearings and conducting investigations according to requests made by the Minister of Finance. The expression of conflicting partisan ideologies became rather muted throughout this process. The new tariff discourse favoured notions of stability and economic prosperity. Thus, tariff politics were gradually, but with ever more certainty, submerged into bureaucratic management.

NOTES FOR CHAPTER ONE

1. With respect to tariffs for revenues, see R.T. Naylor, The History of Canadian Business, vol. 1 (Toronto: James Lorimer, 1975), pp. 55-58. Regarding tariffs and nationalism and sectionalism, see Gordon Laxer, Open for Business: the Roots of foreign Ownership in Canada (Toronto: Oxford University Press, 1989).

2. David A. Lake has emphasized the role that the structure of the international economy has played in the formation of American tariff policy; David A. Lake, Power, Protection, and Free Trade: International Sources of U.S. Commercial Strategy, 1887-1939 (Ithaca: Cornell University Press, 1988). In contrast, Charles P. Kindleberger and Peter A. Gourevitch explain different tariff responses as the results of varied domestic social matrices; Charles P. Kindleberger, Economic Responses: Comparative Studies in Trade, Finance, and Growth (Cambridge: Harvard University Press, 1978), pp. 27-38; Peter A. Gourevitch, Politics in Hard Times: Comparative Responses to International Economic Crises (Ithaca: Cornell University Press, 1988).

3. There are two contrasting views regarding the duration of this depression. W.W. Rostow explained that the depression lasted from 1873 to 1897. S.B. Saul argued that this depression had not really lasted that long because there were economic ups and downs between 1873 and 1897; W.W. Rostow, British Economy of the Nineteenth Century (Oxford: Oxford University Press, 1949); S.B. Saul, The Myth of the Great Depression, 1873-1896 (London: Macmillan, 1985).

4. For example, in Germany (Prussia), the Prussian tariff in 1818 stimulated protectionists, as well as free traders, including Friedrich List, to advocate protective tariffs; W.C. Henderson, The Zollverein (London: Frank Cass and Co., 1959), pp. 41, 180; Friedrich List, National System of Political Economy (London: Longman, Green, 1885, originally published in 1841); Arnold H. Price, The Evolution of the Zollverein: A Study of Ideas and Institutions Leading to German Economic Unification between 1815 and 1833 (Ann Arbor: University of Michigan Press, 1944), pp. 37-40; Emmanuel N. Roussakis, Friedrich List, the Zollverein, and the Uniting of Europe (Bruges: College of Europe, 1968). The creation of the Zollverein in 1834 was intended as a custom union to protect its members from foreign competition and to promote political integration; Henderson, The Zollverein, pp. 326-327. In Britain, in 1856, protectionist

movements demanding protective tariffs attracted manufacturers and workers, and resulted in the creation of the Association of the "Revivers" of British Industry in 1869; Benjamin H. Brown, The Tariff Reform Movement in Great Britain, 1881-1895 (New York: AMS Press, 1966), pp. 4-13.

5. For instance, Friedrich List advocated the necessity of state trade protection for national industrialization; Friedrich List, (translated by Sampson S. Lloyd), "Customs Duties as a Chief Means of Establishing and Protecting the Internal Manufacturing Power," in List, National System of Political Economy, pp. 247-252.

6. In the late 1870s protectionist associations were established internationally. In Britain, these institutions were the Conservative Protectionist Association and its successor, the National Society for the Defence of British Industries, the National and Patriotic League for the Protection of British Interests, the National Industrial Defence Associations in the late 1870s, and the National Tariff Trade League in 1881; Brown, The Tariff Reform Movement in Great Britain, pp. 13-15. In France, the Association de l'industrie francaise was created in 1878; Michael Stephen Smith, Tariff Reform in France, 1860-1900 (Ithaca: Cornell University Press, 1980), pp. 48-62. In Canada, the Ontario Manufacturers' Association was formed in 1875 in order to pressure the government to erect protective tariffs.

7. This dissertation employs the term "matrix" in a context similar to that of Anthony Giddens, meaning a pattern of social relations among forces and actors set within the notion of "structure", which is a set of defining rules of social transformations that are, in turn, formed by actors; Anthony Giddens, The Constitution of Society: Outline of the Theory of Structuration (Cambridge: Polity Press, 1984), pp. 17, 25.

8. Gourevitch, Politics in Hard Times, pp. 76-83.

9. Ibid., p. 80.

10. See List's discussion of this issue in his book, National System of Political Economy.

11. Price, The Evolution of the Zollverein.

12. Ibid; Henderson, The Zollverein.

13. Gourevitch, Politics in Hard Times, pp. 88-89, p. 99.

14. Ben Forster, A Conjunction of Interests: Business, Politics, and Tariffs 1825-1879 (Toronto: University of Toronto Press, 1986), pp. 33-51; Orville John Mcdiarmid, Commercial Policy of Canadian Economy (Cambridge: Harvard University Press, 1946), pp. 74-81. Mcdiarmid stated that in erecting the Galt Tariff, Galt followed the British tradition of tariff for revenue purposes only; *Ibid.*, p. 79.

15. Gourevitch, Politics in Hard Times, pp. 83-103. A similar analysis can be found in Kindleberger, p. 212.

16. Laxer attributed the failure to create national organizations in Canada to a nationalism which was weakened by social segmentation along regional, social, and cultural lines; Laxer, Open for Business, p. 148.

17. Laxer saw that imperialism in Canada was not related to anti-American feeling, but to fears that competitive imports from the United States would dominate the domestic market; *ibid.*, p. 6.

18. See Forster, A Conjunction of Interests.

19. With respect to the New Canadian Political Economy, see Wallace Clement and Glen Williams, "Introduction," in The New Canadian Political Economy, eds. Wallace Clement and Glen Williams (Kingston: McGill-Queen's University Press, 1989), pp. 2-15.

20. R.T. Naylor, "The Rise and Fall of the Third Empire of the St. Lawrence," in Capitalism and the National Question of Canada, ed. Gary Teeple (Toronto: University of Toronto Press, 1972).

21. Tom Traves, The State and Enterprise: Canadian Manufacturers and the Federal Government, 1917-1931 (Toronto: University of Toronto Press, 1979); Paul Craven and Tom Traves, "The Class Politics of the National Policy, 1872-1933," Journal of Canadian Studies, 14:3, 1979.

22. Glen Williams, "The National Policy Tariffs: Industrial Underdevelopment through Import Substitution," Canadian Journal of Political Science, 12:2, 1979. Glen Williams, Not for Export: Toward a Political Economy of Canada's Arrested Industrialization, updated edition (Toronto: McClelland and Stewart, 1986).

23. Laxer, Open For Business.

24. Forster's notion of relations between politics and the economy contrasted with those of liberal economists such as J. Harvey Perry and R.E. Caves, who both dismissed politics as an influential factor regarding tariff policy; J. Harvey Perry, Tax, Tariff and Subsidies (Toronto: University of Toronto Press, 1955); Richard E. Caves, "Economic Models of Political Choice: Canada's Tariff Structure," Canadian Journal of Economics, 9:2, 1976. With respect to a critique of the liberal economists, see Ian Parker, "The National Policy, Neoclassical Economics, and the Political Economy of Tariff," Journal of Canadian Studies, 14:3, 1979.

25. Forster, regarding the primitive organization of the pressure groups, stated:

Whatever the power of protectionist interest groups, it was insufficient to dominate the political system. Business and manufacturers' organizations remained fragmented on regional lines and, moreover did not fully represent their claimed constituencies. Canadian industrialization, business concentration, and economic integration were incipient rather than realized, as the institutions of business life showed.

Forster, A Conjunction of Interests, p. 204.

Some comparisons with S.D. Clark's studies on the Canadian Manufacturers' Association (CMA) leads our attention to the primitive nature of the pressure groups during the period of Forster's study; S.D. Clark, "The Canadian Manufacturers' Association: A Political Pressure Group," Canadian Journal of Economics and Political Science, 5:1, 1938; S.D. Clark, "The Canadian Manufacturers' Association and the Tariff," ibid., 5:1, 1939; S.D. Clark, The Canadian Manufacturers' Association: A Study in Collective Bargaining and Political Pressure (Toronto: University of Toronto Press, 1939).

26. Regarding critiques of R.T. Naylor's study, see Leo Panitch, "The Role and Nature of the Canadian State," in The Canadian State: Political Economy and Political Power, ed. Leo Panitch (Toronto: University of Toronto Press, 1977), p. 17; Williams, "The National Policy Tariffs"; Rianne Mahon, The Politics of Industrial Restructuring (Toronto:

University of Toronto Press, 1984), pp. 7-9; Laxer, Open for Business, p. 31.

27. Traves, The State and Enterprise.

28. In contrast to the simplistic model of class and representation, Traves stated discrepancies between economic strength and political influence:

Throughout the period from the war to the Great Depression, as manufacturers persistently advanced their claims upon the power of the state, politicians of necessity weighed each demand in balance against standards of national interest and political circumspection, with the latter usually determining the definition of the former. This point is crucial, for despite the ideological sympathies of leaders and their parties at this time there was never a simple translation of economic might into political power.

Ibid., p. 9.

29. See Craven and Traves, "The Class Politics of the National Policy, 1872-1933".

30. Ralph Miliband, The State in Capitalist Society (London: Quartet, 1969).

31. For example, similar critiques were done by Leo Panitch, and Greg Albo and Jan Jenson; Panitch, "The Role and Nature of the Canadian State," in The New Canadian Political Economy, pp. 4-10; Greg Albo and Jane Jenson, "A Contested Concept: The Relative Autonomy of the State," in *ibid.*, pp. 194-196.

32. This weakness contrasts with another class analysis by Janine Brodie and Jane Jenson focusing on class imposition through political parties on the political agenda. Brodie and Jenson revealed the disjuncture between the social structure and political parties in Canada, and argued that political parties as political institutions set and managed the political agenda vis-a-vis populist forces such as farmers and workers. Although they acknowledged the dominance of the bourgeoisie in the policy process, they also discussed the institutional factors that mould the

political agenda; Janine Brodie and Jane Jenson, Crisis, Challenge, and Change: Party and Class in Canada, Revisited (Ottawa: Carleton University Press, 1988).

33. Nicos Poulantzas, State, Power, Socialism (London: NLB, 1978), pp. 12-13, 135-136, 217-219.

34. Ralph Miliband himself did mention some aspects of the limited autonomy of the state; Ralph Miliband, Marxism and Politics (Oxford: Oxford University Press, 1977), pp. 83-90, 115-116. Regarding the notion of relative autonomy of the state, see Poulantzas, State, Power, Socialism, pp. 190-191; Theda Skocpol, "Bringing the State Back In: Strategies of Analysis in Current Research," in Bringing the State Back In, eds. Peter Evans, Dietrich Rueschmeyer, and Theda Skocpol (Cambridge: Cambridge University Press, 1985), pp. 3-37, and particularly, pp. 8-18 on the discussion between neo-Marxist and neo-Weberian approaches. Regarding the autonomy of the Canadian state, see Albo and Jenson's, "A Contested Concept."

35. According to Skocpol in "Bringing the State Back In", the Weberian concept of state organizations, as symbols of efficiency and political neutrality, were supposed to have autonomy. Also, the recent revival of neo-Weberianism, vis-a-vis a structural approach, lacks an analysis of the state within politics, and fails to analyze the relative autonomy of the state.

36. Williams, Not For Export.

37. Laxer, Open For Business.

38. Williams, Not For Export.

39. A similar discussion was further developed in Glen Williams, "On Determining Canada's Location with the International Political Economy," Studies of Political Economy, 25, 1988.

40. Albo and Jenson, "A Contested Concept," p. 201.

41. Laxer argued against R.T. Naylor and Wallace Clement, and he also argued against the liberal economists' model of Canadian development; R.T. Naylor, "The Rise and Fall of the Third Empire of the St. Lawrence"; Wallace Clement, Continental Corporate Power: Economic Elite Linkages between Canada and the United States (Toronto: McClelland and Stewart, 1977); Gordon Laxer, "The Schizophrenic Character

of Canadian Political Economy," Canadian Review of Sociology and Anthropology, 26:1, 1981.

42. Laxer, Open For Business, pp. 76-114.

43. Ibid., chapter three, in particular, pp. 136-139, 146.

44. Ibid., p. 160.

45. Gourevitch, Politics in Hard Times.

46. Williams, "On Determining Canada's Location."

47. Similarly, Peter J. Katzenstein and Peter A. Gourevitch incorporated the importance of institutions in the foreign economic policy process; Peter J. Katzenstein, ed., Between Power and Plenty: Foreign Economic Policies of Advanced Industrial States (Madison: University of Wisconsin, 1978); Gourevitch, Politics in Hard Times; Maureen Appel Molot, "The Domestic Determinants of Canadian Foreign Economic Policy: 'Beavers Build Dams'." (Prepared for delivery at the 1977 Annual Meeting of the American Political Science Association, Washington, D.C., September 1-4, 1977). Recently, Kim R. Nossal attempted to integrate institutional aspects of Canadian foreign policy making; Kim R. Nossal, The Politics of Canadian Foreign Policy, 2nd ed. (Scarborough: Prentice-Hall, 1989). Nevertheless, his analytical framework still required more elaboration to overcome a simple mapping of the institutions and in order to catch up to the levels of policy making studies in the field of Canadian Public Policy.

48. Paul A. Pross, ed., Pressure Group Behaviour in Canadian Politics (Toronto: McGraw-Hill, 1975). Paul A. Pross, Group Politics and Public Policy (Toronto: Oxford University Press, 1986), pp. 227-31.

49. Miliband, The State in Capitalist Society.

50. T.R. Naylor, "The Rise and Fall of the Third Empire of the St. Lawrence." Craven and Traves, "The Class Politics of the National Policy, 1872-1933."

51. With respect to the state, this investigation takes its definition from Ralph Miliband, which is composed of institutions more than a mere government, but includes an administration, military, police, judicial, legislature, and regulatory boards. Miliband, The State in Capitalist Society, pp. 51-52.

52. This framework is similar to that of Skocpol, which broke down the discussion of state autonomy into two dimensions; Skocpol, "Bringing the State Back In." This aspect contrasts with Paul A. Pross's notion of the relations between lobby groups and the state. Pross took for granted the lobby groups, reflecting the changes of the state, but not the other way around. Pross stated:

Although it is interesting to note the extent to which Canadian groups have sought to influence public affairs for many generations, it is more important here to appreciate how much the development of interest groups has mirrored the evolution of the Canadian state, and particularly the evolution of its policy systems.

Pross, Group Politics and Public Policy, p. 21.

53. Michael Atkinson and William Coleman stated:

...institutions are able to structure political discourse and offer independent interpretations of what constitutes rationality. Institutions are no longer viewed as aggregations of individuals or as extensions of social cleavages. They are, or at least can be, autonomous and coherent actors capable of defining problems and diffusing ideas, perceptions, and ideologies upon which individuals act.... Rationality is no longer exogenously determined, but is endogenously to institutions themselves. In this way, institutions have an enduring impact on economic and political process independent of a narrowly construed set of current conditions. They not only aggregate individual "preferences", they shape individuals' values, influence the definition of interests, and provide opportunities for developing further.

Michael M. Atkinson and William D. Coleman, The State, Business, and Industrial Change (Toronto: University of Toronto, 1989), p. 6.

54. This study uses the term "political system" differently from David Easton who emphasized the simplified functional and efficient nature of the political system in a liberal tradition; David Easton, The Political System, 2nd ed. (New York: A.A. Kempf, 1971). The following discussion instead takes into account unresolved constraints and uneven relations among sectors and defines "political system" as a pattern of interactions among political actors, which would resolve and unresolved constraints and would be transformed over time.

55. Brodie and Jenson, Crisis, Challenge, and Change.

56. The recent neo-realists failed to overcome this analytical separation. For example, David A. Lake stated:

Domestic politics is not seen as unimportant, but I [Lake] argue that the constraints and opportunities of the international economic structure are influential and that domestic political factors, normally granted analytic autonomy from systemic incentives, are best understood as interacting with these constraints.

Lake, Power, Protection, and Free Trade, p. 3.

57. Brodie and Jenson pointed to political parties which would override social demands in setting the political agenda:

Through their everyday actions and pronouncements, all parties in liberal democracies integrate individuals into an ongoing system of partisan relations. In other words, political parties help to shape the interpretation of which aspects of social relations should be considered political, what the boundaries of political discussion most properly may be and which kinds of conflicts can be resolved through the political process.

Brodie and Jenson, Crisis, Challenge and Change, pp. 10-11.

58. Canadian Manufacturers' and Industrial World, and Industrial Canada.

CHAPTER TWO

THE NATIONAL POLICY OF 1879: POLARIZED TARIFF POLITICS

Introduction

Sir John A. Macdonald first started advocating the National Policy prior to the general election of 1878, when he was the Opposition leader. After the election, his new Conservative government implemented the National Policy, which was comprised of protective tariffs to shelter domestic manufacturing, the encouragement of western settlement, and the building of transcontinental railways.¹

The polarized debate toward the institution of tariff protection was a departure from the previously dominant ideologies of liberal trade and the Galt and Cayley tariffs instituted for revenue purposes only. Following the recession of 1874, industrialists and business associations organized protectionist campaigns to demand tariffs high enough to provide them with protection.² Similarly, the Conservatives advocated protectionist measures against the Liberals, who were predominantly in favour of free trade. The tariff emerged as a critical issue in the election of 1878.

This chapter will demonstrate that tariff politics were polarized over the National Policy for two reasons. First,

the manufacturers unsuccessfully pressured the Liberal government in the 1870s for tariffs to provide relief for their industries from increasingly intense foreign competition. Second, the failure of the Liberals to respond positively to this pressure created an opportunity for the Conservatives. And so, a Tory partisan strategy was able to translate the manufacturers' dissatisfaction with the Liberal government on tariff policy into a Conservative victory in the 1878 election.

The following discussion examines the nature of the relationships between the state and emerging interest groups over tariff protection. Ben Forster considers that the politics of the 1878 National Policy displayed the beginnings of "rationalizing the tariff-policy making process" and movement towards "policy... replacing patronage."³ However, Forster misses how essential a growth in state institutions was to be in any subsequent "rationalizing" of tariff policy.

In 1878, the state possessed little bureaucracy in comparison with that of later periods. Cabinet ministers, notably Prime Minister Sir John A. Macdonald and Minister of Finance S.L. Tilley, were responsible both for tariff decisions and the conduct of partisan political conflict. We will see that significant improvements to this process could only take place when the state began to develop

specific institutions regarding tariff issues and a larger bureaucracy equipped with its own resources and some autonomy from cabinet ministers.

1. Canadian Political Economy within the International Political Economy

The recession in Europe, beginning in 1873,⁴ spread to the Canadian political economy through Canada's trade links with the British and European markets. Technological developments for production, such as adaptations of new fertilizers and new seeds, led to an oversupply of crops in the European market. New inexpensive transportation systems, such as railways and powered ships with refrigeration, also encouraged massive grain supplies from the "new" continents (i.e., the United States, Canada, Australia, and Argentina). These changes resulted in plunged prices in Europe. Germany quickly responded to the trade situation in 1874 by erecting tariffs to protect domestic crops. The British economy was declining as it faced trade competition with Germany and the United States; both countries protected domestic industries with higher tariffs.

In Canada, the effects of the economic recession were worsened by an economic "boom and bust" pattern. During the economic growth between 1870 and 1873⁵ both exports and

imports expanded. This economic growth was reversed in 1874, and the effects were evident beginning in 1875, first in exports and then in imports (Table 2-1). Great Britain and the United States remained as Canada's two largest trading partners; but trade with these countries declined. Contrasting patterns appeared in exports to these countries. The plunge in exports to the United States occurred both earlier and more severely than the decline in exports to Great Britain (Table 2-2). However, imports from Great Britain declined earlier than imports from the United States, and more drastically. Imports from the United States did not really decline but fluctuated because of their continuing competitiveness in the Canadian market. Canada's trade balance suffered because its level of imports was higher than its declining level of exports (Table 2-3).

At the same time, the recession had varying effects on different sectors of the Canadian economy. The economic downturn affected Canada's agricultural sector through dropping prices in foreign and domestic markets (Table 2-4). In comparison, industrial production was mostly oriented to the domestic market, except for some industries that processed staple products; however, these were also vulnerable to American manufactured goods flooding into the domestic market. This recession affected sectors of the economy in various ways, depending on the nature of

industry.²

Since the political parties were reluctant to risk dealing with other critical and highly divisive issues, such as linguistic and religious matters, this economic recession easily stood out as a major election issue. In addition, the Conservative Party had lost in the previous election due to political corruption in their own previous administration. As a partisan strategy, the Conservatives tried to shift voters' attention from these sensitive issues. Under this situation, the depression easily gained central attention, particularly because of rising international protectionism.

In summary, the economic recession that began in 1873 was manifested in five distinct ways in the Canadian political economy. First, the recession immediately spread to Canada through European trade relations. Second, the sudden reversal from an economic boom made these effects more serious. Third, a serious problem appeared in trade with the United States, where Canada's exports declined more than its imports did. Fourth, the severity of the economic downturn varied among sectors. Finally, the recession, and tariff protection as a counter measure, became central political issues.

TABLE 2-1 CANADA'S TRADE, 1870-1882 (\$1000)

year	export	import
1870	73,573	74,814
1871	74,174	96,093
1872	82,640	111,431
1873	89,790	128,011
1874	89,352	128,214
1875	77,887	123,070
1876	80,966	93,210
1877	75,875	99,328
1878	79,324	93,081
1879	71,491	81,964
1880	87,911	86,490
1881	98,291	105,331
1882	102,137	119,420

Source: Sessional Papers.

TABLE 2-2 CANADA'S EXPORTS BY COUNTRIES, 1873-1882 (\$1000)

year	Great Britain	United States
1873	38,744	42,073
74	45,004	36,244
75	40,033	29,912
76	40,723	31,933
77	41,567	25,775
78	45,942	25,245
79	36,296	27,166
80	45,846	33,350
81	53,752	36,866
82	45,274	47,941

Sources: Sessional Papers.

TABLE 2-3 CANADA'S IMPORTS* BY COUNTRIES, 1872-1882 (\$1000)

year	Great Britain	United States
1872	63,149	35,740
73	68,523	47,736
74	63,076	54,283
75	60,347	50,806
76	40,734	46,070
77	39,572	51,313
78	37,431	48,632
79	30,933	43,739
80	34,461	29,347
81	43,584	36,704
82	50,597	48,289

*This figure is the value of goods entered for consumption.
Source: Sessional Papers.

TABLE 2-4 WHEAT PRICES IN CANADA AND
GREAT BRITAIN, 1870-1880
(per bushel)

year	Winnipeg price (cents)	Liverpool price (cents)	-
1870	107	126	
71	127	160	
72	127	171	
73	123	176	
74	114	160	
75	103	139	
76	108	140	
77	137	168	
78	101	145	
79	107	141	
80	120	143	
81	126	148	

Source: A. Mackintosh., A.B. Clark., G.A. Elliot, and W.W. Swanson, Economic Problems of the Prairie Provinces (Toronto: Macmillan, 1935), appendix A, p. 283.

2. Growing Pressure for Tariffs

During the recession of the 1870s, associations were emerging for the collective representation of economic interests in the policy process. For example, in 1875 industrialists in Ontario established the Manufacturers' Association of Ontario (MAO).² In comparison, farmers and industrial workers were less organized in terms of scale and strategy, and this lesser extent of organization restricted their political influence. These different levels of political representation were evident in the process towards the National Policy.

a. Manufacturers: Ahead in Organizing Interests

Creation of the Manufacturers' Association of Ontario (MAO)

Suffering from the recession, manufacturers organized their demands collectively. For instance, manufacturers in Ontario gathered in the Rossin House in Toronto on February 20, 1874, to discuss their business difficulties, and tariff protection was one of their major topics. This meeting was followed by another meeting in August 1874 in Hamilton.³

Another special meeting of manufacturers was held on November 25 and 26, 1875, in order to create the Manufacturers' Association of Ontario (MAO), whose specific objective was to institute enough tariff protection for

domestic producers. The participants at the special meeting were from industries most severely affected by the recession (i.e., the woollens, paper, machinery, cotton, and clothing industries).³ A resolution of the meeting specifically stated the severity of the recession:

in the Dominion of Canada nearly all manufacturing interests are at present in a state of great depression, beyond any former experience since this was known as a manufacturing country."

Facing stiff competition from American goods, the prime concern of these industrialists was the increasing presence of American products in the domestic market. An iron producer at the meeting described the serious competition with American products:

The iron trade, which he [Wm. M. Horsey] represented, you would find in a very depressed state in the country [Canada] to-day. Our market was flooded with American machinery, and the prices which were realized a few years ago would not be touched now in consequence. The only way to check this would be a strong protective tariff. No sensible man would to-day embark in an enterprise in which he could not compete on equal grounds with the Americans. (Hear, Hear)...A great many of the manufactories were now either shut down or working on half time, and a larger portion would have to do so unless we obtained protection. (Applause)"

This manufacturer singled out the unremitting influx of American products as the cause of the worsening business environment and demanded specific protection through higher

tariffs as the solution.

Moreover, protectionist measures taken by the American government added fuel to the manufacturers' concern about competition from American goods. Mr. W.H. Howland from Toronto, who chaired the MAO meeting in November 1875, specifically pointed to the competition with American producers who were unfairly protected by American tariffs:

what we were fighting against were not the English manufacturers, but the American--(Applause)--and against American manufacturers because our injury was caused by their enormous tariff, which protected them from attack from our side.²

In the same context, one of the resolutions at the meeting stated:

Canada cannot suffer American products to enter her markets untaxed as long as a heavy toll of custom duties is levelled on all our products, seeking a market in the United States.³

These nationalistic accusations against American exports and protectionism were woven together with an imperial mentality. Howland addressed the matter:

Any steps that the manufacturers might take towards promoting the employment of labourers in this country should be called, he [Howland] thought; clearly and positively, a national work--national in the largest sense, and in the interests of this country [Canada] as a part of the [British] Empire!⁴

The business elites, such as Howland, closely identified

themselves with the British Empire. This identification justified their fight against increasing imports from the United States.¹⁵

The manufacturers were aware of the specific conditions of the recession in Canada. A resolution explained these particular conditions in comparison to those in Great Britain and the United States:

...while it is true that commercial depression exists in Great Britain and the United States as well as in Canada, the case is at the same time a far worse one here than in either of the former two countries. Great Britain having commercial connections of vast extent reaching to the markets of all the world, and the United States having a system of high protection which secures the home market for home producers, while Canada lacking both the foreign export connections of Great Britain and the secure home market of the United States, is between two tires and suffering accordingly.¹⁶

The industrialists saw the situation in Canada as a more compounded one than in Great Britain or in the United States.

Development of Protectionist Strategy

The MAO meeting of 1875 concluded that the members should launch an active political campaign to increase Canada's tariff protection for domestic producers. First, the manufacturers' campaign for protective policy was

primarily directed at the government.¹⁷ The manufacturers justified their demands for higher tariffs by pointing to an expected increase in custom revenues. This resolution additionally suggested that the federal government should create special bureaus to be in charge of trade issues, including trade statistics. The manufacturers invited the state to act as a facilitator for the promotion of the private business sector. They insisted that the state should actively deal with commercial issues such as protecting domestic producers by additional tariffs and move beyond the mere function of tariffs for state's revenues.¹⁸ In other words, they sought to work together with the state to improve business conditions.

The second strategy of the MAO was to expand and mobilize its membership. Although the meeting was organized by industrialists mostly from Ontario, they concluded that the MAO's concerns should be shared by industrialists in other regions as well. A resolution endorsed educational activities for members in the association's local sub units, which corresponded to electoral constituencies.¹⁹ This mobilization strategy encompassed the strengthening and expanding of regional branches that would each finally establish one of their membership as a candidate in the coming election. Accordingly, effective political representation from their own ranks was one of their

priorities.

Third, the MAO embarked upon a pragmatic approach to deal with the political parties. The manufacturers at the meeting in 1875 were not satisfied with the current federal Liberal administration. The manufacturers' request two years earlier, for a 25 per cent tariff, had not been implemented although the business environment had become even worse since then. At the meeting, W. Barber, a woollen manufacturer from Streetsville, explained a new strategy to deal with the political parties:

He [Barber] expressed himself in favour of a twenty-five percent tariff, and advised unanimous action in approaching the Government. In doing so, they should say to them, 'if you do not give us a proper tariff, we will try and get those who will.' (Loud applause) He [Barber] did not care who was at the head of the government, so long as they obtained protection.²⁰

According to Barber, securing a protectionist policy should be the manufacturers' strategic priority, and cultivating partisan identification was secondary. Barber even advocated that the industrialists be ready to either pressure the government to assure protection, or to oust the party from power if it failed to provide it. This proposal announced a pragmatic strategy to secure protection while remaining free of any partisan loyalty.

The manufacturers' fourth strategy was to collaborate

with other associations, such as the Dominion Board of Trade. One of the MAO's resolutions clearly endorsed this collaboration:

Resolved. That the Manufacturers' Association of Ontario be affiliated with and represented in the Dominion Board of Trade.¹¹

Howland, President of the MAO, was also President of the Dominion Board of Trade in 1874 and a publisher of a paper for the protectionist movement.¹² Aside from Howland, there were other members who belonged to other business associations that also articulated protectionist interests. Cross memberships with these organizations enhanced the communication and coordination among them.¹³

The Dominion Board of Trade had been created before the MAO. In the early 1870s, the board was in favour of freer trade.¹⁴ However, protectionist tendencies within the board became evident by 1876; and finally, it unanimously passed a resolution in 1878 to demand protection. The board shifted from one end of the spectrum to the other, allying itself closely with the MAO.¹⁵ The Dominion Board of Trade's support for protection was a symbol of the change in the dominant commercial ideology, from liberal trade to protectionism.

In addition, the MAO advocated an alliance with farmers. Howland envisioned a common interest with the

farmers:

There were certainly no classes who needed protection more than our farmers and millers--(applause)--and they should be got to work with the manufacturers for the two interests were associated.²

The manufacturers glossed over their differences with the farmers and tried to forge an alliance with them.

Emphasizing their common interests with the farmers and the workers in the pursuit of national economic development, the manufacturers justified their own demands.

Even after the general election of 1878 which resulted in a protectionist Conservative victory, the manufacturers continued to pursue tariff protection. The new Conservative government appointed S.L. Tilley as the Minister of Finance responsible for the tariff schedule. The manufacturers flooded Tilley with specific requests for tariff protection.³

During the economic recession of the 1870s, the manufacturers from Ontario pursued elaborate strategies to attain a state policy that protected domestic industries. Through political action the MAO demanded tariff protection against import competition from the United States. The industrialists' association tried to work with other pressure groups and the state. Thus, the MAO's elaborate

organization and strategy facilitated an active protectionist campaign both before and after the general election of 1878.

b. Farmers

With respect to political lobbying, the farmers lagged far behind the manufacturers. As we have observed, the price of agricultural products did not rise as much as those of manufactured goods during the economic boom in the early 1870s; the recession hurt agricultural prices. Additionally, agricultural conditions varied among regions. Early economic developments in Ontario and Quebec were already distinct from each other prior to the 1870s.²³ Also, because of the progress of western settlement, there were even more complex regional disparities. These divisions undermined the farmers' involvement in tariff politics.

The Grange Movement, an agrarian protest having originally started in Washington in 1867, established the first Canadian chapter in the Eastern Townships of Quebec in 1872,²⁴ and followed later by developing others in Ontario. The Grange Movement quickly spread in Canada. By the end of 1872 there were ten chapters (nine in Quebec, and one in Ontario). Just three years later there were twenty-two chapters,²⁵ followed by the establishment of the Dominion

(national) Grange, as well as provincial Granges by 1879.³¹

Yet, regional divisions prevented the Grange from taking a national role. In Quebec, the Grange had expanded quickly at first, but ultimately declined sooner than it did in other regions.³² More importantly, the provincial chapters and the Dominion Grange did not always agree with each other. These internal contradictions made it difficult for the Grange to be an effective national pressure group in Canada.

With respect to tariff levels, the Grangers failed to articulate their position prior to the general election of 1878. Despite the Dominion Grange's effort to aggregate opinions from the different chapters, the responses were fewer than they had expected and this prevented them from taking collective political action.³³ Consequently, the Grange faced the general election without any proposal for tariff options and left the farmers without an official endorsement of a political party.

The Grangers' confusion resulted in a passive position vis-a-vis the protectionist manufacturers. The farmers were too inactive and disorganized to present their political position. The agrarian movement did not oppose the manufacturers' active protectionist position, nor did it explicitly agree with the protectionists. Instead, the

farmers were overwhelmed by the manufacturers' ongoing campaign.³⁴ In other words, the confused farmers provided a vacuum that the manufacturers were ready to fill with their aggressive protectionist campaign.

c. Industrial Workers

Trade union organization in the 1870s was rather primitive. The progress of mid-nineteenth century industrialization nourished some of the active unions in the larger industrial cities, such as Toronto and Montreal. In 1875, the Canadian Labour Union (CLU) was formed as a trade union. Nonetheless, most of the members were from Ontario and primarily based in the craftsmens' groups, each differing in their ways of dealing with employers and political parties.³⁵

During this period, trade unions were subordinate to the political parties, and in particular, to the Conservative Party. The radicalization of the Printer's Union, which eventually led to a strike in Toronto in 1872, eventually also led to the legalization of trade unions by the Macdonald administration in the same year. However, since trade unions were subordinate to the already existing major political parties, they failed to establish their own class-based political party. There was a vicious cycle between the absence of the direct political representation

of labour and labour's cooperation with the existing parties.

At the same time, dominant religious and ethnic splits in the political agenda often overrode class divisions and consequently made the unions susceptible to the major parties. Martin Robin explains the nature of this phenomenon:

The religious and ethnic associations served as a bridge between classes, aided the labour friend in co-opting the partisan electorate into the Grits and Tory machines....³⁵

Janine Brodie and Jane Jenson have argued a similar position regarding labour as marginal in relation to partisan politics:

The party loyalties of the mushrooming labour sector were shaped without challenge to the class biases in the party system. In consequence, struggles between the worker and the capitalist, or other representatives, were confined to economic negotiations conducted by trade unions, and, thus were isolated from partisan political debate.³⁶

Because of their fragile class awareness and the absence of a labour party, industrial workers were vulnerable to the political parties' strategies.³⁷

With respect to tariffs, trade unions contradicted themselves. During the annual convention of the CLU in 1877, Alfred F. Jury, Treasurer of the CLU and also the delegate for the Tailors Union in Toronto, described the

economic recession and trade:

That the present depression of trade is caused from over-production and over-importation of goods and labor, and the way to mitigate future panics is to so regulate our tariff as to meet the exigencies of the revenue.³⁹

Jury attributed the recession to surplus production and imports; however, he did not acknowledge either the international causes or any specific trade relations. He simply proposed regulating tariffs as a prescription for fluctuating custom revenues.

In contrast, J.S. Williams, a delegate from the Toronto Trade Assembly, suggested an amendment which explicitly attributed the recession to imports:

That to a very great extent the present depression of trade in Canada results from the excessive importation of foreign manufactured goods, and we believe that in order to remedy the evil a protective tariff should be the policy of the country....the closed market of the United States and the open market of Canada were unfair to the latter. Both should be on equal footing.⁴⁰

Williams succinctly pointed to the unfair trade relations with the United States where American producers were protected by high tariffs. In light of the competition with American products, Williams suggested that Canadian tariffs should be equivalent to American tariff protection.

In addition, this tariff discussion was given a twist by a national question. Jury disagreed with Williams over

the implementation of tariff protection comparable to American levels:

...the argument of Delegate Williams, if carried out, would mean that our tariff would be made by the Americans and not by ourselves. We should make our own tariff....The manufacturing industry of Canada--mife that it was--could not be built up by protection.⁴¹

Jury considered that implementing tariff levels equivalent to the Americans' would be merely following American tariff policy. Adapting a nationalistic tone, Jury shifted the argument about tariff protection to whether or not Canada would administer its own tariffs distinct from the United States. This discussion linked the implementation of tariff levels to the question of Canada's autonomy over its tariffs.

When class contradictions were touched upon, another twist was added to the discussion about protection issues. Referring to the negative effects of protection in the United States, Jury opposed tariffs:

The reduction in wages in the United States had occurred mostly in those trades artificially built up by protection.⁴²

Jury pointed out that state regulation of tariffs would lead to lower wages for workers.⁴³ Because of his awareness of this class contradiction, Jury was again reluctant to establish protective tariffs equivalent to those of the

Americans.

Regarding tariff issues, the trade unions could barely present a united position. The unionists agreed on the necessity of an economic policy to turn the recession around towards economic recovery. However, they were divided and confused about the levels and ways in which trade protection should be implemented.

3. Tariffs in the Partisan Limelight

Prior to the National Policy of 1879, tariffs were the central issues for both of the political parties, but more so for the Conservatives than for the Liberals. During the general election campaign of 1878, the Conservative Party proposed new higher tariffs under the National Policy. In contrast, the Liberal Party in power appeared to be defensive regarding the current tariffs. These approaches to the issue situated the political parties in polarized positions prior to the general election.

a. Prior to the General Election of 1878

Even during the economic boom in the early 1870s American protectionist measures had caused some Parliamentary concern. Thomas Nicholson Gibbs, a Conservative Member of Parliament from South Ontario, pointed to the unfair competition between Canadian and

American commodities on the market:

It was manifestly unfair that our markets should be thrown open to the grain of the United States, while the Americans put 20 per cent duty on our wheat, and 15 per cent on our barley and other products.⁴⁴

Gibbs pointed to the higher American levels of protection as the cause of the unfair trade competition.

The ensuing recession raised government concern with the trade malaise. For instance, in 1876 the Liberal government created a Parliamentary Committee on the Causes of the Present Depression. This committee provided manufacturers with opportunities to speak out about the necessity for protection. The Budget of 1876 increased some tariffs, but only in order to compensate for the declining custom revenues as a result of the depression; the Liberals justified the increases solely by insisting upon the higher tariffs as a necessary source of revenue.⁴⁵

In those days, prominent Liberals were in favour of free trade in principle. Prime Minister Alexander Mackenzie himself was a staunch supporter of free trade and had rejected the proposal for the implementation of higher tariffs for protective purposes.⁴⁶ Richard Cartwright, Minister of Finance in charge of tariffs, was another believer in liberal trade and stood against any suggestions of higher protective tariffs. Cartwright was a firm critic

of the manufacturers' arguments demanding tariff protection because they were, he claimed, unsubstantiated.⁴⁷

Cartwright's hostile attitude against the protectionists sparked further confrontations with the Conservatives and the protectionist manufacturers.

The ruling Liberals were suffering from internal divisions regarding the tariff levels. Within the Liberal Party itself, several Members of Parliament voted against the party in 1876 on the tariff issue.⁴⁸ Some prominent Liberals, such as A.T. Galt, opposed their own party by supporting a protectionist approach, and consequently undermined any Liberal hope of effectively dealing with the protectionists.⁴⁹

In contrast, the Conservative Party was gradually forging a broader coalition of various interests for their partisan strategy vis-a-vis the Liberals. Manufacturers were frustrated with the Liberal government. Prominent protectionist businessmen, such as Howland, were Conservative supporters. Labour was subordinate to the Conservatives and passively supported them in a trade-off for union legalization. The farming sector was not politically committed, creating a vacuum that the Conservative Party-manufacturers alliance exploited to strengthen its own political protectionist agendas.

In the spring of 1878, the Conservative Party

officially presented protectionist policy options. Sir John A. Macdonald announced the "National Policy," and proposed a "judicious adjustment of the tariff" in the House of Commons:

...that this House is of the opinion that the welfare of Canada requires the adoption of a National Policy, which, by a judicious readjustment of the tariff, will benefit and foster the agricultural, the mining, the manufacturing and other interests of the Dominion; that such a policy will retain in Canada thousands of our fellow countrymen now obliged to expatriate themselves in search of the employment denied them at home, will foster prosperity to our struggling industries, now so sadly depressed, will present Canada from being made a sacrifice market....⁵⁰

Macdonald explained the "judicious adjustment of the tariff" more specifically:

...a judicious readjustment of the tariff will mean, to a certain extent, an increased duty upon certain articles; upon those articles which we can produce ourselves, which this country is fit to produce, which our climate can produce, which our people are able to manufacture.⁵¹

Macdonald proposed higher tariffs in order to situate Canadian products favourably in the domestic market by reducing the penetration of foreign imports, particularly those from the United States. This proposal was also justified because of its benefits to various sectors, such as mining, agriculture, and manufacturing. Macdonald's

strategy to ally with the farmers was consistent with the MAO's own strategy to do the same.⁵² These similar strategies provided the Conservatives and the manufacturers with a basis for collaboration and mutual support.

Macdonald described reciprocal trade with the United States in the future as desirable:

...moving (as it ought to do) in the direction of a reciprocity of tariffs with our neighbors [in the United States], so far as the varied interests of Canada may demand, will greatly tend to procure for this country, eventually, a reciprocal trade.⁵³

The reciprocity which Macdonald hoped for was based on equivalent levels of tariff protection between Canada and the United States. This reciprocity was defined by protectionism rather than a liberal trade regime.

Nonetheless, using a nationalist tone, Macdonald distinguished Canada's protective tariffs from America's:

If we had a protective system in this country [Canada], if we had a developed capital, we could, by giving our manufacturers a reasonable hold on our home trade, attain a higher position among the nations. If our factories were fenced round to a certain extent with protection,--I do not mean that we should adopt a tariff like that of the United States, which I believe to be in many respects an unscientific one,--and impose a tariff such as the necessities of Canada may demand, our national prosperity would be enhanced.⁵⁴

Although Macdonald advocated that Canada's tariff protection

be no less than America's, he addressed protection in light of Canada's autonomy in tariff decisions. With the nationalistic tone, this argument was similar to the manufacturers'.

By the general election of 1878, the major parties were in positions that were in contrast to each other. The Liberal government within the framework of solely revenue tariffs, tried to justify their 1876 tariff increases as a proper policy response to the recession. However, the party was suffering from internal division over the matter. In contrast, the Conservative Party as Opposition was sharpening its partisan attacks on the government by integrating support from those manufacturers who were dissatisfied with the Liberal approach to tariffs.

b. The Conservative Government from 1878

Following the victory in the general election in 1878, Macdonald formed the government. Macdonald as Prime Minister and S.L. Tilley as the Minister of Finance, became the centre of the tariff decision making process. Protectionists such as E.K. Greene, a Montreal businessman, continued to brief Macdonald regarding the matter.⁵⁵ Tilley was another focus of the numerous protectionist deputations. Tilley was overwhelmed by the enormous quantity of demands for tariff changes, although it was

partially as a result of Tilley's own encouragement for business associations to present their demands.⁵⁶ His bureaucratic assistance was limited to three tariff experts engaged temporarily for the specific purpose of preparing the 1878 rates.

The new Conservative government introduced the details of the National Policy in their first budget speech in March 1879. Leonard Tilley, Minister of Finance, addressed the tariff revisions, namely increases, and justified them as ways to compensate for custom revenue reduction and more importantly to protect domestic industries.⁵⁷

The Conservative's protective measures immediately raised frustrated responses from consumers who expected unfair effects as a result of this favouring of the manufacturers. A Toronto Globe article sharply criticized the new tariffs with respect to their effects against consumers:

Every line of the new tariffs conceived in the interest of manufacturers, even the few reductions, which are made with a view to decrease the cost of their raw materials....The consumers in the towns and on the farms alike are treated as so many beasts of burden, whose loads are to be made just as heavy as they can endure.⁵⁸

It was considered that the tariffs favoured manufacturers at the expense of consumers.

The government explained that these tariff increases

would improve the current trade structure:

The general effect must certainly be to decrease importation from the United States, and to re-establish commercial relations between Canada and the West Indies, while if it materially alters the measure of trade with Great Britain, it must be on the side of increase, and in several departments this will certainly be the case. The fostering and promoting of Canadian industries, and especially manufacture, will not lessen the necessity for large imports of various commodities which are now largely supplied to Canada by Great Britain, but if the result would prove a means of restoring prosperity, as is anticipated, the effect must be most favorable to British mercantile and manufacturing interests...."

To reduce American imports, while sustaining little damage to trade relations with the Empire, was the rationale that legitimized these tariffs.

Tariffs were increased mostly on commodities that were imported mainly from the United States. This category included the 50 cents-per-ton tariff on coal, which had been previously free of tariff. The tariff on livestock from the United States was increased from 10 to 20 per cent ad valorem. Livestock imports from Great Britain were mainly for breeding and remained tariff-free. Similarly, the tariff on iron increased from 2.5 to 7 or 10 per cent, and this increase was justified in the following way:

The smallest increase is that which applies to British manufactures, or goods chiefly imported from Great

Britain, while the larger increases will fall upon goods now imported from the United States, but which can and will be produced thereafter in Canada.⁶¹

The tariff on cotton goods went up 42 per cent, but the tariff on the higher quality cotton from Great Britain increased very modestly.⁶² There were new tariffs on cotton goods;⁶³ however, British cotton imports fell into a sub-category which was charged tariffs lower than the general category. The tariff increase on woollen goods was justified as a source of revenue, and that even with the new tariff the British goods would be imported, as neither Canada or the United States produced them. Again, the government explained that the policy ensured minimal effects on British imports.

These tariff changes in the National Policy were confined to certain articles. Prior to the election, the Conservatives and the manufacturers insisted upon their shared interests with the farmers. However, agricultural products faced rather minor tariff increases. For instance, wheat remained tariff-free, and other crop imports started to be charged modest duties. Overall, agricultural products faced minor tariff increases.⁶⁴

The tariff introduced in the budget of 1879 did not satisfy all interests. In his notion of "judicial readjustment of tariff," Macdonald had claimed that his

tariff was designed to benefit all sectors of the national economy and not simply the manufacturers as a class or even specific manufacturers on a patronage basis.⁵⁴ In this regard, Forster argues that:

The argument that Tilley wished to erect a balanced and calculated tariff contradicts the assumption that the tariff was little more than a series of quid pro quos with manufacturers to whom the Conservatives were particularly indebted. The assumption, promulgated by the Liberal press of time, and strengthened by the secrecy surrounding the formation of the tariff, is false.⁵⁵

In the following years, there was a decline in imports from the United States and a rise in those from Great Britain. At the same time, exports to these countries rose. There was some general economic recovery, but it is not easy to attribute it to the new tariffs.

c. Political Parties and Tariffs

Macdonald explained his difficulties as the Opposition leader in dealing with tariff matters:

As far as matters of tariff are concerned, it is impossible for the Opposition to enter into details or explain before the House and the country their policy; they have not the material, the Government alone has the opportunity of collecting the facts upon which tariff can be formed.⁵⁶

This statement was possibly an excuse for the superficial

nature of Macdonald's debates on tariffs, but it also addressed a few of the characteristics of the tariff politics. For instance, Macdonald raised the Opposition's concern that the government party tended to have more access to information on the issues than the Opposition. This gap in the quantity of information available to the Opposition contributed to their inaction to scrutinize the details of the tariffs. The disclosure of information was suggested by Macdonald as a solution to enable more active partisan debates over the issue.

Another important question was whether, and to what extent, tariffs should be discussed in public. John Charleton, a Liberal Member of Parliament from North Norfolk and a specialist on tariff issues, described the nature of tariff politics when his party acted as the Opposition in 1879:

In introducing the tariff into politics, we give it to the public, who are necessarily, to a great extent, ignorant of those subjects, and not capable of treating complex questions like those affecting the commercial policy of the country with the necessary degree of discrimination, and what is the result? If anything is desirable, it is the permanency of the tariff, and yet you propose to expose all interests to sweeping changes with each election, as in the United States, yet I maintain it is a great misfortune to this country, as of any country, to introduce tariffs into politics.'

Although Charleton was in the Opposition, he was concerned with the opening up of tariff politics to the general public and to partisan politics. One of his concerns was that the exposure of tariff issues to the public might cause chaos, thereby harming tariff policy. He asserted that tariffs should be treated only by elites who were familiar with the details of the issues. Another of his concerns was that if the issues were involved in partisan politics, as in the United States, it would only cause instability and consequently, cause damage to the national economy.

Although Charleton was in the Opposition after the election of 1878, he was reluctant to have tariff issues scrutinized by the public and the Opposition party. He simply stated that the tariff policy process, in the interest of its stability, must be kept in the hands of specialists.

The arguments made by Macdonald and by Charleton contrasted over the nature of tariff politics. Macdonald pointed to the need for the opening up tariff politics, both because of the Opposition's limited access to the information and because of the state power over the issue. Charleton, on the other hand, criticized, the opening up of tariff politics by emphasizing the need for special expertise to deal with the issue. The contradictions that emerged during this era over openness and the need for specialization in tariff politics continued to be discussed

in the ensuing years.

During the period leading up to the National Policy of 1879 the parties became involved, both passively and actively, in the policy process. The Conservatives responded more spontaneously and sympathetically to the protectionist forces than the Liberal government. At the same time, by proposing protection the Conservative Party moved to sharpen its edge against the Liberals. Tariffs were used as a strong rallying point for partisan confrontation, mostly by the Conservatives. The Liberal government faced strong business pressure groups, an economic downturn, and the Conservative Party, which was closely tied to the protectionist movement. As a result, the tariff issues were results of growing protectionism and partisan politics.

Conclusion

The condition of tariff politics leading toward the National Policy can be summarized in three points. First, the economic recession beginning in 1873 and rising trade protectionism particularly that in the United States promoted the growth of protectionism in Canada. Second, organizational readiness to tackle tariff questions was varied among the well-prepared manufacturers and the

unprepared and disunited farmers and workers, and this difference widened. Third, the tariff issue was utilized for partisan purposes; Macdonald, as leader of the Opposition Conservative Party, plucked up the growing protectionist movements.

The tariff politics of the National Policy were polarized within a partisan and therefore highly volatile and unstable political arena. The state structure required a more extensive elaboration of its bureaucratic institutions before greater stability in the tariff policy process could be attained. As we observed, the policy process within the Conservative government, however, was basically restricted to two cabinet ministers, Macdonald and Tilley. Except for three temporary tariff experts engaged by Tilley, no bureaucratic institutions were created specifically to deal with the increasing significance of tariff issues by scrutinizing, auditing, and receiving interest groups deputations. Without any specific institutions regarding tariff policy making, the state would continue to be prone to outbreaks of polarized tariff politics in the following periods. We see that this primitive decision-making structure magnified the influences of pressure groups exposed to international economic changes and left responsibility for tariffs with the cabinet ministers and political parties.

NOTES FOR CHAPTER TWO

1. There are a number of studies on the National Policy. Regarding the leadership of Sir John A. Macdonald, for example, see Donald Creighton, John Macdonald: The Old Chieftain (Toronto: Macmillan, 1965), particularly chapter 8, pp. 243-283. With respect to the politics of the National Policy, Ben Forster discussed the emerging pressure groups and the state; Ben Forster, A Conjunction of Interests: Business, Politics, and Tariffs, 1825-1879 (Toronto: University of Toronto Press, 1986). R.T. Naylor discussed the commercial-financial capital coalition dominating this policy process in comparison with industrial capital; R.T. Naylor, "The Rise and Fall of the Third Commercial Empire of the St. Lawrence" in Capitalism and the National Question of Canada, ed. Gary Teeple (Toronto: University of Toronto Press, 1972). Glen Williams argued that the National Policy contributed to the moulding of Canada's future economic course in so far as it bound industrialization to a domestic market and established its reliance on a foreign technological base and foreign direct investment; Glen Williams, Not For Export: Toward a Political Economy of Canada's Arrested Industrialization, updated edition (Toronto: McClelland and Stewart, 1986). Territorial integration from the Atlantic to the Pacific was enhanced by installing the railways and encouraging inter-regional trade, thereby avoiding continental economic integration with the United States. However, the National Policy was also related to another historical process that created regional economic disparities. For example, see T.W. Acheson, "The National Policy and the Industrialization of the Maritimes, 1880-1910," in Canada and the Burden of Unity, ed. D.J. Bercuson (Toronto: Macmillan, 1977). Despite these different evaluations, the National Policy is seen as central to a historical matrix of the social groups which shaped the early Canadian political economy.

2. With respect to the emerging associations based on economic interests, please see Forster, A Conjunction of Interests, chapter six, pp. 110-126.

3. Ibid., pp. 203-204.

4. W.W. Rostow, British Economy of the Nineteenth Century (Oxford: Oxford University Press, 1949); S.B. Saul, The Myth of the Great Depression, 1873-1896, 2nd ed. (London: Macmillan, 1985).

5. Forster, *A Conjunction of Interests*, chapter five, pp. 86-109.

6. Export prices of fibre, textile, and metal products recorded declines larger than those of agricultural, wood, and paper prices (Table 2-5). Import prices also started declining from 1874; however, their declines were smaller than those in export prices. The prices of agricultural products fell less than those of manufacturing products, although the agricultural sector had smaller price hikes during the economic boom prior to the recession (Table 2-6).

TABLE 2-5 EXPORT PRICE INDEX, 1870-1880 (price of 1870=100)

year	all comm.	agri- cul- tural	tex- tile	wood & paper	iron & steel	nonferrous metal	nonmetal mineral
1870	100	100	100	100	100	100	100
71	106	101	164	109	131	123	101
72	108	104	181	105	97	117	135
73	112	113	255	115	168	128	148
74	114	123	194	107	113	163	164
75	120	113	186	126	96	119	158
76	123	105	164	118	99	121	171
77	111	94	146	112	55	148	184
78	114	108	156	105	60	124	171
79	104	92	130	98	62	116	140
1880	106	92	143	98	97	119	143

Source: calculation from M.C. Urquhart, *Canadian Historical Statistics* (Toronto: Macmillan, 1965), p. 299.

TABLE 2-6 IMPORT PRICE INDEX, 1870-1880 (price of 1870=100)

year	all comm.	agri- cultural	fibre & textile	iron & steel	nonferrous metal	nonmetal mineral
1870	100	100	100	100	100	100
71	117	107	146	113	110	104
72	124	105	166	108	130	168
73	119	120	144	92	114	138
74	113	112	115	116	131	143
75	115	116	110	166	113	140
76	112	112	111	139	121	123
77	101	106	102	112	110	107
78	97	106	90	102	96	99
79	89	92	85	92	100	106
1880	93	85	107	98	75	89

Source: calculation from Canadian Historical Statistics, p. 300.

7. Regarding the associations organized during this period, see for example, Forster, A Conjunction of Interests, chapter six, pp. 110-126.

8. S.D. Clark, The Canadian Manufacturers' Association: A Study in Collective Bargaining and Political Pressure (Toronto: University of Toronto Press, 1939), p. 5.

9. The executives of the establishment of the Manufacturers' Association of Ontario in November 1875, were:

President James Watson....knitted goods.....Hamilton

First Vice President B. Lyman...chemical industry..Toronto

Second Vice President M. Staunton..paper industry..Toronto

Chair of the meeting W. H. Howland..hardware.....Toronto

The Proceedings of the Special Meeting of the Manufacturers' Association of Ontario, November 25th and 26th, 1875.

10. The Resolutions to be presented at the Meeting of the Manufactures of Ontario, in the St. Lawrence Hall, Toronto, on Friday, Nov. 26th, 1875, *ibid*, Appendix.

11. Mr. Wm. M. Horsey of Bowmanville, *ibid.*, p. 8.

12. Mr. W.H. Howland of Toronto, *ibid.*, p. 5.

13. The resolution presented at the meeting of the Manufacturers' Association of Ontario, November 1875, *ibid.*, Appendix.

14. Howland, *ibid.*, p. 5.

15. The proceedings of the meeting described:

The committee on Resolutions sat up to a late hour in the Rossin House last night. It is understood that one of the resolutions to be submitted today will recommend the imposition of duties on the production of foreign countries - the mother country not being counted such-

exactly equal to the duties imposed by each foreign country respectively on similar Canadian productions, but never less than on British goods.

Ibid., p. 10.

16. The resolution, *ibid.*, Appendix.

17. A resolution at the meeting of the Manufacturers' Association of Ontario stated:

That the Dominion Government be petitioned to enforce the strictest possible administration of the revenue laws adopting the most stringent regulations, abolishing altogether, or allowing in only few and very clear cases the practice of suffering entries to be amended which encourages the making of attempt to defraud the revenue with but little risk in case of failure.

Ibid.

18. Ibid.

19. Ibid.

20. Ibid., p. 8.

21. The resolution, *ibid.*, Appendix.

22. Forster, *A Conjunction of Interests*, p. 167.

23. Ibid., p. 121.

24. S.D. Clark, *The Canadian Manufacturers' Association*, p. 4.

25. Ibid., p. 6.

26. *The Proceedings of the Special Meeting of the Manufacturers Association of Ontario*, p. 5.

27. S.D. Clark, *The Canadian Manufacturers' Association*, pp. 6-7, p. 16.

28. John McCallum examined factors such as the nature of capital accumulation, population density, wages, and industrialization. McCallum concluded that the unique mix of factors in each province had resulted in quite different economic conditions in the two provinces; John McCallum, *Unequal Beginnings: Agriculture and Economic Development in Quebec and Ontario until 1870* (Toronto: University of Toronto Press, 1977).

29. See Sven D. Nordin, *Rich Harvest: A History of the Grange, 1867-1900* (Jackson: University Press of Mississippi, 1974), and Winslow Martin, *History of the Grange Movement* (Chicago: National Publishing, 1874). Regarding the Grange in Canada, see H. Mitchell, "The Grange in Canada," *Queen's Quarterly*, 22:2, 1914, and Louis Aubrey Wood, *A History of Farmers' Movements in Canada* (Toronto: University of Toronto Press, 1975, originally published in 1924).

30. Wood, *A History of Farmers' Movements*, p. 55.

31. *Ibid.*, pp. 65-66.

32. Mitchell, "The Grange in Canada."

33. Wood, *A History of Farmers' Movements*, p. 93.

34. Vernon Fowke succinctly alerted researchers regarding the danger of simplifying the complexities of the relationships between the agricultural sector and other sectors of the Canadian economy:

Error creeps into interpretation of Canadian agricultural policy through implicit reliance one or on the other of two extreme views: either that agriculture, on the one hand, and industry and commerce on the other, have no interests in common or that their interests are fundamentally the same.

Vernon C. Fowke, *Canadian Agricultural Policy: The Historical Pattern* (Toronto: University of Toronto Press, 1978), p. 251.

According to Fowke, there cannot be any simple formula for explaining the relations between industrialists and farmers over commercial policy. He also implies that if there was any simple alliance or contradiction between farmers and manufacturers, it might have been forged in the political process.

35. See, for example, Eugene Forsey, Trade Unions in Canada, 1812-1902 (Toronto: University of Toronto Press, 1982), particularly chapter six, pp. 119-137; Bernard Ostry, "Conservatives, Liberals and Labour in the 1870s," Canadian Historical Review, 41:2, 1960; Charles Lipton, The Trade Union Movement of Canada, 1827-1959 (Toronto: NC Press, 1973).

36. Martin Robin, Radical Politics and Canadian Labour, 1880-1930 (Kingston: Industrial Relations Centre, Queen's University, 1968), p. 6.

37. Janine Brodie and Jane Jenson, Crisis, Challenge and Change: Party and Class in Canada, Revisited (Ottawa: Carleton University Press, 1988), p. 29.

38. Regarding labour relations with the political parties see, for example, G. S. Kealey, Toronto Workers Respond to Industrial Capitalism, 1867-1892 (Toronto: University of Toronto Press, 1980), pp. 154-56.

39. Alfred F. Jury, August 8, 1877, Proceedings of the fifth annual congress of the Canadian Labor Union held at Toronto, August 7, 8, and 9, 1877, Proceedings of the Canadian Labor Union Congresses: 1873-77, compiled and edited by Leslie E. Wismer (Montreal: Mercantile Printing, 1955), p. 81.

40. J.S. Williams, *ibid.*

41. Jury, *ibid.*, p. 82.

42. *Ibid.*

43. Nonetheless, the convention passed the amendment, which endorsed protective tariffs.

44. Gibbs, Commons Debates, April 7, 1873, p. 67.

45. See, for example, W. Paterson, Commons Debates, February 26, 1878, p. 564.

46. Dale C. Thomson, Alexander Mackenzie: Clear Grit (Toronto: Macmillan, 1960), pp. 136, 266; William Buckingham and Geo. W. Ross, Hon. Alexander Mackenzie: His Life and Time (Toronto: Rose Publishing, 1892), p. 425.

47. Forster, A Conjunction of Interests, p. 136.

48. Thomson, Hon. Alexander Mackenzie, p. 261.

49. During the campaign for the by-election in West Montreal in 1875, the contradictions within the party weakened the Liberals' position. The Conservative candidate announced a protectionist position, which did not cause any stress within the Conservative Party. However, the Liberal candidate could not ignore the manufacturers' pressure for protection in his riding and also announced a protectionist stance. This candidate's position resulted in splits within the Liberal Party since the party was not really in favour of protection and was defensive in the face of the protectionists' claims; Forster, *A Conjunction of Interests*, pp. 137-38.

50. Macdonald, *Commons Debates*, March 7, 1878, p. 854.

51. *Ibid.*, p. 859.

52. W. Paterson, a Liberal Member of Parliament, accused Macdonald of ambiguities in his proposal of the National Policy. *Ibid.*, February 26, 1878, pp. 557-58.

53. Macdonald, *ibid.*, March 7, 1878, p. 854.

54. *Ibid.*, p. 857.

55. Forster, *A Conjunction of Interests*, pp. 182-83.

56. *Ibid.*, pp. 186-87, pp. 189-91.

57. Leonard Tilley described the depressed economy in the budget speech:

Today we must all admit that it is greatly depressed....Today many of the furnaces are cold, the machinery in many cases is idle, and those establishments that are in operation are only employed half time, and are scarcely paying the interest on the money invested.

Commons Debates, March 14, 1879, p. 409.

58. Editorial, *The Toronto Globe*, March 17, 1879, p. 2.

59. *Sessional Paper*, 1879, No. 155, p. 3.

60. *Ibid.*, p. 4.

61. *Ibid.*, p. 3.

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62. For example, the major tariff changes were:

article	from Britain	from U.S.	new tariffs	increase
	\$	\$	%	%
cement	60,456	43,292	40	22.5
earthenware	385,858	45,573	25 or 30	12.5
cotton goods	4,402,054	2,488,235	40 to 60	42.5
hosiery	388,196	67,936	20 or more	22.5
linen	908,237	67,459	20	2.5
paper hangings	101,459	85,668	30	12.5
parasols	185,179	5,988	30	12.5
silk manu- factures	1,291,882	31,129	30	12.5
blankets	198,124	28,822	50	33.5
carpets	648,974	13,953	30	12.5
flannels	259,339	67,652	50	32.5
tweeds	926,684	9,507	40	22.5
woollen clothes	771,245	128,448	40	22.5
other woollens	5,137,773	148,364	40 to 50	32.5
iron bar	902,613	133,884	17.5	12.5
tinned plates	355,293	63,676	10	5.5
railroad bars	233,133	51,923	15	15.0
railroad steel	1,026,173	22,934	20	20.0

"Anti-British Tariff," Editorial, The Toronto Globe, March 18, 1879, p. 2.

63. Despite the polarized politics over the issues, the tariff changes implemented in 1879 were relatively minor and varied among commodities; John H. Young, Canadian Commercial Policy (Royal Commission on Canada's Economic Prospects, 1957), pp. 32-33.

64. Forster, A Conjunction of Interests, pp. 191-95, pp. 199-200.

65. *Ibid.*, p. 191.

66. Macdonald, Commons Debates, March 7, 1878, pp. 853-854.

67. John Charleton, *ibid.*, February 18, 1879, p. 528.

CHAPTER THREE

CONTROLLING UNCERTAINTY: ATTEMPTS TO SUBMERGE THE POLARITIES OF TARIFF POLITICS, 1880-1908

Introduction

After the implementation of the National Policy of 1879, tariffs gradually faded in their centrality from partisan politics. When the opposition Liberal Party proposed unrestricted reciprocity with the United States in 1888, tariff issues created somewhat divided reactions. The manufacturers and the Conservatives opposed reciprocity and appeared strongly in favour of trade protection and special trade relations with the British Empire. Western farmers, however, expressed their desire for lower tariffs. The matrix among the pressure groups was increasing the discrepancies in power and position between the manufacturers' associations, which were maturing through the use of elaborate strategies, and the farmers and workers who positioned themselves increasingly further away from the protectionist manufacturers. Hearings of the newly instituted Tariff Commissions (1896-97, 1905-06) demonstrated this differentiation of interests over tariffs, in comparison to the weak cross-class alliance led by the protectionist manufacturers in favour of the National

policy.

Nevertheless, it became difficult to distinguish the Liberals from the Conservatives over tariff issues when the new Liberal administration implemented Imperial Preference for British imports in 1897. Imperial Preference instituted lower tariffs on goods imported from Great Britain and was welcomed by both the Liberals in power and Conservatives in opposition. Its tariff revisions, however, did not result in any new polarity which then became incorporated into further partisan divisions.

This chapter will explain that this new phase of tariff politics came about as a result of neither the disappearance nor resolution of the contradictory interests involved in tariff politics. Instead, we will see that the polarity over the issues was glossed over or submerged through the tactics of the manufacturers and the government.¹

Central to understanding this period was the establishment by the government of two Tariff Commissions, specialized institutions for managing some of controversies and conflicts over the tariff. However, these Commissions were created merely as temporary institutions and were composed mostly of cabinet ministers with little bureaucratic representation. Thus, the Tariff Commissions were tightly incorporated under the cabinet ministers' control rather than creating a mature bureaucratic tariff

policy process somewhat autonomous from the cabinet ministers or partisan politics.

We will witness how cabinet ministers as well as pressure groups could make use of these Commissions. We will also see how the Tariff Commissions helped to modify the nature of Canadian tariff politics and at the same time how they were employed by the government and the manufacturers at the expense of other interest groups which were less well organized and unified.

1. Canadian Political Economy within the International Political Economy

The relative international decline of the British economy continued. Germany, France, and the United States, previously importers of British industrial products, began gearing up their own national industrialization, which was guarded by intensifying protectionist tariff policies. Accordingly, British products began to lose export markets in the 1880s in the face of the rising international trade protectionism.

Imperial Conferences began to search for a solution along the lines of the new imperial economic agenda featuring special trade relations within the British Empire. Although British hegemony was declining, its political and economic leadership was indispensable for creating a special

imperial economic system.² In addition, an Imperial preferential trade system required domestic consent for Canada's participation. The Colonial Conference held in Ottawa in 1894 reached a resolution in favour of commercial arrangements for the Empire:

That this [Colonial] Conference records its belief in the advisability of a customs arrangement between Great Britain and her Colonies by which trade within the Empire may be placed on a more favorable footing than which is carried on with foreign countries.³

The special commercial arrangements were proposed to be confined to the Empire itself, and only on a reciprocal bases. Therefore, this proposal was clearly distinct from a "custom union" which would have imposed uniform tariff treatment on third party trading arrangements.⁴

Trade protectionism in the United States rose again and led to the introduction of the Dingley Tariff in 1897. In comparison with the Wilson-Gorman Tariff in 1894, the Dingley Tariff increased the level of duty on all imports to 26.2 per cent from 20.5 percent, and that on dutiables to 47.6 per cent from 41.2 per cent. This new protectionist tariff reduced the proportion of all imports on duty free list from 50.1 per cent in 1894 to 45.1 per cent.⁵

It was in this environment that both exports and imports expanded in Canada. Despite major economic downturns between 1884 and 1887, and between 1894 and 1897,

Canada's trade balance recorded a surplus between 1894 and 1905 (Table 3-1). However, trade with the United States did not improve as much as it did with Great Britain. Beginning in 1892, exports to the United States declined to below 40 per cent of the total Canadian exports, in contrast to increasing exports to Britain. After introduction of the Imperial Preference of 1897, exports to Great Britain reached 64 per cent of the total exports in 1898, and those to the United States declined to 27 per cent (Table 3-2). Yet, Canada's imports from Great Britain declined while those from the United States grew. From the 1880s onward, imports from Great Britain continued to decline from 48 per cent in 1880 to 25 per cent in 1899; after the turn of the century, the figure stagnated at around 25 per cent. Imports from the United States, however, persistently increased from 40 per cent of the total imports in 1880 to 59 per cent of the total imports in 1899. During the first decade of the twentieth century, this figure remained at around 60 per cent (Table 3-3).

In trade with the United States, exports declined and imports rose. As a result, the trade deficit grew. This trade structure, combined with customs levels, altered the pattern of Canadian customs revenues. In 1896, the revenue from duties on goods imported from the United States surpassed those from Great Britain, rising from 31 per cent

in 1881 to 47 per cent in 1900, and even higher to 50 per cent of the total customs revenue in the following years (Table 3-4).

These trade relations were accompanied by different effects on several sectors of the economy. Overall, the year of 1897 was an important turning point for export prices⁶ (Table 3-5). So, as was the case with exports, 1897 was the turning point for import prices⁷ (Table 3-6). Referring to the trade price indexes, the effects of changing trade relations were varied amongst sectors; in particular, the agricultural sector was experiencing lower prices in the market.

The Canadian political economy was exposed to the declining British economic hegemony and intensifying trade protectionism in the United States. Canada's exports to Great Britain were enhanced, after Imperial Preference was implemented in 1897. Yet, its imports from the United States increased more than those from imperial trade; nevertheless, there was no policy in place to effectively deal with the resulting trade deficit.

TABLE 3-1 CANADA'S TRADE, 1880-1912
(\$1000, merchandise only)

year	imports**	exports	year	imports**	exports
1880	69,901	86,140	1900	172,507	183,238
81	90,411	97,320	01	177,701	194,509
82	111,145	101,766	02	196,480	209,971
83	121,861	97,454	03	224,814	225,230
84	105,973	89,222	04	243,590	211,056
85	99,756	87,211	05	251,617	201,472
86	95,992	85,195	06	283,282	246,658
87	105,107	89,510	07*	249,738	192,087
88	100,672	90,185	08	351,879	263,369
89	109,098	87,211	09	288,218	259,922
1890	111,683	94,309	1910	369,815	298,764
91	111,534	97,470	11	451,745	290,000
92	115,160	112,154	12	521,448	307,716
93	115,171	114,431			
94	109,071	115,686			
95	100,676	109,313			
96	105,361	116,315			
97	106,618	134,458			
98	126,307	159,530			
99	149,346	154,881			

* nine months ending March 31.

** imports entered for consumption.

Source: Sessional Paper, 1920, No. 3, p. 8.

TABLE 3-2 CANADA'S EXPORTS, 1880-1910
(\$1000, merchandise only)

year	Great Britain		the United States	
	\$	%*	\$	%*
1880	45,814	48	31,610	41
81	53,847	51	35,902	41
82	45,274	42	47,570	49
83	47,011	45	41,171	45
84	43,736	47	36,657	43
85	41,872	46	37,731	45
86	41,540	47	36,529	44
87	44,571	48	37,655	44
88	40,084	41	42,535	50
89	38,088	42	41,561	49
90	48,354	49	38,083	43
91	49,281	49	40,195	43
92	64,907	56	37,179	35
93	64,080	55	39,789	35
94	68,539	59	33,971	31
95	61,857	56	37,465	34
96	66,689	57	39,750	34
97	77,228	56	45,881	35
98	104,999	64	41,082	27
99	99,087	62	41,122	29
1900	107,736	57	59,963	34
01	105,329	52	70,407	38
02	117,318	56	69,562	34
03	131,202	58	71,210	32
04	117,591	56	70,713	34
05	101,959	51	75,563	37
06	133,093	54	88,001	36
07**	105,130	55	65,839	34
08	134,477	51	96,920	37
09	133,745	52	91,022	35
1910	149,630	50	110,614	37

* proportion vis-a-vis the annual totals of exports
(merchandise)

** nine months

Source: Sessional Paper, 1920, No. 3, pp. 10-13.

TABLE 3-3 CANADA'S IMPORTS, 1880-1910
(\$1000, merchandise only)*

year	Great Britain		the United States	
	\$	%	\$	%
1880	33,764	48	28,194	40
81	42,885	47	36,339	41
82	50,356	45	47,053	42
83	51,680	42	55,147	45
84	41,925	40	49,786	47
85	40,031	40	45,577	46
86	39,033	41	42,819	45
87	44,741	43	44,796	43
88	39,168	39	46,440	46
89	42,251	39	50,029	46
1890	43,277	39	51,366	46
91	42,019	38	52,033	47
92	41,064	36	51,742	45
93	42,529	37	52,340	45
94	37,036	34	50,746	47
95	31,059	31	50,179	50
96	32,824	31	53,529	51
97	29,401	28	57,023	54
98	32,043	25	74,825	59
99	36,931	25	88,467	59
1900	44,280	26	102,080	59
01	42,820	24	107,149	60
02	49,023	25	114,745	58
03	58,793	26	128,790	57
04	61,725	25	143,011	59
05	60,343	24	152,432	61
06	69,184	24	168,798	60
07**	64,415	26	148,598	51
08	94,417	27	204,649	59
09	70,682	25	170,056	59
1910	95,336	26	217,502	59

* imports entered for consumption

** nine months

Source: Sessional Paper, 1920, No. 3, pp. 10-13.

TABLE 3-4 DUTIES* IN CANADA'S TRADE, 1880-1910

year	imports from G.B.		imports from the U.S.	
	duty rate %	proportion of total duties %	duty rate %	proportion of total duties %
1880	20.0	47.7	16.0	31.9
81	20.5	47.4	15.5	30.5
82	19.9	46.1	15.0	32.6
83	19.2	42.7	14.8	36.2
84	19.1	39.7	14.9	36.8
85	19.0	39.9	14.5	34.6
86	20.0	40.2	15.8	34.8
87	20.8	41.5	16.2	32.4
88	22.9	44.4	15.3	32.0
89	22.4	39.8	14.7	31.0
90	22.1	40.0	15.8	34.0
91	21.7	38.9	14.9	33.0
92	22.1	44.2	15.1	38.1
93	22.3	44.9	14.6	36.1
94	22.3	42.6	13.7	35.9
95	22.6	39.2	13.7	38.6
96	22.4	36.5	14.5	38.5
97	21.1	31.3	14.3	41.1
98	20.8	30.5	13.3	45.6
99	19.8	28.6	13.2	45.7
1900	18.2	28.0	13.2	46.8
01	18.3	27.0	12.4	45.8
02	17.2	26.0	13.2	46.8
03	16.7	26.6	13.3	46.1
04	17.6	26.5	13.7	47.9
05	18.5	26.7	13.5	49.2
06	18.7	27.9	13.1	47.8
07*	18.4	29.5	12.8	47.6
08	18.3	29.8	13.3	46.8
09	19.0	28.1	13.2	47.1
10	18.9	29.7	13.6	48.6

* duties on imports for consumption and merchandise only.

** nine months.

Source: Sessional papers.

TABLE 3-5 EXPORT PRICE INDEX, 1880-1910 (1900=100)

year	total	agricultural products	textile fibre	iron	nonferrous metals
1880	93.8	127.8	133.1	81.8	104.4
81	97.5	130.1	152.1	73.1	86.5
82	107.2	153.3	128.4	62.7	67.2
83	109.6	138.3	113.7	83.2	111.0
84	104.8	133.3	118.6	102.3	120.7
85	99.2	121.1	108.1	110.2	125.6
86	96.1	116.2	107.6	110.2	120.2
87	96.3	108.4	116.7	106.2	114.8
88	101.6	120.3	119.0	118.9	135.3
89	101.3	115.0	108.7	131.0	149.3
90	103.5	103.8	118.9	125.9	125.7
91	104.0	124.2	115.6	122.6	110.6
92	103.0	115.9	70.6	105.0	71.9
93	100.7	106.8	76.0	106.9	68.5
94	101.0	102.8	136.8	115.9	107.2
95	96.5	90.2	103.6	114.2	84.9
96	93.1	91.7	111.7	106.5	90.9
97	90.9	85.6	99.6	139.8	93.2
98	97.0	109.3	91.4	129.0	88.7
99	95.4	101.2	78.6	118.0	96.7
1900	100.0	100.0	100.0	100.0	100.0
01	102.5	100.6	98.1	103.0	101.6
02	104.3	104.9	94.9	81.1	100.7
03	107.6	104.2	104.6	94.7	99.2
04	108.7	110.3	115.7	86.1	99.7
05	105.3	112.2	88.4	92.5	102.6
06	113.4	115.2	78.2	82.3	112.6
07*	118.5	110.7	130.8	92.0	120.5
08	124.2	124.3	119.2	94.0	114.2
09	123.5	128.7	102.7	100.3	102.0
10	124.8	137.8	98.5	102.2	93.7

Source: M.C Urquhart, ed., Historical Statistics of Canada (Toronto: Macmillan of Canada, 1965), p. 299.

TABLE 3-7 IMPORT PRICE INDEX, 1880-1910 (1900=100)

year	total	agricultural products	fibre and textile	iron	nonferrous metals
1880	109.4	71.5	113.9	120.0	71.5
81	113.3	117.7	111.0	124.8	62.8
82	117.4	117.8	121.0	116.3	63.7
83	117.8	120.4	116.7	117.5	71.8
84	114.3	113.3	111.6	113.8	77.6
85	107.3	103.2	107.0	102.9	76.9
86	101.5	100.0	98.8	99.2	69.8
87	97.7	96.8	97.2	84.7	68.2
88	95.9	96.3	101.8	92.2	84.1
89	102.1	102.4	102.7	97.2	82.2
90	102.4	100.7	109.0	104.4	78.3
91	104.2	101.5	106.8	115.2	82.0
92	97.8	96.6	95.8	104.8	74.7
93	96.3	96.4	98.5	94.3	75.3
94	93.7	94.2	94.1	92.7	64.4
95	85.3	85.2	86.1	80.8	53.3
96	87.9	85.6	89.5	93.7	60.0
97	83.8	84.6	78.9	85.9	61.5
98	88.8	89.7	87.6	86.8	85.7
99	89.6	91.3	91.7	83.1	69.8
1900	100.0	100.0	100.0	100.0	100.0
01	101.0	100.8	100.9	103.2	86.1
02	98.0	95.9	100.3	101.0	78.5
03	100.7	94.6	104.8	100.9	90.1
04	103.1	99.5	113.6	104.7	77.7
05	102.7	103.4	110.6	94.5	99.3
06	107.7	104.6	117.7	97.7	119.5
07*	113.8	107.2	120.7	101.8	135.3
08	117.0	115.8	120.1	108.1	130.3
09	108.6	115.8	114.8	100.4	97.6
10	109.3	118.8	121.3	96.4	90.4

* nine months

Source: Historical Statistics of Canada, p. 300.

2. Changing Coalitions over Tariffs

Tariff politics entered a new phase in the 1880s. Manufacturers persistently sought stable tariff protection through developing new political strategies and institutions. Meanwhile, farmers and workers began to differentiate themselves from the 1878 alliance that had been forged by the protectionist manufacturers. How did this previous alliance unfold into different coalitions? In the light of these new fissures, how were the manufacturers and the government able to continue to control the tariff agenda through submerging or glossing over the differences?

a. Manufacturers: Strategies for Ensuring Stable Tariffs Toward the Canadian Manufacturers' Association (CMA)

The manufacturers continued to organize their business associations. In 1887, the Manufacturers' Association of Ontario (MAO) was expanded into the Canadian Manufacturers' Association (CMA) which became a national organization with provincial branches. In 1902, the CMA's membership reached 1080: 600 in Ontario, 279 in Quebec, 82 in the Maritime provinces, and 116 in western Canada.⁵ The CMA started its own monthly circular, *Industrial Canada* (IC) in 1900, and undermined the *Canadian Manufacturers and Industrial World* (CMIW), previously considered to be *the* journal among manufacturers. The Executive Committee of the CMA was

replaced by the Executive Council, which had more centralized power, and with subordinate committees for special issues (i.e., Railways and Transportation, Industry, Tariff, Commercial Intelligence, and Legislation).⁹ In 1902, the CMA established the Educational Campaign Committee in order to carry out a public campaign on crucial topics, including trade protection.¹⁰ The Labour Committee was also created in order to deal with rising labour unrest.¹¹

From its establishment, the Tariff Committee had a widely encompassing role and was the central institution in the CMA's lobbying for tariffs. This committee was in charge of tariff scrutiny; the members in the Association sent their tariff enquiries to the committee for further clarification and investigation. In addition to responding to these enquiries, the committee constantly informed the members of current tariff policy through its reports in Industrial Canada. At the annual meetings of the Association, the Tariff Committee tabled special reports on tariff policy. The committee also prepared recommendations which would be submitted to government offices, such as the office of the Minister of Finance. These lobbying activities were based on members' requests and the Committee's investigations. The Association was further developing its organizational resources and operational expertise for pressuring the state on the issue.

Nonetheless, the Tariff Committee was already encountering members' conflicting interests. The Committee report in 1886 described:

In some cases the [Tariff] Committee have found themselves unable to recommend to the Government the adoption of certain suggestions made by members, some because of their being in harmony with the general trade policy which is favored by this Association [CMA], and others because, on due consideration, it was found that the changes suggested would injuriously effect other industries.²

The organizational expansion of the CMA ironically caused complex contradictions among the members within the Association.

Securing Protection

The manufacturers, both in the MAO and the CMA, persistently supported the tariff protection under the National Policy. When the Liberal Party proposed unrestricted reciprocity in 1888, one resolution of the CMA annual meeting asserted:

...the Canadian Manufacturers' Association are [sic] entirely opposed to commercial Union with the United States, and to any other political proposition that might imperil our existing relations with Great Britain or prejudice the political status of the Dominion or welfare of Canadian manufacturing industries.³

Exaggerating the trade proposal for unrestricted reciprocity

as a "commercial union,"¹⁴ this resolution rejected the bilateral reciprocity option. The manufacturers emphasized the significance of Canadian relations with the Empire,¹⁵ and worried that continental free trade would injure industries in Canada because of exposure to competition from goods produced in the United States.¹⁶ Locating the Canadian economy within the Empire, the manufacturers concluded that only negative effects on the Canadian economy would result from any closer continental trade relations.

Although the manufacturers publicly claimed themselves to be "non-political",¹⁷ they did not actually refrain from using their political leverage over the political parties. The manufacturers supported the Conservative Party on the condition that they provide them with trade protection. On the other hand, the manufacturers kept a cautious distance from the Liberal Party because of its support for liberal trade principles, including reciprocity.¹⁸ At the annual convention in 1892, the CMA reasserted its support for the Conservative government because of the National Policy.¹⁹ When the Conservative government introduced new tariffs, including some reductions in 1894, the CMA still indicated its satisfaction with the National Policy.²⁰ A position on tariff issues was one of the crucial factors in determining the manufacturers' partisan support.

The manufacturers recognized their own political

influences. They considered themselves to be the influential force that gave the Conservative Party power. In 1896, Canadian Manufacturers and Industrial World described their support:

Sir John Macdonald frequently declared that without the adhesion and support of the manufacturers he [Macdonald] could never have attained to power, and the same influence has been acknowledged time and again by Conservative statesmen both in and out of Parliament.⁴

The manufacturers acknowledged that their support was essential to keep the Conservatives in office. They even saw that their relations with the Conservatives had moved beyond mutual dependence to a position where the party was subordinate to the manufacturers' political support.

Efforts to Remove Tariffs from Partisan Politics

The manufacturers feared that tariff policy might shift whenever the party in power changed. Canadian Manufacturers and Industrial World expressed concern with the partisan influences imposed unnecessarily over tariff policies:

In the interests of manufacturers it is to be regretted that this question of [tariff] Protection or Free Trade [sic] ever became a political issue in any country whatever. The question is at bottom one of material facts and figures; one that must to a great extent be solved by application of the four rules of arithmetic. To get in a rage over such a question, and to make it a political issue, tend to obscure it all

through and to keep out of sight, the solution we are trying to reach."²²

This statement defined tariffs as self-evident matters which should be dealt with solely by mathematical calculations. So, to leave tariff issues to the mercy of unpredictable political forces, which acted against their original scientific nature, was seen only to cause harm to the manufacturers. Therefore, the industrialists' efforts to remove and keep tariffs out of politics was justified by the consideration of national interests.²³

In the same context, Albert Kemp, President of the CMA in 1896, opposed the treatment of tariffs as a "football" of a partisan game:

I [Kemp] have no hesitation in saying that party politics makes a football of the interests of this country [Canada]. A large majority of the people of Canada are vitally interested in the maintenance of the principle of [tariff] protection, yet never was a question of so much importance so dragged through the mire of party strife, and never was a question that means so much to so many, kicked about so persistently to gain party advantage.²⁴

Kemp pointed to the risks that partisan politics posed to steady national economic developments. Partisan politics were seen to be disruptive to the stability of tariff policy. Kemp specifically proposed the removal of tariff issues from partisan political games in order to avoid economic confusion and disruption.

Just before the election of 1896, the manufacturers began to express their deep concern with the possible results of the next general election:

It is proper to enquire what would be the effect upon the manufacturers, if the Conservatives should retire from power, giving place to the Reformer [Liberals].... Manufacturers should therefore not be deceived, for they have absolutely nothing to be gained, but everything to lose in a change of political rulers."

The manufacturers, who had thrown their political support to the Conservatives previously, could hardly hide their worries over the possibility of a Liberal government after the election. This concern was due to Wilfrid Laurier and Richard Cartwright who were staunch believers in liberalized trade and Liberal Party's recent unrestricted reciprocity proposal of 1888 for Canada-United States trade. Therefore, a Conservative defeat was expected to devastate the manufacturers' established political influence as well as their tariff protection.

On the other hand, the industrialists developed a strategy to deal with both political parties soon after the Liberals won office in the general election of 1896. With the change of power, the CMA firmly reasserted its demand:

The Association [CMA] desires a protective tariff for the protection of manufacturing interests in the Dominion of Canada, and cares not whether such a tariff be granted by a government over

which presided Sir Charles Tupper [of the Conservative Party], or a government whose premier is Sir Wilfrid Laurier [of the Liberal Party]. It is the principle, not the man; it is protection, not party, that is the constant aim of the Canadian Manufacturers' Association.²⁶

As soon as the government party changed, the CMA firmly reiterated its principle of protection by deemphasizing their former support for the Conservative Party. In other words, the CMA quickly modified its strategy for securing tariff protection to accommodate the change of government.

The manufacturers, however, still feared a revived pursuit of liberal trade within the Liberal Party. Their fear was concentrated on Sir Richard Cartwright who had been the Minister of Finance in the Liberal government and a renowned supporter of free trade. The manufacturers were specially afraid of the appointment of Cartwright to the post of Minister of Finance. They pleaded with Laurier that the new Liberal cabinet should not appoint Cartwright as the Minister of Finance.²⁷ Happily for them, W.S. Fielding was appointed to the portfolio instead, and became in charge of tariff issues. The worst fear of the manufacturers was thereby avoided.²⁸

The introduction of Imperial Preference reduced the manufacturers' fear of the Liberals' orientation toward a liberal trade regime. Because of their support for the

Empire and the continuation of existing levels of tariff protection from competition with the United States under Imperial Preference, the CMA's president, J. Bertram, welcomed the new tariff regime at the annual meeting in 1893.³¹ In 1897 the preferential trade option with Great Britain was accepted.³²

At the same time, the CMA was indicating its confidence in its relations with the new Liberal government. For example, an executive of the CMA noted in 1898:

Happily for the manufacturers and for the whole country, whatever may have been the promise or the intention of the leaders of the Liberal Party before their advent to power, the foreboding that threatened changes would be made have not been realized, and from present appearances, will not be. Our manufacturers never were the slaves of any party, nor will they ever be. Believers as they are in a policy of tariff protection to the industries in which they have invented their wealth, they have always adhered to the party that promised and gave them that protection.³³

This editorial pointed to the CMA's own flexible organizational capacity to deal with any party, easing the effects of the transition to the Liberal Party which was now in power. The manufacturers perceived the Laurier government's policies in a positive light because it had not scrapped the National Policy of the previous government.³² An 1899 editorial in Canadian Manufacturers and Industrial

World explicitly stated:

The Canadian Manufacturer believes that it voices the sentiment of a very, very large majority of the manufacturers of the country in expressing satisfaction at the stand the Government have taken on the tariff question.³³

More importantly, the manufacturers' pleasure with the Liberal government's stand was derived from the perception that the tariff issue was becoming de-emphasized in partisan politics. At the annual meeting in 1897, Kemp, again as the President, expressed:

...we congratulate ourselves upon having arrived at a period when the question will occupy a less prominent position in political discussions. In our previous political battles the tariff has always been the foremost question. It has always been a field in which politicians delighted to rebel.³⁴

Similarly, in 1899, the editorial of Canadian Manufacturers and Industrial World, stated:

...we have the satisfaction of believing that tariff has been removed from the field of debatable politics. The manufacturers are satisfied with the tariff as it is, and will not countenance any man or party attempting to distort it.³⁵

The industrialists were satisfied with a situation in which tariffs were less influenced by the uncertainties of partisan politics.

However, the manufacturers dealt with the political

parties more vigorously than ever. The industrialists persistently tried to secure a stable tariff policy, regardless of the party in power. For instance, an article in Industrial Canada in 1900 expressed their willingness to be involved in the tariff policy process:

With regard to tariff matters important questions will likely come up for decision in the near future, and the Association [CMA] will doubtless again be called upon to render valuable assistance to the Government, by placing before it such recommendations as it may deem in the best interests of the great producing class of the population which it represents. This assistance will be all the more valuable now that the tariff question has been practically removed from the realm of party politics.³³

Reducing the partisan source of tariff instability, the manufacturers' association expected to be even more effective and influential as a lobby group.

In 1906, the manufacturers signalled their clear disappointment in not having a stronger voice in the tariff-setting process of the Liberal government. Before the announcement of a new tariff schedule, the CMA's Tariff Committee had already discussed the action they were going to take after the announcement of the new tariff.³⁴ Just after the announcement, the Tariff Committee released its statement:

Generally speaking the new tariff is a disappointment. The general tariff is

practically the same as the old tariff and will not encourage the establishment of new industries. The recommendations made by different manufacturers regarding their individual line of industry have seemingly been disregarded.

The general tariff is little or no improvement as a protection against the United States, while on the other hand, the intermediate tariff, if it is made applicable to the United States would be disastrous to many industries. The various manufacturing sections of the Association have now under consideration the specific items.³⁸

The committee sharply criticized the revisions for two reasons: its dismissal of sectoral differences and more importantly, its insufficient protection for competition from American products. As a part of its well coordinated strategies of scrutinizing and pressuring the government, the Tariff Committee almost spontaneously presented its position regarding the new tariffs. This response contrasted to other pressure groups suffering from internal turmoils which we will see in the later sections.

The members' tariff demands were becoming more complex and hampering the Tariff Committee's operations.³⁹ In 1908, the CMA implemented two organizational adjustments in order to ease these difficulties. First, it created the Tariff Department in order to increase the association's capacity for tariff surveillance.⁴⁰ This adjustment divided the Tariff Committee's original investigative

operations into separate institutions, and was designed to expand its function. The other adjustment was to enhance the representation from various industries in the Tariff Committee.⁴¹ These adjustments were designed to reflect the increasing diversity within Canadian manufacturing, and were also designed to facilitate the association's lobbying.

The CMA designed its traditional strategy of lobbying the cabinet ministers coherently with the mandate of the CMA's new Tariff Department. For example, the Tariff Committee urged that the members should directly communicate with the Minister of Customs as well as the Tariff Department of the CMA. This strategy was described as follows:

In order therefore that the hands of the [Tariff] Department [of the CMA] may be strengthened, we would urge you to report fully and promptly to the Minister of Customs at Ottawa all cases of undervaluation....if you are reasonably sure that your suspicions are well grounded even though it may be impossible for you to furnish absolute proof, please report the case to the [Tariff] Department [of the CMA], who will make it their business to investigate.⁴²

The CMA upgraded traditional strategy of pressuring the cabinet ministers responsible for tariffs. The strategy was modified to enhance the CMA members' communication with the Minister by coordinating its new Tariff Department and members. This strategic elaboration was even more

significant when the Board of Customs under the Department of Customs in the federal government increased its staff for receiving claims on tariffs in 1908.⁴³

The manufacturers tried to develop their influence from three angles. On the one hand, they actively enhanced their pressures toward the state which was simple in its structure; therefore they directly lobbied to the ministers and the new Tariff Commissions. At the same time, they made a concerted effort to ensure that their influence over the state was preeminent, to the exclusion of other groups. Finally, the CMA adjusted its internal institutions and modified its strategy in accordance to the changing structure of the state which started to develop its own tariff policy institutions. As a result, the manufacturers would actually wield more influence over tariff policy direction than they ever had before, certainly more than anyone else during this time period, and with the institutions more elaborate than ever.

Deputations at Tariff Commissions

The CMA's willingness to be a part of the tariff policy process was evident regarding the Tariff Commission established by the Liberal government in 1896. Although the manufacturers were initially apprehensive about the Commission, they welcomed the opportunity to publicly

express their demands and discuss the issues.⁴⁴ Many manufacturers tried to arrange meetings with Fielding, Minister of Finance, through their routine communication with him, prior to the Commission hearings. In some cases, they made arrangements with Fielding regarding dates and places of their appearances in the Commission.⁴⁵

The issues of Canadian Manufacturers and Industrial World from 1896 to 1897 compiled the proceedings of these hearings at the Tariff Commissions. Accordingly, the members were informed of the proceedings of the Commission, and of the Ministers' questions at each presentation. They could also follow the deputations made by the producers of various commodities and hearings held in other cities.

At 1896 first Commission, the CMA appeared together with the Toronto Board of Trade, as a part of the deputation of the Chambers of Commerce of the Empire.⁴⁶ They emphasized the commercial relations within the British Empire and argued that it was essential to create an imperial preferential trade system covering Great Britain and the colonies, including Canada. This deputation was one of a few well-organized legations, and was one of the rare briefs made jointly by these business associations. This briefing was also unique because it heard from delegates from international bodies such as the Chambers of Commerce of the Empire, which had its headquarters in London,

England.

At the second Tariff Commission in 1905,⁴⁷ the CMA reiterated its position that protection was essential for a national economic development which benefitted workers. The CMA emphasized its common interests with industrial workers.⁴⁸ This manufacturers' appeal was not a concession made under increasing industrial unrest, such as strike action,⁴⁹ to employees, but was the industrialists' strategy of forging a wider social alliance with workers in order to justify the protective tariff regime.

The manufacturers also skilfully attempted to incorporate the farmers with their justification of tariff protection. The CMA's delegate acknowledged that some farmers demanded lower tariffs; however, he argued that there were tobacco and fruit farmers who, because of their vulnerability in competing with American produce, desired the protection which would be provided by tariffs. The CMA delegate pointed to the contradictory views among the farmers and argued that it was unfair to dismiss unrepresented farmers' interests in favour of protection for the sake of the more vocal, free trade-oriented farmers. The manufacturers' argument directly challenged the legitimacy of those farmers demanding lower tariffs. Moreover, the protectionist position was justified by the argument that protection would help national economic

development and consequently, would benefit the farmers as well.⁵⁰

The CMA also recommended that the government create a permanent institution in order to deal with tariff matters after these temporary Tariff Commissions were concluded. Another commission was proposed to "light facts,"⁵¹ and to "report those facts"⁵² to the public and Parliament, rather than to debate them. This commission was to inform the public of policy instead of involving a wide variety of actors in debates over the matter. The commission was supposed to deal with matters based on their "economic merits", rather than partisan opportunism.⁵³ Repeatedly, the CMA endorsed the notion that tariffs were essentially undebatable and "scientific". Accordingly, this proposal was another part of the CMA's strategy to remove tariff issues from the uncertainty of partisan politics and away from populist claims. By working to place tariff issues in a position that would minimize the possibility of undesirable policy shifts, the CMA attempted to safeguard their hard-won trade protection.

The manufacturers in the CMA continued to develop political strategies to secure tariff protection. The CMA's Tariff Committee, facilitated by several tariff specialists, tried to enhance its lobbying through developing cordial

relations with the government. Although the transition to the Liberal government in 1896 at first appeared threatening to the CMA, Liberal tariff policy, which included Imperial Preference, enabled the CMA to retreat from its previous partisan support of the Tories without any cost while reasserting its traditional protectionist principles. Again, the manufacturers strategically responded to political changes, and they even claimed that they could now cope with any party in power in their efforts to ensure tariff protection. Their lobbying capability had reached some maturity in which the CMA did not need to be concerned with tariff policy when a change of government occurred. Yet, the CMA and its members continued or even enhanced their pressure on cabinet ministers in charge of tariffs, in addition to their representations at the Tariff Commissions' hearings.

b. Farmers under Confusion

Organizational Instability

In the 1880's, farmers associations were characterized by parochial divisions and continental affiliations. They could not create a solid national organization because of the variation in agricultural products and regions. The Order of the Patron of Industry,⁵⁴ which had started in the United States and had been in favour of lower tariffs,⁵⁵

first established a branch in Ontario in 1898. This continental agrarian movement was widespread in Canada but its national solidarity was disrupted by regional and delicate ethnic and religious divisions in those days.⁵⁶

Although agrarian political action was growing, the farmers failed to realize direct political representation. For example, the Order of the Patron ran its own candidates in the Ontario provincial election of 1895 in an attempt to send their own representatives to the provincial legislature. However, the campaign was a failure. Aside from that, this agricultural movement could barely maintain its organizational integrity following the election. In 1896, an attempt by the Patrons to form alliances with labour groups such as the Trades and Labor Congress (TLC) was not realized.⁵⁷ This failure to create an alliance with labour again undermined the farmers' political strength. The farmers were deeply embedded in a vicious cycle of their relatively weak and fragmented organizations and lack of political representation.⁵⁸

Yet, there were encouraging developments among the agrarian movements. In the West, the Territorial Grain Growers' Association was established among wheat farmers in 1901. In 1908, the growth of the movement enabled them to begin publishing Grain Growers' Guide, a circular among farmers in the three prairie provinces. These farmers'

associations on the Prairies were becoming politically active, particularly over critical issues such as costs of transportation and grain elevators. They publicly blamed monopolized ownership of railways and grain elevators for adding a financial burden on the farmers. The Association expanded its organization to encompass business involvement by starting the Grain Company in 1906.⁵⁹

Demanding Lower Tariffs at the Tariff Commission⁶⁰

Tariffs were a critical issue for farmers who began to shift their position away from supporting protection to the active demand for lower tariffs. During the first Tariff Commission (1896-97), most of both the organized and individual farmers requested lower tariffs. Some of them complained that farmers were treated unfairly in tariff policy.⁶¹ A farmer from North Grenville, Ontario insisted that tariff levels were set against the farmers' interests, both as producers and consumers.⁶² The farmers stated how tariff politics had cruelly neglected, and even sacrificed, agrarian interests.

Nevertheless, there was no single united position from the farmers in regard to tariffs. Fruit and tobacco growers remained in favour of protection rather than free trade. In contrast, grain farmers favoured lower tariffs and there was growing dissatisfaction with high tariffs on coal and other

consumer goods.⁶³ This disunity was partly due to the farmers' varied levels of competitiveness in international markets, and some farmers preferred freer trade in order to purchase inexpensive American farming machinery. These factors imposed great obstacles to the achievement of a united national farmer association.

In the second Tariff Commission (1905-06), the farmers presented more deputations from their associations. The Farmers' Association of Ontario (FAO), for example, complained about the current tariffs and demanded that they be lowered. James McEwig, a delegate of the FAO, stated:

We also claim and I believe claim quite rightly, that the present tariff discriminations against the agricultural interests and that in a revision of the tariff these injustices should be removed to as great an extent as possible. We held that this can be easily attained if the tendency of the revision is towards a lower average general tariff.⁶⁴

McEwig made it clear that the interests of farmers, as both producers and consumers, had been dismissed and claimed that they would be better off without tariffs.⁶⁵ The deputation also emphasized consumer interests in favour of lower tariffs and demanded duties "in an equitable manner upon the different classes of the community."⁶⁶ The FAO, as well as the Dominion Grange, demanded lower tariffs vis-a-vis the CMA which was pushing protectionist policies. Furthermore,

these two groups requested the tariff be used for revenues purpose only.⁶⁷

In Manitoba, wheat and livestock farmers jointly presented a brief to the Commission. The Manitoba Grain Growers' Association and the Manitoba Livestock Association presented their resolution which demanded lower tariffs and no tariff increases, and insisted that all agricultural products be listed for continental free trade. They went well beyond the FAO's demand for lower tariffs to request that a continental free trade regime be put into place.⁶⁸

The Alberta Farmers Association, formerly the Territorial Grains Growers Association, also pushed for reduced tariffs and no tariff increases. Their demands included lower duties on agricultural implements. Emphasizing their interests as consumers, they argued that giving excessive protection to manufacturers would only add to the financial burden on farmers and other consumers. They argued that protection for the manufacturers had sacrificed consumer interests. As a result, they insisted that tariffs should be implemented only for the purpose of revenue.⁶⁹

In the Maritimes, strong dissatisfaction was growing among farmers over the distortion of their issues by the manufacturers regarding tariffs. For example, a farmer in Charlottetown stated:

Take away the [tariff] protection, which is simply another form of the word robbery.... What I understand by a tariff, it is to raise money for the Government expenses, public works and so on. When you introduced the protective element you simply licensed one class to rob another without giving them any corresponding benefit, and all the trouble and expense you are taking in Ottawa with the Agricultural Department.⁷⁰

The farmer fiercely accused Ottawa's tariff policy of protecting only manufacturers at the expense of others. In the same context, a farmer from Moncton, New Brunswick, called the National Policy "the manufacturers' tariff."⁷¹ The farmers accused the manufacturers of securing tariff protection against farmers' interests.

The farmers began to assertively position themselves in contradiction to the protectionist manufacturers. Their opposition to tariff protection originated in their increasing awareness of their own economic deprivation at the hands of business, a growing scepticism of monopolies, and their unequal political influence vis-a-vis the manufacturers. Yet, they failed to solidify their associations, and consequently their voice continued to be muffled in the political arena.

c. Labour under Turmoil

Confusion in the Labour Movement

Labour organizations in Canada during this period were still composed of traditional and parochial crafts unions. Sectoral and regional divisions were deeply embedded in the structure of the labour movement.⁷² The expansion of labour organizations to include unskilled workers also created further animosities with the skilled workers in the traditional craft unions.

In the 1880s two major trade unions started in Canada. The first was the Trades and Labor Congress (TLC) which had succeeded the Canadian Labour Union (CLU) in 1883. The TLC continued to be composed of a number of local craft unions. As a result of its involvement in Canada's various regions and its affiliation with the AFL, the TLC found itself in the middle of the compounded contradictions between regional, national, and continental labour movements. Despite rising socialism in Ontario and British Columbia,⁷³ the TLC emphasized material goals as a result of its affiliation with the American Federation of Labor (AFL) which was dominated by Gompersism, named after the AFL leader, Samuel Gompers.⁷⁴ This continental affiliation, along with ideological disharmonies, left the unions further divided.

The second major trade union to emerge in Canada was

the Knights of Labor (KL), which had originally started in Philadelphia in 1869 as a trade union which advocated morality over material issues such as wages and work conditions. This movement spread among workers outside of the craft unions. The KL was first established in Canada in Hamilton in 1881, and two years later, in Montreal. The unions in Quebec had been rather weaker than those in other regions because the Catholic church, which was the dominant social factor in this region, had discouraged union movements.⁷⁵ The ritual and moral principles of the KL were relatively well accepted in the province but also caused animosities with the Church.⁷⁶

However, union movements in the 1880s and 1890s turned away from the radicalism which had developed strikes and confronted governments in the 1870s. The KL, in principle, emphasized morals, rituals, and ethics rather than radical political activism.⁷⁷ More importantly, the KL's affiliation with the TLC broke down in 1902 as a result of the TLC's affiliation with the AFL; the moralism of the KL and the materialism and the Gompersism of the TLC contradicted each other. Then, the KL formed the National Trades and Labor Congress (NTLC), which was more nationalistic. This separation badly damaged prospects to unite workers' movements. Because of the provincial jurisdiction over labour legislation,⁷⁸ it was even more

difficult to create a solid national labour organization which could influence national policy processes.

The trade unions were not able to improve their political representation through national political parties. The unions' relationships with the parties were characterized by "partyism", in which trade unions supported certain parties and in return, some labour legislation was passed.⁷⁹ However, the unions' presence for the Conservatives faded because in 1889 the party changed its attitude towards labour by abandoning its 1872 policy which had legalized trade unions. Due to this policy shift, labour had no choice but to keep their distance from the Conservative Party. The labour organizations attempted to send their own representatives directly to federal politics through bypassing the two major political parties, but they failed. Without "partyism" and their own political party, the trade unions were consequently exposed to the mercy of the mainstream political parties.

The disagreement over immigration was deep enough to destroy any potential for a labour-farmer alliance. The economic recession in the 1880s raised workers' concerns with employment opportunities as a result of increasing immigration to Canada, namely those from China and other Asian countries. The workers' organizations were afraid of the influx of these immigrants, who were mostly lower-wage

labourers, as a threat to both their wages and employment. Therefore, the workers opposed any encouragement of immigration.³⁰ In contrast, the farming sector, which expanded westward, was welcoming new labour. For example, the Grange was supporting the influx of immigrant labour.³¹ At a time when both farmers and workers were shifting themselves away from the protectionist stance of the manufacturers, this division between them devastated any possibility of their coalition on the tariff vis-a-vis the manufacturers.

Labour in the Tariff Commissions

Labour did not make any substantial representations to the Tariff Commission of 1896-97. Although a few trade unions made representations in the hearings of the Tariff Commission of 1905-06,³² they were somewhat apprehensive to present deputations on the topic. They were not confident about their preparation and as a result they undermined the legitimacy of their own deputations.³³

At the Tariff Commission of 1905-06, the NTLC delegates³⁴ stated:

As representatives of labor we passed a resolution favouring a general increase in the tariff. We did so because we feel convinced that as workingmen it is to our interests to afford the manufacturers a sufficient amount of protection to guarantee the running of

their factories and give abundance of employment to Canadian workmen. We believe that by having an abundance of manufacturers it gives us an opportunity of getting better remuneration for our labour.⁶³

This NTLC resolution supported tariff protection based on the assumption that the better it is for the manufacturers under protection, the better it is for the workers.

Griffiths, the NTLC representative, summarized this notion of common interests between the manufacturers and employees, saying that "our interests are wrapped up, so to speak, with the interests of the employers."⁶⁴

Nevertheless, the NTLC representatives did not completely dismiss the argument that their interests were different from the employers' regarding levels of protection. When Fielding raised a specific question regarding the contradiction between consumer interests and protecting domestic production,⁶⁵ Thomas J. Griffiths stated:

I [Griffiths] do not mean to claim that the duty should go beyond the amount that will permit any manufacturer to run his factory. Beyond that it becomes extortion and I think we are not favourable to that...beyond that it would simply enable the manufacturer to profit at our expense.⁶⁶

To Fielding's specific inquiry, the NTLC delegate finally acknowledged that the workers and manufacturers would disagree with each other over the issue of excessive

protection for industry. The labour leader asserted that the manufacturers must not gain at the expense of labour. They supported protection only to the extent of their shared interests with the manufactures. They argued that protection should not exceed the limit of the common interest.

In comparison, the TLC³³ more forthrightly addressed its opposition to any further tariff increases at the same Tariff Commission. The TLC had appointed a committee to prepare for its appearance at the commission. This committee's report was quoted at the Tariff Commission:

We will oppose any [tariff] increase. It is not thought desirable, at the present time, to make any pronouncement upon the relative merits of Free Trade and [tariff] Protection. Our position simply is that *the tariff is now high enough* [emphasis theirs].³⁴

The TLC rejected any tariff increases. Its tariff argument was a reflection of its class antagonism against the protectionist manufacturers. The same TLC committee report stated:

The Canadian Manufacturers' Association will be clamouring for more protection. That organization has set itself out to oppose every demand made by organized labour. For the time being, therefore, organized labor will sink its individual opinions and give special heed to the "class" legislation sought by the Manufacturers' Association in tariff matters.³⁵

This accusation of the CMA asserted the class contradiction between the manufacturers and labour. The TLC delegate summarized these arguments:

If protection were good thing for the workmen, the Canadian Manufacturers' Association would not be in favour of it [emphasis theirs]."

The TLC thus rejected protective tariffs.³³

With respect to their relations with the manufacturers, the NTLC and the TLC again presented different positions. The NTLC acknowledged potential animosities between the employers and the employees; however, it did not consider these animosities to be fundamental class contradictions or crucial determinants of their position regarding protection. In contrast, the TLC underlined its whole argument with the deep class contradictions between the manufacturers and the workers. Therefore, class difference was the determinant of their argument against protection for industries. What attributed to the contrast between these two groups' positions was the fact that the NTLC was more nationalist in tone and the TLC was more class aware.

The trade union movements in Canada continued to be confused as a result of the absence of an integrative organization. Labour did not have any specific party with which they could identify. The labour movement was also

experiencing strains caused by continental and national union movements. In addition, the issue of immigration separated labour from farmers. Regarding tariffs, workers were also divided among themselves and failed to present any united positions.

3. Partisan and State Policy

The Conservative Party and the Liberal Party were encountering a number of critical regional divisions and ethnic conflicts. In the 1880s, ethnicity became a serious and intense issue as a result of the Riel Rebellions and Riel's execution. These ethnic animosities also stimulated French Canadian nationalism in Quebec. Against this background, the political parties expanded their organizations to a national scale. The Liberal Party, for example, started its national conventions in 1893.

How were the partisan politics over tariffs during this period different from those in the previous period of partisan confrontation? Did the political parties really give up all politics on tariffs, or simply avoid deepening existing political and social cleavages? Why could the parties not withdraw totally from tariff politics? The following discussion will demonstrate that the submergence of tariff politics was different from both partisan confrontation and absence of politics, but created a

specific type of politics which was dominated by the alliance of the government and the manufacturers.

a. The Liberal Proposal of Unrestricted Reciprocity

In 1888, when the economy was in a recession, the opposition Liberal Party proposed free trade with the United States. Sir Richard Cartwright, previously the Minister of Finance and a long-time advocate of free trade proposed a continental reciprocity option to the House of Commons:⁹¹

...it is highly desirable that the largest possible freedom of commercial intercourse should obtain between the Dominion of Canada and the United States, and that it is expedient that all articles manufactured in, or the natural products of either of the said countries should be admitted free of duty into the ports of the other (articles subject to duties of excise or of internal revenue alone excepted).... it is further expedient that the Government of the Dominion should take steps at an early date to ascertain on what terms and conditions arrangements can be effected with the United States for the purpose of securing full and unrestricted reciprocity of trade therewith.⁹²

Emphasizing the significance of continental trade relations, Cartwright argued for a free trade with the United States which would range from natural products to manufactured goods. This proposal was, consequently, called "unrestricted reciprocity." It was the revived tradition of the liberal trade principle within the party, but the

pursued partner was only the United States. However, the details of the arrangements were left to subsequent negotiations with the United States.⁹⁶

Based on their advocacy of closer trade relationships with the British Empire as essential to Canada, which had been implemented by their National Policy nine years before, the Conservative Party rejected the Liberals' unrestricted reciprocity proposal. For example, a Conservative Member of Parliament, J.H. Marshall endorsed the option of an imperial preferential trade system, instead.⁹⁷ Marshall pointed to the supremacy of Canada's imperial connections over its relations with any other countries, including the United States. He also pointed out that this imperial tie should be universally accepted across partisan lines.

Despite the rejection of unrestricted reciprocity, Liberal leader Sir Wilfrid Laurier repeated in 1891 that the reciprocity option was, in principle, the preferred policy alternative:

I [Laurier] affirm again on the part of the Liberal Party that the true policy to be followed on this question is unrestricted reciprocity....The only objection I have heard against unrestricted reciprocity is perhaps it would injure some special classes of manufacturers....unrestricted reciprocity would favour the manufacturers as well as every other class of the Canadian people. What is the reason? Because unrestricted reciprocity would give to the

manufacturers markets, consumers....But at the same time I admit that unrestricted reciprocity would create competitions to our manufacturers; this is the very thing to which our manufacturers object.⁹⁸

Laurier insisted that reciprocity would be beneficial to a broader range of the population. He did not ignore the manufacturers' opposition based on their fear of competition from American goods. Beyond acknowledging the protectionist opposition, Laurier firmly insisted upon the promising opportunities for industries in the form of greater access to a market expanded under reciprocity, all of which was underlined by his belief in liberal trade regimes.⁹⁹

In contrast, the Conservative government reasserted their opposition to reciprocity with the United States. For example, Charles Tupper stated:

We do not want to be locked up with the United States, nor to be fastened down to our most powerful and most gigantic rival [the United States] in all questions of trade.¹⁰⁰

Tupper's argument was based on fear of the stronger American economy, the products of which were more competitive than those of Canada. He also added that reciprocity would distort Canada's important relations with Great Britain.¹⁰¹ He emphasized imperialism with a nationalistic accent against continentalism. These rationales were similar to the Conservative's scheme for the National Policy of

1879.¹³²

Again in 1888, the political parties positioned themselves over trade policy alternatives. These debates were divided between the Liberals in favour of reciprocity¹³³ and Conservatives in favour of imperial preference. The Liberals emphasized free trade with the United States, which would enable access to the world's largest market, without the current higher tariff barriers, and which would also benefit consumers. However, the Conservatives insisted upon the significance of its imperial relations.¹³⁴ This polarization originated in the conflict between liberal economic ideology, compatible with continentalism, and imperialism, which opted for nationalism.

b. Imperial Preference above Partisan Politics

Laurier's cabinet formed in 1896 appointed W.S. Fielding as the Minister of Finance would be the central figure in tariff decisions. Cartwright, a former Liberal Minister of Finance, was given the portfolio of the Minister of Trade and Commerce. His appointment to Trade and Commerce avoided the protectionists' fear of a drastic shift of tariff policy toward freer trade under his influence.

Adjustments of institutions related tariff policy resulted in a marginally expanded state in reference to

tariff policy-making in comparison with that of the previous period.¹⁰⁵ The Department of Trade and Commerce was created in 1887, and started its involvement with commodity standards in 1901. The Department of Customs grew from 25 employees in 1886 to 72 in Ottawa in 1908.

Within the Liberal Government, Prime Minister Laurier and the Minister of Finance Fielding were the most responsible for the designing and legislating tariffs.¹⁰⁶ Although Liberal cabinet ministers, who were "reformers," supporters of free trade, were not fully satisfied with the new tariffs, they accepted Imperial Preference because there was no other alternative.¹⁰⁷ In other words, Laurier and Fielding were not subordinate to the cabinet on tariff matters but held some autonomy within the cabinet as well as within their party.

In April 1897, tariff revisions on British and Irish goods were introduced; these were called the Imperial Preferential Tariffs.¹⁰⁸ The Imperial Preferential Tariffs were composed of compromises under the given trade environment.¹⁰⁹ Internationally, protectionism was rising, including in the United States, so Great Britain was moving toward some trade arrangements with the colonies. In Canada, politics were deeply divided over ethnic, religious, and language differences, so it was crucial for politicians to mend these divisions. The manufacturers had emphasised

the importance of relations with Great Britain in their opposition to the proposal of unrestricted reciprocity. Many farmers were advocating the lowering or elimination of tariffs rather than any increase in protection. Furthermore, the consumers, including industrial workers, were in favour of somewhat lower tariffs. The imperial mentality and some preference for lower tariffs were absorbed into the imperial trade preference.¹¹⁰

More importantly, Imperial Preference was uniquely located in partisan politics, as this option had been originally proposed by the Conservative Party when it was in power. The Conservatives, as the opposition in 1897, accepted the policy. Charles Tupper, the Conservative Party leader, defined the nature of imperial preferential issues as:

...this [Imperial Preference] is the question which not only ought not to be of a party character, but it is a question which has obtained the support of all parties in this House and in the country in the past.¹¹¹

Tupper also asserted:

I [Tupper] say frankly that I consider the question of preferential trade... infinitely above and beyond party.¹¹²

These opposition politicians defined the imperial trade issue as more significant than partisan politics and accepted the policy.

The preferential system was freer trade to a limited range, but combined with the tradition of protection in the National Policy. Because of this combination, the issues were no longer sparking crucial partisan divisions. Nonetheless, this consensus between the parties did not derive from a resolution of any conflicts in principle, but rather from the conjunctive circumstances. Despite the creation of the Tariff Commission, most of examination of tariff deputations and petitions, designing tariff schedules continued to rest on the ministers in the cabinet.

c. The Tariff Commissions (1896-97, 1905-06)

The Liberal government created institutions in order to absorb popular pressure over tariff policies. Soon after returning to power in 1896, the Liberal government created the Tariff Commission. which travelled to fifteen cities between Halifax and Winnipeg in order to hold hearings on tariff issues.¹¹³ The members of the committee were Cabinet ministers in charge of tariff matters, including Richard Cartwright, W.S. Fielding, Oliver Mowat, and William Paterson. The Liberals established another Tariff Commission in 1905 which travelled to forty-seven cities between British Columbia and Nova Scotia.¹¹⁴ Again, the members were Cabinet ministers: W.S. Fielding as Chair of the Commission, William Paterson, L.P. Brodeur, and John

Bain, Secretary of the Commission.

These Tariff Commissions provided a broader population base with new opportunities to make tariff deputations. Prior to these commissions, firms and associations sent their tariff requests to the offices of the Cabinet ministers in charge of tariffs, and their executives discussed the issues with the ministers. These commissions publicly invited briefs.¹¹⁵ The purpose of the commissions, as often stated by the ministers, was to hear demands over tariffs from a wide variety of people in various industries from various regions.¹¹⁶ The commissions' openness was expected to make some changes to the previous closed-door process of tariff decisions.

The hearings at the commissions followed certain patterns. The commissions were often warmly endorsed by local dignitaries, such as the Cabinet ministers and Liberal Members of Parliament from the regions. The executives of local Boards of Trade or of the CMA welcomed the commissions' hearings in their respective cities. The hearings were held in town halls, the local chambers of commerce, at business associations, or in government buildings. They were normally held in the morning and afternoon, but occasionally in the evening. First, delegates made presentations in front of the ministers and the audience. In some elaborate deputations, presenters

would describe characteristics of their industry, the nature of their trade, and their industry's critical interests regarding tariffs. Then the ministers asked questions about the briefs and about other information related to that specific trade. The discussions encompassed technical issues and general principles of tariffs.

The nature of the briefs made to these commissions varied widely. They were presented by the manufacturers in various sectors, farmers, merchants, and trade unionists. With respect to the nature of the associations, some were well-organized, such as the Toronto Board of Trade and the CMA which were accustomed to making deputations privately and also had the organizational resources and expertise. However, many other delegates were individuals representing their own farms or small family businesses who were not used to making deputations. Further variation was added to the briefs because some came from exporters, while others were from importers. The presentations to the commissions also demonstrated the varying levels of experience and resources which each group had access to with which to devote to lobbying over the matter.

Occasionally, the hearings became colloquiums for the representatives and the Cabinet ministers. During the sessions, debates sometimes took place over the issues, providing the ministers with opportunities for presenting

their own views. For instance, during the deputation by E.B. Eddy, a pulp and paper manufacturer pressing for protection, Cartwright reminded the delegate and the audience of the issue of under-represented consumer interests:

Because the Canadian consumer would benefit very largely by getting his goods cheaper, and the Canadian consumer is a bigger question than any that has yet been touched; he is a big factor, and he is not very often represented."

Against the brief for protection, Cartwright pointed to the significance of the groups in favour of the lower tariff.

The commissions' discussions also provided its Ministers with opportunities to reiterate and justify government policy. For example, E.L. Drewry, a brewer in Winnipeg, claimed that more protection for the Canadian brewery was crucial in order to compete with the American beers produced in well-facilitated factories under protective tariffs."³ In response, Fielding firmly stated that the government position was to retain tariff levels in order to avoid any destructive results for Canadian industries. On another occasion, Fielding justified Imperial Preference by stating that the preference provided some protection and at the same time, consumers also benefitted from cheaper imports."³ The interactive nature of the commissions also resulted in certain opportunities

for the ministers to defend their policies against challenges from the delegates, and to justify government policy.

With respect to "class divisions" regarding tariff levels, the ministers' responses were cautious. During the hearings in 1906, Fielding argued against the logic of contradictory interests between the manufacturers and farmers:

The idea that one class gets rich and the other pay for it is a mistake. There is room for debate but it would be a mistake to give the farmers the idea that all the manufactures are getting wealthy and the farmers poor.¹¹¹

The farmers claimed that the industrialists were promoting protection at the expense of the farmers' interests, but Fielding firmly denied any class contradiction between the manufacturers and farmers. His notion of an alliance among the classes was similar to the device that the CMA employed to discuss interests shared between the classes.¹¹²

Fielding took the initiative to arrange hearings of the first Tariff Commission, and ordered the Deputy Minister of the Department of Finance to arrange the schedule of briefs at the hearings. Fielding himself invited businessmen to come to the Commission's hearings for presentations.¹¹³ For the encouragement of participation in the Commission, Fielding even willingly arranged informal meetings with

representatives of firms and associations upon their requests.¹²³ In order to have wider representation at the hearing, Fielding in Montreal cabled to the Deputy Minister of Finance in Ottawa to make sure there would be some brief from agricultural associations in the hearings in Ottawa.¹²⁴ Fielding suggested that the Deputy Minister should inform local newspapers regarding hearings and that he should use one of the Department's Clerks for these arrangements.¹²⁵ Regarding the Tariff Commission, Fielding employed his Departmental staff, 48 clerks and a Deputy Minister and a Assistant Deputy Minister, because of lack of specific bureaucracy for the Commission. Therefore, the Commission, as a new state institution, was subordinate to the cabinet minister and under the control of his Department's staff.

Following the 1896 Tariff Commission, Fielding believed that cabinet ministers should retain decisive power over a Tariff Commission. Frederic L. Beique, a Liberal Senator from Montreal, proposed to Laurier in 1904 that another Tariff Commission would keep the government out of trouble related to the tariffs.¹²⁶ In response to Beique, Fielding clearly stated that:

the appointment of such a [tariff] commission as he [Beique] suggests would leave us open to the attack that we are shirking our proper responsibility. There is besides the further difficulty

that it will be quite impossible to have any broad, intelligent inquiry into tariff matters in the short time that will elapse before we shall find ourselves assembled in Parliament. It is, of course unfortunate that we have to face the [tariff] question at all under present conditions: but we may as well face it boldly and deal with the matter ourselves.¹²⁷

The Tariff Commissions played various roles beyond simply inviting deputations and the holding of public meetings. They became showrooms of demands to the Cabinet ministers and the public regarding tariffs. In the second commission, there were more and better prepared briefs from organized associations, and more extensive hearings. The hearings were just another occasion for the CMA to present their interests publicly, in addition to their already well-established lobbying procedures. Other organizations were not ready for the hearings. The commissions, originally taking deputations, reiterated state policy and educated the public. The commissions were, thus, instrumental institutions for the state, used to defend its policy without inflaming partisan divisions. Our discussion demonstrated that the Tariff Commissions were not really neutral in partisan contexts but provided the government with more control over the issue.

Partisan politics over tariffs during this period were

characterized by strategies designed to find accommodation, rather than to battle over principles. The differences between the parties were becoming less contradictory after the rejection of unrestricted reciprocity, and the creation of Imperial Preference had further blurred partisan differences. The hearings during the Tariff Commissions created by the Liberal administration scrutinized demands extensively but also convinced the public, to some extent, of the benefits of state policy. The Liberal government, similar to the manufacturers, tried not to exaggerate the differences among social groups, but rather emphasized common shared interests. Overall, the polarities over tariff politics were submerged among the political parties by defusing differences and directing demands to the new Tariff Commissions; yet, the cabinet ministers held on to full political and bureaucratic control over the Commissions.

Conclusion

Canada's trade structure continued to reflect its close imperial trade ties with Great Britain and continental trade with the United States. British hegemony, however, was declining in the face of competition from protectionist France, Germany, and the United States. Under these circumstances, two options were proposed for Canada's political economy. One option was a reciprocity arrangement

with the United States, which was suggested by the Liberal Party in 1888. This option failed to win the support of the Conservative government. Another option was reducing tariffs for Empire trade through Imperial Preference. This was implemented by the Liberal government in 1897 and received grudging support from both the manufacturers and the Tories.

The matrices of tariff politics began to reshape. The manufacturers tried to ensure tariff protection for their industries by avoiding the uncertainties associated with partisan battles, and by ensuring that their political pressure was stronger than, and considered prior to, any others. At the same time, they had developed a strategic flexibility which allowed them to pressure the Liberals in power thereby blunting that party's historic stance as "Reformers" in favour of free trade. The CMA was able to coordinate this strategy with the support of the its own growing trade bureaucracy staffed with trade experts.

Farmers and workers distanced themselves from the 1878 coalition forged by the manufacturers. At the hearings of the Tariff Commissions, especially more evident at the second Commission, the social coalition upon which the National Policy had been based was falling apart; the agrarians and workers became aware of how their interests were incompatible with the manufacturers'. However, both

labour and farmers were fractured by regional differences, lacked resources and expertise for political representation, and undermined any unified position on the tariff by their disagreement over immigrant labour. In terms of organization, they were far behind of that of the manufacturers' and failed to materialize new political matrices vis-a-vis the manufacturer-state alliance built on submerging divisions over tariffs. Further, the Tariff Commissions resulted in uneven opportunities for the pressure groups, and widened the different levels of access to the government. The Commissions were primitive in comparison with the elaborated state bureaucracy we will encounter in later periods and enjoyed no real autonomy from political and social pressure.

This chapter illustrated that industrialists, farmers, and workers responded to economic conditions, regionalism, and continental integration in strikingly different manners. The manufacturers expanded their organization into a national association set against regional divisions within the country, and vigorously opposed any pursuit of continental freer trade. In contrast, the farmers and workers were regionally and sectorally torn because of the parochial nature of their economic production and social, political, and organizational bases. Their continental affiliations only added more complexity and contradiction to

their organizational difficulties.

After the Liberal reciprocity proposal in 1888, the political parties distanced themselves from actively advocating distinct tariff policy options and partisan differences over the issue were becoming marginal. Instituting imperial tariffs and creating the Tariff Commissions, to some extent, bridged the polarities in tariff politics. The Tariff Commissions were merely temporary with little bureaucracy attached and remained under tight control of the cabinet ministers. These attempts to submerge or gloss over the partisan division in tariff politics began in this period but they were still far from being realized. State bureaucratic structures remained primitive and not yet equipped with the institutional facilities necessary to take over the management of tariff matters.

NOTES FOR CHAPTER THREE

1. This argument differs from that of Tom Traves who claimed that the "insulating" or submergence of tariff politics took place in the later period after the middle of the 1920s. Tom Traves, The State and Enterprise: Canadian Manufacturers and the Federal Government, 1917-1931 (Toronto: University of Toronto Press, 1979).

2. In Canada in 1891 Sir John A. Macdonald described:

Nothing effectual can be done until after Lord Salisbury goes to the Country. If he wins, which Heaven grant: some Imperial policy can be framed and carried out.

Letter from Sir John A. Macdonald to Mr. Smith, April 8, 1891, Macdonald Papers, Public Archives of Canada (PAC), MG 26 A, reel C-1705, 150134.

3. Despatches from the secretary of State for the Colonies on the Question of Trade and Commercial Treaties in Ottawa Conference, 1894, Privy Council Office Despatches, PAC, RG 2, A2a, vol 5537, 1029, p. 3.

4. Ibid., p. 4. The purpose of the arrangements were stated clearly as such:

...the establishment of differential duties in this country in favour of colonial produce, and in the colonies in favour of the produce of the Mother Country.

Ibid.

5. David A. Lake, Power, Protection, and Free Trade: International Sources of U.S. Commercial Strategy, 1887-1939 (Ithaca: Cornell University Press, 1988), p. 126.

6. On the exports side, food commodity prices continued to decline up to 1897. Textile and fibre products suffered low prices and reached record low prices, once in the 1880s and twice in the following decade.

7. In the category of Canadian import prices, food remained low during the second half of the 1890s. Similarly, textile and fibre prices remained low, hitting bottom in 1897.

8. S.D. Clark, Canadian Manufacturers Association: A Study in Collective Bargaining and Political Pressure (Toronto: University of Toronto Press, 1939), p. 26.

9. Ibid., p. 8.

10. S.D. Clark, "The Canadian Manufacturers' Association and the tariff," Canadian Journal of Economics and Political Science, 5:1, 1939, p. 29.

11. Paul Craven, 'An Impartial Umpire': Industrial Relations and the Canadian State, 1900-1910 (Toronto: University of Toronto Press, 1980), pp. 123-31.

12. Canadian Manufacturers and Industrial World (CMIW), 5:3, 1886, p. 68.

13. Ibid., 14:4, 1888, p. 17.

14. A commercial union between countries applies the same custom practices to third countries; however, reciprocity applies the practice only to the participating countries.

15. The industrialists concurrently reiterated the priority of the imperial relationship. A resolution of the CMA annual meeting in 1891 stated:

That this Association [CMA] would most strongly object to any arrangement being made by the Dominion Government and any other Governments by which there would be any trade discrimination whatever against Great Britain.

CMIW, 20:9, 1891, p. 293.

16. For the industrialists, the National Policy meant symbolic protection which nourished the national economy. A resolution of the CMA in 1892 again stated; Ibid., 22:2, 1892, p. 41.

In 1892, the CMA resolutions still firmly opposed continental reciprocity because the manufacturers considered it a threat to the protection under the National Policy:

Resolved, That unrestricted reciprocity

with the United States would work the destruction of the National Policy and therefore, would be against the interests of Canadian manufacturers and to the great disadvantage of the all the people of Canada.

Ibid, 22:2, 1892, p. 41. Also in 1896, support for the protection provided by the National Policy was again clearly reasserted in the same context; Ibid., 32:8, 1896, p. 323.

However, a fibre and fabric manufacturer pointed to the drawbacks of having protection:

A protective tariff protects me against foreign competition, but if I am smart I will be careful not to get the protection so high that it will shut out one foreign competitor and bring into existence three competitions at my own door. If I get the tariff away up, I will have big times--while my home competitions are getting under way. but when I have forced into existence three sets of machinery to do the work of one, it will take but little to find out how soon the next panic will strike--

Ibid., 27:12, 1894, p. 509.

17. The CMA repeatedly declared that it was a non-political organization. For example, Industrial Canada (IC), 1:1, 1900, pp. 3, 82; Minutes of a meeting of the Tariff Committee, December 3, 1903, Tariff Committee, Canadian Manufacturers' Association (TCCMA), PAC, MG 28 I 230, vol. 81, p. 109; Speech of W.K George, President, IC, 5:2, 1904, p. 171.

18. For example, an article regarding their party support in Canadian Manufacturers and Industrial World stated:

The manufacturers are not necessarily Conservatives, but they are for the National Policy first, last and all the time, and any political party that will honestly and steadfastly advocate and maintain their interests will receive their support.

CMIW, 32:1, 1896, p. 11.

19. A resolution stated:

That the Canadian Manufacturers' Association have the utmost confidence in the existing [the Conservative] Dominion Government, believing as the upholders of the National Policy, all the interests of the country are safe in its keeping.

Ibid., 22:2, 1892, p. 41.

20. Ibid., 27:7, 1894, p. 267.

21. Ibid., 32:4, 1896, p. 143.

22. Ibid., 1:10, 1882, p. 169.

23. An article in Canadian Manufacturers and Industrial World stated:

It is for the country's interest that the trade question should be taken out of politics.... as long and it continues to be a political issue there continues also the element of doubt and uncertainty as the future, which is a prime hindrance to the country's development.

Ibid., 1:10, 1882, p. 169.

24. Ibid., 32:9, 1896, p. 375.

25. Ibid., 32:4, 1896, p. 144.

26. Ibid., 35:12, 1897, p. 523.

27. Bruce Fergusson, Hon. W.S. Fielding, vol. 1: The Mantle of Howe (Windsor: Lancelot Press, 1970), p. 156. G.H. Bertram, a CMA executive wrote to Laurier:

it is of the greatest importance that the finance minister [sic] of a Liberal [Laurier] administration should be an exceptionally strong man bearing the confidence of all classes, but more particularly of its business community. The name of Premier Fielding which you mentioned to me....I do not desire to

utter one unkind word regarding Sir Richard Cartwright....I [Bertram] am sure that Liberal generally do not on any account [emphasis theirs] desire to see Sir Richard [Cartwright] back into his old position of Finance minister.

Letter from G.H. Bertram to Laurier, June 24, 1896, Laurier Papers, PAC, RG 26 G, reel 740, 4822. Similarly, a letter from J.S. Willison to Laurier, June 25, 1896, *ibid.*, 4667.

28. Fergusson, Hon. W.S. Fielding, vol. 1, p. 172. Cartwright became the Minister of Trade and Commerce.

29. CMIW, 24:4, 1893, p. 104.

30. *Ibid.*, 34:2, 1897, pp. 51-53. *Ibid.*, 35:10, 1897, p. 454. However, there was some demands unresolved regarding tariffs, such as those on iron. Letter from G.H. Bertram to Laurier, Prime Minister, April 26, 1897, Laurier Papers, PAC, MG 26 G, reel 749, 14164.

31. CMIW, 37:3, 1898, p. 11.

32. In 1899, one of the editorial articles in Canadian Manufacturers and Industrial World described:

The policy of Sir Wilfrid Laurier's [Liberal] government continues to be substantially what it was the late Conservative government--tariff protection to Canadian manufacturing industries.

Ibid., 38:9, 1899, p. 13.

33. *Ibid.*, 39:12, 1899, p. 11.

34. *Ibid.*, 34:9, 1897, p. 345.

35. Editorial, *ibid.*, 39:12, 1899, p. 11.

36. IC, 1:1, 1900, p. 82.

37. Prior to the announcement of the new tariffs, the Tariff Committee prepared their responses:

After discussion. it was decided that a meeting of the Tariff Committee should

be called for Friday, the 30th, at 2:15 pm provided the Tariff was announced in the House on the 29th inst., and that a meeting of the members of the Tariff Committee living in Montreal and such others as it was deemed advisable, should be held in the Montreal office of the Association at the same time, in order that, if the occasion demanded, the committee could be in touch with each other and decide on similar action.

It was the understanding that provided the tariff was not satisfactory, a deputation should go to Ottawa on Friday night and see the Ministers on Saturday, and that immediate steps should be taken to have all parties whose interests were not protected have their representation made to the government.

TCCMA, November 27, 1906, TCCMA, PAC, vol. 81, pp. 159-61.

38. Ibid., November 30, 1906, p. 165.

39. S.D. Clark, The Canadian Manufacturers' Association, pp. 14, 20.

40. TCCMA, June 17, 1908, PAC, vol. 82, p. 102.

41. TCCMA, October 15, 1908, *ibid.*, vol. 82, p. 115.

42. TCCMA, November 21, 1907, *ibid.*, vol. 82, p. 196.

43. In 1909, the Department of Custom increased its staff (inside service) to 72 employees from 49 in 1906 and the Custom Board (within the Department but outside service) increased its staff to 41 employees from 31 in 1906. Civil Service List, 1906. Civil Service List, 1909.

44. CMIW, 33:2, 1896, p. 56.

45. For example, a letter from the Board of Trade of Ingersoll to W.S. Fielding, Minister of Finance, November 21, 1896. Deputy Minister's Correspondence, Department of Finance, PAC, RG 19, vol. 3125, file 9130. A letter from Dominion Oil Cloth Co. in Montreal to Fielding, February 22, 1897, *ibid.*

46. The Third Congress of the Chambers of Commerce of the Empire had its headquarters in London, England. Its conference was held in June 9-12, 1896 in which British Cabinet ministers, including the Colonial Secretary and delegates from Canada, Australia, New Zealand, South Africa and West India, participated. A resolution of the Congress endorsed trade preference within the Empire; Tariff Commission (1896-97), PAC, RG 36 series 8A, vol. 1, pp. 1192-96.

47. After the Tariff Commission finished hearings in 1897, the CMA was anxious to have hearings on tariffs in another commission; Letter from C.C. Ballantyne, First Vice President of the Canadian Manufacturers' Association, to R. Prefontaine, Minister of Marine and Fisheries, November 9, 1904, Laurier Papers, PAC, MG 26 G, reel c-817, 92038.

48. C.C. Ballantyne, President of the Canadian Manufacturers' Association, Ottawa, February 6, 1906, Tariff Commission, PAC, RG 36 series 17, vol. 9, p. 104.

49. In his class analysis, Paul Craven also discussed the CMA's strategy in labour relations to exert control over the unions. For example, Craven described the CMA strategy:

The CMA had particular need to demonstrate that the interest of workers and employers was one. Beyond the general usefulness of showing that industrial conflict was self-defeating, the common interest argument was used to try and enlist the support of the labour movement for the CMA's political raison d'etre--the maintenance and extension of the protective tariff.

Paul Craven, 'An Impartial Umpire', p. 106. Craven also discussed the relations between the CMA and labour, *ibid.*, pp. 108-110, 131, 136.

50. C.C. Balantyne, President of the Canadian Manufacturers' Association, Ottawa, February 6, 1906, Tariff Commission, PAC, RG 36 series 17, vol. 9, pp. 104, 108-109.

51. *IC*, 10:1, 1909, p. 27.

52. *Ibid.*

53. *Ibid.*, 10:1, 1909, p. 29.

54. This agrarian movement started in Michigan in 1887.

55. Louis Aubrey Wood, A History of Farmers' Movements in Canada, (1824) (Toronto: University of Toronto Press, 1975), p. 114.

56. Gordon Laxer, Open For Business: Roots of Foreign Ownership in Canada (Toronto: Oxford University Press, 1989), p. 138.

57. Charles Lipton, The Trade Union Movement of Canada, 1827-1959 (Toronto: NC Press, 1973), p. 82.

58. Ibid., pp. 136-139.

59. Gordon Laxer, Open For Business, p. 136.

60. There was some encouragement for farmers to make presentations to the Commission. At a hearing of the Commission, W.S. Fielding stated:

We desire particularly to meet the farmers. Our colleague, Mr. Fisher, has issued a circular to the Agricultural Associations of every kind asking them to select representatives to meet us and give us their views upon this matter.

W.S. Fielding, Hamilton, December 2, 1896, Tariff Commission, PAC, RG 36 series 8A, vol. 1, pp. 691-92.

61. For example, George Hutton, President of the North Grenville Farmers, Tariff Commission (1896-97), Brockville, January 8, 1897, *ibid.*, vol. 2, p. 2292; Guelph, January 12, 1897, *ibid.*, p. 2579.

62. George Hutton, *ibid.*

63. Petition by the members of the Executive Committee of the Dominion Grange to Sir Wilfrid Laurier, Prime Minister, April 19, 1897, Laurier Papers, PAC, MG 26 G, reel c-748, 14016.

64. James McEwig, Farmers Association of Ontario, at the Tariff Commission, November 13, 1905, Tariff Commission, PAC, RG 36 series 17, vol. 2, p. 417.

Similarly, the Dominion Grange presented a brief that opposed tariff protection which benefited manufacturers; W.F.W. Fisher, *ibid.*, pp. 501-502.

65. McEwig stated in the same brief:

along all the staple products of the farmers of Canada, the so-called protective tariff of the present day is of comparatively little value to the agricultural industry.

Ibid., p. 422.

66. Ibid., p. 416. The delegate also stated that:

We are entirely in sympathy with that position that any increase in the tariff would mean higher prices for the goods to the consumer that the general public would have to pay that higher price and that there would be no compensating advantages to the labour.

Ibid., vol 2, p. 430.

See also, for example, W.F.W. Fisher, Dominion Grange, the Tariff Commission, November 13, 1905, *ibid.*, vol. 2, pp. 501-502, and a "memorial" on the tariff by the Dominion Grange and the Farmers' Association of Ontario, in the letter from W.L. Smith, Secretary, the Farmers' Association of Ontario, to Sir Wilfrid Laurier, November 16, 1906, Laurier Papers, PAC, MG20 G, reel C-840, 115630-32.

67. At the same time, the delegates of the FAO acknowledged that fruit growers and tobacco farmers tended to demand protection; Tariff Commission, PAC, RG 36 Series 17, vol. 2, p. 447.

68. Tariff Commission, Winnipeg, December 4, 1905, *ibid.*, vol. 5, p. 7.

69. *Ibid.*, vol. 5, pp. 592-97.

70. Isaac Essery, Tariff Commission, Charlottetown, Prince Edward Island, January 10, 1906, *ibid.*, vol. 7, p. 330.

71. A.C. Fawcett, Tariff Commission, January 26, 1906, *ibid.*, vol. 8, p. 42.

72. Martin Robin, *Radical Politics and Canadian Labour, 1880-1930* (Kingston: Industrial Relation Centre, Queen's University, 1968), pp. 6, 12.

73. There were socialist organizations like the Socialist Party and the Western Federation of Miners in British Columbia which could not create an alliance with the TLC; Norman J. Ware, "The History of Labour Interaction," in Labour in Canadian-American Relations, ed. H.A. Innis (Toronto: Ryerson, 1937), pp. 22-23; Robin, Radical Politics, pp. 92-94; Lipton, Trade Union Movements in Canada, pp. 100-101.

74. For example, see Robert H. Babcock, Gomperism in Canada: A Study in American Continentalism before the First World War (Toronto: University of Toronto Press, 1974).

75. Ware, "The History of Labour Interaction," pp. 2, 42; Lipton, Trade Union Movements in Canada, pp. 70-71.

76. Regarding the relations between the Roman Catholic Church and the Knights of Labor in Quebec, see Robin, Radical Politics, p. 29.

77. With respect to the significance of rituals in the Knights of Labor in Canada, see Gregory S. Kealey and Bryan D. Palmer who, in comparison to D.R. Kennedy, deemphasized these rituals and secrecies for the sake of the examination of its organizational characteristics. Kealey and Palmer considered the ritualism and secrecy as characteristics which originated in KL strategies to form fraternal bonds among the workers under potential threats from their employers; D.R. Kennedy, The Knights of Labour in Canada (London: University of Western Ontario, 1958), p. 37; Gregory S. Kealey and Bryan D. Palmer, Dreaming of What Might Be: The Knights of Labor in Ontario, 1880-1900 (Cambridge: Cambridge University Press, 1982), pp. 283-301.

78. Bernard Ostry, "Conservatives, Liberals and Labour in the 1890s," Canadian Journal of Economics and Political Science, 27:2, 1961, p. 141.

79. Robin emphasized the unions' hierarchical subordination to the party; Robin, Radical Politics, pp. 11-12, 16-17. A similar discussion was made by Janine Brodie and Jane Jenson in Crisis, Challenge and Change: Party and Class in Canada, Revisited (Ottawa: Carleton University Press, 1988), p. 41. In comparison, Ostry who came from a liberal perspective, toned down the notion of the subordination of unions; Ostry, "Conservatives, Liberals and Labour in the 1890s," p. 154, 157.

80. For example, the letter from P.M. Draper, Secretary-Treasurer, TLC, enclosing the resolutions of the TLC convention in September in Victoria, British Columbia, to Prime Minister Laurier on December 11, 1906, Laurier Papers, PAC, MG 26 G, reel c-840, 116554.

81. Paul Craven and Tom Traves, "The Class Politics of the National Policy, 1872-1933," Journal of Canadian Studies, 14:3, 1979, pp. 19-20.

82. For example, Paul Craven discussed only the TLC in his brief discussion on the Tariff Commission of 1905-06; Craven, 'An Impartial Umpire', pp. 174-89.

83. NTLC, Tariff Commission, Montreal, November 17, 1905, PAC, RG 36 series 17, vol. 1, p. 877; TLC, Toronto, November 17, 1905, *ibid.*, vol. 3, p. 433.

84. According to the brief, the national membership reached 10,000, and the Quebec membership grew to 6,000; National Trades and Labor Congress, Tariff Commission, Montreal, November 7, 1905, *ibid.*, vol. 1, p. 881.

85. *Ibid.*, p. 877.

86. *Ibid.*, p. 878.

87. The exact question was, "How much more should we pay for an article in order to have it made in Canada?"; *Ibid.*

88. *Ibid.*, p. 879.

89. According to the TLC brief, their members were located from Halifax to Vancouver, and the membership reached between 150,000 and 200,000; TLC, Tariff Commission, Toronto, November 17, 1905, *ibid.*, vol. 3, p. 433.

90. *Ibid.*, p. 437.

91. *Ibid.*

92. *Ibid.*, p. 439.

93. Similarly, the TLC opposed protection due to their fear of cheaper wages due to a progressing monopoly during economic development under protection. They referred to the United States where, in their perception, the monopoly capitalists exploited labour through cheaper wages; *Ibid.*, pp. 440, 444. Another reason for their opposition was their

assertion of consumer interests, ie., tariffs could distort the workers' consumer interests because of high commodity prices resulting from protection; Ibid., p. 460.

94. Richard Cartwright was a leading advocate of the Liberal's reciprocity option. In the party, there were other supporters for the option, such as Charleston and Laurier. Yet, there were also some internal divisions in the party regarding the option; W.R. Graham, "Sir Richard Cartwright, Wilfrid Laurier, and Liberal Party Trade Policy, 1887," Canadian Historical Review, 33:1, 1952. A Canadian businessman, Erastus Wiman, was actively involved in the Liberals' discussion of the option; Ibid.; Ian Grant, "Erastus Wiman: A Continentalist Replies to Canadian Imperialism," Canadian Historical Review, 53:1, 1972.

95. Richard Cartwright, Commons Debates, March 14, 1888, p. 144.

96. Ibid. A similar argument was made by Charleton; Ibid., March 7, 1888, p. 484.

J.S. Willison pointed out that the Liberals were not just looking at the economic rationale for reciprocity, but also at other national issues with which to override inter-provincial and inter-ethnic conflicts, such as those arising over the execution of Riel, as reasons for this proposal; J.S. Willison, Sir Wilfrid Laurier and the Liberal Party: A Political History (Toronto: George N. Morang and Co., 1903), p. 119.

97. J.H. Marshall moved:

That the establishment of mutually favourable trade relations between Great Britain and her colonies would benefit the agricultural, mining, lumbering and other industries of the latter and would strengthen the Empire by building up its dependencies, and that the Government should ask the other Colonial Governments to join in approaching the Imperial Government with a view to obtaining such an agreement.... During the recent debate on unrestricted reciprocity between Canada and the United States in this House, it was admitted on all sides that we should seek the British market for our natural products, and that fact has already been

established, because there has not been an hon. member on the opposite side of the House, or on this side either, who has not forcibly laid that principle before the House, and spoken in support of it.

Commons Debates, April 30, 1888, p. 1069.

98. Wilfrid Laurier, *ibid.*, August 4, 1891, p. 3322.

99. The Liberal Party still insisted upon reciprocity until 1892; Charleton, *ibid.*, April 25, 1892, pp. 1629-30.

100. Charles Tupper, *ibid.*, August 4, 1891, p. 3339.

101. *Ibid.* pp. 3352-54.

102. Nonetheless, the Conservative administration was aware of the positive considerations of reciprocity with the United States. From Washington, D.C., John Thompson, a Conservative Cabinet Minister, wrote letters to then prime minister, John Abbott, stating that the new administration in the United States favoured establishing a reciprocity agreement with Canada; Letters from John Thompson (Washington, D.C., United States) to John Abbott, Prime Minister (Ottawa, Canada), February 11, 1892, Abbott Papers, PAC, MG 26 C, 843, 852. However, Abbott responded to Thompson that he was not at all ready to consult with the manufacturers over this reciprocity option; Note from Abbott to Thompson, February 13, 1892, *ibid.*, 857. Therefore, this option did not surface on the Conservative's political agenda.

103. There were divisions over reciprocity within the Liberal Party; see for example, Donald Creighton, John Macdonald: The Old Chieftain (Toronto: Macmillan, 1965), pp. 501-502.

104. For example, Carl Berger described imperialism in the 1880s:

Much of the appeal of imperialism during these years was rooted in a sense of insecurity and fear produced by the failure of the National Policy to generate economic integration, by the spectre of continentalism, and by the cultural conflict triggered by the

execution of Louis Riel.

Carl Berger, ed., Imperial Relations in the Age of Laurier (Toronto: University of Toronto Press, 1969), p. vii.

105. The expansion of the state in terms of growing bureaucracy coincided with the creation of the Civil Service Commission in 1908, which replaced the Board of Civil Service Examiners. J.E. Hodgetts, William McCloskey, Reginald Whitaker, and V. Seymour Wilson, The Biography of an Institution: The Civil Service Commission of Canada, 1908-1967 (Montreal: McGill-Queen's University, 1972), pp. 25-44.

106. Fergusson, Hon. W.S. Fielding, vol. 1, pp. 171-192.

107. Ibid., p. 192.

108. The process of implementing new tariff deductions was divided into two stages. First, from April 23, 1897, 12.5 per cent of the current duties were reduced; and then from July 1, 1898, a further tariff reduction of up to 25 per cent of the original duties was made.

109. See, for example, Willison, Sir Wilfrid Laurier, p. 293.

110. H. Blair Neatby defined imperialism in Canada without any conventional Marxist contexts, as follows:

In Canada, imperialism had a meaning of its own. Broadly speaking, it meant the consciousness of belonging to the British Empire: in practice it meant a devotion to England, the heart of the Empire.

H. Blair Neatby, "Laurier and Imperialism," in Imperial Relations in the Age of Laurier, ed. Carl Berger (Toronto: University of Toronto Press, 1969), p. 1.

However, Neatby characterised the imperialism of Laurier, who was a francophone from Quebec, as "intellectual imperialism":

This was the imperialism based on a respect for the principles, and especially the political principles, which Great Britain seemed to represent. To such imperialists, pride in the

Empire was based on the belief that the British Empire was the bulwark of liberty and justice in the world.

Ibid., p. 2, 4-5.

111. Tupper, Commons Debates, July, 19, 1897, p. 7774.

112. Ibid., p. 7781.

113. The Tariff Commission travelled to these cities:

November 17-20, 1896	Toronto, Ontario
December 1-2, 1896	Hamilton, Ontario
December 3, 1896	Bradford, Ontario
December 4-5, 1896	London, Ontario
December 7, 1896	Pretolia, Ontario
December 8, 1896	Woodstock, Ontario
December 8, 1896	St. Catherines, Ontario
December 9, 1896	Toronto, Ontario
December 16-19, 1896	Montreal, Quebec
December 29-30, 1896	Montreal, Quebec
January 4-5, 1897	Ottawa, Ontario
January 8, 1897	Brockville, Ontario
January 12, 1897	Guelph, Ontario
January 18-19, 1897	Quebec, Quebec
January 20, 22, 1897	Halifax, Nova Scotia
January 25-26, 1897	St. John, New Brunswick
January 29-30, 1897	Ottawa, Ontario
February 8-10, 1897	Winnipeg, Manitoba
February 23-24, 1897	Ottawa, Ontario

114. The Tariff Commission travelled to these cities:

September 7-8, 1905	Winnipeg, Manitoba
September 15-16, 1905	Nelson, British Columbia
September 18, 1905	Rossland, British Columbia
September 20, 1905	Greenwood, British Columbia
October 2, 1905	Vancouver, British Columbia
October 5, 1905	Victoria, British Columbia
November 7-11, 1905	Montreal, Quebec
November 13-17, 1905	Toronto, Ontario
November 20-21, 1905	London, Ontario
November 22, 1905	Windsor, Ontario
November 23, 1905	Chatham, Ontario
November 24-25, 1905	Hamilton, Ontario

November 27, 1905	Brontford, Ontario
November 28, 1905	Guelph, Ontario
November 29, 1905	Berlin, Ontario
November 30, 1905	Peterborough, Ontario
December 4-5, 1905	Winnipeg, Manitoba
December 6, 1905	Brandon, Manitoba
December 8, 1905	Calgary, Alberta
December 12, 1905	Edmonton, Alberta
December 14, 1905	Prince Albert, Saskatchewan
December 16, 1905	Regina, Saskatchewan
December 21, 1905	Sault Ste Marie, Ontario
December 26, 1905	Valleyfield, Quebec
December 27, 1905	Three Rivers, Quebec
December 28-29, 1905	Quebec City, Quebec
January 3, 1906	Newcastle, New Brunswick
January 4, 1906	Fredericton, New Brunswick
January 6, 1906	St. Stephen, New Brunswick
January 8, 1906	St. John, New Brunswick
January 10, 1906	Charlottetown, Prince Edward Island
January 11, 1906	New Glasgow, Nova Scotia
January 12, 1906	Sydney, Nova Scotia
January 13, 1906	Port Hawksbury, Nova Scotia
January 15, 1906	Amherst, Nova Scotia
January 16, 1906	Middleton, Nova Scotia
January 17, 1906	Liverpool, Nova Scotia
January 19, 1906	Barrington Passage, Nova Scotia
January 26, 1906	Moncton, Nova Scotia
January 27, 1906	Londonderry, Nova Scotia
January 29, 1906	Halifax, Nova Scotia
January 30, 1906	Truro, Nova Scotia
February 6-8, 1906	Ottawa, Ontario

115. These hearings were open to the public and journalists, except for some special cases in which secrecy was requested. For example, The Toronto Globe, a pro-Liberal newspaper in those days, which had criticized the secret nature of Conservative tariff policy formations, emphasized the commission's scrutinizing role with favour:

There will be no red-parlours bargains. The men who was protected by any existing or prospective tax must show that it is in the public interest as well as in their own. Arguments that will not bear the most open public scrutiny will not bear the scrutiny of

the Ministers.

The Toronto Globe, November 18, 1896, p. 4.

116. See, for example, W.S. Fielding, Tariff Commission, Winnipeg, September 7, 1905, Tariff Commission, PAC, RG 36 series 17, vol. 1, pp. 4-5; W. Paterson, Tariff Commission, Middleton, January 16, 1906, *ibid.*, vol. 7, p. 622.

117. Richard Cartwright, Tariff Commission, Ottawa, January 5, 1897, *ibid.*, RG 36 series 8A, vol. 2, p. 2208.

118. E.L. Drewry, Brewer, Tariff Commission, Winnipeg, September 8, 1905, *ibid.*, series 17, vol. 1, pp. 91-92.

119. W.S. Fielding, during the deputation by James McEwing, President of the Farmers' Association of Ontario, Tariff Commission, Drayton, November 13, 1905, *ibid.*, vol. 2, pp. 434-46.

120. W.S. Fielding, Tariff Commission, January 29, 1906, *ibid.*, vol. 8, p. 182.

121. The CMA always carefully ensured that common interests shared with other social groups were represented in their statements; CMIW, 23: 8, 1892, p. 230; C.C. Ballantyne, President, Canadian Manufacturers' Association, Tariff Commission, Ottawa, Ontario, February 6, 1906, PAC, RG 36 series 17, vol. 9, p. 104. Contrary to the supporters of reciprocity, who advocated that the manufacturers' strategy should include the concealment of sectoral differences in order to more easily promote their own interests, the manufacturers responded in a firm and confident manner to deny the existence of contradictory sectoral interests. The manufacturers continued to justify their political stance on the basis that the demand for tariff protection was also shared by other sectors of the economy; Craven, 'An Impartial Umpire', pp. 106, 185-89.

122. A letter from J.J. Cassidy, Canadian Manufacturers' Association, to W.S. Fielding, Minister of Finance, November 13, 1896, Deputy Minister's Correspondence, Department of Finance, PAC, RG 19, vol. 3125, file 9130. A letter from Montreal Rolling Mill to Fielding, February 4, 1897, *ibid.* A letter from Fielding to Montreal Rolling Mill, February 16, 1897, *ibid.*

123. A letter from the Board of Trade of Brantford to Fielding, Minister of Finance, November 11, 1896, *ibid.* A letter from C.H. Atkinson, St. Lawrence Steel Wire Co. to Fielding, January 26, 1897, *ibid.*

124. A cable from Fielding, Minister of Finance in Montreal, to J.M. Courtney, Deputy Minister of Finance in Ottawa, December 30, 1896, *ibid.*

125. A cable from Fielding to Courtney, December 24, 1896, *ibid.*

126. Letter from W.S. Fielding to Laurier, January 18, 1904, Laurier Papers, PAC, reel 808, 87276.

127. *Ibid.*

CHAPTER FOUR

SHARPENING EDGES: THE POLITICS OF RECIPROCITY, 1909-1911

Introduction

In 1910, the Liberal government began formal negotiations with the United States government for a reciprocity agreement.¹ On January 23, 1911, the Canadian government reached an agreement for reciprocity with the United States, which covered only primary commodities. Following this, the manufacturers, farmers, and political parties confronted each other once again over the agreement. In a dramatic break with the pattern we reviewed in the previous chapter, tariff politics could no longer be described as submerged. Parliament was preoccupied with debates over Reciprocity and consequently, prior to its ratification the Liberal government dissolved the House of Commons for a general election on September 21. The Liberal government under Sir Wilfrid Laurier lost this election, and Reciprocity was not ratified or implemented.

This chapter examines the reversal from the submergence of tariff politics that we examined in the previous chapter to the escalated partisanship over Reciprocity. Why did Reciprocity become the centre of partisan politics in Canada? Was the Reciprocity Agreement itself the only cause

for the polarized politics surrounding it? What escalated these polarized reactions? What social economic forces could or could not be reconciled by the tariff politics underlining the election of 1911?

1. Canadian Political Economy within the International Political Economy

The relative decline of British hegemony in the face of the growing German military capacity raised international concerns within the Empire, including in Canada. The Colonial Conference of 1907 discussed military cooperation among Great Britain and the colonies in light of Europe's changing military balance; but Canada did not promise any military contribution to imperial defence.² Two years later, however, the Liberal government passed a bill in Parliament which would increase its naval forces devoted for imperial defence.

This imperial military contribution created sectional and class animosities. Francophone nationalists in Quebec were dissatisfied with this enhanced military role in the Empire. They had previously expressed their dissatisfaction with Canada's contribution to the Boer War,³ and the francophone displeasure with the Liberal administration contrasted to Quebec's previous pattern of strong support for the Liberals. The farmers' and workers' associations

were also criticizing an increased military role for Canada in the Empire. The changing political matrices within Canada, whose political agenda was already characterized by polarities over imperial relations, were linked to the changing international power structure.

Canada's trade structure continued to be strained. After a brief recession in 1909, its imports increased more than its exports, causing its trade deficit to balloon (Table 4-1). The trade deficit problem was more pronounced in relation to the United States than in relation to Great Britain (Table 4-2). Canada's imports from Great Britain declined during this decade, while those from the United States grew toward 60 per cent of its total imports. In so doing, American imports reached a level which was almost three times as great as British imports (Table 4-3). These changes in imports were most clearly reflected in sources of customs revenues. The duties collected from British imports steadily declined during this period while those from American imports steadily rose (Table 4-4). We can conclude that Canada's continental trade balance was experiencing severe strains because of its increasing trade deficit with the United States and the absence of any specific policy to address it.

The agricultural sector was experiencing relatively higher stable prices (Table 4-5, 4-6). Particularly on the

Prairies, agricultural production was in a phase of economic expansion, characterized by high grain prices in the market, population growth, and an increase of occupied and improved land.⁴ The export of wheat to Great Britain continued to increase, despite price fluctuations (Table 4-7). However, in 1910, the price began to drop in both Canadian and international markets, reducing the farmers' profit margin⁵ (Table 4-8). The farmers on the Prairies underwent hardship due to market fluctuations.

In the years immediately leading up to 1911, there were growing trade constraints for Canada. Its trade balance with Great Britain remained at a surplus; however, that with the United States was moving into growing deficit. This unfavourable trade environment increased pressure on Canada's trade policy with the United States. Canada now faced the choice of either suffering growing American protectionism or reaching a trade agreement with the United States in order to be exempted from any new American tariffs. There were growing demands for a freer trade arrangement between Canada and the United States. In the United States, the Democrats' stronger influence in Congress, encouraged Taft's Republican administration to seek a special trade deal with Canada. In Canada, Reciprocity was consistent with the ideological tradition of liberal trade in the Liberal Party, as well as the growing

demands from Prairie grain farmers and workers for freer trade.

The actual negotiations preparing for the Reciprocity Agreement of 1911 reflected Canada's unique location in the international political economy. Although Reciprocity was a bilateral free trade agreement between Canada and the United States, the communication for negotiations was carried out among officials of three countries: Canada, the United States, and Great Britain. The major negotiations were carried out by P.C. Knox, Secretary of State for the United States and W.S. Fielding, Minister of Finance for Canada. There had been communications prior to these negotiations from the Secretary of State to the British Ambassador in Washington, D.C., and from the ambassador to the Governor General of Canada, Lord Grey. These communications did not indicate any decisive British role in the negotiations, but they delineated the characteristics of Canada's diplomatic location within the British Empire and were representative of the way Canada handled its trade negotiations in those days.⁶ These countries reached an agreement in January 1911, that enabled duty free trade for natural products and lowered tariffs on some manufactured goods. Nonetheless, the agreement was not ratified due to the change of Canadian government after the general election in September of that year, leaving Canada without any trade arrangements with the

United States.

TABLE 4-1 CANADA'S TRADE, 1908-1913 (\$1000)

year	imports*	exports
1908	352,541	263,368
09	288,594	259,922
10	370,318	298,764
11	452,725	290,000
12	522,406	307,716
13	671,207	377,068

Source: Sessional Paper, 1925, vol. 5, p. 10.

TABLE 4-2 CANADA'S EXPORTS*, 1908-1913 (\$1000)

year	Great Britain		the United States	
	\$	%**	\$	%**
1908	134,477	51.1	96,920	36.8
09	133,745	52.1	91,022	35.2
10	149,630	50.0	110,614	37.3
11	136,963	48.2	112,209	38.0
12	151,833	50.7	112,956	35.2
13	177,982	47.8	150,962	39.3

* merchandise only

** proportion of Canada's total exports

Source: Sessional Paper, 1925, vol. 5, pp. 12-15.

TABLE 4-3 CANADA'S IMPORTS*, 1908-1913 (\$1000)

year	Great Britain		the United States	
	\$	%**	\$	%**
1908	94,417	26.8	205,310	58.2
09	70,683	24.5	170,432	59.0
10	95,337	25.8	218,005	58.9
11	109,935	24.3	275,824	60.8
12	116,906	22.4	331,385	63.4
13	138,743	20.7	436,887	65.0

* merchandise only

** proportion of Canada's total imports

Source: Sessional Paper, 1925, vol. 5, pp. 12-15.

TABLE 4-4 DUTIES IN CANADA'S TRADE, 1908-1913

year	imports from G.B.		imports from the U.S.	
	duty rate %	proportion of total duties %	duty rate %	proportion of total duties %
1908	18.3	29.8	13.2	46.8
09	19.0	28.1	13.2	47.1
10	18.9	29.7	13.5	48.6
11	18.9	28.5	13.7	51.9
12	19.1	25.7	14.8	56.5
13	19.6	23.7	15.8	60.2

Source: Sessional Paper, 1925, vol. 5, pp. 12-15.

TABLE 4-5 EXPORT PRICE INDEX, 1908-1913 (1900=100)

year	total	agricultural products	textile fiber	iron	nonferrous metal
1908	124.2	124.3	119.2	94.0	114.2
09	123.5	128.7	102.7	100.3	102.0
10	124.8	137.8	98.5	102.2	93.7
11	123.7	135.5	94.6	95.9	94.5
12	120.7	129.6	75.6	83.5	95.2
13	122.5	128.5	112.1	79.1	104.8

Source: M.C. Urquhart, ed. Historical Statistics of Canada (Toronto: Macmillan of Canada, 1965), p. 299.

TABLE 4-6 IMPORT PRICE INDEX, 1908-1913 (1900=100)

year	total	agricultural products	textile fibre	iron	nonferrous metal
1908	117.0	115.8	120.1	108.1	130.3
09	108.6	115.8	114.8	100.4	97.6
10	109.3	118.8	121.3	96.4	90.4
11	110.5	123.4	124.6	99.0	91.0
12	107.2	127.6	120.7	97.1	94.3
13	110.6	126.1	123.8	103.3	113.5

Source: M.C. Urquhart, ed. Historical Statistics of Canada, p. 300.

TABLE 4-7 CANADA'S WHEAT* TRADE WITH GREAT BRITAIN,
1908-1913

year	from Canada (millions of long cwts.)	proportion of Great Britain's total wheat imports
1907	15	12.9
08	18	16.5
09	19	16.8
10	20	16.8
11	19	17.0
12	27	21.8

* quantity of wheat, wheat meal and flour.

Source: W.A. Mackintosh. Economic Problems of the Prairie Provinces (Toronto: Macmillan, 1935). p. 13.

TABLE 4-8 WHEAT PRICES IN LIVERPOOL AND WINNIPEG (per
bushel)

year	Winnipeg (cent)	Liverpool (cent)
1900	75	88
01	75	85
02	73	88
03	79	89
04	92	98
05	90	99
06	76	96
07	88	105
08	104	109
09	109	122
10	100	107
11	96	100
12	97	117
13	88	113

Source: W.A. Mackintosh, A.B. Clark, G.A. Elliott, and W.W. Swanson, Economic Problems of the Prairie Provinces (Toronto: Macmillan, 1935), p. 283.

2. Polarized Tariff Politics

a The Manufacturers' Voice: Louder and Stronger

Growing Organization and Firm Demands for Protection

As we saw in the previous chapter, the Canadian Manufacturers' Association (CMA) had already expanded nationally, and had been facilitated by the centralized Executive Council and its subordinate committees. With this well established national organization, the CMA continued to enhance its lobbying strategies.⁷ With respect to tariff matters, we observed that the association's Tariff Committee was developing its resources and expertise in tandem with the increasingly complex structure of state policy-making institutions.

The industrialists persistently demanded higher tariffs on manufactured imports and justified tariffs both for protection and as a revenue source. They envisioned tariff benefits such as the fostering of domestic industries, the expansion of domestic markets, and the increase in employment opportunities.⁸ Basically, the industrialists continued to insist upon the National Policy scheme for economic development under tariff protection, and fiercely opposed any arrangements for trade liberalization.

The protective tariff barrier was expected to increase direct investment from the United States, particularly into manufacturing. Protection and a consequently increased

level of foreign direct investment were closely linked in the manufacturers' arguments. In this context, foreign investment was seen as a catalyst for the establishment of more branch factories and, consequently, more employment and industrial production. Although the industrialists feared freer competition with imported American products, they were in favour of increasing American industrial production within Canada.³

Rejecting Reciprocity

Shortly after the continental negotiations for Reciprocity began in 1910, the CMA started to prepare for the changing political agenda on tariffs.⁴ The association created a special committee on Reciprocity which collaborated closely with its Tariff Committee. For example, these committees held joint meetings in order to discuss their strategies for lobbying the federal government.⁵ In addition, articles in Industrial Canada, the CMA's official circular, followed the Liberal government's moves in the Reciprocity negotiations and kept the members informed. The CMA was organizationally prepared to deal with the issue, and it also implemented an educational campaign for its members and the general public in order to support its vigorous campaign against the treaty.

The CMA's campaign against Reciprocity was increasingly energized from the summer of 1910 onward. The August annual meeting of the CMA's Toronto Branch marked the beginning of this intensified public campaign. The Branch Chairman, J.S. McKinnon, asserted that reducing the current American tariff should be the essential condition prior to any negotiations for continental free trade. According to him, equivalent tariff levels had to be established between the two countries before the negotiations could be properly undertaken. He also warned against Reciprocity because of the competitive strength of the American economy which had been sheltered for years under protection.¹² McKinnon saw that there were unequal differences between the two economies, and that the superiority of the American economy was a threat to the Canadian economy in a competition under equal terms.

In October of that year, John Hendry, President of the CMA, publicly announced opposition to free trade with the United States:

Canada today stands in no need of reciprocity with the United States. Forced by their policy of rigid isolation to look elsewhere for markets, we have cast about us and have found those markets. Some of them we have built for ourselves with a protective tariff, by means of consumers within our own borders. Others we have found by joining hands with Mother England who, unlike the United States, was glad to

come to our assistance in our time of trouble....I [Hendry] maintain that Canada today cannot afford reciprocity with the United States unless it be confined to a limited number of natural resources.¹³

Hendry emphasized the peculiar nature of Canada's economic development which had been based upon the home market within the Empire; he deemphasized the significance of the American market and rejected free trade. Nevertheless, he touched upon the positive potential of reciprocity, but only if it was limited to some natural resources.

In November, the CMA campaigned against Reciprocity negotiations. The Tariff Committee opposed Reciprocity in light of "the welfare of the Dominion and the unity of the Empire."¹⁴ The committee resolved:

...that the members of the Canadian Manufacturers' Association are strongly opposed, at the present juncture, to a reciprocal tariff arrangement between Canada and the United States that would necessitate a lowering of the Canadian Custom Tariff, as they are convinced that any reduction would prove injurious to the industries directly affected, and indirectly detrimental to the interests of Canada and the Empire as a whole.

The manufacturers' opposition to Reciprocity was twofold. One aspect was Reciprocity's expected negative effects on the Canadian economy. Because the manufacturers considered Canadian products to be inferior to competitive American goods, freer trade represented a threat to their

industries. The other aspect was based on their concerns regarding the relationship of Canada with the Empire and the perception that closer relations with the United States might result in some distortion of Canada's priority in imperial relations.¹⁶ Nationalism and imperialism appeared contradictory to closer continental economic relations.

The CMA presented its special memorial on "The Tariff and National Prosperity"¹⁷ to Prime Minister Wilfrid Laurier on January 13, 1911, arguing that Canada was not ready to compete with the United States under lower tariffs. This memorial pointed to the different nature of production between the two countries:

United States enterprises are developed to the highest state in point of capital, specialization of products and magnitude of operations; Canadian enterprises, because of their restricted markets, are not yet so-developed, and it would be obviously impossible for them to withstand the competition that would inevitably follow reductions in the present Canadian tariff....The United States may be ready for reciprocity; Canada is not.¹⁸

Prior to any official announcement of the negotiations regarding Reciprocity, the CMA had already reiterated that Canada was too vulnerable to be exposed to continental competition under reciprocity. This memorial continued to advocate that Canada's home market be built with protective tariffs, as they had once campaigned for the National

Policy.

In February 1911, the CMA again enumerated the reasons for its opposition to the Reciprocity Agreement which had already been announced in January.¹³ First, it argued that Reciprocity would benefit the United States more than it would Canada. The CMA's arguments repeatedly referred to the uneven nature of Canada-US relations, and envisioned that a more developed, competitive, and stronger American economy would result from Reciprocity. Second, they were afraid that free trade would reduce the influx of foreign capital into Canada, particularly capital from the United States. The manufacturers also feared the loss of new foreign direct investment, which would have increased with tariff protection. They warned that less foreign investment would lead to less industrial production, which would consequently reduce employment opportunities for workers. Third, they raised the concern over the possibility of a threat to national unity under free trade. They argued that a north-south continental axis strengthened by Reciprocity would undermine the east-west national consolidation which had been achieved through the National Policy. This logic was based on the arguments of nationalism versus continentalism. Fourth, the industrialists insisted that Canadian farmers would prosper even without Reciprocity. The manufacturers also pointed to the differences among

farmers over the tariff issue,²⁰ and tried to undermine the legitimacy of the farmers' demands, as consumers, for lower tariffs.²¹

Further, the manufacturers challenged the farmers' accusations that the industrialists were benefitting through the exploitation of western farmers.²² The manufacturers stated that the farmers were misinformed and trapped by a superficial myth of class conflict.²³ They persistently argued against the Western agrarian position in favour of Reciprocity and denied any conflict between the interests of farmers and manufacturers. Furthermore, the manufacturers skilfully tried to incorporate agrarian interests into their protectionist pitch.

Similarly, the manufacturers also emphasized their shared interests with labour:

Protection is not primarily the protection of the individual manufacturers or of the manufacturing class; it is the protection of the workmen who have to live on what they can earn from week to week.²⁴

Secured production under protection was supposed to benefit both employers and employees. The manufacturers pointed to the wealth to be produced rather than how it would be distributed. Advocating the common interest was an indispensable part of the manufacturers' self-justification.

These CMA campaigns were characterized by their

intensity and magnitude. A special committee for Reciprocity was set up in order to expand the function of the Tariff Committee and to co-ordinate the CMA's efforts on the matter. This intensive campaign lasted for more than twelve months prior to the election in September and cost \$15,000, which was supplied by the Tariff Education Fund for the general election in 1911.²⁵

Through these intense anti-Reciprocity campaigns,²⁶ the industrialists positioned themselves closer to the Conservatives, who were in favour of protection, and away from the Liberals who had negotiated the trade agreement. First, as the Conservatives were squaring off against the Liberals over the agreement, the Conservatives appeared to be a more preferable choice for the manufacturers. Second, dominant imperialism played a significant role in justifying the manufacturers' anti-reciprocity campaign against the Liberals, manifested in the fear that Reciprocity would distort Canada's imperial ties. This contradiction emerged between the Liberals, who were supporting continental liberal trade, and the Conservatives, who were advocating closer relations with the Empire. Ironically, both liberalism and imperialism had their origins in British political thought. Third, the manufacturers' concern with national unity was in opposition to the closer continental economic relations that would result under the agreement.

In the manufacturers' eyes the Conservatives, having implemented the National Policy of 1879, more closely approximated their nationalistic vision vis-a-vis continentalism. Finally, the executives of the CMA had not really become emotionally attached to the Liberals, despite their support of Imperial Preference introduced by the Liberal government. Their acceptance of this policy was based on it being confined within an acceptable range of protectionist options. However, once the Liberals made a substantial leap that derailed from the protectionist policy line, the Conservative Party appeared to the manufacturers to be the preferred partisan choice.

Facing the Reciprocity Agreement of 1911, the CMA quickly adjusted its strategy and organization. The CMA asserted that protection would ensure the well-being of industries as well as farmers and workers. Their protectionist arguments were basically unchanged from those of the previous decades: yet, with further developed organization, resources, and expertise, they publicly shifted their considerable weight back to the Conservative Party and against Reciprocity.

Post Election: Winding down Tariff Politics

As soon as the September 21 general election was over, the manufacturers resumed a strategic campaign to remove

tariffs from the political front line and pursued a stable non-partisan tariff policy. The manufacturers expressed considerable relief because the intense political fight over tariff issues had ended decisively with the general election. The editorial of the CMA's journal, Industrial Canada, described this new situation:

With the defeat of reciprocity, the industrial field has been cleared of the smoke of political battle....The tariff has been removed, for the present at least, from the subjects of party controversy.²

This statement, however, acknowledged that this victory might only be temporary. Therefore, they sensed that more effort was required to keep politics away from the tariff issue in order to ensure the stability of the tariff regime.³

Shortly after the election, Industrial Canada, proposed another tariff commission

The strength of the [tariff] commission idea is that the ministers will have ample and accurate information before them when they are dealing with any schedule....the commission must be an advisory, not administrative body. In other words, responsibility for the tariff must rest with the Government.⁴

It was suggested that this commission be of a similar type to the previous Tariff Commissions of 1896 and of 1903. It was proposed that the commission act as a body which would collect information sufficient to make tariff decisions and

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was only supposed to be "an advisory body" to the government. The manufacturers did not advocate any direct role for the commission on tariff policy-making as it would not be a decision-making body. In short, they proposed the further elaboration of the state for managing bureaucratic institutions tariff matters.

After the election, the CMA quickly switched its strategy to ensure a stable tariff policy by eliminating unpredictable partisan factors over which they did not have any control. Reestablishing cordiality with the Tories was a strategic move taken when the issue was so critical that it required the use of partisan leverage. Once the election was over, they returned to a less partisan tone.

b. Farmers' Growing Strength in Western Canada

Consolidating against Protectionism

Agrarian movements were now moving toward institutional expansion and elaboration. In Ontario, the Dominion Grange and the Farmers' Association of Ontario were amalgamated in 1907. In the west, prairie farmers organized associations like the United Farmers of Alberta and the Grain Growers' Associations in Manitoba and Saskatchewan. Grain Growers Guide (GGG), established in 1908, became one of the major vehicles among these farmers for communicating and

expressing their political claims, including those regarding tariffs.

In addition, the farmers' organizations expanded their activities into direct involvement in the grain business. The Grain Growers' Association created its subsidiary in 1907, the Growers' Grain Company, for their own grain handling. Within its first two years, the company elaborated its structure to facilitate its grain business by creating its Claim Department, Traffic Department, Seed Improvement Branch, and Inspection Department. In 1911, the Grain Company also established its subsidiary, the Grain Growers' Export Company, for enhancing its grain export, and its primary target was the European market, including Great Britain. The Saskatchewan Grain Growers' Association created the Saskatchewan Cooperative Elevator Company in 1911, which operated its own grain elevators rather than relying on elevators owned by monopolistic central Canadian firms.³⁷ These business developments were paralleled by the growing western population and an increased western grain and animal production.

Tariffs were the farmers' critical concern. For instance, a 1910 convention of the United Farmers of Alberta communicated strong dissatisfaction with the current protective tariffs:

Having suffered for many years under the

bondage of a protective tariff which has been maintained by the Government [sic] and is but the levying of tribute upon the people not for the legitimate expenses of the Government but for a private and privileged class, and is a principle which should be condemned without qualification, and as in its practical operation the present Canadian tariff works unfairly in favour of the manufacturing industries and to the prejudice of the agricultural industries.

The farmers' resentment was increasing ever more sharply against the higher protective tariff levels which favoured the manufacturers. This agrarian dissatisfaction directly challenged the manufacturers-government alliance which had instituted and maintained the protective tariff system.

The notion of "class" seemed to be defined rather specifically in the farmers' accusations against the manufacturers. The farmers considered the manufacturers a privileged class, in contrast to their own situation as the underprivileged and suffering, and the farmers felt that their interests were sacrificed as a result. This notion was based on an awareness of hierarchical social relations, and particularly on the question of why they could not influence policy as much as the manufacturers could. In short, their main concern with "class" was centred on the extent to which their political representation had an affect on the setting of tariff policy.

For instance, with regard to the manufacturers'

political influence, one senior member of the farmers' association argued:

It is a foolish fallacy that our manufacturers in Canada depend for their existence on the continuance of the protective tariff.³²

This farmer challenged the economic basis of a protectionist policy and blamed the manufacturers' political pressure as being responsible for the perpetuation of the myth of the indispensable protective tariff:

The manufacturers still plead "Infant Industries" and ask for continued protection in order that they may specialize. Such pleading is a clear indication that the manufacturers have no intention of giving up protection as long as they can hold it.³³

As a result, he sharply contrasted the farmers' unfulfilled demands vis-a-vis the manufacturers hold on privilege.

The farmers publicly proposed a free(r) trade with the United States as an alternative to the present unfair tariff protection:

We therefore ask that a general move towards freer trade that a general reduction of the tariff be made--more particularly on woollen and cotton goods, also that the duty be immediately removed from all farm implements and tools; further, that steps be taken to arrange with the United States Government for reciprocity in farm implements in accordance with the offer made by them.³⁴

These farmers' concrete demands for freer trade were mainly

derived from their position as consumers. At the same time, they stated that the Liberal government should not dismiss any proposal from the United States for a reduction on tariffs.

Mixed Reactions to Reciprocity

The western farmers welcomed the Reciprocity Agreement as soon as it was announced. The editorial of Grain Growers' Guide stated:

Western farmers will be gratified to know that all grains will be upon the free list and that they will now have their market extended so as to include all of the great republic to the South. This should mean a considerable advantage to grain growers as prices south of the line have for years³⁵ been better than Fort William prices.

This editorial asserted that Reciprocity would provide the farmers with access to extended markets, and to higher crop prices. This producers' view pointed to the economic opportunities arising from the agreement.³⁶

At the same time, the farmers criticized the manufacturers' rejection of Reciprocity. The industrialists strongly opposed Reciprocity although the agreement itself covered only natural products, and lowered some tariffs such as those on farming machinery. Grain Growers' Guide suggested that there was no substantial basis in the agreement to justify the manufacturers' concern. This

Western agrarian journal argued that the manufacturers were afraid of the potential for growing demands for freer trade which might be unleashed by the agreement.³⁷

Nevertheless, the western farmers could not refrain from expressing their dissatisfaction with other aspects of Reciprocity. For instance, as consumers they complained that the tariff reductions on coal and farming implements were not enough to result in any substantial benefits to consumers. They asserted that these tariff reductions were so small that any consequent benefit would be possibly worthless or even non-existent if the manufacturers ask for higher prices.³⁸ The editorial of Grain Growers' Guide pointed to the only limited extent of free trade in the Reciprocity agreement.³⁹ In summary, the agreement was insufficient to meet the farmers' demands for freer trade, although its policy direction itself was accepted.

The Prairie farmers continued to argue that the Liberal government was still protecting the manufacturers at the expense of the farmers. The editorial of Grain Growers' Guide complained:

We just wish to tell Mr. Fielding
[Minister of Finance] that his
government will NOT [sic] care for the
manufacturers as has been done in the
past. Nor will any other government
that expects support from rural Canada.
It is time the manufacturers did lose
something and the farmers gain something
of what the manufacturers have been

taking from them in the past.⁴⁰

This argument directly pointed to the farmers' contradictions with the protectionist manufacturers. The farmers asserted that the manufacturers should be forced to give up some of their protection. This also demonstrated the compounded contradictions between urban and rural areas, between the eastern and western regions, and between manufacturers and consumers.⁴¹

The farmers' frustration grew, particularly in regard to tariffs on agricultural implements. Soon after the announcement of the Reciprocity Agreement, western farmers blamed both political parties for failing to eliminate tariffs on agricultural implements. One editorial article in Grain Growers' Guide challenged both political parties regarding this matter:

We know that Mr. Fielding [of the Liberal Party] is opposed to giving the farmers their due, but Mr. Borden [of the Conservative Party] has apparently no policy at all on the matter. As to agricultural implements, Mr. Borden supported Mr. Meighen's resolution asking for a "substantial reduction" in the duties on agricultural implements. This may mean anything and may not mean any more than the 2 1/2 per cent and 5 per cent reduction granted in the reciprocity agreement.⁴²

The farmers were frustrated not only with the Liberal government but also with the Opposition's inaction on the tariff issues. This agrarian journal also expressed the

farmers' frustration in its statement that the "only thing that has distinguished one party from the other for the past fifteen years has been the names."⁴³ The farmers were disappointed with both parties because neither of them was ready to take into account the western farmers' historical demands for the elimination of tariffs on farming machinery.⁴⁴

Once an election was called, the farmers started to demonstrate their contradictory position on Reciprocity. Grain Growers' Guide publicly blamed irresponsible Liberal Members of Parliament from western Canada, except for Clifford Sifton, who was the only Liberal Member of Parliament who opposed Reciprocity. Regarding the election, one article described:

The coming election offers a splendid opportunity for the farmers of Canada to send to Ottawa a strong delegation of members who will refuse to take their orders from the party whips and who will go to the capital pledged to support the Grain Growers' platform and to wage unceasing war against Special Privilege in all its forms.⁴⁵

It did not publicly advocate any specific political party to be the farmers' choice in the next general election. At the same time, it considered the election as a venue for the expression of agrarian interests. More importantly, their suggestion was to challenge any partisan line. Although they rejected the major parties, they did not have a

political party of their own.

The western farmers' desire for more representation was further fuelled by their perception of their own under-representation in the House of Commons as a result of discrepancies between the increasing western population and the number of western seats in Parliament. In 1910, the number of Members in Parliament from the four western provinces (including British Columbia) was twenty-seven. However, the latest census indicated that western population growth was large enough to justify an increase in the number of Members of Parliament from the west to forty-five. It was hoped that this redistribution would strengthen the western agrarian voice in federal politics.

In general, the farmers were rather sceptical in their response to the major political parties. An editorial of Grain Growers' Guide responded to the party leaders' tours of the western regions:

Both political parties evidently realize that the West will be the key to the situation at the next election, and both parties are sending their orators through the West to endeavour to secure the support of the farmers who make up the bulk of the population of the Prairie Provinces. The object of the touring politicians is not to find out what the people want, but to convince them that their particular platform is what they really need.⁴⁶

The farmers' cynicism pointed to the unilateral imposition

of the political parties' messages on the Western voters. At the same time, the editorialists of Grain Growers' Guide argued that both political parties had failed to sufficiently satisfy the farmers with respect to Reciprocity.⁴⁷ The farmers indicated their reservation in supporting any single political party regarding the Reciprocity debate.⁴⁸

The general election date of September 21 itself was controversial among the western farmers. First, the date was considered inconvenient for the farmers since it would be in the middle of the busy harvest season. Additionally, prior to the dissolution, Parliament had not yet passed the important Grain Bill establishing standard of grain at grain elevators, for which the agrarian organizations had been lobbying for years. The disruption of the Parliamentary schedule due to the debate on Reciprocity, and the consequent dissolution of the House, prevented the passing of the Grain Bill. More importantly, the election date came too early to allow for the redistribution of constituencies according to the latest census which would have almost doubled the number of Members of Parliament from the west. As a result, the September 1911 election date was seen a dismissal of the population growth in the region and as a result, an "injustice" to western farmers.⁴⁹ Accordingly, the timing of the election did little to encourage the

western farmers' support for the Liberal Party currently in power.

In addition, the western farmers' position became further complicated as the election date drew near. The agrarians supported Reciprocity as a type of free trade. In early September 1911, Grain Growers' Guide insisted upon the significance of Reciprocity without mentioning their frustration with the Liberal administration.⁵⁰ However, they were not totally satisfied with the contents of the agreement. Their complaints concentrated on the tariffs on agricultural implements and other consumer goods. The farmers' dissatisfaction with both political parties and their uncertain degree of support for Reciprocity served to muffle the farmers' voices in the tariff politics leading up to the election.

The result of the general election of September 21 was the rejection of the Liberal Party and Reciprocity. The farmers attributed the Conservative victory in the election to the manufacturers' campaign against Reciprocity. The western agrarians perceived the industrialists to be the privileged class and singled them out as the primary cause of the Liberal's defeat. They explained that the manufacturers were fiercely opposed to Reciprocity, not because of any foresight of negative effects resulting from it, but because of their fear of "the beginning of the end

of protection."⁵¹ This clearly pointed to the fact that the irrational protectionist campaign was driven by phobia.⁵²

The election result was rather ironic for the western farmers. They pursued freer trade. However, their impact on the election was marginal because of their failure to decisively intervene in partisan politics. Despite the increasing organizational strength and rising political awareness among the farmers, their strategies conflicted with each other and failed to fully articulate their interests. In spite of their increasing desire for fair representation, the final result was disappointing as the new Borden Cabinet did not include any farmers. Despite their increasing political ambitions, the general election did not ease the growing despair of the western farmers who no longer saw any hope for fair representation through the existing political parties.

c. Labour: Another Confusion

Labour organizations were shifting further away from the "partyism" of their subordinate support for political parties. This time labour was drifting away from the Liberal Party. Toward the election of 1911, the unions became distanced even further from both political parties

and publicly criticized the Liberal government. Although the National Trades and Labor Congress (NTLC) was reorganized into the Canadian Federation of Labour (CFL), labour faced chronic obstacles in creating their own class-based party.

Labour was dissatisfied with the Liberal administration. Increasing military expenditures for imperial defence irritated the anti-war milieu among the trade unions. In addition, closer military ties with the Empire dissatisfied labour in Quebec which had already opposed Canada's involvement in the Boer War.⁵³ Another target of labour's resentment was the inadequate policy response to the demand for social legislation.

The labour organizations did not really accept Reciprocity. Although the workers' associations had demanded lower tariffs as consumers in the previous Tariff Commissions, they were afraid of the continental trade competition which would be the result of Reciprocity. They feared overwhelming pressure from the American economy, which they perceived to be stronger and more competitive than the Canada's. The Trades and Labor Congress (TLC), for example, considered the stronger American economy as a threat to Canadians, and expressed its fear that the Canadian economy might be incorporated into this gigantic neighbouring economy.⁵⁴

The trade unions' rejection of Reciprocity created another ironic twist in their relationships with employers, against whom they had already become active opponents on many fronts. During the last Tariff Commissions the labour associations had contradicted the businessmen. In particular, the TLC stance demanding lower tariffs was explicitly contradictory to the manufacturers who supported tariff protection. The TLC's argument was also supported by consumer interests which were better situated under a policy of lower tariffs. However, with respect to Reciprocity, the TLC disapproved of the Liberal government's initiative, fearing that it could lead to continental economic integration. This TLC position, ironically, appeared to be on the side of their class opponents, the protectionist manufacturers.

Again, the unions were not really united on the question of Reciprocity. The TLC rejected the treaty. However, the Trades and Labour Councils in Winnipeg and Montreal presented their support for free trade with the United States. These unions opposed tariffs in favour of big business.²² Labour failed to establish a nationally united stand on the tariff issue, and consequently weakened their position vis-a-vis other actors, particularly the well organized manufacturers.

Moreover, the trade unions' position created another

obstacle in their efforts to link themselves with the farmers, in particular the western farmers. During the previous period labour had disagreed with the farmers over the issue of immigrant labour. This division weakened both the farmers and workers in their position against the well-organized manufacturers. With respect to Reciprocity, a split again emerged between the farmers and labour. Western farmers opposed protection and supported Reciprocity in principle, though with some reservations. In contrast, the TLC rejected Reciprocity. Once again, labour could not merge itself into a coalition with the farmers. Their differences only served to undermine each other.

The trade unions again held a minor position in the tariff politics surrounding Reciprocity in 1911. Labour was frustrated with the Liberal's insufficient social legislation, imperial relations, and Reciprocity which threatened the possible absorption of Canada into the United States. This rejection paradoxically landed labour on the same side as the manufacturers, and in opposition to the western farmers. Without any strong, well-organized institutions labour again found their voice stifled in relation to the manufacturers' and the farmers'.

3. Political Parties: Polarities over Reciprocity

a. Toward the Reciprocity Treaty of 1911

Both the Liberals and the Conservatives had established their national organizations before 1910. However, because of regional and ethnic tensions within the country, the parties focused their energies on the accommodation and representation of these diversified interests. Once tariff politics were submerged, the parties were hardly distinguishable.

The beginning of negotiations between the Liberal government of Canada and America's Taft administration, and the announcement of the agreement on January 23, 1911, led to an overture of partisan battles over Reciprocity. There was not an immediate reaction, but partisan polarization was gradually formed in anticipation of the general election on September 21. This gradual confrontation between the Liberals and the Conservatives was also compounded by other contradictions growing over Reciprocity within Canadian society, which we saw in the previous section.

Early signs of the negotiations for a reciprocity agreement had emerged as early as March 1910. There was some willingness demonstrated by the Taft administration in the United States to arrange a special trade relationship with Canada. This was encouraged by the Democrats in Congress who were in favour of freer trade. On March 14,

Minister of Finance W.S. Fielding, in answering Opposition leader Robert Borden's question regarding the prospects for obtaining trade reciprocity with the U.S., explained that the stage of the negotiations was then too primitive to be publicly disclosed.⁵⁶ The preparations for the negotiations were not revealed or discussed in Parliament.

Despite this lack of political polarity, there emerged the perception of growing difficulties regarding the tariff issue. For example, Laurier described these constraints to George E. Drummond, a manufacturer:

There is no doubt that I [Laurier] will have some difficult problems placed before me when I am in the West, which will come in the shape of requests for special tariff arrangements supposed to be suited for the western provinces....I think with you that the only safe ground is to have a policy designed for the whole country and not in view of any section in particular.⁵⁷

Laurier was aware of the contradictions which were linked to regional differences. Yet, he was not really prepared to provide any concrete resolution which would avoid an eruption caused by regionalism. At most, in principle, he suggested a strategy that rhetorically emphasized national interests while deemphasizing diverse regional demands. The Liberal administration was facing the pressure to reconcile the contradictory interests around tariff levels.

b. Polarization Escalated over Reciprocity

On January 26, 1911 in the House of Commons, Minister of Finance Fielding announced the Reciprocity Agreement which would create bilateral free trade between Canada and the United States. The agreement included only natural commodities in the tariff free list, and the application was limited to between the two countries. Although the farmers had demanded that farming machinery be subject to free trade, Canada and America could not eliminate tariffs on the items. Nonetheless, the United States government had offered a tariff level lower than Canada's. Subsequently, Canadian tariffs were lowered to the equivalent level. The level of freer trade in manufactured goods was reciprocal and equivalent between the two countries. In comparison to the proposal of unrestricted reciprocity, this agreement was fairly confined with respect to the range of commodities it included.

Fielding, who had been one of the negotiators,⁵⁸ announced Reciprocity as a successful trade arrangement. He emphasized the establishment of mutual benefits for Canada and the United States under this treaty.⁵⁹ He carefully legitimized the treaty:

...the desire for reciprocity was not a party matter, that it was universal, and we felt, as we had a right to feel, that we were bound to take advantage of any opportunity that offered to bring about

that more desirable arrangement of trade between the United States and Canada for which this country had been seeking for the last half century.⁶⁰

Fielding explained that this agreement was the trade arrangement which Canada had been pursuing for years. He justified Reciprocity by stating that it had never been a partisan matter. Instead, he implied that this agreement was what all of the parties desired. In this fashion, the Liberal minister sought to justify the agreement by deemphasizing potential partisan rifts, and proclaimed that Reciprocity an achievement sought in the national interest.

However, the Conservative Party criticized the Reciprocity treaty from the beginning. For instance, G. E. Foster argued that Reciprocity would simply strengthen the north-south economic axis with the powerful United States at the expense of Canada's east-west axis, which was essential for national unity. Accordingly, he considered Reciprocity to be the very arrangement that would cause Canada's continental incorporation with the United States. Foster's logic was the same as that which the Conservatives had once made use of in order to justify the National Policy of 1879. More than thirty years later, the Conservative Party again advocated the National Policy scheme in order to attack Reciprocity and the Liberal government.⁶¹ In contrast to the Liberal strategy of glossing partisan disagreements, the

Opposition sharpened partisan differences regarding Reciprocity.

This growing partisanship was enhanced by changing coalitions involving the parties and other organizations. During the period when tariffs were glossed over in politics, the Liberal Party and the manufacturers maintained cordial relations over tariff issues. However, long before the announcement of Reciprocity, the manufacturers were fiercely critical of any possibility of free trade arrangements with the United States. Before Fielding's announcement the Conservative Party made efforts to be cordial with the manufacturers again, in particular over the issue of Reciprocity. For example, Robert Borden, the Opposition leader, consulted with A.E. Kemp, a senior member of the CMA, regarding Fielding's expected announcement.⁶² The Conservative Party and the manufacturers were warming up their relationship through the exchange of views on Reciprocity which contrasted with the Liberals'.

At the same time, the Liberal Party's justification for Reciprocity situated themselves in a contradictory position to the protectionist manufacturers. Laurier wrote to C.C. Ballantyne, a senior executive of the CMA:

Though I [Laurier] have no positive evidence, there are many signs amounting almost to absolute proof that the present agitation against our reciprocity agreement is being financed

by the Manufacturers' Association. Our present [Reciprocity] agreement does not affect manufacturers and there is no departure from our policy of tariff stability.⁶³

In this private letter, Laurier expressed his annoyance at the manufacturers' campaign propagated against his government. He asserted that his party had not changed its policy and the manufacturers were provoking the government without any substantial rationale. In contrast to the Conservatives, who were moving closer to the manufacturers, the Liberal Party began to strain its relationship with the manufacturers and even situated itself in a confrontation with them.

On February 20, 1911, more fuel was added to the partisan fire when eighteen prominent Liberals in the Toronto area publicly announced their opposition to Reciprocity, contradicting the policy of their own party.⁶⁴ These members were from various industrial, financial, and transportation businesses. They included senior members of the CMA as well as the Toronto Board of Trade; for example, W.K. George was a former president of the CMA and R.S. Gurlay was a senior member in the CMA.

These business elites rejected their party's Reciprocity option and established the Canadian National League in order to campaign against Reciprocity and to promote Canada's relations with the Empire.⁶⁵ Again, this

argument was the reemergence of the National Policy scheme, consisting of concepts such as national unity, economic development, and nationality within the Empire which would secure fiscal autonomy. The combination of imperialism and nationalism was used to confront the continentalism of the liberal trade regime.

The Canadian National League, established by the eighteen rebel Liberals, announced itself as a non-partisan association, but in reality its non-partisan activities were not as clearly established as they had been declared. They publicly opposed Reciprocity and the Laurier government. These business elites aimed harsh criticism at the Liberal party, in expressing their doubts as to whether the Liberal government had a clear mandate to negotiate this major trade arrangement with the United States. These doubts were based on the fact that the Liberal Party had not publicly campaigned on tariff issues during the last three elections. The rebels accused the government of negotiating the agreement without any mandate. They asserted that free trade would pose a threat to national unity and to national autonomy in continental relations with the United States. Aside from that, the businessmen were afraid that Reciprocity would expand to cover other articles such as manufactured goods.⁵⁶ The rebelling Liberals copied the National Policy scheme, playing issues such as national

unity, autonomy, and the British connection. Although the CMA did not publicly indicate their support for the Conservative Party, the association appeared more likely to advocate the Conservatives than the Liberals.

Another blow to the Liberal Party was that Clifford Sifton, a Liberal Member of Parliament from Brandon, Manitoba, publicly rejected the Reciprocity agreement in the House of Commons on February 28, 1911. Sifton pointed to the fact that the Liberal Party had not mentioned anything about free trade in the last three elections, thereby discrediting his party's Reciprocity agreement platform. Sifton's rejection of Reciprocity, from inside the party, was based on arguments very similar to those of the manufacturers. One of the expected outcomes of Reciprocity was the reduction of foreign direct investment from the United States. Sifton argued that the existence and expected duration of tariff barriers would secure the influx of foreign capital investment which would create an industrial base for Canadian manufacturing.⁶⁷ Sifton also stated that free trade, and the enhanced continentalism which would ensue, would exacerbate regional divisions and threaten the national integrity of Canadian regions as a result of a strengthened pull to their geographical counterparts across the border.⁶⁸ He also feared that, after economic integration, Canada might be politically

annexed to the United States.⁶⁹

Sifton, a westerner, further argued that Reciprocity would compound the unfairness for farmers:

The farmers of Canada are on a free trade basis for what they sell and on a protective basis for what they buy-- protection for the purchaser, free trade for the seller.⁷⁰

According to Sifton, the Reciprocity agreement would make conditions more severe for farmers. As producers, they would have to compete with American products while at the same time, as consumers, they would have to pay higher costs to purchase protected industrial products. Sifton concluded that these conditions would simply increase the financial burden on farmers.

Sifton also advocated that there be more representation from the Prairies. Sifton admitted that he, as a young Liberal, had supported the unrestricted reciprocity proposal made by the Liberal Party more than twenty-five years ago. He now implied that, in principle, he could have agreed to Reciprocity if it really was to establish full free trade.⁷¹ However, he rejected the agreement because of its unfairness to farmers. Consequently, he opposed his party's stand in the fulfilment of his priority to represent western regional interests.

Partisan politics over Reciprocity entered another phase of direct confrontation in March 1911. Through the

redefinition of Reciprocity, partisan politics escalated. On March 7, Prime Minister Laurier set out to sharpen his debates on Reciprocity. The Liberal leader tried to undermine the opponents' partisan approach. First, using a historical context, Laurier explained that both the Liberals and the Conservatives had been searching for an opportunity to reestablish reciprocity with the United States.⁷² Second, Laurier praised the agreement as a desirable policy which would expand markets for Canadian producers.⁷³ Laurier attacked the opposition's challenge to Reciprocity, stating that it had not been founded on realities, and he reiterated that the treaty would not cause any threat to national unity, the conservation of natural resources, production levels within industries, or the autonomy of Canada.⁷⁴

In addition, Laurier asserted that Reciprocity should not be an issue that divided people. He stated in the House of Commons:

I [Laurier] do not admit that there should be any antagonism between class and class. I do not admit that there should be any antagonism between the manufacturer and the farmer. The manufacturer is the best friend of the farmer, and the farmer is the best friend of the manufacturer. Let them walk hand in hand, let each profit by the trade of the other; but so far as we are concerned, for 14 years we have administered the government of this country on these lines, trying to do

away with collisions between class and class, trying to keep all abreast of one another keeping always in the mind the motto: Freedom for all and privileges for none.

Laurier denied the existence of any class contradictions related to the Reciprocity agreement. Confronting the compounded divisions between the political parties and between the manufacturers and farmers, Laurier insisted upon focusing on the common interests among these groups, and justified the Liberal policy as the most satisfactory for every sector.

By March, the evaluation of Reciprocity was ever more deeply divided between the political parties. The Liberal administration described Reciprocity as the historically desired, and finally achieved, Canada-United States trade agreement. The Liberals denied the existence of divisions between the classes, such as between the manufacturers and the farmers. The Liberals repeatedly addressed the economic opportunities created by the treaty. The Liberals challenged the opposition's arguments as irrelevant concerns without substantiation. On the contrary, the Conservative Party opposed Reciprocity because of its threat to national unity and nation building, to inter-provincial trade, to Canada as a small-sized economy, and ultimately to national autonomy. The Conservatives pointed to their deep concern about Canada's political autonomy under Reciprocity, which

they contended was a form of economic incorporation.

In July 1911 partisan confrontation escalated. This time, the Liberals sharpened their partisan edge. On July 24, Minister of Finance Fielding insisted on the merits of the agreement for the manufacturers:⁷⁶

We say we have not hurt the manufacturers. We know, nevertheless, that many of the manufacturers have been needlessly alarmed, and we know that to-day they are opposing us in this matter. However I [Fielding] am free to say that I think they [manufacturers] have made a mistake because it will be in their interests as well as in the interests of the country to have the agreement through.

Animosities were intensified between the Liberal government and the manufacturers. Finally, Fielding publicly pointed a finger at the manufacturers who were in a accusatory position towards the government.

In a private letter, Laurier described the deteriorating situation in Parliament:

We want to pass the reciprocity agreement in this Parliament without going to the country, but we may be forced to do so in order to check an unscrupulous opposition. The rules of the House are for the protection of the majority as well as the minority, but the rules may be abused, and if they are a session may be protracted for weeks, months and years, because the only restraints upon the opposition is that they should be reasonable. If they are not reasonable, business would be paralysed, and therefore yesterday I offered to the opposition to pass

reciprocity, and if not we would call upon the people to judge between our opponents and ourselves....We must get the reciprocity agreement passed and the American markets opened to us for this fall crop."

The option of a general election was chosen in order to escape the stagnating Parliamentary situation. On July 29, Parliament was dissolved and the election was called for September 21.

In the upcoming partisan fight the Conservative Party was better situated. The manufacturers were shifting their support to the Conservative Party and away from the cordial relations they had shared with the Liberal Party since 1896. This shift was assisted by the Liberal ministers' increasingly confrontational attitudes toward the manufacturers. The Conservative Party was also strongly supported by the National League of Canada and the Dominion Board of Trade, both of whom were against the treaty. Also, the Opposition was assisted by the campaigns conducted by well-organized provincial wings of the Conservative Party. For example, in Ontario and Manitoba, the well-mobilized provincial organizations provided advantageous conditions for the federal party to run their campaign in the general election."

The general election provided a prime opportunity for the Conservatives to reiterate the successes of their

National Policy. The election results reduced the number of Liberal seats from 135 to 87 and increased the Conservative's seats from 85 to 134. The Conservative majority ensured that Reciprocity would be vanquished from the political agenda.

Yet, a closer look at the election results reveals contradictory voting patterns in judgment of the treaty (Table 4-9). The Conservative majority of 134 seats was obtained only by 50.9 per cent of the popular vote, which stands in comparison to the 47.7 per cent for the Liberal Party. As it has ironically happened in other Canadian general elections, the difference in the numbers of seats between the parties was exaggerated more than the difference between the proportion of the votes for these parties.³⁰

Even in the provinces, where the Liberal Party finished with devastating results, the proportion of the popular vote was much higher than is indicated by the number of seats won. For example, in Ontario 13.1 per cent of the partisan difference in the votes resulted in 73 seats for the Conservative Party and only 13 seats for the Liberal Party. The loss of 24 seats in Ontario was devastating for the Liberal Party. This was where the party had been divided within itself and where the protectionist manufacturers had campaigned with great conviction against Reciprocity. The loss of 16 seats in Quebec worsened the situation for the

Liberals. These seats had been lost because the party had inflamed francophone nationalism due to its imperial defence policy.

TABLE 4-9 GENERAL ELECTION RESULTS IN 1911

	ELECTED CONSERVATIVE		LIBERAL		VOTES	
	seats	%	seats	%	C. %	L. %
Nova Scotia	9	50.0	9	50.0	48.8	50.8
New Brunswick	5	38.5	8	61.5	49.2	50.8
Prince Edward Island	2	50.0	2	50.0	51.1	48.9
Quebec	27	41.5	38	58.5	48.1	50.2
Ontario	73	84.9	13	15.1	56.2	43.1
Manitoba	8	80.0	2	20.0	51.9	44.8
Saskatchewan	1	90.0	9	90.0	39.0	59.4
Alberta	1	14.3	6	85.7	42.5	53.3
British Columbia	7	100.0	-	-	58.8	37.5
Yukon	1	100.0	-	-	60.8	39.2
TOTAL	134	60.6	87	39.4	50.9	47.7

Source: J. Murray Beck, Pendulum of Power (Scarborough: Prentice-Hall, 1968), p. 135.

The voting patterns in the Prairie provinces differed from those in central Canada and were more complex than the nationally aggregated results. The election was held without adjusting the number of Prairie constituencies to be consistent with the latest census results, an expected increase of twenty-seven seats. Among these provinces, Manitoba elected 8 Conservatives and only 2 Liberals. On the contrary, the other two Prairie provinces elected more Liberals than Conservatives. Nevertheless, the popular vote

indicated that the differences in support for the political parties was smaller, though substantial enough to result in different numbers of seats for the two parties.

Even in voting, the farmers' preference for freer trade was not directly translated into Liberal support. With regard to the seats in Manitoba and Saskatchewan, the results in 1911 were almost the same as those in the previous election, although the Liberals increased their numbers in Alberta. In Manitoba, there were not many changes, even in the partisan proportion of popular votes; the Liberals received 45.4 per cent in 1908 and 44.8 per cent in 1911 while the Conservatives achieved 51.5 per cent in 1908 and 51.9 per cent in 1911. In comparison, there was a more distinct shift in votes to the Liberal Party in Saskatchewan and Alberta; however, the number of seats won by each party was the same as in the previous election. These election results left unanswered the fundamental question as to whether the general election of 1911 could finally conclude the debate on the free trade issue.

c. After the General Election of 1911

The general election did not provide resolutions for all of the demands made by those supporting or opposing Reciprocity. The election itself was based not only on Reciprocity, but also on other issues such as imperial

relations and regional representation. The election campaign presented different situations to the manufacturers, who organized massive propaganda initiatives, and to the farmers, who tried to articulate their interests within the political arena. Although the election resulted in the death of the Reciprocity treaty, it did not resolve the various demands and causes that led to its creation. In addition, the election results did not provide any clues as to how to reduce the trade deficit with the United States.

Although the election results seemed to assure the scrapping of the Reciprocity treaty, there still existed some support for it. For example, three months after the election, W.S. Fielding, the former Liberal Minister of Finance, wrote to Laurier regarding Reciprocity:

The particular [Reciprocity] agreement of January last is of course dead. But the principles underlying it--moderate tariff as against 'adequate' higher protection, and larger markets--should at all times be kept before the people."

Fielding reiterated that Reciprocity was a viable trade option for Canada, before and even after the election, because of its ability to lower tariffs and to create economic opportunities. Fielding restated his belief in liberal trade regimes.

Also, Fielding cautioned Laurier with regard to the Conservative Party's trade strategy after the election.

Fielding observed that the new government was becoming evasive in regard to tariffs and suggested that the Liberal Party should not take any risks in advocating tariff options before the government revealed its tariff policy.⁸² In other words, the opposition party should not openly lay down any of its policy directions over tariffs while the government was ambiguous regarding its own position. Therefore, the Liberal Party should not instigate polarized tariff politics.

Aside from that, Fielding criticized the Conservative government's proposal for a tariff commission:

There can be no doubt that the object of the [tariff] commission is to find excuses for high tariffs and to create a body between the Government and Parliament. The tariff is a tax and the Government must without any evasion accept the responsibility of guiding and directing the taxation policy of the country.⁸³

Fielding pointed out that the commission was a mere show window of various demands for tariffs which would enable the government to justify its policy. More importantly, Fielding pointed out that the proposed tariff commission would enable the government to cover up its responsibility and accountability for the matter to Parliament. From the Opposition viewpoint, Fielding was expressing concerns about possible governmental manipulation in the creation of the commission.

The election results failed to clearly define a direction for tariff policy, although they led to the rejection of Reciprocity itself. Liberals like Fielding still saw the necessity to change the National Policy's protectionist orientation. After the election, both parties quickly shifted gears back to submerged tariff politics. Although the Liberals were aware of possible political manoeuvring in this evasiveness, they would not dare be the first to bring up the controversial issue. Therefore, the retreats of these parties from the tariff field truncated tariff politics.

Conclusion

The governments of Canada and the United States reached the Reciprocity Agreement in January 1911. A deep contrast emerged between pressure groups. The manufacturers had developed political strategies to support tariff protection. The manufacturers waxed nationalistic against continental economic influences. The farmers' associations began to articulate more explicitly their position in favour of free trade. The western farmers were more continentally-oriented in their positioning against the protectionist manufacturers. However, the farmers failed to decisively respond to Reciprocity, considering it as a positive step away from protection but as insufficient to institute free

trade.

Despite the differences based on class, both the manufacturers and workers opposed Reciprocity. Again, the manufacturers repeated their assertion that they shared the industrial workers' interests. According to their logic, the interests of both employers and employees were dependent on economic growth. The workers' class position was torn by their fear of the expanding nature of the United States economy under Reciprocity. Nationalism played a role among both the manufacturers and workers in their opposition of continentalism. Yet, labour muffled the articulation of their own interests. Again, the farmers and industrial workers appeared at odds with each other. They contradicted each other on the specific question of whether Reciprocity presented a positive opportunity or not.

These changes in the alliance over Reciprocity before the general election inevitably enhanced the industrialists' strategies in dealing with the political parties. Prior to the agreement in 1911, the manufacturers gradually turned away from the Liberal Party because of the government's pursuit of freer trade. The industrialists were ready for a crucial cue to shift their support to another party, when the Conservative Party, then the Opposition, disagreed with the Liberals over Reciprocity. Also, the manufacturers organized public education campaigns against Reciprocity,

which were coordinated with the Conservatives through cross-memberships. Despite the industrialists' claims to be non-partisan, they were closely aligned to the Conservatives. The Conservatives were building cordial relations with the manufacturers; at the same time, the Liberals initiated a public confrontation with the manufacturers. Thus, the partisan confrontation between the Liberal government and the Conservative Party was being influenced by the manufacturers' focused strategies.

To sum up, the atmosphere of open tariff warfare over the Reciprocity agreement with the United States displayed discontinuities and continuities with the preceding relatively peaceful period. As a result of organized campaigns which divided the political parties, and various pressure groups in different stages of organization, into a head-on confrontation, tariffs took the central stage in partisan politics and inflamed public debate. With the well-coordinated manufacturers' campaign and the confusion of the farmers, the election resulted in the Conservative's victory and the abandonment of the treaty. Nonetheless, this result still left unresolved issues such as the structure of trade with the United States, the unfulfilled demands of the western regions, and the lack of any state institution for dealing with various demands on the tariff. In short, fierce tariff politics resulted from the intense

reaction of the manufacturer to their loss of protection. The reaction was subsequently integrated into the partisan contradiction between the Conservatives and the Liberals. The state was not yet equipped with institutions able to take the tariff out of politics and remained at a stage which was vulnerable to outbreaks of politics over tariffs.

NOTES FOR CHAPTER FOUR

1. Informal negotiation was already started in 1909, and W.S. Fielding, Minister of Finance, was the negotiator in Canada. Bruce Fergusson, Rt. Hon. W.S. Fielding, vol. 2: Mr. Minister of Finance (Windsor: Lancelot Press, 1971), p. 69. As in the Payne-Aldrich Tariff in 1909, the United States government was softening its protectionism. The comparison between the Dingley Tariff and Payne-Aldrich Tariff is as follows:

	Dingley Tariff 1897	Payne-Aldrich Tariff 1909
level of duty on all imports	[%] 26.2	[%] 20.0
level of duty on dutiables	47.6	41.0
proportion of all imports on free list	45.1	51.3

David A. Lake, Power, Protection, and Free Trade: International Sources of U.S. Commercial Strategy, 1887-1839 (Ithaca: Cornell University Press, 1988). p. 126.

2. See C.P. Stacey, Canada and the Age of Conflict: A History of Canadian External Policies, vol. 1, 1867-1921 (Toronto: University of Toronto Press, 1989), pp. 79-82. In the following years, this question of imperial defence cooperation was closely linked to relationships between Great Britain and the members of Empire; *ibid.*, pp. 123, 125-137.

3. See, for example, Henri Bourassa, "The French-Canadian in the British Empire," The Monthly Review, vol. 9, October 1902, pp. 53-68, reprinted in Imperialism and Nationalism, 1884-1914: A Conflict in Canadian Thought, ed. Carl Berger (Toronto: Copp Clark, 1969), pp. 66-73; Olivar Asselin, A Quebec View of Canadian Nationalism: An Essay by a Dyed-in-the Wool French-Canadian, on the best means of Ensuring the Greatness of the Canadian Fatherland (Montreal, 1909), pp. 11-20, reprinted in *ibid.*, pp. 35-88; Stacey, Canada and the Age of Conflict, pp. 60-70.

4. The growth of the Western population and land occupied and improved was significant between 1901-1911, and particularly between 1906-1911. See the following tables:

POPULATION OF THE PRAIRIE PROVINCES (1901=100)

year	Manitoba	Saskatchewan	Alberta	TOTAL
1901	255,211(100)	91,279(100)	73,022(100)	419,512(100)
06	365,688(143)	257,763(282)	185,195(254)	808,646(193)
11	461,394(181)	492,432(539)	374,295(513)	1,328,121(317)
16	553,860(217)	647,835(710)	496,442(680)	1,698,137(405)

Source: W.A. Mackintosh, A.B. Clark, G.A. Elliott, and W.W. Swanson, Economic Problems of the Prairie Provinces (Toronto: Macmillan, 1935), p. 281.

OCCUPIED AND IMPROVED LAND IN THE PRAIRIE PROVINCES*
(1901=100) (1000 acres)

year	occupied land	improved land
1891	8,138 (52)	1,429 (26)
1901	15,512 (100)	5,593 (100)
11	57,512 (371)	22,970 (411)
21	87,932 (567)	44,863 (802)

* Manitoba, Saskatchewan and Alberta

Source: R.W. Murchie, Agricultural Progress on the Prairie Frontier (Toronto: Macmillan, 1936), p. 8.

5. W.L. Morton, The Progressive Party in Canada (Toronto: University of Toronto Press, 1950), p. 19.

6. See, for example, letter from A. Mitchell Innis, British Embassy, Washington D.C., to Lord Grey, February 18, 1900, Public Archives of Canada (PAC), Privy Council Office dispatches, .3 2, A2a, vol. 5638, 572; Letter from James Bryce, British Embassy, Washington, D.C., to Lord Grey, March 1, 1910, *ibid.*, 583; Letter from James Bryce, British Embassy, Washington, D.C., to Lord Grey, April 7, 1910, *ibid.*, 605. These letters notified Canada that the United States government was willing to negotiate special tariffs with it.

In addition, there were letters between P.C. Knox, Secretary of State of the United States and W.S. Fielding,

Minister of Finance of Canada; Letters from W.S. Fielding to P.C. Knox, September 30, 1910, Knox to Fielding, October 10, 1910, Fielding to Knox, October 12, 1910, Knox to Fielding, October 20, 1910, Fielding to Knox, October 24, 1910, PAC, RG2, Order in Council 2176, November 3, 1910.

Handlings of international negotiations such as these were not unusual in those days. Since the early period after Confederation, Canada's external relations were dealt with by the Governor General; John Hilliker, Canada's Department of External Affairs, vol. 1: The Early Years, 1909-1946 (Montreal: McGill-Queen's University Press, 1990), pp. 7-9. In 1909, the Department of External Affairs was created after complaints from James Bryce, British Ambassador to Washington, D.C., that Canada should have its own institution to deal with its relations with the United States rather than dominating a good proportion of his work as a British diplomat in Washington; Ibid., pp. 52-56.

Although the Department of External Affairs had already been in existence prior to Reciprocity, the Department was not involved in the negotiations for the agreement at all; Ibid., p. 56.

7. In 1907, the CMA established their permanent representative office in Ottawa in order to enhance their lobbying of the federal government.

8. Industrial Canada (IC), 6:6, 1906, pp. 367-68.

9. Ibid., 11:5, 1910, p. 539.

10. Christopher G. Curtis emphasized the CMA's modest beginning in campaigning; Christopher G. Curtis, "The Parting of the Ways: The Manufacturers, the Liberals, and the 1911 Election," M.A. Thesis, Carleton University, 1977. Yet, this dissertation argues for the CMA's well prepared campaign in the continuous form of organizational and strategic development.

11. Tariff Committee, Canadian Manufacturers' Association, (TCCMA), June 15, 1910, Tariff Committee, Canadian Manufacturers' Association (TCCMA), PAC, MG 28, I 23, vol. 83, p. 57.

12. IC, 11:1, 1910, p. 21.

13. Ibid., 11:3, 1910, p. 273.

14. TCCMA, November 17, 1910, PAC, MG 28, I 23, vol. 83, p. 77.

15. Ibid.

16. Ibid., pp. 77-78.

17. "The Tariff and National Prosperity Memorial was presented to the Dominion Government by the Canadian Manufacturers' Association on 13th January, 1911"; Borden Papers, PAC, MG 26 H, reel C-4319, 40867.

18. Ibid., p. 3.

19. IC, 11:7, 1911, p. 726.

20. The manufacturers' campaign against the farmers also pointed out that there were some farmers who were demanding protectionist measures:

The Central Farmers' Institute, representing farmers from all parts of British Columbia at its annual convention in Victoria, on January 10th, unanimously adopted a resolution in which alarm was expressed at the movement of the grain growers of the prairies for reciprocity in natural products with the United States, and asking, on the contrary, that duties on fruit entering Canada be raised so as to make them equal to the duties now levied on fruits entering the United States.

Ibid., p. 730.

21. The manufacturers' challenge against the farmers, who were demanding lower or zero tariffs, became fierce. For example, once they attacked the farmers who were in favour of Reciprocity by suggesting that they had an emotional tie to the United States:

As organized effort appears to be in progress to convince Sir Wilfrid Laurier that free trade is urgently sought by the farmers of Western Canada. It has not been stated to what extent the delegations which have waited on him at various points of represent general opinion, but it is noticeable that the spokesmen are not infrequently emigrants from the United States, whose viewpoint

is still sympathetic towards the country
of their birth.

Ibid., 11:2, 1910, p. 123.

22. Ibid., 11:6, 1911, p. 637.

23. Ibid., p. 640.

24. Ibid., 11:7, 1911, p. 728.

25. S.D. Clark, The Canadian Manufacturers' Association: A Study in Collective Bargaining and Political Pressure (Toronto: University of Toronto Press, 1939), p. 23.

26. See, for example, W.M. Baker, "A Study of Anti-Americanism in English-Speaking Canada: The Election Campaign of 1911", Canadian Historical Review, LI:4, 1970.

27. IC, 12:3, 1911, p. 249.

28. Ibid., 12:4, 1911, p. 372.

29. Ibid., p. 372.

30. See, for example, F. Bancroft, The Grain Growers' Record, 1906 to 1943 (Winnipeg: United Grain Growers, 1944).

31. A resolution sent by the Secretary-Treasurer of the United Farmers of Alberta to Sir Wilfrid Laurier, July 22, 1910, Laurier Papers, PAC, MG 26 G, reel C-892, 173177.

32. R. MacKenzie, "How the Manufacturers Rob the People of Canada by Means of the Protective Tariff", a pamphlet handed by the Canadian Council of Agriculture to Sir Wilfrid Laurier and the Dominion Government on December 16, 1910, p. 5, PAC, Borden Papers, MG 26 H, reel C-4456, 180272-79. MacKenzie was the Secretary of the Manitoba Grain Growers' Association.

33. GGG, January 16, 1911, p. 5.

34. A resolution sent by Edward J. Fream, Secretary-Treasurer, United Farmers of Alberta, to Sir Wilfrid Laurier, July 22, 1910, Laurier Papers, PAC, MG 26 G, reel C-892, 173177. A similar comment was made by the President of the Saskatchewan Grain Growers' Association:

...the Ottawa [federal] Government be

requested to accept the unconditional offer of the United States Government for reciprocal free trade in farm implements.

A letter from the President, Saskatchewan Grain Growers' Association, to Sir Wilfrid Laurier, August 1, 1910, *ibid.*, 172836.

35. GGG, February 1, 1911, p. 5. Similarly, the United Farmers of Alberta wrote to Robert Borden that Reciprocity was "a great step in the right direction"; Borden Papers, PAC, MG 26 H, reel C-4465, 181745.

36. The same editorial, however, also mentioned the potential drawback of Reciprocity to some farmers who were demanding protection, such as fruit growers in British Columbia; GGG, February 1, 1911, p. 5.

37. Editorial, *ibid.*, April 26, 1911, p. 5.

38. With respect to the effects of some lowered tariffs, the editorial of the Grain Growers' Guide stated:

The reduction in the tariff on agricultural implements, coal and cement, has been so small as to amount to practically nothing and no doubt it will be largely offset by an increased valuation for customs purposes, which the manufacturers will insist upon.

Ibid.

39. Editorial, *ibid.*, May 17, 1911, p. 6.

40. Editorial, *ibid.*, April 5, 1911, p. 5.

41. These divided interests were addressed in Grain Growers' Guide as such:

The capitalistic class in Canada is taking advantage of the protective tariff to form mergers, not to reduce the cost of production for the benefit of the consumer, not in order to pay higher wages to their workmen, but chiefly for the purpose of enhancing prices and of watering stock at the

expense of the consumer. These people, and they are but a small handful in the Eastern cities, are spending vast sums of money and a great deal of energy in denouncing the reciprocity agreement with the United States.

Ibid., April 26, 1911, p. 5.

42. Editorial, *ibid.*, April 19, 1911, p. 5.

43. Editorial, *ibid.*, May 10, 1911, p. 5.

44. The farmers' frustrations with the political parties were expressed in the editorial of Grain Growers' Guide:

In regard to the tariff both [political] parties are officially supporting protection, though individual members have demanded that certain specific reductions should be made: on reciprocity the government and opposition are bitterly opposed to each other.

Ibid.

45. Editorial, *ibid.*, June 7, 1911, p. 5.

46. Editorial, *ibid.*, June 14, 1911, p. 5.

47. Editorial, *ibid.*, June 21, 1911, p. 5.

48. Even after Borden's tour to the West, the Conservative Party did not receive a warm endorsement from the farmers in its quest to be the next government party. The editorial of the Grain Growers' Guide criticized Borden's tour of the western provinces:

He has not given the slightest indication that he is prepared to secure any relief from the oppression from which the people of Canada are today suffering on account of the protective tariff which both parties have supported since Confederation.

Editorial, *ibid.*, July 5, 1911, p. 5.

49. Editorial, *ibid.*, August 2, 1911, p. 5.
50. Editorial, *ibid.*, September 6, 1911, p. 5.
51. Editorial, *ibid.*, September 27, 1911, p. 5.
52. *Ibid.*
53. Charles Lipton, The Trade Union Movement of Canada, 1827-1959 (Toronto: NC Press, 1973), pp. 156-157.
54. *Ibid.*, p. 157.
55. *Ibid.*, pp. 158-59.
56. W.S. Fielding, Commons Debates, March 14, 1910, p. 5278.
57. Letter from Sir Wilfrid Laurier to George E. Drummond, July 1, 1910, Laurier Papers, PAC, MG 26 G, reel C-891, 171733.
58. Within the Liberal cabinet, Prime Minister Laurier and Fielding were the most involved in the decisions regarding the negotiations. Fergusson, R. Hon. W.S. Fielding, vol. 2: Mr. Minister of Finance (Windsor: Lancelot Press, 1971), p. 74.
59. Fielding, Commons Debates, January 26, 1911, pp. 2440-41.
60. *Ibid.*, pp. 2446-47.
61. *Ibid.*, February 9, 1911, pp. 3338-39, p. 3341.
62. Letter from Robert Borden, to A.E. Kemp, Toronto, January 25, 1911, Borden Papers, PAC, MG 26 H, reel C-4205, 3639. Kemp replied to Borden in a letter on January 27, 1911, and there was a further letter from Borden to Kemp on January 30, 1911, *ibid.*, 3640.
63. Letter from Sir Wilfrid Laurier to C.C. Ballantyne, February 21, 1911, Laurier Papers, PAC, MG 26 G, reel C-900, 181954.
64. The eighteen Liberals were: Sir Edmond Walker, John L. Blakie, W.D. Mathews, W.K. George, Zebulon A. Lash, W.T. White, G.T. Somer, R.S. Gurlay, Sir William M. Clark, R.J. Christie, Hugh Blain, Henry S. Strathy, L. Goldman, G.A. Somerville, W. Francis, J.D. Allen, E.R. Wood, and J.C.

Eaton; Robert D. Cuff, "The Toronto Eighteen and the Election of 1911," Ontario History, LVII:4, 1965, pp. 169-172.

65. The objectives of the League were:

To oppose the adoption of the projected Reciprocity Agreement between Canada and the United States of America and to support such measures as will uphold Canadian Nationality and British Connection, will preserve our Fiscal Independence and will continue to develop our present National Policy of interprovincial and external trade under the Dominion have achieved its present prosperity.

The Canadian National League, Reciprocity with the United States, Canadian Nationality, British Connection, and Fiscal Independence, 1911, Borden Papers, PAC, MG 26 H, reel C-4197, 147.

66. Cuff, "The Toronto Eighteen".

67. Clifford Sifton, Commons Debates, February 28, 1911, pp. 4395-96.

68. Ibid., p. 4405.

69. Ibid., p. 4408.

70. Ibid., p. 4404.

71. Ibid.

72. Laurier. ibid., March 7, 1911, pp. 4743-46.

73. Ibid., p. 4751.

74. ibid., pp. 4753-75.

75. Ibid., p. 4765.

76. Fielding, ibid., July 24, 1911, p. 10019.

77. Ibid., pp. 10019-20.

78. Letter from Sir Wilfrid Laurier to Fred Mombery, Ontario, July 25, 1911, Laurier Papers, PAC, MG 26 G, reel C-905, 187780.

79. For instance, James Whitney, Premier of Ontario, wrote to Borden, congratulating him on his successful tour of western Canada. Whitney discussed two Conservative Party advantages in the Reciprocity debates. One was the confusion among the farmers in Manitoba and Alberta who were ardent supporters of free trade. The other was the well-organized provincial wings of the Conservative Party; Letter from James Whitney to Robert Borden, July 19, 1911, Borden Papers, PAC, MG 26 H, reel C-4199, 568.

80. For example, Alain Cairns discussed the discrepancy between the proportion of popular votes and seats in the election results in the period of 1921-1965; Alain Cairns, "The Election System and the Party System in Canada, 1921-1965," Canadian Journal of Political Science, 1:1, 1968.

81. Letter from W.S. Fielding to Sir Wilfrid Laurier, December 23, 1911, Laurier Papers, PAC, MG 26 G, reel C-907, 190156-57.

82. Fielding suggested to Laurier:

I [Fielding] do not think it would be wise for the party to lay down at present any particular tariff policy. The Government will evidently evade the question as much as possible and their proposed Tariff Commission the excuse for delay. Until they have more fully shown their hand I see no reason why we should define any particular policy.

Ibid., 190156.

83. Ibid., 190158.

CHAPTER FIVE

COUNTERFEIT PEACE: TARIFF POLITICS DURING THE FIRST WORLD WAR

Introduction

When the First World War started in 1914, there began another decisive epoch in the development of Canada's political economy. The Conservative government followed Britain into the war, and the Liberal Party, in Opposition, also endorsed Canada's involvement.¹ As a full member of the British Empire, the influences of the war could not help but be predominant in Canada. For the management of war economy, the state expanded its role and size. With specific reference to Ottawa's tariff bureaucracy--the Department of Finance, Trade and Commerce, and Customs-- the number of personnel employed more than tripled, growing from 237 in 1911 to 864 in 1918.² At the same time, Canada's exports to European markets increased, even with rising commodity prices, and resulted in an economic boom. Yet this economic upswing did not provide each sector with equal benefits.³

As well as the Income War Tax Act in 1917, tariff policy was a significant element of the state's economic policy for financing Canada's participation in the war. We

will observe that during the Great War Canadian tariff policy became embedded in the wider range of economic policies which went along with a larger role and size for the state. Significantly, it will become apparent that tariff policy was no longer an issue that created major partisan confrontations and conflict between pressure groups. How was the Canadian political economy linked to the international political economy in this period? How did the war situation as well as the expanding state structure affect the strategies and strength of pressure groups?

1. Canadian Political Economy within the International Political Economy

The eruption of the First World War caused dramatic changes within the international political economy. The military alliances formed among European countries altered the trade map of the region. The preoccupation towards military matters and spread of warfare resulted in an acute demand for strategic commodities and caused higher commodity prices. The effects of the war shook international trade markets.

From the beginning of the First World War, the Canadian political economy was involved through sending troops and exporting more commodities to Europe.⁴ Through trade links with European markets, Canada's trade balance transformed

from an export deficit to an export surplus. Nevertheless, the war's economic boom did not affect manufacturers, consumers, farmers, and industrial workers all in the same manner. This boom resulted in closer economic ties with the Empire and at the same time, continental economic ties with the United States constantly progressed.⁵

Canada was expanding its exports to Europe, but the trade deficit with the United States persistently grew. As a result of a faster and greater growth in exports than in imports, the Canadian trade balance found itself in an export surplus position beginning in 1915. In 1918, the last year of the war, exports reached \$1.5 million from \$0.4 million in 1914, the first year of the war. Imports were reduced from an import surplus in 1914 to 60 per cent of the exports level in 1918 (Table 5-1). Under the already established Imperial Preference, exports to Great Britain increased 290 per cent from 1914 to 1918; those to the United States augmented by 260 per cent over the same period (Table 5-2). The level of Canadian exports to Great Britain increased in 1914, even though Great Britain was already the major destination for Canada's exports at that time. In contrast, British imports declined from 21 per cent of total Canadian imports in 1914 to 8 per cent in 1918; yet, those from the United States grew from 64 per cent in 1914 to 82 per cent in 1918 (Table 5-3). Canada's trade deficit with

the United States increased in contrast to a growing trade surplus with Great Britain. The contrast in the trade balances with these countries increased during the war.⁶

This economic boom was not free from inflation and widening economic disparities. Export commodity prices generally rose; but again, the rises were uneven among the commodities (Table 5-4). During the same period, wheat prices underwent unprecedented increases in both international and domestic markets; they doubled from the first year to the last year of the war (Table 5-5).

There was substantial expansion of the federal state apparatus for the management of the war economy. The War Purchasing Commission was created in 1916 for regulating the supply of commodities necessary for the war. The National Service Board was in charge of the location of labour forces in the country. These new regulatory boards grew outside of existing bureaucratic structures but nevertheless enlarged state control over the economy.

The creation of the Board of Grain Supervisors enabled another state intervention in the market, and held wheat prices high. Unprecedentedly, grain farmers appeared to be the winners in the market. Nevertheless, this boom resulted in rising costs of living and placed a substantial burden on consumers (Table 5-6).

In summation, the Canadian political economy was

undergoing complex changes during the war. First, Canada's participation in the war was a clear manifestation of its location in the British Empire, but this expression of imperialism caused domestic reactions against Canada's military involvement. The Canadian economy was booming during the war. Nonetheless, there was a growing trade deficit with the United States and economic disparities between the manufacturing, agricultural, and labour sectors. The political economy in the war was characterized by deepening divisions in the social matrices and the expansion of the Canadian federal state.

TABLE 5-1 CANADA'S TRADE, 1912-1920 (\$1000)

year	exports	imports
1912	307,716	522,405
13	377,068	671,207
14	455,437	619,194
15	461,443	455,956
16	779,300	508,201
17	1,179,211	846,451
18	1,586,170	963,533
19	1,268,765	919,712
20	1,286,659	1,064,528

Source: Canada Year Book, 1939, (Ottawa: 1939)

TABLE 5-2 CANADA'S EXPORTS, 1912-1920 (\$1000)

year	Great Britain		United States	
	value	proportion of total	value	proportion of total
	\$	%	\$	%
1912	147,240	50.7	102,041	35.2
13	170,162	47.8	139,726	39.3
14	215,254	49.9	163,373	37.9
15	186,669	45.6	173,320	42.3
16	451,852	60.9	201,106	27.1
17	742,148	64.5	280,616	24.4
18	845,480	54.9	417,233	27.0
19	540,751	44.5	454,873	37.4
20	489,153	39.5	464,028	37.4

Source: Canada Year Book 1930, p. 488.

TABLE 5-3 CANADA'S IMPORTS, 1912-1920 (\$1000)

year	Great Britain		United States	
	value \$	proportion of total %	value \$	proportion of total %
1912	116,906	22.4	331,385	63.4
13	138,743	20.7	436,887	65.0
14	132,070	21.4	396,302	64.0
15	90,157	19.8	297,142	65.2
16	77,404	15.2	370,881	73.0
17	107,097	12.7	665,313	78.6
18	81,324	8.4	792,895	82.3
19	73,035	8.0	750,203	81.6
20	126,363	11.9	801,097	75.3

Source: Canada Year Book, 1930, p. 489.

TABLE 5-4 EXPORT PRICE INDEX, 1913-1920 (1913=100)

year	all	vegi- table	animal	fibre & textile	wood & paper	iron & prod- ucts	non- ferrous metal & products
1913	100.0	100.0	100.0	100.0	100.0	100.0	100.0
14	103.4	104.1	107.0	102.8	99.7	109.6	99.7
15	112.2	119.8	116.3	129.6	98.5	92.4	99.3
16	125.4	131.5	131.8	153.4	106.2	90.2	139.2
17	178.1	221.0	164.6	229.7	137.6	85.9	156.7
18	195.9	238.1	191.5	283.4	153.6	90.7	158.1
19	205.1	235.0	211.3	263.1	177.8	106.1	173.9
20	229.7	256.1	209.1	190.1	250.5	131.4	167.3

Source: M.C. Urquhart, ed. Historical Statistics of Canada (Toronto: Macmillan, 1965), p. 301.

TABLE 5-5 WHEAT PRICES IN WINNIPEG AND LIVERPOOL, 1912-1920

year	Winnipeg price (cents)	Liverpool price (cents)
1912	97	117
13	88	113
14	100	121
15	128	180
16	138	205
17	220	248
18	222	241
19	221	230
20	263	285

Source: W.A. Mackintosh, A.B. Clark, G.A. Elliott, and W.W. Swanson, Economic Problems of the Prairie Provinces (Toronto: Macmillan, 1935), Appendix A, p. 283.

TABLE 5-6 COST OF LIVING INDEX, 1913-1920 (1913=100)

year	cost of living
1913	100
14	101
15	102
16	111
17	131
18	149
19	163
20	189

Source: Urquhart, Historical Statistics of Canada, p. 304.

2. Tariff Demands Irreconciled During the War

a. Manufacturers: Another Political Trenchancy

Expanding Production and Reorganization

The war-time growth of industrial production was evident both in the number of manufacturing establishments and the value of production. For example, food, textiles, and iron and steel industries experienced great growth, no less than doubling in production values. In the food industry growth in the number of production establishments was not drastic, but the production value of goods grew 116 per cent from 1915 to 1918. In the textile industry the increase in the number of mills and factories was constant while the production value rose 136 per cent from 1915 to 1918. In the iron and steel industry the number of factories increased and the value of production jumped 269 per cent during the same period. In these prominent sectors production surged in the first three years of the war. The influence of the war was, therefore, immediate in these industries (Table 5-8).

The growth of production in the western provinces appeared more distinct than that in the Maritime provinces, although war production increases were seen almost everywhere in the country. Toward the end of the war period, capital and product value per establishment in Manitoba and British Columbia emerged as comparable to, or

superior to, those in Ontario and Quebec (Table 5-9). While in Manitoba, British Columbia, and the traditional heartland of Ontario and Quebec industrial production was expanding, in the Maritimes it underwent a phase of relative stagnation. As a result, this disparity in industrial production created geographical disparities.

The industrial expansions in the west also created strains within the Canadian Manufacturers' Association (CMA). The executive positions in the organization were dominated by industrialists in Ontario and Quebec, more specifically by those from Toronto and Montreal. As the war progressed, a western regional challenge was posed to the central Canadian bias of the CMA. In 1913, manufacturers in British Columbia created the British Columbia Manufacturers' Association, an organization unallied to the CMA. As a response, and in order to meet new regional demands resulting from the industrial expansion in western Canada, the CMA opened offices in Vancouver and Winnipeg in 1917.⁵ Thus, the production boom in the west pressed the CMA to modify its organization from being dominated by central Canada to becoming a more national organization.

TABLE 5-8 SECTORAL GROWTH OF MANUFACTURING, 1910-1920

year	food		textile		iron and steel	
	esta- blish- ments	products value (million\$)	esta- blish- ments	products value (million\$)	esta- blish- ments	product value (million\$)
1910	6,958	246	1,444	136	824	114
1915	6,472	389(100)	2,761	145(100)	851	120(100)
1917	8,009	755(194)	4,112	265(182)	1,049	400(333)
18	7,968	839(216)	4,191	342(236)	1,064	443(369)
19	8,031	949(244)	4,366	401(277)	1,135	299(249)
20	8,210	977(251)	4,668	468(322)	1,175	389(324)

Source: Canada Year Books.

TABLE 5-9 REGIONAL DISTRIBUTION OF INDUSTRIAL PRODUCTION IN 1915 AND 1918

	(A) estab- lish- ments	(B) capital	(C) net value of products	(D) (B)/(A)	(E) (C)/(A)
thousand dollars in (B),(C),(D),(E)					
1890					
Canada	75,964	335,213	219,089	4.41	2.88
PEI	2,679	2,912	2,254	1.09	0.84
NS	10,495	19,731	14,906	1.88	1.42
NB	5,429	15,822	11,348	2.91	2.09
QUE	23,034	116,975	66,747	5.08	2.90
ONT	32,151	175,972	111,505	5.47	3.47
MAN	1,031	5,684	4,467	5.51	4.33
BC	770	14,404	6,881	18.71	8.94
TERRITORIES	375	1,713	981	4.57	2.62
1915					
Canada	21,306	1,994,103	605,011	93.59	28.40
PEI	291	1,907	1,126	6.55	3.86
NS	968	126,539	33,123	130.72	34.22
NB	714	46,290	16,337	64.83	22.88
QUE	7,158	548,972	171,403	76.69	23.95
ONT	9,287	956,883	312,637	103.03	33.66
MAN	840	95,846	23,081	114.10	27.48
SAS	457	16,789	6,484	36.74	14.19
ALTA	587	42,240	9,471	71.96	16.13
BC	1,007	158,637	31,340	157.53	31.12
1918					
Canada	35,797	3,034,302	1,557,785	84.76	43.52
PEI	484	2,887	2,146	5.96	4.43
NS	2,125	133,263	66,869	61.72	31.47
NB	1,364	74,471	33,819	54.60	24.79
QUE	10,540	860,469	448,177	81.64	42.54
ONT	15,365	1,508,011	800,242	98.15	52.08
MAN	1,444	105,938	52,431	73.36	36.31
SAS	1,422	39,476	19,395	27.76	13.64
ALTA	1,252	61,406	27,694	49.05	22.12
BC	1,786	244,697	106,772	137.01	59.78
YUKON	15	3,638	239	242.53	15.93

Source: Canada Year Book, 1921, pp. 362-63, and calculation.

Wider and Deeper Involvement in the Policy Process

After its successful campaign against the Reciprocity Agreement of 1911, the CMA continued to elaborate its political pressure toward the state regarding various business issues. The war situation created business opportunities which the manufacturers had hardly expected, such as increased production under the state's extended economic controls. The manufacturers' concern, accordingly, was the extent to which they would be able to secure these expanded business opportunities, and on how to minimize their losses, after the war. Overall, the industrialists continued to try their influence on the expanding state apparatus in their pursuit of favourable business conditions.⁵

For instance, the CMA's Legislative Committee encouraged manufacturers to establish themselves in federal politics as Members of Parliament. Cordial relations had already been nurtured between the manufacturers and the political parties, especially the Conservative Party. The CMA had also developed expertise in dealing with the Liberal Party. Yet, after campaigning against Reciprocity, the CMA actively pursued political representation by sending its own members to the House of Commons. Partly because the industrialists' political interests were already so great that they had a large amount of business at stake in

politics, and partly because of the increasing political presence of farmers and workers, the manufacturers were desperate to preserve their already developed political strength relative to other growing social forces.¹¹

The industrialists pursued political representation within the existing political system. They did not challenge the existing party system. Instead, their pursuit was directed at the further enhancement of their influence within the existing system, in which they had already nurtured a cordial, effective channel for pressuring the government. In other words, their pursuit was not drastic, but incrementally built on what they had already achieved.

When the war began, there was suddenly a growing demand for military materials such as munitions. In 1915, manufacturers in Canada created the Shell Committee to contract British military-industrial demands. The committee was chaired by Alexander Bertram, a CMA executive, and also consisted of three other manufacturers.¹² The committee pursued capturing larger business opportunities in the war economic conditions.

Yet, there were three problems with the Shell Committee. First, the contracts were not well carried out by the manufacturers. For example, there were \$170 million worth of orders, yet only \$5.5 million worth were actually shipped.¹² An ensured supply was required. Second, there

were suspicions of patronage in the awarding of contracts to members of the committee. Third, the mandate and operation of the committee were neither clear or public. The committee's accountability fell under question.¹³ Because of the British government's dissatisfaction with the Shell Committee and with Canadian products, the British Ministry of Ammunition created the Imperial Board of Munitions in November 1915.¹⁴

Aside from the munitions industry, the manufacturers were closely involved in purchasing materials necessary for the war and in the administration of the economy. The Conservative government created committees and boards for managing the economy, such as the National Service Board, established in 1915, for securing purchases of war supplies. Its Chair was A.E. Kemp, a Conservative supporter and a CMA executive from Ontario.¹⁵ Thus the manufacturers were inside of the elaborate structure of the state.

As a strategy, the CMA again sought to enhance its alliances with other sectors, particularly farming and labour. President S.R. Parsons addressed the alliances in 1918:

...the time has come when the manufacturers of this country can no longer keep silence, either in their own interests, the interests of Labour, or the great national interests of the country. It should be remembered that the present tariff, with changes here

and there, was enacted as a great national policy, not for the benefit of any one class but for the well-being of the nation at large.¹⁶

Again, the strategy to emphasize common interests blurred the differences between them. Thus, the emphasis on the common front was strategically placed to justify the pursuit of the "national" interest.

The manufacturers were increasing the sophistication of their role in the state's economic involvement during the war period. With the sudden surge of contracts for supplying war materials, the industrialists made conscious efforts to capture these opportunities. Beyond traditional lobbying activity, the manufacturers wove their influence into the management of the wartime economy through their appointments to state economic regulatory agencies. The industrialists managed to install their trenchant voice within the expanded state institutions.

Persistent Demands for Tariff Protection

The manufacturers' campaign for protective tariffs did not cease after the election of 1911 or throughout the war period. Their nationalistic tone persistently insisted upon tariff protection as the strategy to ensure national economic prosperity.¹⁷ As in the previous period, the protectionist manufacturers justified the CMA's pursuit of

stable protective tariffs.

This demand for "stable" protection was explained briefly in Industrial Canada, the CMA's circular, in 1914:

What Canadian manufacturers need is an assurance that they will be allowed to continue to develop their industries, free from the fear that their protection will be suddenly demolished when a Free Trade [sic] fever breaks out.¹⁸

With the recent experience of the general election in 1911, it was reasserted that the stability of tariff protection should not be threatened by an outbreak of free trade campaigning. They looked forward to business conditions which would allow them to be securely engaged in investments and production without being disturbed by free trade debates.

Moreover, the CMA's official journal asserted the specific mandate of the new Conservative government:

The [Conservative] Borden Government was elected to office on a straight tariff fight [in 1911]. Reciprocity was the issue, or, in other words, the advisability of maintaining or reducing the existing tariff. Therefore, it is reasonable to assume that the people of Canada, as a whole, returned the Borden Government to power because they did not want the tariff reduced.¹⁹

Imposing this protectionist definition, it argued the "raison d'etre" of the new government was essentially to ensure protection.

The necessity of war financing indirectly assisted the

manufacturers' protectionist arguments. War expenditures were quickly exceeding declining customs revenues, the main source of government revenue before the implementation of the income tax in 1917. Tariffs were discussed mostly within this context. For example, the Tariff Committee of the CMA recommended that tariff levels be kept higher to cover expanding military expenditures.²⁰ This advocacy of tariffs as a revenue source, also supported the industrialists' traditional stand on protection. Even without this justification for protection, manufacturers were in favour of high tariff levels which would provide shelter for their products in market competition. Accordingly, the industrialists reasserted their protectionist demand, using the argument of tariffs as a revenue source for the war effort as a vehicle. In 1915, the War Tariff, which was implemented for the purpose of increasing revenues, actually provided additional protection for the industrialists.

The manufacturers' protectionist platform was once again accompanied by their position that it was necessary to saturate the domestic market first, and to prevent an exodus of skilled workers from the country. The CMA's "Made in Canada" campaign, starting in 1915, was implemented to prevent the loss of skilled workers as a result of the recession which began in 1913,²¹ and it was also aimed at

the encouragement of "consumers to patronize home industry."²² This campaign was another pursuit of "Import Substitution Industrialization," which had been the main scheme in the National Policy of 1879.²³

Soon after the beginning of the war, the CMA expressed concern about post-war trade options. For example, in November 1914, the CMA's Tariff Committee focused on this question, and recommended imperial preference within the Empire.²⁴ The war had induced new heights of imperialist sentiment, and Canada looked for closer relations with Great Britain. Although they were concerned about prospective business conditions after the wartime economic boom, the manufacturers chose to remain within the imperialist tradition.²⁵

In 1917, Parsons, president of the CMA, developed three reasons why tariff protection would be indispensable, even after the end of the war. First, he reiterated that Canada's economic development had historically been nurtured under the protective tariffs of the National Policy. Second, he pointed to Canada's contribution to the war and stated that tariffs enabled Canada, as a member of the Empire, to assist Great Britain. This justification linked tariff protection to Canada's role in the Empire. Third, he raised deep concern over the expected economic conditions after the war, such as competition from American goods,

scarce employment for returning soldiers, and the repayment of war debts.²⁶ In July 1918, the demands of the manufacturers in the post-war period encompassed the reassertion of protectionist tariffs, closer trade relations with Great Britain, and the establishment of another Tariff Board.²⁷ The manufacturers were eager to discuss the expected situation after the bust of the war's economic boom, and assertively demanded stable tariff protection.

During the war period, the manufacturers' goal continued to be protection through stable tariffs. However, the industrialists made some organizational adjustments to their strategy to accommodate the special conditions of the war and its economic boom, and ostensibly accepted the notion of tariffs as a revenue source. They persistently made efforts to maximize their business opportunities under these conditions. They further strategized to maintain protectionism. With their wider and deeper involvement in the growing state, we witnessed the manufacturers further strengthened their influence in the economic policy process including that for tariffs.

b. Western Farmers: Economic Expansion and Political Frustration

Development and Frustration Prior to the War

Prior to the First World War, the farmers were unsatisfied with federal politics.²⁸ The election results in 1911 did little to eliminate the farmers' distrust of the existing political parties. Rather, it reinforced their perception of the party system as skewed in favour of central Canada and the business class. The farmers again found themselves in the margins of the political process. The farmers, particularly those in the Prairie provinces, persistently demanded lower tariffs, and disagreed with both political parties over the increased naval expenditures for imperial defence.

The introduction of the Grain Act in 1912²⁹ enabled the state to play a new role in grain markets to reduce the boom and bust cycle in crop markets. The act created the Board of Grain Commissioners under the Department of Trade and Commerce and provided the farmers with a foundation to cooperate with the state in the grain business. The board's mandate included authorization and supervision of public grain terminals, regulating the mixing of grains, and guaranteed the provision of government terminals.³⁰ Accordingly, the Grain Act paved the way for the state to play a larger role in grain market operations, from production to sales. Because of the provision of government terminals, the farmers were now able to avoid unfair, monopolized terminal operations, but could use either their

own or the government's.³¹ Therefore, state regulations provided farmers with some shelter from exploitation in the grain business.

At the same time, the farmers developed their business activities. For example, in 1912, western farmers expanded the Grain Growers' Grain Corporation to include the operation of their own grain terminals, and coordinated the downstream handling of their grain. In Manitoba, the Grain Growers' Grain Corporation reached an agreement with the provincial government over the leasing of government-owned grain elevators to farmers. This agreement was important, not only for the access to these elevators that it gave farmers, but also for the establishment of institutional cooperation in the grain business with the provincial government. The following year, the Alberta Farmers' Cooperative Elevator Corporation was established as an extension of the farmers' grain business. In 1913, the size of the Grain Growers' Grain Corporation reached 13,000 shareholders.³² In comparison to the previous period, the farmers' organizations were larger in size, more elaborate in their institutional resources, more widely involved in the grain businesses, and more strategic in making arrangements with the state.

With respect to tariffs, the western farmers in particular continued to demand that tariffs be reduced, and

advocated freer trade. The farmers accused both political parties and the state of favouring protectionist policies. The agrarians complained that privileged business groups, such as the banking, transportation (railways), and manufacturing sectors, had undue influence over the state, were making profits at the farmers' expense, and that the political system responded more favourably to those with economic strength.³³

For example, the farmers singled out the CMA as the cause of protectionist policies. By lobbying political parties, the farmers argued, the CMA successfully forced the state to erect tariff barriers.³⁴ They claimed that the industrialists' close relations with the state were evidenced in the transfers of custom specialists between the federal government and the CMA.³⁵ These CMA-state relations, which included the exchange of information, expertise, and human resources, were criticized by the farmers. The 1914 tariff revisions which contained no substantial reductions, also disappointed the farmers.³⁶ The agrarians' complaints were further sharpened and concentrated on the protectionist manufacturers who were considered responsible for protectionist policy.³⁷

The agrarians' resentment, having grown over the decades, finally pointed the farmers' attention at their opponents, the protectionist manufacturers. The farmers

situated themselves against the manufacturers who had been, they considered, using their well-developed lobbying skills to institute protection. It was critically noted by the farmers that the state had close relations with the manufacturers and consulted with them in the formulation of policies. Having recently gained some organizational and economic strength, the farmers criticized the state and the manufacturers, and they expressed their dissatisfaction with the existing political system.

In the War Political Economy

Changing Farmers' Agenda

Once the First World War erupted in 1914 the farmers no longer emphasized their disenchantment with the federal political institutions. This change was attributed to the rapidly changing political economic environment rather than to any drastic shift of their own political principles. Imperialism, identifying farmers within the Empire, pushed the historical agrarian principle of freer trade into the background. The editorial of Grain Growers' Guide, which had previously criticized the imperial navy expenditure, advocated support for Canada's role within the Empire:

Let us all be Canadians together,
without differences of opinion until we
have joined with Britain and driven the
foe to utter defeat, and once more
secured for the world the blessings of

British justice and British
democracy.³⁵

This nationalistic tone, accompanied with imperialism, overrode the farmers' previous dissatisfaction with various political and economic issues.

This increasing nationalistic mentality also brought new implications to the farmers' view of the continental economy. The editorial of Grain Growers' Guide in 1914 stated:

There is no doubt that during the war the United States will get a large share of the trade which normally would be done with Europe, and our government has a great opportunity to display practical, statesmanlike patriotism by giving Great Britain every opportunity to trade with Canada. A substantial reduction in the tariff on British goods would not necessarily mean a diminution in revenue, for it would certainly tend to increase the imports.³⁶

Internationally, American products were competitive enough to take advantage of the market vacuum created by the decline in British exports which was due to their participation in the war. Canadian farmers were concerned about this emerging American competitiveness. Accordingly, this editorial proposed the imperial tariff be reduced in order to maintain the magnitude of imperial trade. In contrast to the agrarians' previous position, the farmers placed imperialism first and continentalism second.

Nonetheless, the agrarian manifestation of imperialism

had not fundamentally reconciled their disagreement with the protectionist manufacturers. As producers, the farmers had been in favour of free trade. As consumers, they had complained against the tariffs which remained on agricultural implements imported mainly from the United States. They persistently rejected tariffs as an imposition of an unfair burden, on the poor in particular. Regarding tariff revisions, an editorial in the Grain Growers' Guide in 1914 stated, "these taxes should be levied as equitably as possible."⁴⁵

The war period was characterized by an unprecedented economic boom and an organizational consolidation for the farmers. The price of wheat rose in domestic and foreign markets (Table 5-7). The growing export of wheat required an organizational adjustment of the Grain Growers Corporation which accordingly modified its corporate structure to enhancing trade with the allies. For example, in 1915 the Grain Growers' Export Corporation opened an office in New York which became a permanent representative of the corporation two years later.⁴⁶ In 1916, the United Grain Growers Limited was established as a result of a merger between the Grain Growers' Corporation and the Alberta Cooperative Elevator Corporation. This merger was another step in the comprehensive management of the farmers' grain business. At the same time, this merger integrated

elevator operations into the farmers' corporations. Overall, this consolidation of farmers' companies strengthened their financial, organizational, and operational capacity in order to capture the benefits of the economic boom.

Despite these economic gains, the farmers did not really perceive the war's economic boom as a solid improvement of their economic status. Grain Growers' Guide expressed the western farmers' uneasiness with wartime economic conditions. The farmers saw the boom merely as a temporary phenomena. They were already worried about the prospective economic situation after the war, in which the farmers might suffer from another cycle of economic fluctuations. One editorial stated in 1916:

Withn the close of the war grain prices
will go down but the prices of things
the farmer has to purchase will not go
back to normal nearly so quickly."

Concern was raised over the possible hardship that farmers would face at the war's end due to inconsistent and fluctuating commodity prices. Therefore, the farmers were unsure about the stability of their present economic gains.

In December 1916, the Canadian Council of Agriculture announced its policy proposal, the National Political Platform, which was commonly called the "Farmers Platform." This platform was also endorsed by agrarian associations

such as the United Farmers of Ontario, the Manitoba Grain Growers, the United Farmers of Alberta, and the Saskatchewan Grain Growers, in total representing 60,000 farmers in the country from east to west. This inter-provincial collaboration was unique since previous agrarian coordination had only been at a regional or provincial level.

The platform was composed of concrete guidelines designed to enhance the farmers' political representation,⁴³ such as sending their own delegates to the House of Commons by selecting candidates from local constituencies who pledge to support the platform.⁴⁴ Through these concrete suggestions, the platform modified the agrarians' strategy to strengthen their political representation. In a manner similar to many of the manufacturers' policy presentations, the platform adapted the farmers' style to justify agrarian political pursuits in the name of the welfare of the nation. In a sense, the platform was another public manifestation of the farmers' position.

During the war, there was some hope that the western farmers had improved their political position. For example, after the general election of 1917, which centred around Conscription, the Union government was formed. This new government appointed activists in the farmers' movement like

Thomas Alexander Crerar, who had once been the President of the Grain Growers' Grain Company and a Liberal in Manitoba, as the Minister of Agriculture in the cabinet. Grain Growers' Guide described its political position in 1918:

...the organized farmers are better represented than ever before at Ottawa should mean that in the deliberation of the next Parliament the demands of the farmers will receive greater consideration than they have in the past."

With some caution, the editorial normatively indicated better political prospects, such as more representation in the new federal cabinet.

Demand for Freer Trade

Dissatisfaction with the major political parties was leading the farmers toward the pursuit of their own political party. Grain Growers' Guide stated in 1915 that farmers were fed up with both the Conservatives and the Liberals:

There is not in the federal political arena a single man who represents the progressive forces or the progressive ideas which animate and possess the organized farmers of Eastern and Western Canada."

A later edition of the same journal proposed a farmers' political party to free them from the faithless partisan politics of the two major parties:

It is absolutely hopeless for the farmers of Canada to expect any relief or redress by electing members to Parliament who will march under the banner of the two old Special Privilege parties [the Conservative Party and the Liberal Party]. It is time for independent action.⁴⁷

The farmers' dissatisfaction was primarily caused by the current tariffs and taxation. An editorial of Grain Growers' Guide asserted the unfairness of the tariffs:

The protective tariff is draining the life-blood out of the farmers of Western Canada without even producing the revenue required to run the country. The organized farmers of the West constitute the largest body of organized producers in Canada, yet, with the exception of the Reciprocity Agreement, they have been absolutely ignored by both political parties....The hope of the Western farmers lies in forgetting their allegiance to the Grit [Liberal] and Tory [Conservative] parties and in nominating and electing independent men with the courage and backbone to fight for the farmers' rights.⁴⁸

The western farmers considered the Conservative and Liberals to be "Eastern Parties"⁴⁹ which failed to represent western interests, including the farmers'.

In addition, Grain Growers' Guide proposed direct taxes instead of indirect taxes such as tariffs. It was claimed that direct taxes would lighten the financial burden on the farmers.⁵⁰ This proposal was within a liberal trade framework, but also touched upon the question of equity in the sharing of fiscal burden. The farmers were now ready to

discuss the policy options from their own political agenda.

Finally, the farmers, by proposing alternatives, were entering a new political stage. They distanced themselves from the existing political parties and even envisioned their own party. They were ready to address policies to substitute for those currently in place. Tariffs were always at the centre of the farmers' policy focus, and they proposed alternatives which would expand government revenues, which at present was obtained mainly from customs. Thus, the farmers started to envision an alternative political system and policies that contrasted with the current situation which was favoured and successfully penetrated by the manufacturers.

Tariffs were one of the major policy items in the Farmers Platform which was presented in 1916. The platform reaffirmed the agrarians' position in favour of liberal trade. As was the case before the war, tariffs were considered a monopolistic privilege given to the industrialists at the expense of farmers and workers who were suffering from the higher cost of living. The tariffs were blamed for the widening discrepancies between the rich and the poor. As an alternative to the current indirect tax (tariffs), they proposed a direct taxation system, including a graduated tax such as an income tax, which would account for varying levels of income. It was also assumed that a

graduated tax would lighten the burden on the poor by placing more fiscal responsibility on the rich, such as monopolistic businessmen.

The platform envisioned the Canadian economy within both the Empire and the continental economy. On the one hand, the platform endorsed an extension of imperial preference with the ultimate aim of establishing free trade with Great Britain through gradual tariff reductions. At the same time, the platform recommended the ratification of the 1911 Reciprocity Agreement with the United States. However, this recommendation, beyond resurrecting the agreement, suggested that items such as agricultural food stuffs and implements be added to the tariff free list. Both options pursued wider free trade.

In contrast to the protectionist manufacturers who supported imperialism over continentalism, the farmers' strategy integrated these imperial and continental options. The platform suggested that if there were any trade concessions with the United States, new arrangements should accordingly be applied to imperial trade arrangements, and vice versa. Anticipating the potential of both imperial and continental freer trade, the platform addressed the necessity of freer trade by coordinating these relations. Through their pursuit of liberal trade, the farmers' policy perspective was wider than ever,⁵¹ and their proposals were

more versatile with respect to political and economic situations which might arise.

The representation of the farmers in the Union Government of 1917 was not based on any resolution of their conflicts with either the manufacturers or labour. The farmers had not given up on their pursuit of lower tariffs, and they continued to disagree with labour groups which opposed immigrant labour. The farmers continued to advocate immigration, which would supply farm hands to the west.⁵² Consequently, the farmers failed to ally themselves with industrial workers once again. Therefore, the agrarian appointments in the Union cabinet were not obtained through any compromise on tariff or immigration.

The farmers were even more adamantly opposed to the manufacturers. The agrarians continued to criticize the CMA on the basis that it lobbied for tariff protection that only favoured industry. They began to argue against protection in light of their proposal for a fair and equitable political system. They even identified protective tariffs as economic measures that would only foster the interests of the privileged and result in "injustice"⁵³ and "class legislation"⁵⁴ against democratic principles. This accusation was sharper than ever, linking their dissatisfaction with tariffs to the current unfair political system.

In 1918 an editorial article in Grain Growers' Guide criticized protection and presented a policy alternative to it:

Concessions may be necessary in the early development of some industries, but in such cases they should be either under government control or government ownership....Manufacturing should be developed and in such a way that it will stand on its own feet and be a real factor in making the country what it ought to be.⁵⁵

The article stated that if infant industries needed assistance, they should be state-controlled and owned. The agrarians proposed, instead of tariff shelter, more direct state involvement to foster manufacturing. After the implementation of the Grain Act in 1912, which endorsed the state's participation in the grain markets, the farmers seemed inclined to propose similar political measures for the manufacturers. As with their platform for a direct and gradual tax, the farmers were seeking concrete policy alternatives. Moreover, these proposals invited the state not only to oversee the economy, but also to restructure it through market intervention.

The farmers were soberly concerned with their future economic situation as well. This concern was addressed in 1918:

Some farmers who were enjoying high prices and good crops are not able to see the danger which lies ahead. They

are satisfied for the moment: but therein lies the real danger. The close of the war will see rapid decline in the prices of grain, while the price of everything the farmer buys will remain high for a much longer period. Trade freedom is the only salvation in sight for the farmers in Canada.⁵⁶

Pointing to the potential for falling into a crack between plunging grain prices and sustained high prices for their own purchases, it was predicted that the war's economic boom might ultimately lead farmers into economic hardship. This article expressed agrarian scepticism about the effects of the economic boom, and again insisted upon freer trade in order to prevent a post-war economic disaster.

During the war period, the farmers still experienced frustration. The wartime economic boom and state interventions in the grain market had brought some benefits to the farmer, but they considered that this boom was a part of the economic boom and bust cycle. Demands for lower tariffs and greater political representation remained the top priority on their political agenda. In collaboration with the farmers' associations, the Canadian Council of Agriculture outlined the National Platform which addressed the agrarian position on a wide variety of issues. At the same time, the farmers expected better political representation than ever as a result of Union government

appointments of western agrarian activists to its cabinet. The farmers' strategies were sophisticated enough to propose some alternatives to protectionist policies. Yet, they had not really achieved the creation of their own political party or the realization of lower tariffs.

c. Labour: Divided and Disillusioned Confusion Prior to the War

The labour movement was trapped by its own divisions. The separation of the National Trades and Labor Congress (NTLC) from the Trades and Labor Council (TLC), created the Canadian Federation of Labour (CFL). Animosities between the CFL and the TLC were the result. In addition, regional divisions were not yet overcome. The unions were located in urban centres such as Toronto and Montreal, and in scattered mining towns which were isolated from the main urban centres. The unions were also pursuing different goals due to their varied ideologies (e.g., socialism, Gompersism, and nationalism).⁵⁷ As a result of international affiliation, regional dispersion, and ideological differences, the unions failed to find any common ground.

Prior to the war, labour could not achieve political mobilization. In terms of organization, they were fractured, without any single core institution to integrate the many segments of the union movement. In terms of

resources, the recession that began in 1913 worsened the situation for the workers. Their affiliation with the political parties faded because of their disagreements, with the Liberals over the Reciprocity debate, and with the Conservatives regarding imperial military defence. They had not yet instituted a political party to reflect their interests. Therefore, their demands, unresolved for years, were still failing to achieve articulation through political institutions.

Industrial workers continued experiencing various kinds of frustration. First, they were suffering from their own internal divisions. Second, the unions failed to articulate workers' interests through the two dominant political parties. In order to be a coherent social force they needed to overcome their divisions.

Disillusion During the War

The outbreak of the war simply added to the trade unions' burden. Despite the war's economic boom, the workers' own economic conditions did not improve. Despite expanding industrial production, the workers' incomes were overwhelmed by inflation. The discrepancy between stagnating wages and rising commodity consumer prices worsened their economic situation. Workers in urban industrial centres were moved to strike by the worsening

economic conditions,⁵⁹ even so, they had been relatively calm in comparison to the radical miners' associations in the west.⁶⁰ Nevertheless, the workers' articulation of their frustration was impeded by regional and linguistic divisions and affiliation to international unions such as the American Federation of Labor (AFL).

TABLE 5-10 STRIKES, 1911-1920

year	number of strikes and lockouts
1911	100
12	188
13	152
14	63
15	63
16	120
17	160
18	230
19	336
20	322

Source: Urquhart, ed., Historical Statistics of Canada, p.107.

Industrial workers were undergoing turbulent years during the war. On the one hand, as the war progressed, industrial production expanded in terms of the numbers of production establishments, their size, production values, and regional dispersion. On the other hand, during this period the number of strikes was at an all-time high (Table 5-10).

The trade unions were against military spending because

of their anti-war principle. Once fighting broke out in Europe, some unions in Toronto publicly criticized the war.⁵¹ Because the TLC continued to advocate an anti-war stance, it failed to collaborate with the international labour alliance that supported the war. As a result of this contradiction, unions could not articulate a clear position on the war.⁵²

Similarly, in 1917 the labour movement in Canada was divided over Conscription. As the war progressed, the Conservative government introduced Conscription under the Military Service Bill in 1917. Many union locals rejected the bill; however, the executive of the TLC supported Conscription. The AFL in the United States, into which the TLC was incorporated, also publicly supported Conscription. In other words, Conscription widened the contradictions between the local and the national executives within the continental union structure.⁵³

The establishment of the Canadian Labor Party (CLP) generated another twist in the labour movement. The CLP was an attempt by some labour activists to form their own party rather than align with existing political parties. Some members of the TLC were involved in the party. Nevertheless, the party chose to disassociate with the AFL since it considered the AFL to be a close collaborator with business.⁵⁴ The CLP challenged the continental affiliation

of the TLC. On the other hand, the CLP failed to extend its influence to incorporate the western radical unions that were based on syndicalism.⁵⁴ Therefore, the CLP was far from a national party for workers.

During this period, the state increasingly intervened in the labour movement. For example, in 1916 the Industrial Disputes Investigation Act was implemented in order to enable the state to intervene in labour disputes. In 1918, under the War Measures Act, lockouts and strikes were ruled out. Rising labour unrest persistently collided with these expanded state measures which had been instituted to deal with industrial relations.

Under these circumstances, tariffs were a peripheral concern on the labour agenda. Their organizations continued to be divided regionally, and increasing political activity actually reactivated these divisions. The affiliation with international unions caused further internal contradictions over issues like the war, Conscription, and the nature of relations with employers. The union movement was characterized by "schism,"⁵⁵ and failed to create a united basis for political pressure on the state. In summary, the trade unions suffered from a number of weakness which resulted in their continuing marginal existence in politics, especially in comparison with the manufacturers and farmers.

3. Expanding State Roles During the War

a. Pre-war Tariff Politics

The new Conservative government was preoccupied with its search for an alternative tariff policy after the cancellation of the Reciprocity Agreement in 1911. George Foster, Minister of Finance, was a leading advocate of Empire trade in Cabinet.⁶⁶ After the failure of continental free trade, expanded imperial trade was proposed as a feasible economic alternative.

In this search for a tariff policy, the political parties also faced an ironic reversal of positions regarding a tariff commission. Now the Conservative government proposed a tariff commission although the Liberals had already instituted commissions in 1896 and 1905. In February 1912 Minister of Finance W.T. White tabled a bill which would establish a tariff commission to collect information on tariffs.⁶⁷ The new Conservative government pursued the idea of a commission to avoid the tariff landmines in the partisan battle field, which would explode into controversy over the issue. White proposed the commission as an auxiliary institution to the ministers responsible for tariffs.⁶⁸ Nonetheless, this proposal did not clearly lay down the role of a tariff commission for gathering information and making decisions, or how it would be different from the previous ones created by the Liberals.

With respect to the location of the tariff in politics, White suggested:

The wish has often been expressed that the tariff could be taken out of politics and that a [tariff] commission akin to the Railway Commission might deal with it: ...The idea underlying this wish is, of course, that the tariff and the fixing of tariff rates might be removed from the sphere of political influence, or the sphere of party favoritism, and that a commission should fix the rates of the tariff upon a basis that would be fair, and just, and equitable to all classes of the community, producers, and consumers alike.³⁹

Contradicting this proposal to remove tariffs from politics, White argued that differing opinions over tariff levels made it difficult to remove them from politics.⁴⁰

This tariff commission bill inflamed the Liberals, now in Opposition, who had themselves, it must be remembered, previously created two commissions. The Liberals fiercely accused the Conservatives of giving it only limited functions, rather than granting it the capacity to make autonomous decisions or to exercise responsibility. The Liberal leader, Sir Wilfrid Laurier, argued that this tariff commission would be merely a puppet employed for the Conservatives' partisan advantage, including patronage appointments to the commission.⁴¹ Ironically, this time it was Laurier, whose administration had created the two earlier commissions, who attacked the proposed commission as

a partisan instrument and an extended institution of the state as opposed to a society-oriented institution. Laurier objected to an ostensibly non-partisan and non-patronage commission in which the government party would be the principal beneficiary.

Yet, this contradiction between the Conservatives and the Liberals over a tariff commission had little to do with their principles or ideologies. Their bickering took place over whether or not the government would take partisan advantage by instituting a tariff commission with non-partisan pretensions. The Conservative government emphasized the commission's detachment from the decisions and responsibilities that rested on the government. By separating it from government responsibility, the commission was to function mainly as a non-patronage bureaucracy. However, since there were contradictory interests over tariffs, the Conservatives considered tariffs to be a political issue. As the commission's appointments and collected data were destined only for the Conservatives the Liberals pointed to its potential to serve the partisan interests of the government. Therefore, the parties argued over the proper role of such a commission within the state apparatus. In sum, this debate was over the proper point of intersection between partisan politics regarding tariff policy and a primitive notion of the requirements of non-

partisan bureaucratic management of this issue. Crushed by partisan competition, the bill for the commission was consequently defeated in the Senate where the Liberals held a majority.

b. Tariff Policy During the War

Political Agenda for the War

Canada's participation in the war in Europe immediately required policy adjustments to enable military involvement. One required adjustment was to secure enough revenues to fund military expenditures. Another was the need to coordinate market activities to ensure the availability of war supplies. The necessity to supply personnel to the front line led to conscription in 1917. Overall, during the war the state with its expansion emerged as a significant actor in the market economy.

Throughout the war years, the federal government established special institutions to manage economic activities. For example, in May 1916, the War Purchasing Commission was created to direct and control purchases of all necessities for the war. The commission was chaired by A.E. Kemp, a Conservative Cabinet minister.⁷² The National Service Board was created in the same year to oversee the location and distribution of workers within the country. The board's Director General was R.B. Bennett, another

Conservative Cabinet minister. Under its mandate, the board registered workers and raised workers' fear that this registration might enable conscription.⁷³ The government also created a new Ministry of Overseas Military Forces to administer Canada's direct participation in the war. In addition to the expansion of the state role in the grain market under the Grain Act of 1912, the Board of Grain Supervisors was appointed in 1917 to control all grain prices for export and domestic sales, and was directly involved in market price control. Thus, these state institutions, equipped with relevant bureaucracies, established greater control over the war economy.

The introduction of the Military Service Bill in September 1917 resulted in the Conscription Crisis. The Conservative's conscription plan deeply divided the parties both between and amongst themselves. The Liberal party suffered from the crisis the most, because its strong constituencies in Quebec became the strongest opponents to Conscription.⁷⁴ Liberal leader Laurier, who was elected from Quebec, opposed the Conscription bill. After Robert Borden's failure to postpone the election,⁷⁵ a general election was held on December 17, 1917 in which the candidates were divided between the Unionists who supported the bill, and the opponents. Votes during this election were captured by the conscription issue; partisan

identification was secondary. After the election the Union Government was formed and Conscription was passed.⁷⁶

The Union government was unusual in Canada's partisan tradition. Because the Conscription question was the most critical issue in the election, Borden appointed both Conservatives and Liberals to his cabinet. The Union government included western agrarian activists, such as Thomas Alexander Crerar who had advocated agrarian interests in the west through the Grain Growers Association. However, Crerar was appointed without resolving the contradiction between the Conservatives, who were in favour of tariff protection, and the grain growers, who favoured free trade.⁷⁷ Therefore, this appointment was not related to any tariff issue, but instead reflected the pressure that Conscription had exerted on the Conservative's political agenda and their reliance on allies such as the western farmers.⁷⁸

Nonetheless, the Conservative and the following Union government, maintained a firm stance against labour. The wartime governments kept tighter pressure on industrial workers by imposing limitations on their activities. The Borden government implemented the Industrial Disputes Investigation Act in 1916 which allowed the state to intervene in labour disputes between employers and employees. In addition, under the War Measures Act, labour

strikes and lockouts were prohibited. These measures provided the state with greater legal jurisdiction in controlling labour movements. The Wartime Election Act also undermined labour representation by eliminating anti-war and anti-conscription labour members from voters' lists.⁷⁹ At the same time, the Union government modified its position by appointing labour leaders to the cabinet and boards for wartime economic policies such as the War Trade Board, the National Registration Board, the Reconstruction and Development Committee, the Labour Appeal Board, and the Soldiers' Vocational Commission.⁸⁰ The government's strategy thus encompassed active involvement to control industrial unrest and incorporated token representation from labour into these state institutions.⁸¹

As these state controls expanded, the state was more capable of the manipulation of the social matrices. Among the actors, labour, which was less organized and had restricted access to resources, was extremely vulnerable to the state strategy. On the other hand, the manufacturers and, to a much lesser extent the farmers, took advantage of the state's expanded interventions in order to reduce their business risks and overhead costs.

Tariffs and Taxes: Fiscal Policy During the War

In 1915, the War Tariff was implemented to supplement

the revenue needed for increasing war expenditures. The tariff increases were divided into two categories: for goods from Great Britain, tariffs were increased 5 per cent; for imported goods under intermediate and general tariffs, tariffs were raised 7.5 per cent. Although tariff levels went up, the basic framework of the tariff system continued to be in force.

Partisan politics dealt with the tariff revisions in a rather unusual manner: the Conservative government tabled the bill for the new higher tariffs and the opposition Liberal Party did not reject the bill. Tariffs increased for revenue purposes, and the war seemed to encourage the Liberals to support the bill. More importantly, the rising wave of imperialism across party lines justified the bill.

However, the imperial economic option did not appear to be the most promising one. During the war period the Conservatives, in particular Minister of Finance George Foster, were active in advocating an expansion of imperial preference throughout the Empire. Internationally, the plan did not receive enough support in Great Britain or in other member states of the Empire. Despite Foster's energetic campaign in Great Britain and at the Paris Economic Conference in 1916, his plan failed to be realized. Also, the plan for the expansion of imperial preference failed to convince even the Conservative leader, Borden, who was aware

of the increasing importance of economic relations with the United States.²² In other words, imperial relations were considered important, but not at the expense of relations with the United States. Having to deal with both imperial and continental economic relations, an economic option was sought in order to foster both ties rather than to choose one at the expense of the other.

A new fiscal policy, the Income War Tax, was implemented in July 1917. It was designed to raise financial resources for the war. More importantly, it was a new direct tax taken from incomes, rather than an indirect tax like tariffs, which were charged irrespective of income. Historically, the farmers had advocated direct taxation because indirect taxes, such as tariffs, imposed an unfair and heavy burden on the poor and on consumers. The National Platform of the Canadian Council of Agriculture proposed a direct taxation system with an aim to fairly distribute the tax burden. Therefore, the implementation of the income tax appeared, in a sense, to be following the line suggested by the farmers' associations. Yet, it was implemented after the special war tariffs of 1915 were instituted, and under the war economic emergency requiring the greater fiscal resources.

In February 1918, the War Trade Board was created as a subcommittee of the Cabinet's War Committee by an Order in

Council. The board was to licence importers and exporters. As a part of its licensing operation the board established Canada's War Mission in Washington, D.C. This establishment reflected the significance of Canada's trade relationship with the United States. This office was also Canada's first delegation to a foreign country other than Great Britain and was a token toward the establishment of diplomatic autonomy.³³ The board was an important element of the state's regulatory involvement in trade relations.

Overwhelmed by the war agenda, tariff and taxation policy underwent an unusual process. The War Tariff Bill was introduced for revenue purposes and caused little partisan confrontation. In addition to the War Tariff, the Income War Tax was implemented in order to supplement the state's revenue shortage. The tariff and trade policy of this period reflected Canada's changing location in the international political economy. Economic relations with the United States were emerging as more significant in trade and foreign direct investment, especially given the changing nature of imperial relations. The state became involved in trade relations as a direct regulator. Nonetheless, drastic changes did not occur in Canada's tariff politics until the following period with the Progressives.³⁴

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PM-1 3 1/2"x4" PHOTOGRAPHIC MICROCOPY TARGET
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Conclusion

Even in the wake of the general election of 1911, serious contradictions regarding tariffs continued. The manufacturers' demands for protection contrasted with the farmers' pursuit of free trade. The industrial workers fell behind in the dispute because of their internal and organizational segmentation. The political parties did not confront each other directly over the matter of tariffs, except for over the matter of the Conservative's proposal for a tariff commission. Despite these unresolved contradictions, tariff politics were overwhelmed by the war emergency which expanded the role of the state to encompass the economic regulation of war supplies purchase, exports and imports, and some domestic market prices such as those for grain.

Under these changes, the state elaborated its role in the economy by forging token institutional cooperation with representative social groups, such as the agrarian associations. The war period certainly exacerbated the differences among actors regarding strategies, resources, and organizations. The political parties were not capable of resolving these contradictions.

Even before the war, the Conservative government's idea of creating a tariff commission resulted in an early attempt to distinguish between a tariff commission as a partisan

apparatus and as a bureaucratic institution. The Conservative government tried to justify its commission on the basis of its non-partisan function of offering assistance to the ministers. The creating a somewhat non-partisan institution was not acceptable to the Liberal opposition. Since Conservative cabinet ministers continued to hold direct power over tariff revisions, the Liberals rejected the commission proposal since they considered it a mere partisan apparatus.

During the war, as other issues took precedence, tariff issues remained unresolved, and in fact, became compounded with additional complexities. Tariff politics were calm on the surface, but there was an accumulation of strains over tariff issues during the war. The apparent stability of tariff politics rested on a thin ice that covered deep social, political, and economic contradictions. We will see that in the next chapter that these partisan and social contradictions emerged once more in full-blown confrontations after the First World War.

NOTES FOR CHAPTER FIVE

1. Canada's contribution to the war was often discussed together with its achievement and sacrifice under imperialism, and also with a growing sense of "nationhood" on the international stage. See C.P. Stacey, Canada and the Age of Conflict: A History of Canadian External Policies, vol. 1, 1867-1921 (Toronto: Macmillan, 1977), pp. 172-239.

2. The size of the Departments in the federal government, which were related to tariffs, was expanding.

Size of the Departments (number of staff in Ottawa)

Department year	Finance	Trade and Commerce	Customs
1911	71	22	144
1914	87	27	267
1918	90	98	453

Civil Service List 1911, Civil Service List 1914, Civil Service List 1918.

3. See, for example, Tom Traves, The State and Enterprise: Canadian Manufacturers and the Federal Government, 1917-1931 (Toronto: University of Toronto Press, 1979), chapter 2, pp. 15-28; Glen Williams, Not For Export: Toward a Political Economy of Canada's Arrested Industrialization, updated edition (Toronto: McClelland and Stewart, 1986), chapter 4, pp. 62-79.

4. Within the Empire, a closer cooperation to better fight the war was pursued. For example, a resolution of the 1917 Imperial War Conference stated:

The time has arrived when all possible encouragement should be given to the development of Imperial resources, and especially to making the Empire independent of other countries in respect of food supplies raw materials and essential industries....each part of the Empire, having due regard to the

interests of our Allies [sic], shall give specially favorable treatment and facilities to the produce and manufactures of other parts of the Empire.

Resolution no. 21, Imperial War Conference, 1917, in Imperial Preference: Resolutions Relating to Imperial Preference Passed at the Imperial War Conference, 1917, and the Imperial Economic Conference, 1923 (London: His Majesty's Stationery Office, 1924), p. 1, Governor General's Office, Public Archives of Canada (PAC), RG 7, G 21, vol. 58, file 41881-2, pt. 1.

5. During the war there were increases of American direct investment in Canada. In 1916 the Chalmers Motor Corporation opened its factory and bought a Canadian firm, the Russell Motor Car Corporation, and in 1917 Imperial Oil built refineries in Canada; Mira Wilkins, The Maturing of Multinational Enterprise: American Business Abroad from 1914-1970 (Cambridge: Harvard University Press, 1975), p. 17.

6. J.L. Granatstein discussed Great Britain's economic weakness, as a result of declining hegemony, vis-a-vis the United States during the First World War; J.L. Granatstein, How Britain's Weakness Forced Canada into the Arms of the United States (Toronto: University of Toronto Press, 1989), pp. 9-18. In this provocative book, Granatstein attributed Canada's increasingly closer relations with the United States to the British decline, in contrast to the dominant theme in Canadian historiography that liberalism contributed to Canada's closer relations with the United States.

7. Industries related to military arms production faced a surge in production. In Canada, there was some technological dependence on the United States, but these industries became large suppliers for the war. For example, the munitions industry almost multiplied its production during this period. Regarding the munitions industry, see Williams, Not for Export, pp. 63-65.

8. S.D. Clark, The Canadian Manufacturers' Association: A Study in Collective Bargaining and Political Pressure (Toronto: University of Toronto Press, 1939), p. 64.

9. With respect to the co-working relations between businessmen and the state, Tom Traves and Glen Williams discussed their nature and implications. From a class

perspective, Traves argued that the manufacturers and the state both wanted to collaborate in the shaping of the war economy. Williams, from his critical approach, discussed the business-state relations of industrial protection during this period, yet, he explained that the manufacturers' inward-looking strategy discouraged the development of an export orientation; Traves, The State and Enterprise; Williams, Not For Export.

10. S.D. Clark, "The Canadian Manufacturers' Association: A Political Pressure Group," Canadian Journal of Economics and Political Science, 4:4, 1938, pp. 514-515.

11. The three other members of the Shell Committee were Thomas Cantley, George Watts, and Ebenezer Carnegie.

12. Michael Bliss, A Canadian Millionaire: The Life and Business Times of Sir Joseph Flavelle, Bart, 1858-1939 (Toronto: Macmillan of Canada, 1978), p. 245.

13. Ibid., pp. 245-252.

14. The Board was headed by a Canadian businessman, Joseph Flavelle, and tried to secure purchases to meet British munitions demands. With respect to Joseph Flavelle, see Bliss, *ibid.*, particularly pp. 346-378, for an account of his involvement with the Imperial Munitions Board.

15. The creation of the boards and their impact on relations between the state and the manufacturers was explained by Traves:

Many of these agencies were established to facilitate the integration of Canadian war production into the increasingly bureaucratized mobilization of efforts of American and British administrators, but it is important to appreciate that regulations also provided opportunities for some businessmen to secure readjustment of the term of trade between suppliers, producers, and consumers in their industry by virtue of their political power within the new regulating institutions.

Traves, The State and Enterprise, p. 29.

16. Industrial Canada (IC), 19:3, 1918, p. 152.

17. Robert S. Gourley, the retiring President of the CMA, asserted the necessity for stable levels of protection at the annual convention in Halifax on September 17, 1913:

Stability is a characteristic, essential to any good tariff policy but stability should be predicated upon adequacy of protection, scientifically graded through every schedule.

Ibid., 14:4, 1913, p. 466. See also "Tariff Commission: Some Suggestions as to its Constitution and Composition," Canadian Manufacturers' Association (CMA), PAC, Borden Papers, MG 26 H, vol. 21, 7177.

18. IC, 14:9, 1914, p. 133.

19. *Ibid.*

20. CMA, Tariff Committee, September 21, 1914, PAC, MG 28 I 230, vol. 84.

21. Bliss, A Canadian Millionaire, p. 238.

22. IC, 16:3, 1915, p. 286.

23. With respect to the "Import Substitution Industrialization" of the National Policy, see Glen Williams, "The National Policy Tariffs: Industrial Underdevelopment through Import Substitution," Canadian Journal of Political Science, 12:2, 1979, pp. 333-368.

24. After the war, the Tariff Committee suggested the extension of imperial preference; Report of the Tariff Committee to the Executive Council, November 9, 1914, Tariff Committee, CMA, PAC, MG 28 I 230, vol. 84, p. 1.

25. Regarding the manufacturers' limited exploration of the export option, see Williams, Not For Export, pp. 65-79.

26. "Tariff as a Prosperity Maintainer, Eight Strong Arguments Advanced for the Upholding of the Present Protective Policy After the End of the War," The Financial Post, reprinted in IC, 18:8, 1917, 1917, p. 118.

27. IC, 19:3, 1918, p. 152.

28. Editorial, Grain Growers' Guide (GGG), January 15, 1913, p. 5; Editorial, ibid., January, 22, 1913, p. 5; Editorial, ibid., January 7, 1914, p. 5.

29. Originally, the bill had been tabled in Parliament by the Liberal government prior to the general election of 1911, but the dissolution of Parliament had killed the bill. The new Conservative government revived the bill.

30. Harald S. Patton, Grain Grower's Cooperation in Western Canada (New York: AMS Press, 1969), pp. 141-146.

31. Ibid., p. 147.

32. Editorial, GGG, January 8, 1913, p. 5.

33. Editorial, ibid., June 25, 1913, p. 5.

34. Editorial, ibid., July 30, 1913, p. 6.

35. Editorial, ibid., January 1, 1913, p. 5.

36. Editorial, ibid., January 28, 1914, p. 5.

37. Editorial, ibid., April 22, 1914, p. 5.

38. Editorial, ibid., August 12, 1914, p. 5.

39. Editorial, ibid., September 2, 1914, p. 5.

40. Editorial, ibid., September 9, 1914, p. 5.

41. Patton, Grain Growers' Cooperation, pp. 159-160.

42. Editorial. GGG, July 19, 1916, p. 5.

43. Ibid., December 13, 1916, p. 7.

44. "A National Political Platform," ibid., p. 7.

45. Editorial, ibid., January 2, 1918, p. 5.

46. Editorial, ibid., March 17, 1915, p. 5.

47. Editorial, ibid., April 7, 1915, p. 5.

48. Editorial, ibid., April 28, 1915, p. 5.

49. Editorial, ibid., July, 19, 1916, p. 5.

50. Editorial, *ibid.*, July 5, 1916, p. 5.
51. The National Platform's wider claims ranged from tariffs to taxation, the franchise for women, systems to avoid patronage, and liquor controls.
52. Editorial, *GGG*, February 21, 1917, p. 5.
53. Editorial, *ibid.*, September 11, 1918, p. 5.
54. Editorial, *ibid.*, September 18, 1918, p. 5.
55. Editorial, *ibid.*, February 13, 1918, p. 5.
56. Editorial, *ibid.*, May 29, 1918, p. 5.
57. Martin Robin, Radical Politics and Canadian Labour (Kingston: Industrial Relations Centre, Queen's University, 1968), pp. 104-118.
58. For example, James Naylor attributed the worsening of working conditions in Ontario during the First World War to growing capitalism; James T. Naylor, The New Democracy: Challenging the Social Order in Industrial Ontario, 1914-25 (Toronto: University of Toronto Press, 1991), chapter one, pp. 13-41.
59. David Jay Bercuson, "Labour Radicalism and the Western Industrial Frontier: 1897-1919," Canadian Historical Review, LVIII:2, 1977, p. 173.
60. Charles Lipton, The Trade Union Movement in Canada, 1827-1959 (Toronto: NC Press, 1973), p. 162.
61. *Ibid.*, p. 164; J. Naylor, The New Democracy, pp. 19-23.
62. *Ibid.*, pp. 169-73; Janine Brodie and Jane Jenson, Crisis, Challenge, and Change: Party and Class in Canada, Revisited (Ottawa: Carleton University Press, 1988), pp. 91-93. Brodie and Jenson described how the Conscription Crisis worsened these divisions:

...the Conscription issue, which might have united the labour movement and forged a class cleavage into electoral politics, only further split the movement into factions. The effect of a split on the partisan situation became clear as, once again, Canadian workers

and the population received confusing and sometimes contradictory interpretations of the situation.

Ibid., p. 93.

63. Robin, Radical Politics, p. 147.

64. Brodie and Jenson, Crisis, Challenge, and Change, p. 93.

65. Robin, Radical Politics, pp. 104-118. A similar explanation regarding internal divisions in labour was presented by Brodie and Jenson; Brodie and Jenson, Crisis, Challenge and Change, pp. 90-91. Gordon Laxer also argues:

In contrast to the élites in French and English Canada, which did manage to forge alliances, the early popular-democratic movements found it difficult to establish working relations across ethno-national lines. Elite unity and popular disunity have been constant elements in Canadian history ever since.

Gordon Laxer, Open For Business, p. 135.

66. Suzanne Buckley, "Attempts at Imperial Economic Co-operation, 1912-18," Canadian Historical Review, LV:3, 1974.

67. W.T. White, Commons Debates, February 7, 1912, p. 1593.

68. Ibid., p. 2595.

69. Ibid., p. 2591.

70. Ibid., p. 2592.

71. Laurier, ibid., March 1, 1912, p. 4146.

72. O. Mary Hill, Canada's Salesman to the World: The Department of Trade and Commerce, 1812-1939 (Montreal: McGill-Queen's University Press, 1977), p. 176.

73. Robin, Radical Politics, p. 122.

74. Ramsay Cook explained that prior to the Conscription Crisis, the Liberal Party was already facing serious internal division in 1916 over the Manitoba School Question; Ramsay Cook, "Defoe, Laurier, and the Foundation of the

Union Government," Canadian Historical Review, XL:3, 1961, pp. 190-202.

75. Borden even suggested that his party would form a coalition government, Union government, with the Liberals. The Liberal Party rejected this proposal; Brodie and Jenson, Crisis, Challenge, and Change, p. 95.

76. The electoral results of the general election of 1917 were:

Unionist	153	seats
Opponent	82	seats

Murray Beck, Pendulum of Power (Scarborough: Prentice-Hall, 1968), p. 148.

77. W.L. Morton, The Progressive Party in Canada (Toronto: University of Toronto Press, 1950), p. 53.

78. This cabinet also included a former labour activist, Gideon Robertson, as the Minister of Labour.

79. Brodie and Jenson, Crisis, Challenge, and Change, pp. 96-97.

80. Robin, Radical Politics, pp. 138, 140.

81. J.T. Naylor pointed out that these appointments of labour leaders on the regulatory boards was a state strategy to forge an alliance; J.T. Naylor, The New Democracy, pp. 24, 35.

82. Buckley, "Attempts at Imperial Economic Cooperation," pp. 300-306.

83. Hill, Canada's Salesmen, pp. 178-80.

84. See Granatstein's How Britain's Weakness Forced Canada into the Arms of the United States.

CHAPTER SIX

IMMUNIZING THE POLITICAL SYSTEM FROM TARIFF POLITICS, 1919-1929

Introduction

After the war, the Canadian political economy faced several critical challenges. The decline of the British economy became ever more apparent. American exports were gaining in European and Canadian markets. American direct investment abroad increased, particularly in Canada and Europe. In Canada, political discontent was flooding out as if it was finally thawing after being frozen up during the war. Political upheavals included the Winnipeg General Strike in 1919 and the emergence of the Progressive Party in 1920.

During the 1920s, the matrices of tariff politics shifted from their relative tranquillity in the previous period. The manufacturers in favour of stabilizing the existing tariff protection under the National Policy encountered farmers trying to bring tariffs back into partisan politics through the Progressive Party.¹ The manufacturers believed tariff issues were political "hot potatoes" and wished to remove them "out of politics" so that only they could have stable control over the issues.

As the farmers' economic status rose, they became class-aware, and this new awareness reinforced their political pursuits. Now, state institutions dealing with tariff issues were established: the Tariff Commission, 1920-21, and the Advisory Board on Tariff and Taxation as a permanent institution in 1926. The Advisory Board was more bureaucratized and less partisan than the previous Tariff Commissions, and added a new tone to the tariff policy process during this period.

This chapter will record the manner in which the traditional political parties and the Progressive Party dealt with the tariff issue during the 1920s. Why did the Progressive Party fail to retain its surge of popular support? How were tariff politics moved back into and then removed again from the partisan political arena? We will see that polarized tariff politics retreated as a result of the changing social matrices as well as the elaboration of new state institutions and changing economic conditions.

1. Canadian Political Economy within the International Political Economy

International economic changes after the War were swift. The enormous demands for war supplies ended and the European markets remained shattered by the war leaving Canada's war boom over. More importantly, the United States

moved back to trade protectionism with Fordney-McCumber Tariff in 1922.²

Canada maintained close ties with Great Britain and the United States after the First World War. In 1922, the war tariffs were removed, and more tariff reductions were implemented.³ Broader imperial preferential trade within the Empire was pursued in the meetings of the Imperial Conference in 1923 and 1926; yet, this system was not actually implemented during this decade. In comparison, the United States was emerging as the dominant economic partner. Still, neither imperial nor continental trade relations showed many signs of economic recovery in the immediate post-war period.

The wartime economic boom slowed down almost immediately after the cessation of hostilities. Exports continued to decline up to 1922, when the figure recorded was the lowest in the decade. However, the volume of exports increased and plateaued in the second half of the 1920s. In comparison, imports fluctuated in shorter cycles of a few years, although they experienced a phase of expansion from 1925 to 1929 (Table 6-1).

Trade patterns with Great Britain continued to contrast with those with the United States. Exports destined to Great Britain declined from 54.9 per cent of Canada's total exports in 1918 to 31.4 per cent in 1929. Although exports

to the United States fluctuated around 40 per cent during the same period, toward 1929 continental exports exceeded those to Great Britain (Table 6-2). As for imports, British goods steadily recovered the Canadian market. In terms of proportion to total imports, British imports grew to close to 20 per cent, while those from the United States declined from 81 per cent in 1919, and eventually stabilized to around 65 per cent. Consequently, the value of continental imports was persistently more than three times the value of British imports (Table 6-3).

Canada's trade surplus declined after the war. In 1921, the trade balance saw a \$29 million deficit. Later, the trade balance bounced back to a surplus, but the situation was unstable. The trade balance with the United States was always in deficit. Although the continental deficit was once reduced from \$352 million in 1918 to \$82 million in 1925, it resumed growth to \$346 million in 1929. In contrast, the trade balance with Great Britain remained in export surplus, even during the recession of 1921 and 1922 (Table 6-4).

Nevertheless, these aggregated trade indicators fail to describe the complex disparities among varied sectors of the economy. Trade price indexes during this period illustrate price increases and decreases among commodities and between exports and imports (Tables 6-5, 6-6). For example, from

1918 to 1920, the export price index for all commodities continued to increase; nevertheless, the price index for fibres and textiles decreased between 1920 and 1922, recording its lowest prices. After the recession of 1922, all commodities, except for iron and steel and products, started to rise in price, yet remained unstable. Similarly, the import index showed a peak in 1920 and 1921, but was followed by price fluctuations that differed depending on the commodity. These inflationary prices affected the cost of living index as well. After 1922, the cost of living stagnated, but it never really fell down to previous levels (Table 6-7).

During this period, industrial production and employment also fluctuated. For example, the numbers of establishments grew until 1919, with the gross value of production increasing up to 1921, while employment began to fall in 1919. After the recession of 1922, manufacturing production continued to expand until 1929; however, the number of employees fluctuated more frequently. Thus, the industrial situation was unstable, particularly for workers (Table 6-8).

At the same time, this period was a significant epoch in Canadian manufacturing, shadowed by the National Policy of 1879, in which American direct investment expanded in Canada. For example, forty per cent of American investment

in Canada was direct investment; in comparison, only a tenth of British investment was direct (Table 6-9). Seven-tenths of American direct investment was infused into manufacturing, mining, and smelting; of this, a half was destined for manufacturing in the automobile and aviation industries (Table 6-10). American auto-producing companies, such as Chrysler and Ford, expanded their production in Canada by using already-existing facilities, trained labour, and a market for production within Canada.⁴

The post-war recession resulted in a serious economic blow to the farmers. For example, wheat prices plunged from recorded highs. In the domestic market wheat prices plunged from \$2.63 per bushel in 1920, to \$1.07 in 1924. Similarly, wheat prices fell in Great Britain from \$2.85 per bushel in 1920, to \$1.47 in 1923. These falling prices were partly attributed to the termination of the Wheat Board, which had held market prices stable and relatively high, in 1920. In the period prior to the Depression of 1929, wheat prices never bounced back to the levels achieved during the war (Table 6-11).

Under this gloomy economic situation, labour movements experienced a peak in 1919 with the Winnipeg General Strike; yet, in the years following, the trade unions became weaker. Union membership declined from 1920 after their highest point in 1919. There was some recovery after that, but it

never regained the level of 1919. Similarly, after 1920, the number of strikes and lockouts decreased and the number of employees involved in these strikes declined (Table 6-12).

Further growth of the state's role in economic management took place during this period, in spite of the war being over. The economic regulatory boards held on to their functions and also new regulatory boards were built. The Wheat Board was established during the period.

During this period, tariffs appeared to be implemented more for protection than for revenues in light of the advent of direct taxation (income tax) in 1917. More than 80 per cent of federal revenues had been collected from customs duties in 1913; however, this proportion declined to less than 40 per cent in 1917. Although the proportion of the direct tax revenue fell in the second half of the 1920s, customs revenues never exceeded 50 per cent (Table 6-13). Within the growing state, the Conservative government created the Tariff Commission in 1921 and the Liberals established the Advisory Board of Tariff and Taxation in 1926. The Advisory Board was the first permanent institution and was assisted by trade expert for investigating tariff issues.

The Canadian political economy underwent a post-war recession, as well as some economic recovery, prior to the

Depression of 1929. Tariffs caused a polarization between the protectionists and the Progressive Party, who pursued lower tariffs. Nonetheless, in the following years, efforts were made in order to submerge contradictory interests into a specific type of politics which we will witness in the following sections.

TABLE 6-1 CANADA'S TRADE, 1918-1932 (\$1000)

year	exports	imports
18	1,586,170	963,533
19	1,268,765	919,712
20	1,286,659	1,064,528
21	1,210,428	1,240,159
22	753,927	747,804
23	945,296	802,579
24	1,058,764	893,367
25	1,081,362	796,933
26	1,333,912	927,329
27	1,269,585	1,030,893
28	1,256,153	1,108,956
29	1,393,446	1,265,679
30	1,114,938	1,248,274
31	817,028	906,613
32	611,253	578,504

Source: Canada Year Book, 1939, (Ottawa: 1939), p. 502.

TABLE 6-2 CANADA'S EXPORTS, 1918-1932 (\$1000)

year	Great Britain		the United States	
	value	proportion of total	value	proportion of total
	\$	%	\$	%
1918	845,480	54.9	417,233	27.0
19	540,750	44.5	454,873	37.4
20	489,153	39.5	464,028	37.4
21	312,844	26.3	542,323	45.6
22	299,362	40.4	292,589	39.5
23	379,067	40.7	369,080	39.6
24	360,058	34.4	430,708	41.2
25	395,843	37.0	417,417	39.0
26	508,238	38.5	480,200	36.4
27	446,873	35.6	468,434	37.3
28	410,691	33.3	483,700	39.2
29	429,730	31.4	504,162	36.8
30	281,746	25.1	515,050	46.1
31	219,246	27.4	349,661	43.7
32	174,044	29.0	257,770	42.9

Source: Canada Year Book, 1939, p. 506.

TABLE 6-3 CANADA'S IMPORTS, 1918-1932 (\$1000)

year	Great Britain		the United States	
	value \$	proportion of total %	value \$	proportion of total %
1918	81,324	8.4	665,313	78.6
19	73,035	8.0	750,203	81.6
20	126,363	11.9	801,097	75.3
21	213,974	17.3	856,177	69.0
22	117,135	15.7	515,958	69.0
23	141,330	17.6	540,990	67.4
24	153,587	17.2	601,256	67.3
25	151,084	19.0	509,780	64.0
26	163,731	17.6	608,619	65.6
27	163,939	15.9	687,023	66.6
28	186,436	16.7	718,896	64.9
29	194,041	15.3	868,012	68.6
30	189,180	15.2	847,442	67.9
31	149,497	16.5	584,407	64.5
32	106,372	18.4	351,687	60.8

Source: Canada Year Book, 1939, p. 507.

TABLE 6-4 CANADA'S TRADE BALANCE, 1918-1929 (\$1,000,000)

year	all countries	with Great Britain	with the U.S.
1918	622.6	779.8	-352.1
19	349.0	487.8	-272.5
20	222.1	369.7	-300.0
21	-29.7	100.3	-295.5
22	6.1	183.3	-211.9
23	142.7	238.6	-160.7
24	165.4	207.6	-159.6
25	284.5	246.1	-82.6
26	401.4	345.6	-122.7
27	236.7	284.1	-207.7
28	142.5	226.9	-222.8
29	123.1	237.7	-346.2

Source: Canada Year Book, 1939, p. 463.

TABLE 6-5 EXPORT PRICE INDEX, 1918-1929 (1913=100)

year	total	agricultural vegetable	animal	fibres & textiles	wood & paper	iron & steel
1918	195.9	238.1	191.5	183.4	153.6	90.7
19	205.9	235.0	211.3	263.1	177.8	106.1
20	229.7	256.1	209.1	190.1	250.5	131.4
21	164.8	159.3	150.4	139.0	216.3	93.8
22	137.8	129.3	136.2	117.1	168.3	107.9
23	136.8	122.2	142.0	134.2	178.0	90.8
24	139.6	133.1	136.3	161.1	173.3	88.3
25	151.7	155.2	155.1	165.8	167.9	83.8
26	147.0	150.9	148.0	140.3	162.4	82.9
27	144.0	143.5	145.7	126.7	158.5	92.0
28	137.6	132.1	155.7	143.7	156.4	81.0
29	136.9	130.1	155.7	126.0	153.9	82.9

Source : M.C. Urquhart, ed., Historical Statistics of Canada (Toronto: Macmillan, 1965), p. 301.

TABLE 6-6 IMPORT PRICE INDEX, 1918-1929 (1913=100)

year	total	agricultural vegetable	animal	fibres & textiles	wood & paper	iron & steel
1918	166.4	159.9	152.3	241.9	130.2	131.3
19	179.9	190.6	224.1	264.6	142.2	127.4
20	220.2	264.2	203.3	285.4	298.6	146.4
21	160.6	200.3	91.4	165.0	174.8	137.6
22	135.3	131.8	85.3	156.5	161.3	103.5
23	147.6	174.4	87.3	182.4	178.2	108.8
24	141.7	167.2	78.9	181.7	167.0	107.4
25	139.2	154.8	93.6	184.0	175.6	98.6
26	131.2	149.6	86.9	158.0	164.7	95.0
27	126.4	153.3	95.0	143.7	141.7	95.0
28	127.1	144.4	119.2	153.8	142.1	93.6
29	123.0	130.6	94.9	147.1	150.9	95.7

Source: Historical Statistics, p. 302.

TABLE 6-7 COST OF LIVING INDEX, 1918-1929 (1935-39=100)

year	index
1918	118.1
19	129.8
20	150.4
21	132.2
22	121.1
23	121.5
24	119.3
25	120.4
26	121.7
27	119.7
28	120.2
29	121.6

Source: Historical Statistics, p. 304.

TABLE 6-8 MANUFACTURING INDUSTRIES, 1918-1930

year	number of est- ablishments	persons engaged in manufacturing total (1,000)	proportion of production workers (%)	gross value of production (\$1000,000)
1910	-----	510	91	1,152
1918	22,007	586	88	3,165
19	22,578	572	86	3,512
20	22,376	576	86	3,668
21	20,836	442	83	2,491
22	21,017	458	84	2,389
23	21,077	511	85	2,690
24	20,693	493	85	2,607
25	20,956	523	86	2,808
26	21,269	559	86	3,090
27	21,464	595	86	3,223
28	21,937	631	86	3,544
29	22,184	666	86	3,841
30	23,049	528	86	3,237

Source: Historical Statistics, p. 463.

TABLE 6-9 FOREIGN DIRECT INVESTMENT IN CANADA IN 1926 AND 1930 (\$1,000,000)

year	total		from the U.S		from G.B.	
	value	pro- portion of total F.I.* \$ %	value	pro- portion of total F.I.** \$ %	value	pro- portion of total F.I.*** \$ %
1926	1,782	29	1,403	43	336	12
1930	2,427	31	1,903	40	392	14

* foreign investment including direct and portfolio investments by non-residents

** foreign investment from the United States

*** foreign investment from Great Britain

Source: Historical Statistics of Canada, p. 169, and calculations.

TABLE 6-10 FOREIGN DIRECT INVESTMENT FROM THE UNITED STATES TO CANADA, 1914-1929 (\$1,000,000)

year	total		manufacturing		mining and smelting	
	value	propor- tion \$ %	value	propor- tion \$ %	value	propor- tion \$ %
1914	618	100	221	35	159	25
19	814	100	400	49	200	24
24	1081	100	600	55	225	20
29	1657	100	819	49	319	19

Source: Cleona Lewis, assisted by Karl Schlotterbeck, America's Stake in International Investments (Washington, D.C.: The Brookings Institution, 1938), pp. 575-606, and calculations.

TABLE 6-11 WHEAT PRICES IN WINNIPEG AND LIVERPOOL, 1917-1930
(per bushel)

year	Winnipeg price (cents)	Liverpool price (cents)
1917	220	248
18	222	241
19	221	230
20	263	285
21	165	241
22	121	176
23	110	147
24	107	159
25	168	194
26	151	187
27	146	178
28	146	145
29	124	120
30	124	121

Source: W.A. Mackintosh, A.B. Clark, G.A. Elliott, and W.W. Swanson, Economic Problems of the Prairie Provinces. (Toronto: Macmillan, 1935), Appendix A, p. 283.

TABLE 6-12 UNION MEMBERSHIP, STRIKES AND LOCKOUTS, 1918-1930

year	union membership (1,000)	strikes and lockouts	number of workers involved (1,000)
1918	284.9	230	80
19	378.0	336	149
20	373.8	322	60
21	313.3	168	28
22	276.6	104	44
23	278.1	86	34
24	260.6	70	34
25	271.1	87	29
26	274.6	77	24
27	290.3	74	22
28	300.6	98	18
29	319.5	90	13
30	322.4	67	14

Source: Historical Statistics of Canada, p. 107.

TABLE 6-13 CUSTOMS REVENUE IN TOTAL TAX REVENUE, 1918-1929

year	direct tax		customs import duties	
	value (\$1,000,000)	proportion* %	value (\$1,000,000)	proportion %
1913	--	--	104.7	83
1918	42.3	18	147.1	62
19	64.4	21	168.8	57
20	87.2	23	163.3	44
21	101.5	31	105.7	33
22	72.7	21	118.0	35
23	58.9	17	121.5	35
24	58.9	20	108.1	36
25	56.8	17	127.3	38
26	48.1	13	141.9	40
27	57.5	15	157.0	43
28	59.9	15	187.2	47
29	69.2	18	179.4	47

* proportion of total tax revenue of the federal government.

Source: Historical Statistics of Canada, p. 197 and calculations.

2. Changing Structure of Social Matrices

Soon after the First World War, there was an outburst of renewed debate over the tariff, which had been marginalized during the war. For example, the manufacturers resumed their traditional advocacy of the National Policy scheme of protective tariffs. The growing strength of the farmers' movements and the surge of the Progressive Party created a big wave of demands for lower tariffs. As we will later observe, the labour movement reached its height prior to the 1920s but failed to preserve its strength.

a. Manufacturers Facing Challenges

Manufacturers in A New Political Economic Environment

Despite the strategy already developed in the previous periods, the Canadian Manufacturers' Association (CMA) entered another critical epoch due to a combination of internal disintegration and external challenges by the workers' unrest, the farmers' demand for lower tariffs, and competitive American products in the domestic market.⁵ Interests diversified within the CMA⁶ due to the boom of production and the geographical dispersion of industries during the war.

In order to hold fast against the potential for internal division the CMA strengthened the roles of the committees. Claims from the members were first directed to

the committees, which acted as auxiliary institutions for the executive, and then were carefully scrutinized.⁷ These committees acted as the bureaucracy of the association, and its discussions, investigations, and recommendations were passed along to the CMA's executive committee. They provided the members with technical service and, at the same time, played the role of buffer between the members and the executives. This elaborate committee system, covering various concerns, helped to avoid unexpected clashes between diverse interests and any erosion of legitimacy of the association itself.

The manufacturers faced unprecedented challenges from the workers and farmers. Regarding the workers' unrest, the CMA tried to reduce confrontation with labour and began advocating "workers' welfare", aimed to stabilize industrial relations through the facilitation of social services for workers. The industrialists wanted to project a sympathetic attitude toward the workers, and their pragmatic strategy was aimed at reducing strikes and lockouts which disrupted their production schedule.⁸ The manufacturers also encountered growing political pressure from the western farmers. Breaking with the Union government in 1919, the farmers demonstrated their protest against high tariff levels.⁹ They formed the Progressive Party in 1920.

Revived Protectionist Strategy

The end of the war enabled the manufacturers to actively resume their traditional position regarding tariffs, advocating protection for domestic industries and an expansion of the imperial preferential arrangements. The manufacturers again demanded the creation of a tariff commission which would deal with the issue "scientifically" and outside of partisan politics.

The manufacturers' pleas for tariff protection appeared no different from those prior to the First World War, except for their expanded magnitude and increased sophistication. The CMA demanded tariff protection for domestic products through nationalistic campaigns such as the "Made in Canada Campaign."¹⁰ The CMA reasserted its policy position of being in favour of tariff protection for domestic producers. In addition, the Canadian Reconstruction Association (CRA), which shared many members with the CMA, devoted itself to an intensive protectionist campaign. Murray's Editorial Report Service, headed by G.M. Murray, a former CMA executive, began its protectionist propaganda activities in 1918. The CMA's campaign was in collaboration with other similar protectionist campaigns.

The arguments the CMA presented to the Tariff Commission of 1920 were very much like those they presented for the National Policy in 1879. F.W. Stewart, Chairman of

the Montreal Branch of the CMA, stated:

Surely it is to our advantage to build up manufacturing industries in Canada to supply all of our requirements of manufacturers which can be made here economically!...The problem will be solved if we can continue to displace imported goods with Canadian products, the manufacturer of which will give work to Canadians and keep our plants in operation.¹¹

Stewart elaborated on this "Import Substitution Industrialization" scheme which had been the essential component of the National Policy. In principle, the manufacturers' claim changed little from their traditional protectionist approach.

The manufacturers also demanded tariff protection because of their concern over competition from American imports.¹² For example, the CMA's presentation at the Tariff Commission in 1920 characterized the United States as an "older, stronger, wealthier, and more firmly established industrial system"¹³ than Canada. The U.S. economy was, in the manufacturers' perception, superior to the Canadian economy. Based on this notion of economic hierarchy in North America, the industrialists insisted on tariff shelter for vulnerable Canadian industries.

In addition, the manufacturers frequently justified their protectionist arguments by comparing American tariffs with Canadian ones. Industrial Canada (IC) asserted in

1919:

In comparison with the United States, Canada has been a low tariff country.... it is interesting to note, however, that, exclusive of the special war tariff which was levied on all imports both [sic] years of 1916, 1917, and 1918 was still considerably lower than the American tariff.¹⁴

This protectionist claim did not dismiss the fact that during the war tariffs had been higher than before, yet they had been lower than American tariffs.

These concerns over tariff protection became more critical when the war tariffs were removed in 1920. The contrast between rising U.S. protectionism and Canada's removal of war tariffs raised a concern:

It is obvious that the removal of the war tariff was particularly unfortunate, in view of the trade depression which overtook the United States last fall, resulting in the dumping of millions of dollars' worth of United States goods into Canada [is] increasing our own trade depression and causing wide spread unemployment.¹⁵

This remark explained how the Canadian economy was depressed, first by the lowering tariffs, and second by the effects of the post-war American recession flooding into Canada. Thus, the Canadian economy was expected to suffer from these compounded economic domino effects.

At the same time, the CMA requested an increase of imperial preferential tariffs. The CMA's notion of

protectionist policy was subtly combined with its strategy to encourage imperial trade through lower tariffs. This was another characteristic which made the CMA's trade proposal similar to the one put forward at the time of the National Policy of 1879.¹⁶ The assertion of nationalism, vis-a-vis continentalism, again appeared to be compatible with imperialism.

The industrialists also justified their protectionist position by stating that protective tariffs would benefit other economic sectors. John R. Shaw, Chairman of the Ontario Division of the CMA, explained the mutual interests among the manufacturing, farming, mining, fishing, and lumber sectors.¹⁷ Any threat to manufacturing was said to be a threat to other sectors. He repeated that these interests were commonly shared by the manufacturers and other social groups, and consequently tried to gloss over the differences among these sectors to strengthen his justification.

Furthermore, the CMA's protectionist arguments defined "protection" carefully and skilfully:

Support of the protective principle should not be confused with advocacy of a high tariff. The Canadian Manufacturers' Association has never advocated a high tariff and does not advocate a high tariff now, but it is a conservative statement of fact to say that the Canadian customs tariff as it stands to-day is not a high tariff, and

that in comparison with tariffs of other countries it is very moderate.¹⁸

This argument was aimed at shrugging off the prevailing image that the CMA had been selfishly demanding higher tariffs at the expense of others. It reaffirmed that tariff protection in Canada was currently lower than in other countries. These international comparisons were employed to justify the goal of increasing tariffs, without discussing whether or not Canadian tariffs themselves were high. In this way, the CMA delivered a protectionist message while purposely avoiding the provocation of fierce opposition.¹⁹

In the same protectionist context, the CMA's Tariff Committee expressed its deep concern over the latest tariff reductions in the 1924 Budget:

This was apparent from the time the Budget made heavy reductions in the tariff on a great number of articles used in farming, dairying, fruit growing, poultry raising, mining, quarrying, lumbering and logging. In addition to these reductions other serious reductions were made in the rates on materials partly or wholly manufactured entering into the composition of numerous machines and apparatus referred to above.... Following the four previous tariff reductions in 1919, 1920, 1922, and 1923, your [tariff] committee [of the CMA] believes that this last and greatest general reduction injures the entire industrial system of Canada.²⁰

The committee's focus was particularly concentrated on the harm to which manufacturing was exposed by imports entering

Canada as a result of the lowered tariffs.²¹

The potentials of foreign direct investment were referred to as another justification for protective tariffs:

...a policy of [tariff] protection will attract permanent capital, which will construct plants, and railroads, and accumulate other stable assets that will become part of the country's wealth.²²

The manufacturers repeated that tariff barriers would invite more foreign direct investment into the country. Despite their nationalistic assertion that demanding protection for domestic industrial production, foreign capital was welcomed because of its contribution to the expansion of production facilities located within Canada. In the CMA's perception, nationality of investment was secondary to the geographical location of production. Consequently, protection and encouragement of foreign investment were twinned together.

Overall, the CMA's arguments for protection were based on the National Policy scheme that tariffs would protect domestic industries and employment, and increase foreign investments. However, their arguments were much more elaborate than ever, and particularly, protection was presented as a legitimate demand. After the war, the manufacturers' protectionist approach was revitalized with further strategic sophistication.

Proposal for Another Tariff Commission

The CMA was anxious to have the government create another tariff commission. For example, the annual meeting in 1919 endorsed the creation of a tariff commission.²³ In the same year, the CMA's General Manager wrote to Prime Minister Robert L. Borden and proposed a permanent tariff board "to act in an advisory capacity to the Government on all matters concerning the Canadian Custom Tariff [sic]."²⁴ Permanency was emphasized in the proposal for a state institution on tariff matters, and justified the need for a more adequate collection of information related to tariffs. More importantly, this permanent nature was justified in order to gain a "command of the confidence of all classes,"²⁵ and for the economic stability of those classes.²⁶ Again, the proposal was furnished with a function as well as a token notion of common interests for all.

The CMA Tariff Committee's report, tabled to the Executive Council in October 1920, also proposed a permanent commission on tariffs:

When it became clear that the government were [sic] considering the advisability of conducting the tariff enquiry by a committee of Cabinet Ministers, the Association [CMA], at the recommendation of a Tariff Committee, advocated the appointment of a permanent Tariff Board of experts to act in an advisory capacity to the Minister of

Finance,...²⁷

The CMA's proposals for a tariff board was a part of the manufacturers' traditional strategy. First, the proposal suggested a permanent commission, in contrast to the two previous Tariff Commissions (1896-97, 1905-06) which had operated only temporarily. Because of the failure to create a tariff commission in 1912, their suggestion was to create a permanent commission, removing the need to campaign in the partisan arena for the creation of each commission.

Second, the permanent nature of the tariff board nurtured claims that tariffs should be dealt with by specialists with technical knowledge, with some autonomy from the push and pull of partisan politics. This notion was related to the perception of tariffs as a technical matter, a view which had always been favoured by the manufacturers in their strategy to present tariffs as the end result of a rational process.²⁸

The manufacturers normatively described tariffs as a scientific matter by suppressing any room for debate among various contradictory interests. This notion, which they considered rational, was designed to discourage political controversy.²⁹ By eliminating other actors from tariff politics, the CMA was enhancing its strategy, which had already situated the association in the centre of the tariff policy process.³⁰ This notion of "science" was supposed to

create a favourable environment for the manufacturers to effectively pressure the state on the matter of tariffs.³¹ As a result, avoiding the politics of tariffs was expected to stabilize tariff protection and consequently, business conditions.³² Thus, the manufacturers developed layers of strategies such as effective lobbying, strengthening pressure on the state, and securing their strategy by eliminating others' influences. However, the industrialists were also astutely aware of the politically risky side of their proposed tariff commission. They sensibly recognized that the tariff commission would not put an end to politics. They were still concerned about the potential for matters to get beyond their own control, such as appointments to the tariff board.³³

No organization was better prepared than the CMA to deal with the specific bureaucratic design of the board. The Tariff Department of the CMA was originally created in order to prepare the members' briefs and briefs for the organization as a whole. More importantly, the Tariff Department of the CMA established routine communication with the Advisory Board on Tariff and Taxation, such as requests for copies of briefs at the board's office.³⁴ The CMA was willing to offer assistance of expertise and resources to the members for their appearances at the board. In that manner, the CMA was ready to deal with a new bureaucratized

tariff board within the state because of its own well-developed bureaucracy that dealt with tariff matters.

b. Farmers: Achievements and Vulnerability

From the Union Government to the Progressive Party

Growing Demand for Lower Tariffs

Tariff issues immediately returned as a priority on the farmers' political agenda after the war. The United Farmers of Ontario (UFO) proposed free trade with the United States and Great Britain.³⁵ An editorial in the Grain Growers' Guide (GGG) in August 1918 insisted upon a campaign for lower tariffs against the renewed manufacturers' protectionist campaign. This editorial also pointed out that there had been increases in tariffs during the war, but that they had to be totally removed after the war.³⁶

Blaming tariffs as "unjust," the farmers positioned themselves diametrically against the manufacturers who were in favour of tariff protection:

Every farmer in Canada has been forced to pay an extra tax for the benefit of the manufacturing industry. This unjust burden upon the farmers has kept agriculture backward and prevented its proper growth....But they [farmers] are equally determined that they will no longer pay toll to the manufacturers. The manufacturers have been in the saddle for nearly 40 years. They have owned both Grit [Liberal] and Tory [Conservative] governments by their donations to campaign funds.

The agrarians blamed the lingering tariff burden on the political and economic hegemony of the manufacturers who had penetrated the traditional political system at the expense of the farmers.

Disappointed with the traditional political parties, an editorial of the Grain Growers' Guide proposed that the farmers mount independent action as an alternative:

If the farmers have sufficient political sense to present a united front and stand shoulder to shoulder they can win out against all the money the protected interests can produce. But the farmers must forget that they are or have been Grits or Tories; they must nominate and elect their own candidates, who can be depended upon to fight for a square deal. The situation is clearly before the farmers, it is up to them to decide.³⁸

This proposal pressed the farmers to create their own political party to achieve greater political representation.

Another target for the farmers was the secretive nature of the tariff policy process in which the manufacturers dominated.³⁹ First, the policy process was sealed off from the public, and various demands over tariffs were kept out of this closed process. Second, the manufacturers, as insiders in this process, could exert their influence on tariff issues through consultations that were established with the highest levels of government. The manufacturers were, therefore, perceived to have a decisive influence on

tariff decisions in comparison with other actors such as the farmers who had been left out of the process.

The agrarians appeared to be apprehensive regarding the idea of a tariff commission. An editorial in the Grain Growers' Guide in May 1919 sharply criticized it:

The idea that a permanent committee of "experts" should be created to deal with the tariff is one that is being put forward with increasing frequency in the protectionist propaganda. It is always accompanied by solemn remarks about the desirability of "taking the tariff out of politics."¹⁰

The proposed tariff commission was seen as a mere puppet institution which would solely serve the protectionist manufacturers. The farmers were concerned that they would again be left out of a process driven by experts on a tariff board. The United Farmers Cooperative of New Brunswick complained to Prime Minister Borden, in 1919, that they were against the creation of a permanent tariff board because it was "taking this matter [tariff] out of the hands of people's representatives!"¹¹

Tariffs became more critical for the farmers when tariff revisions were introduced in the Budget of 1919. T.A. Crerar, who had been an active member of agrarian movements and joined the Union government as the Minister of Agriculture in 1917, resigned from the Cabinet because he was dissatisfied with the insufficient tariff reductions

introduced in the "protectionist Budget."⁴² Crerar explained his disagreement with the custom tariffs introduced in the Budget:

I [Crerar] found myself in sharp issue with the Government, and holding the views that I did, and representing in the Cabinet, in a measure, the opinion of the farmers of Canada--although I quite recognized that I was not a representative there of any special class, I want to make that clear--and knowing the opinion of the farmers of Western Canada on the fiscal question, and believing absolutely in it myself, there was I felt only one course for me to follow when I found myself at issue with my colleagues and that was to tender my resignation to the Prime Minister, which I did.⁴³

Moreover, eight Unionists voted against the tariff revisions for the same reason. The level of tariff reduction sparked a disagreement over the issue which the Union government had tried hard to gloss over.

As we have already seen in the previous chapters, demands for reduced tariffs were somewhat overdue for the farmers. Agrarian politicians had participated in the Union government Cabinet with little resolution of their disagreement with the Conservatives over tariffs. Despite the fact that the war was over, war tariffs were not totally abandoned. The farmers expressed their frustration with the existing political and economic system, and desired to establish their own political party.

The Farmers' Strategies: Denial of Farmers as a Class

Under the higher cost of living, the recession, and the lingering war tariffs,⁴⁴ the political strategies of the farmers' associations became more elaborate. For instance, the United Farmers of Alberta (UFA) began to seriously consider a strategy to mobilize their local associations and run their own candidate from each local in the next general election. Similarly, the farmers in Ontario worked to send their own delegates into politics by making use of the organization of the UFO.⁴⁵ In Manitoba, a local of the Grain Growers' Association decided to nominate an independent candidate who advocated the policy of the Farmers' Platform for the upcoming general election.⁴⁶ In their pursuit of political representation, these associations strategically disassociated themselves from the two dominant political parties. In this way, the farmers' associations transformed themselves into institutional instruments aimed at achieving better political representation for the farmers. At the same time, the farmers endorsed proportional representation as a political alternative for a fair system which would secure representation for farmers as well as for workers.⁴⁷ They modified policy alternatives in order to restructure the current political system.

However, the agrarians' political strategy failed to

avoid ambiguities that weakened their political pursuits. The farmers defined their political action as open to all classes rather than exclusively to themselves. They denied the definition of farmers as a class in itself.⁴⁸ They rejected, at least in principle, any political options that would benefit only themselves at the expense of others. And they failed to define their interests by clearly distinguishing themselves from other social groups. These conditions prevented them from actively aggregating their own interests.

The farmers steadily achieved political momentum through victories in federal and provincial elections. In the federal by-elections of October 27, 1919, the farmers' candidates made historic breakthroughs. Out of eight by-elections, they gained four seats.⁴⁹ The farmers began to form governments at the provincial level. In Ontario, the UFO won the provincial election on October 20, 1919, and was sworn in as the governing party.⁵⁰ The UFO, which had been established in 1914,⁵¹ became the backbone of the provincial government. The editorial of Grain Growers' Guide praised this agrarian achievement in the election:

The United Farmers of Ontario, steadfastly and clear sightedly doing their duty as citizens, have disposed of the old party system of partyism and established new standards in the political life of that province.⁵²

There was momentum in the farmers' political involvement. They had turned their association into an organizational instrument for direct political representation. They achieved some representation in both federal and provincial politics, opposing the traditional political party system. These discontented agrarian politicians formed the federal Progressive Party on February 26, 1920, boasting eleven already-elected Members of Parliament and several provincial organizations.⁵³

The farmers' demands frequently referred to "the New National Policy," which had been originally addressed by the Canadian Council of Agriculture (CCA) as an extension of the Farmers' Platform of 1916. In 1920, J.B. Musselman, Secretary of the Grain Growers' Association of Saskatchewan, explained:

The New National Policy is in no sense a class platform. It is properly termed a national policy for it seeks to preserve and conserve the legitimate interests of all citizens as they relate to the welfare of society as a whole.⁵⁴

In contrast to the National Policy of 1879, which the farmers had called "class legislation" on behalf of big business in Canada, the "New National Policy" also rejected class politics because of its potential to "alienate" other classes.⁵⁵

This denial of class differences resulted in a loss of

political efficacy. First, the denial discouraged the farmers from distinguishing themselves as a separate class. This anti-class definition left the farmers' political agenda ambiguous and denied them a distinct base from which to form alliances with other social groups. Second, the dominant existence of the provincial associations undermined the legitimacy of the CCA as an umbrella institution. In sum, the manifestation of the New National Policy was a result of some political advancement of the farmers; yet, these proposals themselves failed to elaborate concrete plans for the effective aggregation and articulation of the farmers' political demands.

The "New National Policy" was, to a certain extent, the electoral platform of the new Progressive Party. In December 1920, an editorial of the Grain Growers' Guide claimed that T.A. Crerar was the leader of the New National Policy.⁵⁶ At the opening of the election campaign in 1921 in Brandon, Crerar himself announced that the Progressive Party was not a class party.⁵⁷ Although the Canadian Council of Agriculture had started in 1916 as a non-partisan organization,⁵⁸ by 1921 the council was connected to the Progressive Party through the provincial agrarian associations and its policy orientations.

Pursuit of Lower Tariffs

The farmers persistently demanded that tariffs be lowered. The agrarians argued that tariffs privileged only the manufacturers while they neglected agrarian demands for lower tariffs, all due to the political dominance of the industrialists.⁵⁹ In pointing to the manufacturers as a cause for the unfair political system, H.W. Wood, President of the UFA, asserted that no more protection should be given to manufacturing.⁶⁰

The farmers were increasingly frustrated with the mainstream political parties. The Conservative Party appeared to be too close to the protectionist manufacturers for the farmers' taste.⁶¹ The agrarians no longer considered the Liberal Party to be an option either. The Grain Growers' Guide only distinguished between Conservative leader Arthur Meighen and Liberal leader William Lyon Mackenzie King when King indicated that a lowering of tariffs was necessary. Nonetheless, the farmers were not totally satisfied with King, because he left it ambiguous regarding the implementation of lower tariffs.⁶²

The CCA insisted that farmers' voices should be heard more than ever because of the increasing importance of agriculture in the Canadian political economy:

Now that the war is over and
manufacturing will not hold the same
position as it did during war time on

account of war contracts, agriculture will be called upon more and more to fill our exports in order to contribute to the reduction of our large debt abroad....If this is so, then agriculture should receive some fair consideration.⁶³

The council predicted that the economic contribution of the agricultural sector would be more significant; therefore, agrarians should move from the margin toward the centre of the political arena as an important political actor. The critical issue was, again, the lowering of tariffs.⁶⁴ This argument was advanced to assert the legitimacy of agrarian political representation as a result of the changing structure of the Canadian political economy.⁶⁵

Nonetheless, the farmers' argument incorporated an ironic twist. It was based on logic which the farmers had originally challenged. The farmers repeatedly accused the protectionist manufacturers of overwhelming political influence due to their economic strength. On the other hand, the logic of the farmers' current advocacy for more political influence was fairly similar to that of the manufacturers. They assumed that their growing economic strength should be translated into political strength. This assumption was a central pillar of the industrialists' economic and political hegemony on which the farmers' attack was traditionally aimed. Therefore, the farmers fell into the logic which they had rejected.

The agrarians' attack on the protectionists was also entrenched in the broader political questions about the government system, and ultimately in the principles of democracy. An editorial in the Grain Growers' Guide stated in 1921:

For half a century the power of government in Canada has been utilized for the building up of a class interest; for half a century the people have been fooled into the belief that loyalty meant the subsidizing of private enterprise, and docilely they have permitted the plundering of a vast natural heritage....The issue, we repeat and with emphasis, is not solely the tariff as Mr. Meighen declares, or the British connection, or Canada's commercial and industrial status, but whether the people or the politicians and the big interests are going to govern the country.⁶⁶

This argument embedded the tariff issue within the broader issues criticizing the Conservative government. As a result, the agrarians accused the Conservatives of manipulating the political agenda and ultimately linked these questions to the principles of Canadian democracy.⁶⁷

With the dismantling of the Wheat Board⁶⁸ criticism of tariff policy extended to a widespread challenge against the current economic structure:

A protective tariff is the prolific parent of combines, trusts and mergers. An advanced industrialism plus a protective tariff has always meant the special concentration of capital for the purpose of securing all the benefits of

the more or less limited monopoly which a protective tariff intentionally creates.⁶⁹

Prior to the general election of 1921, the agrarian critique of protection was sharper than ever and raised doubts about the legitimacy of current economic policies. The economic policies then in effect were said to merely nurture economic discrepancies and consequently, political unfairness.

In principle, the farmers remained in favour of freer trade. They proposed reciprocity as a trade option to replace the current protection. In 1925, a meeting of the CCA resolved:

Be it resolved [sic] that we reaffirm our position on this matter [tariffs] and request the Dominion Government to enter immediately into negotiations with the United States, looking toward reciprocal trade agreements in natural products, and further that at this session of Parliament a substantial reduction be effected in import duties on all the ordinary necessities of duties of life, raw material for manufacturing purposes, and on all implements of production.⁷⁰

Accordingly, continental reciprocity arrangements were still the favoured option of the farmers. In addition, they also advocated a direct tax on income instead of tariffs, which they said resulted in a higher cost of living and discouraged immigration and settlement.⁷¹

Again, the farmers failed to form an alliance with labour. The disagreement over immigration was

insurmountable. In addition, the farmers' notion of representation blocked the creation of an alliance with labour. Wood claimed that the farmers and workers would not be able to share interests because each economic group should articulate its own interests.⁷² This proposal for the articulation of interests by each social economic group ruled out any potential for forming an alliance. Although the farmers sharpened their confrontation with the manufacturers, they kept failing to collaborate with the workers.

With respect to the Advisory Board on Tariff and Taxation, the agrarian organization was still unsatisfied. In 1929, W.M. Thrasher, Secretary of the United Farmers of Canada, Saskatchewan Section,⁷³ wrote to King that farmers had lost confidence in the Advisory Board on Tariff and Taxation:

The Tariff Board [Advisory Board on Tariff and Taxation] and the Government are still acting upon the assumption that if the manufacturers can show that their production costs are higher than the production costs of their competitors in other countries, for any cause including inefficiency, that this justifies granting them the right to charge an enhanced price to other classes and particularly to agriculture, which cannot pass on the tax as most other classes are able to do.⁷⁴

The agrarians were dissatisfied with the Advisory Board. Their dissatisfaction was based on the fact that the Board

had become another instrumental institution for the government and the manufacturers to justify tariff protection at the expense of the farmers.

The period immediately following the war and the 1920s was a mixture of achievement and failure for the farmers in their pursuit of lower tariffs. In terms of organization, strategy, and width of political focus, there were substantial improvements and developments. Despite these achievements, the farmers faced internal contradictions based on their emerging and ambiguous class awareness and their linkage of political significance with economic strength. The farmers' platform of political and economic changes was too enormous and too fundamental to be achieved. The farmers themselves were still suffering from limited political strength and vulnerability in their organization and strategies.

c. Trade Unions: Unrest and Decline

Divisions in Trade Unions

Trade unionism in Canada again continued to be overwhelmed by its internal divisions. Historically, the trade unions were divided among craft unions, regional and linguistic organizations, and ideologies ranging from gomperism to syndicalism and bolshevism. There were also animosities between skilled and unskilled workers. With

respect to strategy, there were few harmonious collaborations among the various labour factions.

The economic boom caused by the war merely exaggerated the disillusionment among industrial workers who felt that they had been abandoned in the war's inflationary economy. For example, Winnipeg was called "injunction city," as a number of strikes were followed by sympathy strikes called by other unions. As a result, there were many judicial injunctions to end labour unrest,⁷⁵ and the implementation of the state's harsh instruments against strikes under the War Measures Act. The city was also a breeding ground for radical tendencies within the growing trade unionism in the west. One of the results of this increase in western trade unionism was the creation of the One Big Union (OBU), a new labour organization opposed to the Gomerists which had attempted to unite diversified unions.⁷⁶

Although the Winnipeg General Strike had been organized by the Winnipeg Trades and Labor Council, the federal government perceived that the OBU was responsible for the strike. The government's misunderstanding added intensity to its response to the strike.⁷⁷ The OBU was distinct because of its principles of class expression across regional and craft unions. In this way, the OBU aimed to overcome labour's traditional regional, crafts, and ideological segmentation. This position was considered a

serious threat to the existing system, and the federal government reacted against the OBU in a repressive manner.⁷⁸ As a result, the failure of the Winnipeg General Strike smashed the political prospects of the OBU.

Despite the efforts of the OBU, regional divisions among the unions were far from being overcome. The dominant structure based on craft unions had reinforced the various factions and undermined the prospect of being integrated into broader organizations. In addition, western radicalism in isolated mining towns made it difficult to bridge geographical distances and ideological variations. Although syndicalism and bolshevism had achieved some strength in the west, they had not gained much support in the east. In short, the segmented organizations could never overcome regional and ideological differences.

Moreover, the complex structure of the labour parties did not assist in building a national trade union. There were a few political parties related to labour movements, such as the Canadian Labor Party (CLP), the Independent Labor Party (ILP), and the Dominion Labor Party (DLP). These parties were parochial or provincial, rarely coordinated with each other, and often contradicted each other. In Ontario, the ILP captured support in the London-Hamilton area,⁷⁹ and the CLP had its base in other areas. The decline of the ILP in the following years left the CLP

as the only remaining labour party.⁸⁰ Neither the ILP nor CLP became a national party.⁸¹ Their parochial units were operationally independent, rather than being based on seeking any united party consensus. As in the earlier periods, the trade unions and labour parties failed to overcome their parochial differences.⁸²

Regional characteristics also reinforced the divisions within the labour movement. In Quebec, trade unions had been heavily influenced by the Roman Catholic Church. In comparison with other provinces, the dominance of the Church discouraged the workers from organizing themselves. The Church created the Confederation de travailleurs Catholique du Canada (Canadian and Catholic Confederation of Labour, CCCL). In the west, although the labour movement had been quite radical and militant, the boom in resource industries due to the infusion of foreign direct investment toned down militancy. In urban areas, the increase in office workers changed the structure of the work force, and this new class of workers did not participate in the traditional industrial workers' unionism.⁸³ These divisions resulted in neither the strengthening nor the integration of trade unions.

Nevertheless, in 1927, there was another attempt to create a national organization, the All-Canadian Congress of Labour (ACCL). This new union was composed of the Canadian Brotherhood of Railroad Employees, some unions from the

Canadian Federation of Labour (CFL), and the OBU. This movement faced the contradiction between national and international unionism, namely between the continentally affiliated Trades and Labor Congress (TLC) and the CFL.³⁴ Consequently, the pursuit of a national union was thwarted by labour's own factionalism with respect to international affiliation.

Thus, labour's efforts to integrate unions into a united force failed without gaining any momentum. Although labour was experiencing sharpening class awareness, they were overwhelmed by internal and external pressures. More seriously, these failures even further postponed the prospect of united action.³⁵ The trade unions were weakened and divided; consequently, their long-time aim of broader unity to achieve political influence was not realized.

Tariff on the Margin

There was a steady concern over tariffs among the workers. The rising cost of living, even after the war, fuelled this concern. The tariffs were seen as one of the causes of inflation. For example, the issue of tariffs appeared on the agenda of the CLP of Ontario in 1919; however, the participants did not finally agree on the issue.³⁶ Similarly, on April 20, 1920, the ILP meeting in

London generally agreed to demand the reduction of tariffs; yet, they also failed to finalize this demand by postponing their decision to a referendum to be held later.⁸⁷ Both labour related parties not only raised their concerns over tariffs, but also could not agree on the issue, consequently failing to position themselves politically.

The labour organizations presented their position regarding tariffs in three ways. Tariff levels were linked to their concern over the securing of employment. Tom Moore, President of the Trades and Labor Congress (TLC) of Canada representing 200,000 workers, emphasized this role of the tariffs.⁸⁸ Second, tariffs were connected to an unfair economic structure. Moore discussed the possibility of limiting tariff protection in order to avoid excessively high tariffs which benefitted only businessmen.⁸⁹ Third, they criticized the farmers' demands for freer trade. John Foster, President of the Montreal Trades and Labour Council, stated to the Tariff Commission in 1920:

We view the western campaign for indiscriminate tariff reduction and for free trade with considerable alarm. We protest that our connection with industry is much more intimate than that of the western farmer.

In order to emphasize industrial concerns, labour leaders clearly distanced themselves from the western farmers.

In pointing to the roles of tariff protection, labour's

briefs were somewhat ambivalent. On the one hand, they accepted the necessity for the protection of jobs through tariffs, arguing against the western farmers who were in favour of freer trade. On the other hand, they rejected excessive protection for manufacturing which they believed nurtured only the unfair, monopolistic economic structure. Thus, the workers' representatives identified their own interests in terms of the extent of protection, and they clearly distinguished themselves from the businessmen. Yet, their separation from the manufacturers was more vague than their division from the farmers.

Nevertheless, labour's class-based statements lacked a concrete definition of what tariff level was the most appropriate to secure their jobs. In other words, the labour briefs rejected both options of too much protection and of free trade; yet, they could not define what tariff level would be acceptable and legitimate between these two extremes. Their definition of adequate protection was, therefore, so vague that labour failed to present any concrete tariff proposals.

Another important issue was whether or not tariffs should be dealt with in the political arena. The union representatives recommended a permanent tariff board.⁹¹ Foster, from the Montreal Trade and Labour Council, argued this issue:

We earnestly advocate the establishment of a Permanent Scientific Tariff Board [sic] which will carefully select the data and make recommendations founded upon research and fact, and so give to each industry without further political excitement, but with the sound sense of science, that measure of protection which will enable the industry not only to prosper, but also to expand and develop to the end that the greatest numbers of Canadian workmen may be given remunerative and steady employment.⁹²

The rationale for the proposed permanent tariff board was to eliminate unstable partisan politics from the tariff process.⁹³ The board was supposed to replace partisan games with the logic of "science", which was perceived to be rational and politically neutral.

Labour's use of logic to eliminate politics from the tariff was similar to the manufacturers'. As we have seen in the previous chapters, the manufacturers sought to create a situation in which they would be more influential in the screening of other actors from the tariff process, in which a board would create the illusion of political neutrality and scientific rationality, in order to secure tariff protection. In contrast, labour hoped that the board would eliminate party politics and the manufacturers' political hegemony. Labour's notion of "science" was defined by political neutrality, and was in contrast to the patronage that they felt underpinned the current system. They envisioned the board as a ruling body independent of

political influence. Labour, without improving their political strength or expertise, produced a proposal for a permanent tariff board. Although labour believed that the problem of the current policy process lay in the domination of the manufacturers, they failed to address an alternative model that would restructure the power matrices in the policy process.

Suffering from organizational discord and political truncation, the trade unions failed to aggregate their interests with regard to tariffs. There were some sharpened class expressions vis-a-vis the manufacturers and the farmers, but the unions and labour organizations could not achieve solidarity to attain political influence. They failed to articulate their interests in a united form and even emerged to reinforce the proposals made by the manufacturers.

3. Toward the Removal of the Tariff from Politics

Tariff politics during this period were characterized by the Progressive Party which was attempting to bring the tariff issue to the political forefront, and the traditional political parties who were trying to situate the "tariff out of politics."³⁴ The establishment of the Progressive Party in 1920 caused a crisis in the traditional two-party system, and tariffs returned to the centre of the new partisan

matrices. However, the traditional parties began regaining control in the removal of tariffs from politics. Why could the Progressive Party not restructure the tariff policy process?

a. Emergence of the Progressive Party

The Union government of 1917 incorporated a delicate disagreement over tariff. Arthur Meighen, a Conservative Cabinet minister, was concerned with this contradiction:

...there can be no stability to any policy on this subject [tariff] that does not represent the average sentiment of the Canadian people, regard being had both to the preponderating views of east and west. In my judgement, the time to establish a common footing upon which the representatives from both sections now embraced in Union Government can meet, is the present, and my [Meighen] opinion further is, that should the present be lost and this session go by under cover of a war plea, with the old suppression of the issue [tariff] continuing and no amalgamation, then the magnitude of the issue grows with the agitation until the extreme severance in public opinion renders a Union on this issue by public leaders, impossible.⁹⁵

The supra-party nature of the Union government was supposed to be sustained as long as another confrontation over tariffs was postponed. In spite of Meighen's clear analysis of the contradictory interests over tariffs, the Union government did not do anything until the agrarian rejection of the Budget four months later.

From its beginning, the Progressive Party was somewhat ambivalent about its role as political party. The origin of the party was mostly attributed to the agrarian movements that had rejected the traditional political parties, which the farmers perceived to be dubious institutions. H.W. Wood, the agrarian leader from Alberta, argued that the Liberals and Conservatives were incapable of even-handedly representing all economic interests, including the agrarians'. In addition, he pointed out that the manufacturers were also equipped with a well-developed lobbying capacity and they were not subordinate to the political parties.⁹⁶ According to Wood, the political parties were incapable of dealing effectively with the issue and other lobby groups had developed superior political strategies to pursue their goals.

With the general election in 1921,⁹⁷ the Progressive Party gained 64 seats in the House of Commons, second to the Liberal Party with 116 Members. The election results showed an electoral discrepancy between the proportion of gained seats and the popular vote. The second largest party in the House of Commons, the Progressives, had gained 27.2 per cent of the seats with only 22.9 per cent of popular vote. Although the Conservative Party secured only 50 seats, 21.3 per cent of the total seats, they had attained 30.3 per cent of the popular vote. The Progressives captured 24 seats in

Ontario and 39 seats in Prairies at the expense of the Conservatives and the Liberals. The popular vote for the Progressives reached 43.7 per cent in Manitoba, 61.0 per cent in Saskatchewan, and 52.5 per cent in Alberta. In addition, in the western provinces, there was a clear difference in the voting pattern between urban and rural areas. The rural vote in the west had contributed, to a greater extent, to the popular votes for the Progressives.⁹⁸

To the charge that the Progressive Party represented narrow agrarian class interests, Arthur L. Beaubien, a Progressive Member of Parliament from Provencher, replied:

The progressive group [the Progressive Party] stands for justice to all classes, for the progress and welfare of the whole population. We have been accused of asking special privileges for the agricultural class....If we have asked that justice be given to the farmers and that they be afforded an opportunity to reap we feel that other classes of society could not logically reap the full benefit of their activities unless the farming class, which is the basis of public welfare, receives fair play and justice.⁹⁹

Beaubien thus rejected the accusation that the Progressives served only narrow agrarian interests. On the contrary, he indicated that the party would pursue agrarian interests, in harmony with other interests, in instituting social justice. However, the farmers' challenge to the existing political

and economic system was not as radical as the labour movements'. As a result, the farmers could not even fake a united front with the workers.¹⁰⁰

Aside from that, the Progressives suffered from internal disagreements arising out of regional divisions. Provincial wings of the party frequently contradicted each other, obstructing national consensus within the party.¹⁰¹ One of the critical issues which divided the party was the notion of the party system and its articulation with strategies for political change. H.W. Wood from Alberta rejected the feasibility of the party system, favouring drastic political change. In contrast, T.A. Crerar from Manitoba accepted the party system, considered the Progressive Party to be the vehicle for the farmers' representation, and favoured gradual political reform. These contradictions deepened the divisions between the provincial party organizations.¹⁰² In addition, there were disagreements over state control over the grain market. While the Manitoba Grain Growers Association opposed the system of state involvement in the grain market, the United Farmers of Alberta and Saskatchewan Grain Growers favoured it.¹⁰³ Also, in 1927, R. Forke, a moderate Progressive, joined King's Cabinet as Minister of Agriculture and Colonization. Forke's appointment to the Liberal cabinet fuelled the militant Alberta Progressives.¹⁰⁴ There were

also disagreements among Progressive supporters over tariff protection. The Manitoba Progressives created a coalition with the Liberal Party in order to more effectively challenge the protectionist Conservatives. This coalition was inconsistent with the federal Progressives, and was even less consistent with the Progressives in other provinces that challenged the Liberals. The Progressive Party's internal contradictions intensified, compounded by conflicts between the regions, leadership, and notions of political change. As a result, their concrete political and economic strategies suffered. Consequently, the Progressive Party failed to envision the goals shared by its members, and its unity crumbled as the farmers' organization.

b. Tariff Out of Politics

Tariff Commission of 1920

Soon after the war, the Conservative government intended to create a tariff commission. The Conservative plan in 1919 for a tariff commission caused some partisan confrontation. W.S. Fielding, a tariff expert in the Liberal Party, who had been involved in the previous Tariff Commissions, responded to the proposed tariff commission with straight partisan antagonism:

The Government are [sic], according to the argument, incompetent to deal with the question [of tariff]; therefore, you

[Conservative Party] appoint competent men, and after your competent men have been sitting in judgement and have made a report and decided what we ought to do, you are going to leave it to the incompetent men to decide that they shall set that report aside. The thing is preposterous.¹⁰⁵

In his sharp partisan attack, Fielding criticized the Conservative government's rationale in appointing a commission and its ambiguous relations with the government. Fielding challenged the incompetence of the Conservative government which would not be able to implement the proposed expertise. Despite the fierce partisan attack, Fielding's criticism acknowledged the capability of trade experts.

Unlike in 1912 when it failed, the Conservative government finally succeeded in creating the Tariff Commission in 1920. The Commission was chaired by Sir Henry Drayton, Minister of Finance, and travelled across the country together with G.D. Robertson, Minister of Labour.¹⁰⁶ Similar to the previous commissions, the cabinet ministers listened to and questioned various associations, firms, and individuals concerned with tariffs, and then asked the briefers questions. One of the objectives of the commission was to collect information on tariffs.¹⁰⁷ In addition, the mandate of this commission was specifically conditioned by the necessity for the tariff to generate revenue to deal with the war debt, the

unfavourable exchange rate in trade with the United States, and the need to secure revenues for the growing size of the government.¹⁰⁸ Under changing international, trade, and fiscal conditions, there were a great number of items to be dealt with by the commission.

The composition of the briefs reflected the changing social matrices. The industrialists made extensive briefs through associations such as the CMA, including its regional branches and sectoral associations, and individual firms. Therefore, they appeared more frequently than the farmers and the trade unions. Like the industrialists, the farmers made extensive presentations through their associated organizations, including the CCA, provincial agrarian associations, and new associations like the United Farm Women of Manitoba. These elaborate briefs reflected the extent of the farmers' growing organizational resources and expertise in articulating their interests in public. In comparison, labour was confused in even defining its interests. Accordingly, these briefs again displayed differences in levels of organizations and resources in preparing for the commission hearings.

New Partisan Positions on Tariffs

As soon as the Progressive Party was formed in February 1920, T.A. Crerar firmly stated their agrarian concerns with

the current tariff policy:

...the farmers of this country [Canada] are to-day in the position, where they are selling practically everything they produce in open competition with the world and are buying in a restricted market everything they require for the further purpose of production.¹⁰⁹

Crerar reasserted that the farmers' interests were sacrificed as a result of being exposed to fierce competition within international markets as producers and by being burdened as consumers in purchasing goods which cost more due to tariff protection.

Despite some minor tariff reductions by the Liberal Party, the Progressives still concentrated on the extent of these reductions. In 1923, James Steedsman, the Progressive Member of Parliament from Souris, criticized the Fielding Budget, in particular the insufficient tariff reductions for farmers.¹¹⁰ In 1926, John Evance, the Progressive Member of Parliament from Rosetown cynically blamed the current tariff system:

What is the tariff? It is a frame-up between the politicians and those who have an interest in putting an import penalty on certain classes of goods. This must involve corruption and misrepresentation of facts to the electorate.¹¹¹

Evance denounced the tariffs that served only the privileged at expense of others. Thus, the Progressives reinstated their critique of the compounded unfairness of the existing

political system.

In comparison, the Conservative Party simply reasserted their traditional position on the National Policy scheme, namely economic development under protective tariffs.¹¹² In 1924, the former Finance Minister Drayton, now in Opposition, criticized the Liberal government for its reduction of tariffs in order to please the Progressives.¹¹³ In the same context in 1924, Arthur Meighen skilfully defended the old Tory National Policy position:

I [Meighen] do not advocate a high protective tariff, but I advocate a tariff that is protective. I advocate a tariff that being protective, is fairly equitably protective, and not a gerrymandered system such as the [Liberal] government now presents.¹¹⁴

Meighen attacked the Liberals' reduction of tariffs as the government's desperate measure to attract the Progressives. Acknowledging the changes in tariff policy as a result of the Progressive surge,¹¹⁵ the Conservatives readdressed their traditional statements of protection with the justification of protection of the common interest. The logic was similar to the manufacturers, including the separation of tariff levels from tariff protection.

The Liberals, now in power since 1921, adjusted their position. Historically, the Liberal Party had been dominated by senior politicians in favour of freer trade,

such as Sir Wilfrid Laurier and Richard Cartwright. They had experienced election defeat in 1911 over the Reciprocity Agreement with the United States. Since then, the Liberals' inclination toward freer trade was muzzled. However, facing the rise of the Progressive Party's demands for freer trade, the Liberal Party resumed some advocacy of lower tariffs by redefining the notion of "stability in tariffs", which had originally been the catch phrase among the protectionist manufacturers and the Conservatives. In 1923, Liberal Finance Minister Fielding discussed this redefinition:

Stability of tariff cannot be expected while tariff rates are high. But where the rates are for the most part, as in our tariff, moderate, a reasonable measure of tariff stability should be assured.¹¹⁶

In his Budget speech, Fielding discussed the most delicate part of the tariff policy, namely the stability of tariffs. Fielding referred to the term "stability" in the specific context of moderate or lower tariffs in contrast to the traditional notion of "stability", used by the protectionists and the Conservatives, which referred to sufficiently high tariffs for protection. According to Fielding's redefinition, "stability" was disconnected from fixed high tariffs and tied to the notion of lower tariffs which was woven it into a liberal trade scheme. Prime Minister William Lyon Mackenzie King further refined

Fielding's redefinition, stating that "stability" of tariffs would not mean "finality" of tariffs, in which tariffs would be permanently fixed.¹¹⁷ Avoiding the perception that tariffs would be fixed at lower or higher levels, the Liberal notion of tariff "stability" was that tariffs would be moderate and flexibly adjusted according to necessity.

This redefinition of tariff "stability" inflamed the Conservatives. Drayton, the former Conservative Finance Minister, stated in 1924:

This [Liberal] government did not care for stability in business, for stability in production, but they [Liberals] are very much concerned in stability of office and in the stability of the votes to be obtained from the Progressives.¹¹⁸

Similarly, J.F. White, a Conservative Member of Parliament from London criticized the Liberal government's surrender to the Progressives.¹¹⁹ The Conservatives accused the Liberals of partisan compromise with the Progressive Party.

The Liberals responded to the Conservative accusations, citing the ideological tradition of the Liberal Party in favour of freer trade. W.R. Motherwell, Minister of Agriculture, explained that the Liberal policy of reducing tariffs was not due to subordination to the Progressives, but was the result of already existing similarities between the Liberal Party and the Progressive Party regarding tariff options.¹²⁰ King also denied the accusation, stating that

the Liberal Party had its own tradition of being deeply concerned with the cost of living and production.¹²¹

The partisan map shifted from a simple confrontation between two traditional parties to a confrontation between the Liberal and Progressive Parties in favour of reducing tariffs and the Conservative Party in favour of tariff protection. With support from the Progressive Party,¹²² the Liberal Party revived its policy orientation in favour of lower tariffs. The Liberals situated their tariff policy position within a historical context and justified their cooperation with the Progressives to reduce tariffs. As a result, the partisan agenda was set: the Liberals and the Progressives versus the Conservatives.¹²³ The Progressive Party played the role of catalyst to the polarization of the Liberal and Conservative parties. Once the Progressive Party began to fade in 1925, the contradictions between the two traditional parties also faded.

The Advisory Board on Tariff and Taxation

There was yet another effort to remove tariffs from politics through the establishment of a permanent tariff board in the middle of the 1920s. In order to move away from partisan battles over tariffs, the Liberal administration intended to make use of the board to institute a bureaucracy within the state that specialized in

tariff information. The Conservatives were apprehensive about the Liberal's attempt to create the board. The Progressives were uncertain about the board, but were frustrated with the manufacturers' dominance in the tariff policy process which, they perceived, took place in the partisan political arena. Therefore, for them, removing tariffs from politics meant a more equitable policy process. These different visions were all involved in the process toward the board.

In July 1924, the tariff board issue emerged in the partisan arena. Opposition member Meighen asked a question about the rumour of the Liberals' intention to create a board. He attacked the Liberals, stating that they did not have any mandate to create a board because the Liberals, as Opposition, had barred the Conservative government's plan to establish a tariff commission in 1912; the Liberals' "board" was only a token change from the Conservatives' "commission".¹²⁴

In addition, the Progressive Party raised the question of political responsibility and accountability for tariff matters once the board was created. Robert Forke, a Progressive Member of Parliament from Brandon, expressed doubts about the expected tariff board:

I [Forke] hope it [a tariff board] will not be a permanent board that will make a scientific tariff for all time that

the government can get behind. It may be all right to have an investigation in order to get some for the knowledge on the subject, but in the final analysis the government must always be held responsible for tariff conditions.¹²⁵

After the Advisory Board on Tariff and Taxation was created Forke specifically questioned the location of political responsibility for tariffs, with the implication that the government was hiding behind the board. The government was faced with accusations that the permanent board would be used as a vehicle for privilege and political manipulation.

In contrast, the Liberal government emphasized the bureaucratic nature of the tariff board proposed by James Alexander Robb, Acting Minister of Finance in April 1925:

The tariff board will report to the ministers representing the government of the day, and the government of the day must take the responsibility of submitting to Parliament what tariff changes they consider best in the interest of the country.¹²⁶

Again, the mandate of the board was defined as the collection of information for the government's administration of the tariff. Robb stated that the government would continue to take responsibility for tariff matters and that Parliament would assess any proposals to change tariffs. By acknowledging the significance of Parliament in the tariff policy process, Robb justified the plan for a board with a limited capacity for tariff

decisions.¹²⁷ The board was also defended by W.R. Motherwell, Minister of Agriculture, because it would be composed of representatives from manufacturing, farming, and labour, and it would be a historical institutional achievement.¹²⁸

Prime Minister King himself joined the discussion on the tariff board in April 1925 and stated:

...in order to discuss intelligently these matters of the tariff, these complicated questions of taxation--in a view of the conditions in which this country and the rest of the world finds itself to-day, there is greater need than there ever was of expert advice and guidance,--that the Minister of Finance should have attached to his department experts, men of great experience, who will command the confidence of labour, of the manufacturers, of the farmers, who will be so trained that they will be able to through the various tariff schedules and indicate the effect of existing tariffs upon industry and upon revenue, indicate what effect of certain changes will be upon industry and upon revenue so that when the Minister of Finance comes to the government or comes to the House with his budget he will be in a position to give the fullest and most accurate information it is possible to have with respect to the basis upon which taxation is made.¹²⁹

Touching on the various rationales for the tariff board, King justified the government's intention to have expert consultation on the matter. King also signified the professional rather than partisan nature of the board.

Yet, establishing a tariff board composed of

specialists was also an attempt to prevent partisan fights over tariffs. In January 1926 F.G. Sanderson from South Perth stated that the tariff had been a "football" tossed back and forth by the political parties for many years and that a tariff board composed of specialists would prevent this partisan "football" game from occurring.¹³⁰

Nonetheless, Sanderson was ambiguous in the discussion of how the political parties would be involved in the alternative tariff policy process. Thus, Sanderson added a further justification for the tariff board but did not elaborate on its effects on the political parties.

In private correspondence to George P. Graham, Chairman of the Advisory Board on Tariff and Taxation, Prime Minister King stated the essential role of the Board:

The issue of the tariff in [the general election in] 1925 without question, cost us a number of seats; with the tariff out of politics this year [1926], we regained, especially in our province, several of those that we lost in 1925, and captured another strong hold or two.¹³¹

Contrasting two consecutive general elections, King pointed to the importance of removing tariffs out of partisan politics to depoliticize the issue and to secure political advantage, particularly in general elections.

In contrast, Crerar, a Progressive, was sceptical about the board. Crerar declined King's offer of an appointment

to the tariff board, explaining his uneasiness about accepting the board itself:

...because I [Crerar] have in the past expressed the opinion that the tariff could not be taken out of politics, and that tariff policies must be settled by Parliament and that a Tariff Commission [Advisory Board] would therefore be largely futile.¹³²

Crerar expressed doubt about the creation of a tariff board because it would keep the tariff out of public debate and reduce the role of Parliament in the issue.

However, on April 27, 1926, the Advisory Board on Tariff and Taxation was finally established to act as an advisory institution on tariffs and taxation to the Minister of Finance.¹³³ The mandate of the Board was described as such:

It [the Advisory Board] does not initiate tariff enquiries nor does it receive applications direct from persons interested in tariff investigation; it deals only with such applications as they are referred to it by the Minister of Finance, exercising, however, its own discretion as to the manner in which it may correlate or group for purpose of enquiry, various applications possessing common characteristics or relating to similar commodities.¹³⁴

The board was designed to investigate only under the guidance of the Minister of Finance. In terms of tariff enquiries, the board was not supposed to initiate them and clearly subordinate to the Minister of Finance. In

contrast, the Minister was to exercise discretion in the receipt of applications for enquiries and in the forwarding of applications to the board. Therefore, the board was a passive recipient of enquiry requests, incapable of selecting applications, and subordinate to the Minister of Finance for these functions. In short, in comparison to the previous tariff commissions, more administrative power rested with the Minister.

The Advisory Board was composed of a politician and representatives from the farmers and manufacturers. The members appointed to the board in April 1926 were George P. Graham as Chairman, Alfred Lambert, a manufacturer from Montreal, and Donald G. McKenzie, a farmer from Brandon. In contrast to the previous tariff commissions created by both the Liberal and Conservative governments, this board was composed of men of various backgrounds, balancing manufacturing and farming. Labour, however, did not have any representation on the Board.¹³⁵

The procedure of this Advisory Board was quite different from those of the previous tariff commissions in which Cabinet ministers travelled across the country to hold hearings. First, the board received applications forwarded from the Minister of Finance who had originally received them. With notification to the press, hearings were held publicly in Ottawa, except for occasional visits to towns

and industrial sites for further studies. Following briefings, cross examinations were held and proceedings of these sessions were published.¹³⁶ Sometimes, second and third public hearings were held.¹³⁷

In comparison to other Tariff Commissions, this board's briefings were more technical and full of economic statistical analysis. The operation of the board involved more than just holding hearings; it also conducted its own investigations using board experts. Tariffs were no longer set based on concerns expressed through the emotional arguments of interests pro or con; the briefs were furnished with specialized technical presentations, designed to communicate with the board's trade experts.

The operation of the Advisory Board on Tariff and Taxation caused various reactions. In 1928 Thomas Langton Church, a Conservative Member from Toronto Northwest, criticized the board in Parliament for being a financial waste, favouring only free trade:

The tariff board has cost this country over a hundred thousand dollars, and they have produced nothing but talk. It has been one of the most mischievous bodies in this country for breaking down our industrial existence. It is just digging up material for the free traders. The tariff board to-day, in my opinion, is composed of nothing but a lot of spade and shovel men who are digging up a lot of facts about free trade for the government to destroy protection and trying to foist free

trade on the people.¹³⁸

In contrast, the Liberals were defensive regarding the Advisory Board. Responding to Church's accusation, Sanderson, Member of Parliament of Perth South praised the Board:

It [the Tariff Board] is doing good, efficient and faithful work, which perhaps will have a tendency to take this vexed question of the tariff out of politics.¹³⁹

Sanderson justified the board because of its role in locating "tariffs out of politics." At the same time, King defended the Board based on his government's unchanged responsibility for tariff changes.¹⁴⁰

Both the Conservatives and Progressives criticized the notion that the proposed tariff commission could be anything more than a partisan apparatus serving the political party in power. Similar to the Liberal-Conservative clash over this point in 1912, it was clearly still premature for a widespread acceptance of the idea that the tariff process could be bureaucratized in a non-partisan and technical advisory fashion.

Although some agrarian politicians were sceptical of the board, some also endorsed it. Henry Elvins Spencer, the UFA Member of Parliament from Battle River, accepted the board for two reasons. First, the board was a "buffer" between the protectionists and the Minister of Finance. His

justification was that the board's role limited the hegemonic dominance of the protectionists. Second, the board hearings were still open and not hidden away from public debate.¹⁴¹ In contrast to agrarian scepticism of a policy process behind closed doors, Spencer accepted the board's role in the tariff policy process.

And so, the notion of a tariff board as a bureaucratic apparatus rather than merely a partisan puppet was gaining more support than ever before. The cessation of tariff "football" was pursued by the manufacturers, the farmers and the government. For the protectionist manufacturers depoliticization was a strategic pursuit to secure their dominant position in the tariff policy process. The farmers envisioned the proposed tariff board as a politically neutral institution which would protect tariff policy from the manufacturers' predominant influence. And for the government and the traditional political parties, the establishment of a bureaucratic institution specializing in tariffs promised to both avoid partisan battles over the issue and to eliminate challenges from the Progressive Party, which was energized by the farmers' pursuit of lower tariffs. These contradictory notions were embraced by the manufacturers, the farmers, and the government and traditional political parties in their efforts to depoliticize tariffs.

The emerging Progressive Party, whose critical political claim was the tariff issue, was absorbed into the Liberal policy of tariff reduction and the creation of the Advisory Board. The Progressives' presentation of the tariff issue threatened the traditional parties. Their demands for the political neutralization of tariffs and the elimination of the protectionist influence on the process were incorporated into the notion of removing tariffs from politics. However, the major parties tried to remove the tariff from politics in order to lessen the occurrence of political challenge. In the partisan scene, with the decline of the Progressive Party, the contradictory expectations of pushing tariffs out of politics fell on the palm of the Liberal administration and the manufacturers. This process also enhanced the flexibility of the state to deal with the issue through a token but yet still unstable transition toward more acceptance of the tariff board as bureaucracy rather than mere partisan puppet.

Conclusion

Politics after the First World War were characterized by a burst of tariff politics. In the middle of increasingly closer continental economic relations, together with the National Policy and Imperial Preference, the emergence of the Progressive Party again brought tariffs out

as a primary political issue. The farmers achieved representation through the Progressive Party, which was in favour of freer trade and political reform. Nonetheless, the farmers' claim for political representation was trapped by their notion of it as a reflection of economic strength, justifying even the manufacturers' dominance. The internal disintegration of the Progressives consequently weakened the farmers' political representation. The influence of the labour movement faded, after the Winnipeg General Strike of 1919 and stumbled into turmoil and confusion. The manufacturers accelerated their strategy more than ever. As a result, the tariff was submerged into the reenergized traditional party politics under the Liberal government's adoption of lower tariffs and the Advisory Board on Tariff and Taxation.

By the end of this period, the claims for the removal of tariffs from politics were no longer a mere "deja vu," but were instituted *de facto*. The manufacturers, as before, urged that tariffs be dealt with by using "science" and removing them from politics. In contrast to the manufacturers, the farmers and labour demanded a new alternative in tariff politics to the dominant alliance between the manufacturers and the political parties. All of the actors, despite their contradictory visions concerning the depoliticization of tariffs, considered the Advisory

Board on Tariff and Taxation to be the appropriate institutional instrument to achieve their respective goals. Nonetheless, the operations of the board's bureaucracy were firmly controlled by the Minister of Finance, who actually selected which claims would be sent to the board for consideration. More importantly, the manufacturers had already developed their lobbying organization and strategy to be consistent with the workings of state bureaucracy. The creation of the board only enhanced the manufacturers' influence, especially since rival populist pressures, such as the Progressive Party, were eliminated from the policy process as a result of tariff "depoliticization".

Ironically, the Advisory Board on Tariff and Taxation was the institutional instrument of choice of all of the actors in their efforts to achieve their differing tariff goals. These contradictory goals were also twisted by the nature of the Advisory Board which was both facilitated by special experts in the bureaucracy and controlled by the Minister of Finance.

As a result, tariffs gained a political immunity in which they were no longer subject to drastic alterations. This immunity enabled state actors to protect tariff policy from external challenges. By creating the Advisory Board on Tariff and Taxation, the government sheltered itself from any direct claims on tariffs. Also, the political system

itself was transformed into one immune to an outbreak of tariff claims, safely dealing with tariff bickering through its new bureaucracy.

In sum, tariffs were not totally removed from politics. They were relocated in a strategic position in which the politics of tariffs were not costly to the state or the manufacturers. Any debate on tariffs was prevented from causing a drastic restructuring of the political system by grounding the tariff through the lightning rod of the commission and board. Meighen succinctly described these specifics of the removal of tariffs from politics:

It sounds well, and to a business men makes quite a strong appeal when one says "take the tariff out of politics." ...[but] the tariff is fundamentally a matter of public policy, and public policy can never be taken out of politics. Politics indeed is the science of directing public policy from time to time."

In summary, tariff politics continued to be submerged by both the growing unevenness in capabilities of the pressure groups and the growing state institutions. Tariff politics had evolved into a form in which pressure groups would have different levels of access, and the state bureaucratic institutions would screen the conflict between winners and losers as if tariff matters were merely rational and neutral without any space for political debates.

NOTES FOR CHAPTER SIX

1. For example, see Janine Brodie and Jane Jenson, Crisis, Challenge, and Change. Party and Class in Canada, Revisited (Ottawa: Carleton University Press, 1988), p. 127.

2. The Fordney-McCumber Tariff of 1922 increased those from the Payne-Aldrich Tariff of 1909 and Underwood Tariff of 1913.

tariffs	level of duty on all imports	level of duty on dutiables	proportion of imports on free list
Payne- Aldrich	8.8 %	26.8 %	67.5 %
Underwood	13.9	38.2	63.5
Fordney- McCumber	19.0	35.3	65.5

David A. Lake, Power, Protection, and Free Trade: International Sources of U.S. Commercial Strategy, 1887-1939 (Ithaca: Cornell University Press, 1988), p.126, p. 194.

3. More American than British imports were tariff-free; the ratio was approximately two to one.

PROPORTION OF TARIFF FREE IMPORTS*

year	from Great Britain %	from the United States %
1918	28.6	45.8
19	31.5	44.5
20	26.2	37.6
21	20.5	36.5
22	18.8	39.5
23	17.7	38.6
24	17.8	40.8
25	17.5	43.7
26	18.6	44.5
27	17.6	42.9
28	19.1	42.1
29	20.4	39.6

* proportion of total imports from a respective country

Source: Canada Year Book, 1930, p. 463.

4. Mira Wilkins, The Maturing of Multinational Enterprise: American Business Abroad from 1914 to 1970 (Cambridge: Harvard University Press, 1975), pp. 17, 61, 76. With respect to U.S. investments to Canada in the 1920s, see ibid., pp. 50-163, and Wallace Clement, Continental Corporate Power: Economic Elite Linkages between Canada and the United States (Toronto: McClelland and Stewart, 1977), pp. 68-69.

5. With respect to the difficulties which the CMA faced in the period after the war and during the 1920s, both the liberal and the neo-marxist approaches have been used to discuss these challenges to the CMA. For example, S.D. Clark analyzed from a liberal perspective the evolution of the CMA as a pressure group. He explained the decline of the effectiveness of the CMA's political lobbying as a result of its internal problems related to its organization of diverse interests and the external pressures exerted by labour unrest and the Progressive Party. In an unexplicit manner, Clark indicated that the CMA was a powerful pressure group but that it did not really overwhelm the state. On the other hand, Tom Traves, from a class analysis perspective, studied the CMA's performance between 1917 to 1931 and discerned that it was mainly external factors, such as the emergence of the Progressive Party, that caused the state and the CMA to modify their strategies. Clark emphasized the CMA's new vulnerability, while Traves stressed the CMA's strength despite the new challenges; S.D. Clark, "The Canadian Manufacturers' Association : A Political Pressure Group," Canadian Journal of Economics and Political Science, 4:4, 1938; S.D. Clark, The Canadian Manufacturers' Association: A Study in Collective Bargaining and Political Pressure (Toronto: University of Toronto Press, 1939); S.D. Clark, "The Canadian Manufacturers' Association and the Tariff," Canadian Journal of Economics and Political Science, 5:1, 1939; Tom Traves, The State and Enterprise: Canadian Manufacturers and the Federal Government, 1917-1931 (Toronto: University of Toronto Press, 1979).

6. Clark, Canadian Manufacturers' Association, pp. 68 69, 72, 76.

7. Ibid., p. 69.

8. Traves, *The State and Enterprise*, p. 11. This move was also paralleled by a recommendation from the Royal Commission on Industrial Relations appointed by the Federal Government in March 1919; R.M. Dawson, *William Lyon Mackenzie King: A Political Biography, 1874-1923* (Toronto: University of Toronto Press, 1958), p. 301. Furthermore, the Canadian Reconstruction Association (CRA), sharing many members with the CMA, presented three economic options, including one for dealing with workers' unrest; Traves, *ibid.*, pp. 73-74; Margaret E. MacCallum, "Corporate Welfarism in Canada, 1919-1939," *Canadian Historical Review*, LXXI:1, 1990.
9. Clark, "The Canadian Manufacturers' Association and the Tariff," pp. 32-34, 37-39, and Clark, "The Canadian Manufacturers' Association: A Political Pressure Group," p. 514.
10. Traves, *The State and Enterprise*, pp. 96-97.
11. F.W. Stewart, Chairman, Montreal CMA, Tariff Commission, Montreal, November 15, 1920, Public Archives of Canada (PAC), RG 36 series 8B, vol. 7 (box), vol. 19 (file), pp. 2621, 2626. Similar comments were made regarding the textile industry by R.A. Pringle, Textile Manufacturers of Canada, Winnipeg, September 14, 1920, *ibid.*, vol. 1 (box), vol. 1 (file), pp. 120-21.
12. CMA, Tariff Commission, Winnipeg, September 14, 1920, *ibid.*, vol. 1 (box), vol. 1 (file), p. 34; John R. Shaw, Chairman, CMA Ontario Division, Tariff Commission, Toronto, December 1, 1920, *ibid.*, vol. 9 (box), vol. 24 (file), p. 4411.
13. CMA, Tariff Commission, Winnipeg, September 14, 1920, *ibid.*, vol. 1 (box), vol. 1 (file), p. 35.
14. *Industrial Canada* (IC), 20:2, 1919, p. 48.
15. Letter from the General Manager of the CMA, to Arthur Meighen, April 26, 1921, Meighen Papers, PAC, MG 26 I, vol. 50, 28254.
16. The CMA repeated the National Policy scheme. The CMA journal defined tariff protection: first, protection was defined as a means of replacing imports with domestic products, literally, import substitution by tariffs; second, protection was desired as a measure to secure employment for Canadians within the country, rather than forcing labour to

emigrate to find jobs. These statements were repetitions of those which had been used to endorse the National Policy of 1879; IC, 20:5, 1920, p. 73.

17. John R. Shaw, Chairman, Ontario CMA, Tariff Commission, Toronto, December 1, 1920, RG 36 series 8B, vol. 9 (box), vol. 24 (file), p. 4411.

18. IC, 21:5, 1920, p. 74.

19. The CMA planned a public campaign on the issue. The record of the Tariff Committee of the CMA on September 21, 1923 stated:

The comprehensive plan to bring to the attention of people of all occupations in Canada the necessity of providing more protection for Canadian industries and which had been prepared by the Publishing Committee, was then considered and was approved by the committee.

Tariff Committee, Canadian Manufacturers' Association, September 21, 1923, PAC, MG 28, I 230, vol. 84.

20. IC, 25:3, 1924, p. 128

21. This protectionist claim was firmly advanced again in 1925:

If a country wishes to make goods for its own people and for export, the Government of that country must adopt the fiscal policy commonly known as [tariff] Protection [sic].

Ibid., 25:9, 1925, p. 94. The same article referred to internationally rising protectionism:

Since the war, sixty-five countries have raised their tariffs and made their regulations more exclusive. In other words, they have increased protection for their own products. During the past five years Canada had made five tariff reductions, and after every tariff reduction some part of our industrial system has crumbled away.

Ibid.

22. Ibid.

23. A resolution of the meeting stated:

...[the Canadian Manufacturers' Association] respectfully urges the Dominion Government to appoint a permanent tariff board, acting in an advisory capacity to the Government, which will make a scientific study of the Canadian Custom Tariff and the tariffs of other countries with whose products Canadian producers are forced to compete, familiarize itself with costs of production at home and abroad, investigate the nature and probable national effect of all requests for tariff changes,...

Ibid., 20:3, 1919, p. 210.

24. Letter from the General Manager, CMA, to Robert Borden, November 20, 1919, PAC, Borden Papers, MG 26 H, reel 4376, 93428, p. 1.

25. Ibid., pp. 1-2.

26. Ibid.

27. Tariff Committee, CMA, October 22, 1920, PAC, MG 28, I 230, vol. 84.

28. A similar proposal was made in a letter from the General Manager of the CMA to Prime Minister Borden, November 20, 1919, Borden Papers, PAC, MG 26 H, vol. 4376, 9328, p. 1; Letter from the Montreal Board of Trade to Robert Borden, November 29, 1919, *ibid.*, 93433; Letter from the Toronto Board of Trade to Robert Borden, December 1919, *ibid.*, 93440.

29. Traves, *The State and Enterprise*, p. 11.

30. Traves explained this characteristic:

[Manufacturers] also sought to insulate the tariff against direct attack by promoting the establishment of a

'scientific' tariff board, which they hoped would 'take the tariff out of politics.'

Ibid.

31. Ibid., pp. 99-100.

32. Industrial Canada demanded stable protection:

One of the chief requisites for national prosperity is to secure national stability, and this cannot be maintained for any period of time when there are frequent periods of uncertainty in regard to what sort of tariff will be in effect.... They [Canadians] want a stable tariff, which will keep business steady, and allow businessmen to make their plans several years ahead. They want, also, to get rid of the endless discussion and vague controversies which have been raging about the Canadian tariff for last fifty years.

IC, 20:4, 1919, p. 48.

33. Industrial Canada described this concern:

The bill providing for the formation of a Tariff Board, when introduced, will no doubt clearly define the duties and powers of the Board, but it will leave still unsettled a much more important point, namely the personnel of the Board. Frequent predictions are made that the Board will consist of those opposed to adequate protection and if the prediction proves true the appointees may give greater evidence in their future findings and recommendations, to their individual fiscal and economic views than to the actual economic conditions surrounding the situations regarding which they will be called upon report.

Ibid., 25:2, 1924, p. 66.

34. CMA, Advisory Board on Tariff and Taxation, PAC, RG 36 series 11, vol. 2, file 2-5.
35. Editorial, Grain Growers' Guide (GGG), January 8, 1919, p. 5.
36. Editorial, *ibid.*, Aug 4, 1918, p. 5.
37. Editorial, *ibid.*, January 29, 1919, p. 5. Similarly, another editorial of Grain Growers' Guide stated in February 5, 1919:

It is a fact beyond dispute that the protected interests have contributed heavily to the political campaign funds of both the Liberal and Conservative parties. Neither party even dared to adopt when in power, an openly antagonistic attitude towards the protective tariff, though in opposition they both talked lower tariffs. They knew that the protected interests were determined to retain the tariff, and for that reason they controlled both political parties through their campaign fund contribution. By this means, the organized manufacturers of Canada have controlled the fiscal system of this country for the past 40 years.

Editorial, *ibid.*, February 5, 1919, p. 5.

38. Editorial, *ibid.*, February 12, 1919, p. 5.

39. For example, the editorial of Grain Growers' Guide stated:

Tariff-making at Ottawa, in the past has been a secret proceeding. The manufacturers have consulted with the government in advance and have arranged what the tariff will be, and the public has known nothing about it until the finance minister makes his budget speech.

Editorial, *ibid.*, February 19, 1919, p. 5.

40. Editorial, *ibid.*, May 21, 1919, p. 6.

41. Letter from the United Farmers Cooperative of New Brunswick to Robert Borden, November 26, 1919, Borden Papers, PAC, MG 26 H, reel 4376, 93431.

42. Crerar, Commons Debates, June 11, 1919, p. 3330. A similar remark was made in the Editorial of GGG, June 11, 1919, p. 5.

43. Crerar, Commons Debates, June 11, 1919, p. 3329.

44. Editorial, GGG, June 23, 1919, p. 5.

45. W.L. Morton, The Progressive Party in Canada (Toronto: University of Toronto, 1950), pp. 64-65.

46. GGG, July 2, 1919, p. 42.

47. This idea of proportional representation was introduced by the Mather's Report from the Committee on Industrial Relations which had been appointed by the Borden government; Editorial, *ibid.*, July 9, 1919, p. 6.

48. Editorial, *ibid.*, September, 10, 1919, p. 5.

49. The new agrarian Members of Parliament were: O.R. Gould in Saskatchewan, T.W. Caldwell who was President of the United Farmers of New Brunswick, R.H. Halbert who was President of the UFC, and J.W. Kennedy from Ontario.

50. The election results were:

	1919	before the 1919 election
UFO	46	-
Liberal	28	30
Conservatives	24	76
Independent	2	-
Labour	11	-

GGG, October 29, 1919, p. 7.

51. W.L. Morton attributed the growth of the UFO to its captured strength in the Liberal territory of the province. According to Morton's analysis, the UFO was supported by "discontented rural Liberals" who were sceptical of clerical and French influences, and the agrarians who had been Conservatives; Morton, The Progressive Party in Canada, pp. 83-84.

52. Editorial, GGG, October 29, 1919, p. 5.

53. The Progressives' victories were frequently explained by the absorption of agrarian discontent. There are two major approaches to account for the emergence of the Progressive Party. One explanation, offered by W.L. Morton, claimed that the Progressive Party captured the voters who were dissatisfied with the Liberals and the Conservatives. In short, Morton's account is that the Progressive Party emerged with the failure of the dominant political parties to hold voters; regarding the Progressives in Ontario, see Morton, The Progressive Party in Canada, pp. 83-85. Another explanation, given by Brodie and Jenson, was that the Progressive Party was the emergence of a class based party that was contrary to the bourgeoisie political parties (the Liberals and Conservatives); Brodie and Jenson, Crisis, Challenge, and Change, p. 109. However, Brodie and Jenson treat farmers as petite bourgeoisie in their arguments on relations between farmers and workers during this period; *Ibid.*, p. 139.

54. GGG, February 18, 1920, p. 13.

55. *Ibid.* Similar remarks were also made in Editorial, *ibid.*, April 7, 1920, p. 5.

56. Editorial, *ibid.*, December 22, 1920, p. 5.

57. *Ibid.*, October 12, 1921, p. 7.

58. Morton, The Progressive Party in Canada, pp. 62-63.

59. Tariff Commission, Calgary, October 4, 1920, PAC, RG 36 series 8B, vol. 5 (box), vol. 5 (file), p. 840.

60. *Ibid.*, p. 844.

61. Editorial, GGG, November 3, 1920, p. 5.

62. *Ibid.*, November 10, 1920, editorial, p. 5.

63. W.T. Lucas, Canadian Council of Agriculture, Tariff Commission, Edmonton, October 6, 1920, PAC, RG 36 series 8B, vol. 5 (box), vol. 6 (file), p. 984.

64. *Ibid.*, p. 985.

65. Despite the grain growers persistent campaign for freer trade, some fruit farmers still insisted upon protection for their agricultural production. For example, Joseph Arnold of the Fruit-Growers of the Fraser Valley in British Columbia stated in the Tariff Commission of 1920 that because of competition with apples produced in Washington State, the fruits growers needed tariff protection; Tariff Commission, Vancouver, September 24, 1920, *ibid.*, vol. 4 (box), vol. 2 (file), p. 458. A similar demand was made by W.F. Laidman, British Columbia Fruits Growers Association, Tariff Commission, Vernon, September 27, 1920, *ibid.*, vol. 4 (box), vol. 3 (file), p. 497.

66. Editorial, GGG, September 21, 1921, p. 5.

67. Prior to the general election of 1921, the agrarians reiterated their discontent with the existing political system, including tariffs, in this context:

The tariff is an important issue of the campaign, but as Mr. Meighen [Leader of the Conservative Party] claims for his party whatever virtue there has been in the government since 1911, he must accept responsibility for the whole of its policy.

Editorial, *ibid.*, October 5, 1921, p. 5. This attack encompassed not only their denial of the Conservative Party, but also their intentional response to Meighen's strategy to confine the agrarian protests the issue of tariffs; *Ibid.*

68. Grain Growers' Guide fiercely blamed the Meighen government for abandoning the Wheat Board; Editorial, *ibid.*, November 16, 1921, p. 5.

With respect to the Wheat Board, the farmers favoured governmental interventions in order to stabilize grain markets; Grain Growers' Guide repeatedly argued for the necessity of the Wheat Board:

The market collapse, together with extortionate freight rates, have brought the majority of western farmers to the verge of disaster....The Wheat Board would undoubtedly stabilize the market and insure to the farmers a uniform price, but of course the price could not average higher than warranted by world conditions.

Editorial, *ibid.*, January 4, 1922, p. 5.

69. Editorial, *ibid.*, November 16, 1921, p. 6.

70. Resolutions submitted to the Dominion Government by the Canadian Council of Agriculture, representing the Organized Farmers of Quebec, Ontario, Manitoba, Saskatchewan, and Alberta, Ottawa, March 6, 1925, Meighen Papers, PAC, MG 26 I, Vol. 70, 39502. Similarly, also see the letter from the Canadian Council of Agriculture to William Lyon Mackenzie King, Prime Minister, June 3, 1925, King Papers, PAC, MG 26 J, vol. 147, 107749-52.

71. A resolution passed in the Executive meeting of the United Farmers of Manitoba on February 10, 1926, *ibid.*, vol. 157, 114394.

72. Martin Robin, Radical Politics and Canadian Labour (Kingston: Industrial Relations Centre, Queen's University, 1968), p. 201.

73. In 1926, the Saskatchewan Grain Growers and the Farmers Union of Canada were integrated to form the United Farmers of Canada, Saskatchewan Section.

74. Letter from W.M. Thrasher, Secretary-Treasurer, United Farmers of Canada, Saskatchewan Section, to William Lyon Mackenzie King, March 4, 1929, King Papers, PAC, MG 26, J, vol. 204, 144383.

75. Robin, p. 155.

76. With respect to the One Big Union see Robin, pp. 178-198; Charles Lipton The Trade Union Movement of Canada, 1827-1959 (Toronto: NC Press, 1973), pp. 218-221; David J. Bercuson, "The Winnipeg General Strike Collective Bargaining and the One Big Union Issue," Canadian Historical Review, LI:2, 1970, p. 171; Stuart Jamieson, Industrial Relations in Canada, second ed. (Toronto: Macmillan, 1973), pp. 20-21.

77. Bercuson, "The Winnipeg General Strike"; Brodie and Jenson, Crisis, Challenge, and Change, p. 104.

78. Lipton critically discussed the roles of Gideon Robertson, an ex-labour leader and a cabinet minister of the Union government, and the federal government to crack the strike; Lipton, The Union Movements in Canada pp. 204-208.

79. The ILP supported the UFO in the Ontario provincial election in 1919. With respect to the labour movement in Ontario around this period, see James T. Naylor, The New Democracy: The Challenging the Social Order in Industrial Ontario, 1914-25 (Toronto: University of Toronto Press, 1991), chapter 4, pp. 101-128.

80. Robin, Radical Politics, p. 252.

81. Ibid., p. 255.

82. Similar arguments are mentioned in Brodie and Jenson, Crisis, Challenge, and Change, p. 137. Brodie and Jenson also point to the Judicial Council of the Privy Council decision in 1925, which changed the jurisdiction of labour-related issues from the federal to the provincial level, shifting labour's organizational incentive and strength to provincial units rather than to national integration; Ibid., pp. 134-135.

83. Ibid.

84. H.A. Logan, Trade Unions in Canada: Their Development and Functions (Toronto: Macmillan, 1948), pp. 243-245; Jamieson, Industrial Relations, p. 22.

85. Martin Robin summarized labour's vicious cycle of weakness:

The founder of the CLP hoped to launch a broad political party based on group affiliation, encompassing all shades of the independent labour and socialist political spectrum. But the pull of left and right proved too strong and the apathy of rank and file too complete to raise the sect to the status of even a minor party. With the failure of the C.L.P., the idea of independent political unity seemed more distant than ever.

Robin, Radical Politics, p. 268. Although Robin pessimistically pointed to the cyclical weakness of labour, he saw J. S. Woodsworth's election as a Member of Parliament as an achievement; Ibid., pp. 270-271.

86. Ibid., p. 221.

87. Ibid., pp. 228-229; J. Naylor, *The New Democracy*, pp. 115-117.

88. Tom Moore, Tariff Commission, Ottawa, January 3, 1921, PAC, RG 36 series 8B, vol. 9 (box), vol. 27 (file), 5674; John Foster, President of the Montreal Trades and Labour Council, Tariff Commission, Montreal, November 17, 1920, *ibid.*, vol. 8 (box), vol. 20 (file), 3223.

89. Tom Moore, Tariff Commission, Ottawa, January 3, 1921, *ibid.*, vol. 9 (box), vol. 27 (file), 5674.

90. John Foster, Tariff Commission, Montreal, November 17, 1920, *ibid.*, vol. 8 (box), vol. 20 (file), 3226.

91. Tom Moore, Tariff Commission, Ottawa, January 3, 1921, *ibid.*, vol. 9 (box), vol. 27 (file), 5576; John Foster, Tariff Commission, Montreal, November 17, 1920, *ibid.*, vol. 8 (box), vol. 20 (file), 3224. In 1921, the Trade and Labour Congress addressed in their platform the necessity of a tariff board and their representation on it; Logan, p. 489.

92. John Foster, Tariff Commission, Montreal, November 17, 1920, PAC, RG 36 8B, vol. 8 (box), vol. 20 (file), 3223.

93. Ibid.

94. Letter from Arthur Meighen to R.A. Mullholland, March 31, 1925, Meighen Papers, PAC, MG 26 I, vol. 79, 44927.

95. Letter from Arthur Meighen to G.W. Allan, Member of Parliament, February 1, 1919, *ibid.*, vol. 2, 874.

96. Morton, *The Progressive Party in Canada*, pp. 92-94.

97. The election results of 1921 were:

SEATS ELECTED									
Conservative Party				Liberal Party			Progressive Party		
seats		pv*		seats		pv*		seats	
		%	%			%	%		
NS			32.3	16	100.0	52.4			12.3
NB	5	45.5	39.4	5	45.5	43.4	1	9.1	10.4
PEI			37.2	4	100.0	45.7			12.3
QUE			18.4	65	100.0	70.2			3.7
ONT	37	45.1	39.2	21	25.6	29.8	24	29.3	27.7
MAN			24.4	1	6.7	10.9	12	80.0	43.7
SAS			16.7	1	6.3	20.7	15	93.8	61.0
ALT			20.3			15.8	10	83.3	52.5
BC	7	53.8	47.9	3	23.1	29.8	2	15.4	9.0
YUK	1	100.0	51.1			47.6			
TO-TAL	50	21.3	30.3	116	49.4	40.7	64	27.2	22.9

* proportion in popular vote.

others elected: 2 in Manitoba, 2 in Alberta, 1 in British Columbia.

Source: J. Murray Beck, *Pendulum of Power: Canada's Federal Elections* (Scarborough: Prentice-Hall, 1968), pp. 160-161.

98. Brodie and Jenson, *Crisis, Challenge, and Change*, p. 109.

99. Beaubien, *Commons Debates*, May 13, 1924, p. 2042.

100. Brodie and Jenson attribute the farmers' failure to form a coalition with labour to the agrarians' petite-bourgeoisie characteristic; Brodie and Jenson, *Crisis, Challenge, and Change*, pp. 139-140.

101. Morton, *The Progressive Party in Canada*, pp. 118-119.

102. *Ibid.*, pp. 92-94, 163-164, 198-199.

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103. Ibid., pp. 108-109.

104. Robin, Radical Politics, p. 271.

105. W.S. Fielding, Commons Debates, March 14, 1919, p. 486.

106. The schedule of the Tariff Commission was:

Sep ember	14-15, 1920	Winnipeg
	17	Medicine Hat
	20,21,24	Vancouver
	22	Victoria
	27	Vernon
	30	Nelson
October	4	Calgary
	6	Edmonton
	8	Saskatoon
	11	Regina
	14	Winnipeg
	15	Brandon
	16	Fort William
	18	Sault Ste. Marie
November	4	Charlottetown
	6	Sydney
	8	Halifax
	9	St. John
	10	Moncton
	11	Quebec
	12	Sherbrook
	13	Three Rivers
	15-19	Montreal
	26	Hamilton
	29	London
	30	Windsor
December	1-3	Toronto
	20	Kingston
January	3, 1921	Ottawa

Tariff Commission, PAC, RG 36 series 8B, vol. 4-9.

107. Henry Drayton, Chair of the Tariff Commission, stated the purpose of the commission in his opening speech of the commission's hearings on September 14, 1920 in Winnipeg:

The whole object of the meeting is to obtain just as much information as possible as to how the country's fiscal policy is affecting the people of Canada, her industries and her

production; to ascertain what changes in the tariff or other fiscal measures ought, in the public interest to be made, and what alternatives and additional sources of revenue can be adopted.

Ibid., vol. 4, vol. (part) 1, 1.

108. Ibid., 2.

109. T.A. Crerar, Commons Debates, March 4, 1920, p. 147.

110. James Steedsman, *ibid.*, May 26, 1923, p. 2835.

111. John Evance, *ibid.*, May 6, 1926, p. 3179.

112. For example, T.L. Church, a Conservative Member of Parliament from North Toronto, stated:

In my opinion the tariff is not a political question, and I would urge that an authority be set up in this country that could act in an advisory capacity to the government, in relation to this particular problem. The tariff should never have been made a political football by this or the other political party in Canada. It is not a political question in any sense. It is an economic question, a business question, a question of trade and commerce; and more than that it is a great national, patriotic question that concerns every citizen of this country. Neither is the tariff an academic, or what you might call an abstract question, or an abstract theory; it is a national and economic necessity.

T.L. Church, *ibid.*, May 16, 1923, p. 2818.

113. Drayton, *ibid.*, April 14, 1924, p. 1330, and similarly, John Franklin White, another Conservative Member of Parliament, *ibid.*, April 24, 1924, p. 1470.

114. Arthur Meighen, *ibid.*, May 15, 1924, p. 2112.

115. Henry Drayton, Tariff Commission, Winnipeg, September 14, 1920, PAC, RG 36 series 8B, vol. 4, vol. (part) 1, 1.
116. W.S. Fielding, Commons Debates, May 11, 1923, p. 2648.
117. W.L.M. King, *ibid.*, May 23, 1923, p. 3052.
118. Drayton, *ibid.*, April 14, 1924, p. 1330.
119. J.F. White, *ibid.*, April 24, 1924, p. 1470. Similarly, David Spence, *ibid.*, May 1, 1924, p. 1663.
120. Motherwell stated in 1924:

It is not a case of selling out to the Progressives, because our platforms are identical. It is obvious that if we take any step to carry out our platform we take a step also toward the carrying out of theirs.

W.R. Motherwell, *ibid.*, May 7, 1924, p. 1842.

121. King, *ibid.*, May 15, 1924, 2127-2128. With respect to Fielding's redefinition of the "stability" of tariffs, King wrote to G.N. Gordon, Member of Parliament:

Fielding's remarks on stability a year ago did us no end of harm. I think the thing for us to do now is to talk about what has been accomplished and leave what will be done to take care of itself, without commitments either way.

Letter from W.L.M. King to G.N. Gordon, September 8, 1924, King Papers, PAC, MG 26 J, vol. 111, 85002.

122. For example, T.A. Crerar publicly supported the Liberal Budget of 1924; Crerar, Commons Debates, May 15, 1924, p. 2156.

123. King was in a dilemma regarding tariff levels. On the one hand, if tariffs were too high, the Liberals in the west were exposed to being wiped out by the Progressives who attracted farmers in favour of freer trade. On the other hand, if tariffs were too low, the Liberals would lose Liberal votes; R.M. Dawson, William Lyon Mackenzie King: A Political Biography, 1874-1923 (Toronto: University of Toronto Press, pp. 381, 422.

124. Meighen, Commons Debates, July 4, 1924, p. 4050.
125. Robert Forke, *ibid.*, March 26, 1925, p. 1585.
126. Alexander Robb, *ibid.*, April 3, 1925, p. 1860.
127. Similarly, Andrew Ross McMaster, a Liberal Member of Parliament from Brome, legitimized the creation of a tariff board by emphasizing that the final decision on tariffs lay with Parliament; McMaster, *ibid.*, April 6, 1925, p. 1892.
128. Motherwell, *ibid.*, April 7, 1925, p. 1943.
129. King, *ibid.*, April 30, 1925, p. 2656.
130. F.G. Sanderson, *ibid.*, January 20, 1926, p. 295.
131. Letter from William Lyon Mackenzie King, Prime Minister, to George P. Graham, Chairman of the Advisory Board of Tariff and Taxation, October 11, 1926, King Papers, PAC, MG 26 J, vol. 153, 112041.
132. Letter from T.A. Crerar to W.L.M. King, January 5, 1926, *ibid.*, vol. 151, 110560.
133. The Board was dissolved in August 1930.
134. Advisory Board on Tariff and Taxation, 1926-1930, PAC, RG 36, series 11, vol. 57, file 0-10-23, p. 2.
135. Graham resigned from the Board on February 5, 1927 on his appointment to the Senate, and William Moore became Chairman. Lambert resigned in June 1928, and Hector Racine of Wholesale Dry Goods Merchant from Montreal joined the board. McKenzie resigned in November 1928 in order to join the Manitoba Provincial Cabinet, and Frank S. Jacobs from Alberta replaced him; *Ibid.*, file 0-10-23.
136. *Ibid.*, p. 3, and file 0-10-13.
137. According to a report by W.H. Moore, Chairman of the Board, regarding the year of 1928-1929, there were 47 hearings (26 first hearings, 17 second hearings and 4 third hearings). Report of Mr. W.H. Moore, 1928-1929 (Ottawa, 1929), *ibid.*, file 0-10-24.
138. Thomas L. Church, Commons Debates, February 21, 1928, p. 679.

139. Sanderson, *ibid.*, February 22, 1928, p. 696.
140. King, *ibid.*, March 13, 1928, 1286-1287. Similarly, J.A. Robb, Acting Minister of Finance, *ibid.*, March 1, 1929, p. 595.
141. Henry Spencer, *ibid.*, March 14, 1929, pp. 968-969.
142. Letter from Arthur Meighen to R.A. Mullholland, March 31, 1925, Meighen Papers, PAC, MG 26 I, vol. 79, 44927-44928.

CHAPTER SEVEN

EPILOGUE: CONFIRMING IMMUNITY FOR TARIFF POLITICS, 1930-1935

Introduction

Despite the drastic and extensive economic disruption of the Depression of the 1930s, tariff issues continued to be excluded from partisan politics and entrenched ever more firmly within bureaucratic structures. The new Conservative government, which was elected in July 1930, established the Tariff Board in 1931, replacing the 1926 Advisory Board on Tariff and Taxation created by the previous Liberal government. The new Conservative tariff board confirmed the bureaucratization of tariff issues and the immunization of the tariff policy process from the demands of the farmers and workers. Even William Lyon Mackenzie King's 1935 Liberal government was to accept the board as the legitimate state institution specializing in tariff management. The Tariff Board solidified its existence as a bureaucratic institution distinct from partisan or patronage politics.

A novel notion of the Tariff Board as a "judiciary" became a central symbol in this new epoch, where tariffs were no longer key in the definition of political polarity. Similar to the notion of the "scientific tariff," that of "judiciary" enabled the political parties to retreat from

polarized partisan debates over the issue as the board was held to function as a judicial court over the matter. Therefore, the Tariff Board affirmed the removal of tariffs from the political arena.

The matrices among pressure groups and political parties reinforced the submergence of tariff politics. Business continued to press for bureaucratic management of the tariff policy process in order to maximize the effectiveness of their pressure on the state. In contrast, the farmers and workers were unable to pull the issue back into the partisan arena. Without social forces capable of re-politicizing tariff issues, the manufacturers and the traditional political parties were successful in bureaucratizing the management of tariffs within the specialized state institutions.

1. Bureaucratization of Tariff Politics

a. Higher Tariffs for Economic Recovery

The sudden disruption of the Depression overwhelmed the agenda of the Canadian political economy. A recovery from this economic plunge was the most urgent issue. In 1929, the Liberal government attempted to respond to the emergency through a number of economic policies, including the raising of tariffs. This took place in an environment where the Conservatives and the Liberals were no longer confronting

each other over the ideological principles of tariff policy. The matrices of tariff politics continued to be characterized by the growing power of the manufacturers and the truncation of populist forces such as the farmers and workers.¹

The Liberal government implemented another round of higher tariffs in its budget of 1930. Tariffs were raised for items that were mostly imported from the United States, such as iron and steel products.² King justified the tariff increases as a measure to reduce competition from American imports by replacing them with those from Britain.³ According to King, this tariff policy would protect the domestic market from competitive American products and promote trade with Great Britain. This budget also introduced countervailing tariffs that would raise Canadian tariffs to match the rising tariffs in other countries. The new countervailing tariffs were particularly significant because of the international trend toward higher tariffs, such as the Smoot-Hawley Tariff in the United States, after the onset of the Depression.⁴

At the same time, the Liberal government saw no option other than to increase tariffs to sustain revenues and protect employment in Canada. Because of the catastrophic decline of British hegemony and internationally rising trade protectionism, management of Canada-United States trade

became crucial and it became essential to protect the domestic market from American dumping of goods. The Liberals were forced to give up their traditional distaste for high tariffs because of the depression.

The Opposition Conservative Party ridiculed the Liberal's apparent switch from its traditional policy preference of freer trade to that of protection. R.B. Bennett, Leader of the Opposition, viewed this policy as the theft of his own party's symbolic tradition of tariff protection, namely the National Policy of 1879.⁵ Moreover, Bennett criticized the new countervailing tariffs as an imitation of the United States Congress' tariff decisions in absence of a Canadian initiative on tariff policy.⁶ Nevertheless, the overall direction of the Liberal policy was not challenged. The new level of tariffs were no longer the point of partisan debate. Even regarding the countervailing tariffs, Opposition arguments were mere partisan posturing on a nationalist stage rather than serious discussions of trade strategy principles in the face of American protectionism.

During the campaign leading to the general election of July 1931, both the Liberals and the Conservatives were fairly mute on the question of the tariff. The main issues of the election were economic measures to recover from the Depression. Tariffs were no longer considered primary among

the varied economic strategies advocated by the Conservatives.⁷ As a result, during the election campaign, there was not any substantial partisan contradiction over tariff policy principles.

Therefore, neither the Liberals or the Conservatives initiated any divided debates over whether nor not tariffs should be increased or decreased according to their respective traditional partisan ideology. Rather, parties were influenced by depressed economic circumstances. The international and domestic economic plunge into the Depression overwhelmed the tariff policy agenda until the proposal of the Tariff Board in 1931.

b. Debates over the Tariff Board: Muted Partisan Agenda Creating the Tariff Board

As soon as the new Conservative government was established in 1931, it sought to replace the Advisory Board on Tariff and Taxation with a new tariff board of their own creation. Controversies began to swirl around the board. King, the Liberal leader, criticized, strictly along partisan lines, the creation the new Tariff Board. He argued that the new board would provide the government with more opportunities for patronage by appointing their own allies. At the same time, he claimed that the creation of the board would undermine the role of elected political

institutions, such as Parliament, in deciding tariffs.⁸ Although King himself had engineered a move to bring tariff issues out of the partisan arena by instituting the Advisory Board of Tariff and Taxation in 1926, as Opposition leader he now criticized the excessive state control over tariff issues. The Liberals were also skeptical of the need for a new tariff board that would serve essentially the same functions and hold the same powers as the already-established Advisory Board.⁹ King argued:

My right hon. friend [Bennett] made it doubly clear that what he wanted in a tariff board was not a board to advise him as to how to alter the tariff or as to the possible consequences of the alterations he might make, but a board which would work his will with respect to certain other features of the tariff once he had altered the tariff in the way in which he himself proposed.¹⁰

King criticized the plan of a tariff board as creating a partisan institution. The Liberals no longer raised any substantial questions over the manner in which the already bureaucratized Tariff Board would be involved in the tariff policy process.

In response to the Liberals' criticism, Prime Minister Bennett emphasized the increased legitimacy given to the new Tariff Board. According to Bennett, the previous Advisory Board had lacked any statutory definition for its mandate; the new board would be based on a statute.¹¹ Bennett

emphasized the legal basis of the new board and how this would establish its decisions as being rational, neutral, and fair. The main function of the new board was defined as "facts finding" and reporting those facts to Parliament and the government.¹² Bennett reiterated that the new board would have a refined mandate and that it would be subordinate to elected political institutions such as Parliament and the government. Nevertheless, the mandate for this board appeared to be similar to that of the previous Advisory Board.

Regarding the Tariff Board proposal, Agnes Macphail, a Member of Parliament representing the United Farmers of Ontario, also opposed it. In addition to questioning whether the board would be objective in collecting its information, she raised concern with the limited capacity of Parliament to scrutinize tariff policy because of the current Conservative majority. She also raised the question of representation on the board, indicating that farmers and workers would be unable to influence the board, either through appointments to it or through Parliament.¹³ Consistent with the historic agrarian demands for representation in the tariff policy process, Macphail pointed to this new underrepresentation of populist forces in the new bureaucratized tariff politics which were supposed to be distanced from partisanship.

Similarly, J.S. Woodsworth argued against the unequal class representation on the new tariff board:

. . . a few interested parties, groups or corporations are attempting to use governmental machinery to advance their own interests.¹⁴

Woodsworth asserted that the new Tariff Board would merely ensure dominant class interests. He also challenged the notion of tariffs as guaranteeing a high standard of living, stating that this was simply "fiction."¹⁵

Furthermore, Woodsworth expressed doubts regarding the "scientific tariff," on which the Conservative government heavily relied for justifying the Tariff Board. He argued:

Undoubtedly all tariffs of which we have any knowledge have not been built up on any ground that could be properly designated as scientific. The fact is that as soon as we begin to talk about tariffs we get into politics and I [Woodsworth] think we must all recognize that such financial adjustments are related to the economic life of the country, and so are and should be essentially political.¹⁶

Woodsworth succinctly argued that tariff issues were and should be political, therefore opposing any manipulative covering up of the contradictions by the screen of "science."

Woodsworth persistently insisted that the Tariff Board should take into account workers' rights and living standards.¹⁷ Woodsworth was relentless in raising his

concern that the board would be another or even more sophisticated state instrument used to suppress workers' political representation and welfare. Woodsworth, and Macphail to some extent, tried to bring class politics into the debates over the Tariff Board. The populist force in Parliament, in contrast to the dominant parties, pointed to class contradictions within the tariff policy process. They argued that it was essential to bring back tariffs to political arena if decisions were to be fair.

The New Tariff Board as "Judiciary"

The Conservative government justified the Tariff Board by its notion of "judiciary." Introducing the bill that created the Tariff Board, Bennett, Prime Minister and Minister of Finance, announced:

The bill contains two fixed principles: first, a provision for the appointment of a tariff board with the powers that are indicated in the bill, and second, a provision that the board may act as a court of appeal from the decisions of the customs authorities in connection with the matters provided for in other legislation.¹⁵

Bennett justified the Board by applying legal rationality, and defined the judicial nature of the Tariff Board:

This board will be in every sense a judicial tribunal charged with but one responsibility not the making of decisions upon the facts, but the determination and report as to what the

facts are.¹⁹

Despite the legal basis and function of the "appeal court," the board was restricted from making any final decisions on tariffs. Therefore, this notion of the "judiciary" was only implemented to justify the new board.

More importantly, this "judicial" notion was designed to locate the Tariff Board firmly out of politics, since by definition, a "judiciary" had to be independent of political influence. Bennett explained the peculiar relations between the board and politics:

It is of the utmost importance that the tribunal should be dissociated from political considerations and should endeavour to ascertain the facts it is asked to obtain in a way in which high minded and honourable men would discharge their duties upon the bench. This federal court so constituted would be composed of three judges. I used the word "judges" not in a narrow sense, as appertaining to legal procedure, but I [Bennett] refer to men capable of receiving testimony, weighing it and drawing conclusions therefrom concerning the determination of questions of fact.²⁰

Thus, "judiciary" did not mean a basis in legalistic procedural rules, but rather, a distance from the partisan political arena. This legal legitimacy was the icon of autonomy from partisan politics.

As we have seen in previous chapters, the Conservatives and the Liberals had repeatedly justified the policy of

bureaucratic overview of tariff matters by using the notion of the "scientific tariff," in which the non-debatable nature of science was entrenched in order to dismiss any potential for disagreement over tariff levels. In other words, "science", with its self-evident laws, was supposed to eliminate any tariff debate. In the 1930s, the term "judiciary" replaced "science" and also provided the board with a similar justification for eliminating any room for politicized contradictory interests over the matter. Therefore, the rhetoric of judiciary and science mutually justified the Tariff Board, vis-a-vis the unpredictable, irrational and unfair nature of partisan politics.

Nevertheless, King's attack on the "judicial" vocabulary surrounding the board was somewhat muffled:

Mr. Bennett [the Prime Minister] has said it would be a judicial body, but he has been careful to state that it would be a fact-finding body only--judicial in the sense of trying to arrive at the facts in a judicial way, but not judicial in the sense of a court, with power to render decisions which will govern. The Board will have power to enquire into the facts concerning matters in controversy which may be place before it....When the enquiry is completed, the Board simply reports the facts, and it remains with the Government of the day to deal with them as they so desire.¹¹

King only touched upon the entrenched interpretation of the judiciary in the government's justification of the Tariff

Board, and he failed to examine the ramifications of the "judicial" notion of the Tariff Board and their relation to the government. More precisely, King failed to elaborate how this new institution still left plenty of room and opportunity for politicians to have the last word.

The Tariff Board was finally instituted in 1933 with the appointment of three members. Almost two years had elapsed since the new Conservative government had announced that the new board would replace the Advisory Board of Tariff and Taxation. There had been debates over its appointees. The chairman of the Tariff Board was George Hevert Sedgewick, a judge from the High Court of Justice of Ontario; the two other members were Milton Neil Campbell, a Progressive Member of Parliament from Saskatchewan, and Charles Hebert from Quebec. The head of the new board was an experienced judge, and this appointment assisted the image of the board as a "judiciary" and the image of the tariff as a non-partisan, professional matter. Like the previous Advisory Board, the new Tariff Board did not appoint any Cabinet ministers. The appointees represented different regional areas and did not indicate any explicit partisan connection with the Conservatives.²²

The operation of the Tariff Board was similar to the previous Advisory Board on Tariff and Taxation. The board was facilitated by a bureaucracy composed of trade experts,

which also continued to underline the nature of the communication with claimants and the board's inquiries.

Acceptance of the Tariff Board as a Bureaucratic Institution

Both major political parties accepted the new Tariff Board created by the Conservative government. The government was satisfied with the board's existence and operation and the Opposition soon lost interest in it. The absence of partisan challenge over the board further affirmed the appearance of tariffs as non-political matters.

So successful was the "judicial" model of the Tariff Board that the Conservative government at one point intended to extend it into the regulation of unfair competition within the domestic market. In 1935, R.B. Hanson, Minister of Trade and Commerce, proposed a bill to create a Trade and Industry Commission which would oversee the competition law. According to the bill, the commission would act to advise to the government in a manner that directly paralleled the Tariff Board.²³ More importantly, it was proposed that the commission be composed of the same members as the Tariff Board.²⁴ The minister explained that the Tariff Board had been most successful in its operation over tariff issues, therefore the government would take advantage of its institution and personnel to regulate competitions and combines.²⁵

Even when the Liberal government was elected in 1935 there was little debate over the Tariff Board. The Conservative Party, now as Opposition, was satisfied with the board even though it was reporting to the Liberal government.²⁶ Nor did the new Liberal government change the board's structure and members. Only Alexander M. Young, a Liberal Member of Parliament from Saskatoon City South, opposed his own party because the government kept the board appointees of the previous Conservative government.²⁷ Although Young pointed to the Conservative influence in the board through its structure and personnel, other Members of Parliament, including those in his own party, did not join him and there was no further elaboration on his argument. Therefore, Young was a lone dissident in the Liberal Party and failed to gain any support for further discussion on the board. Partisan rhetoric was no longer effective in challenging the legitimacy of the "judicial" Tariff Board.

This consensus around the Tariff Board on the part of the Conservatives and the Liberals contributed to the final confirmation that tariffs and the state institution dealing with them were no longer central issues in the Canadian political debate. The creation of the Tariff Board as an institution did not create any new substantial partisan discussion between the traditional parties, and the issue of its personnel no longer caused polarized confrontations

between the political parties. Finally, an era arrived where the major parties were in agreement on the proper instrument for the bureaucratic management of tariff issues. In addition, the board as a bureaucratic institution gave distance from tariff administration to the political parties and provided the system with immunity to partisanship over the matter.

2. Enhancing Immunity for Tariff Politics

a. Farmers and Workers on the Margins

In addition to the Tariff Board itself, the social matrices encouraged political immunity to the tariff issue. The Canadian Manufacturers' Association (CMA) lobbied harder than ever for protective tariffs. The CMA was already well equipped, with its elaborate organization and sophisticated expertise, to press their demands on the state and to educating the general public about their protectionist goals. We witnessed in previous chapters that, with these longstanding political advantages, the industrialists had already deeply penetrated the policy process. Although they obviously could not avoid the economic setback of the Depression, they immediately sought the assistance of the state to cushion their economic hardships. In short, despite the economic blow of the Depression, the manufacturers reenergized their political pressure on the

policy process. When the Tariff Board was finally instituted in 1933, the manufacturers did not appear to have any direct representation on the board. However, they were already much better off in comparison to other pressure groups, since they were already well prepared with their strategic resources and expertise to present their cases to the new bureaucracy.

In contrast, the farmers' representation on the Tariff Board was not as extensive and secure as the manufacturers'. The western farmers had been more export-oriented than most sectors of the Canadian economy and the Depression had caused a crash in both foreign and domestic market prices. Drought and infestation further worsened the conditions for grain production. The Progressive Party suffered decline in federal politics after its internal split and loss of seats in the general election of 1926. The farmers were facing severe economic difficulties which were compounded by their uncertain political representation. In terms of the Tariff Board, Campbell appeared as a representative from the Prairies with some agrarian connections, yet the structure of the board was already set as a bureaucratic state institution subordinate to ministerial control; so, there was not much room for the farmers to secure solid representation of their interests on the Tariff Board.

For labour, the Depression only aggravated the

recurring problem of its relative political weakness. The Depression resulted in unemployment, the most pressing issue for the workers, and it also resulted in some radicalization of labour under worsening living conditions. Already, there had been animosity between skilled and unskilled workers within the Trades and Labor Congress (TLC). Reduced employment opportunities sharpened these internal contradictions within the labour organization. Without a national umbrella organization, their segmentation resulted in competition among the trade unions.²⁸ Furthermore, the state's oppressive measures against radical movements after the Depression did not help the revitalization of the trade unions. Again, labour movements were suffering from organizational segmentation and contradictions, but this time in the face of expanded state control over the labour movements. Consequently, the union movements fell into deep political truncation.

In sum, the Depression worsened economic and social distress among farmers and workers, and undermined the effectiveness of their political representation which was aimed at improving these severe conditions. The Depression further exaggerated the already existing discrepancies in the lobbying capacities of the various pressure groups and weakened populist forces, which were far from able to create polarization over the tariff issue in opposition to the

manufacturers' organization and strategy. These conditions among the pressure groups helped the tariff issues to become further submerged.

b. New Parties and the Changing Political Agenda

After the Depression, there emerged two new political parties, rising out of the failed Progressive party of the 1920s. One was the Cooperative Commonwealth Federation (CCF), which was first led by J.S. Woodsworth.²⁹ The other was the Social Credit Party, based on the logic of Social Credit as set forth by C.D. Douglas, and later advocated by William Aberhart. The Social Credit Party was established in Alberta in 1932.³⁰

Although both the CCF and the Social Credit parties rose out of the Progressive Party, they were quite different from each other in terms of origin, ideology, and organization. The CCF originated from the radical wing of the Progressives, the "ginger group," which had preferred to create a coalition with the trade union movements.³¹ The Regina Manifesto in 1933 created the ideological inspiration for the CCF, and the party was formally established in the following year. The manifesto was written by the intellectuals in the League of Social Reconstruction, including F. Underhill, F.R. Scott, and Eugene Forsey, who had spent their younger days in England as students and had

been influenced by fabianism.

An ideological platform based on reforming the nation's political economic structure was common to both the Progressives and the CCF. The Progressive movement focused on politically challenging the urban, eastern, business-dominated traditional political parties such as the Liberals and the Conservatives. The CCF was also a political alternative to these traditional political parties. However, the CCF had more widely encompassing concerns than the Progressives. For example, in the aftermath of the Depression, unemployment was the critical issue, and Woodsworth advocated the institution of a broad programme of state policies for the unemployed.³²

The CCF's policy proposal focus widened the Progressives' heavily concentrated focus on tariffs, which had been given priority over other issues and other economic measures.³³ Expanding state involvement in the economy, such as regulation and social policy, also provided the CCF with little choice but the to widen its policy concern. This wider focus resulted in the dilution of the Progressives' demands for tariff reform on the CCF agenda. In other words, the Progressives had dug the tariff issue out of the depoliticized arena and placed it at the top of the partisan agenda in the 1920s, but the CCF discontinued the forceful efforts to re-introduce the tariff into

partisan politics. The CCF's defused concern with tariffs even assisted the state to depoliticize the tariff policy process. In comparison to the Progressives' bargaining power to the minority government of 1921, the Conservative majority in the 1931 election provided the third party with little leverage. Therefore, the CCF had very little political influence.

At the same time, the Social Credit Party was incapable of bringing tariffs back into politics. The party was another off-spring of the Progressive Party. C.H. Douglas' idea of reforming the economic system into neither concentrating power in the central government nor seeking socialist solutions was used successfully by William Aberhart in Alberta in the 1935 campaign. In comparison to Douglas, Aberhart exaggerated the moral context of reform and tried to make strong appeals to the frustrated grain farmers in the Prairie provinces.³⁴ Their peculiar focus on economic reform and their emphasis on morals ignored concrete political claims such as those on tariff issues.

Accordingly, the CCF and Social Credit Party were thus incapable of developing tariff concerns as the central political issue as the Progressive Party had done in the 1920s. Their broader focus on an agenda of political reform³⁵ defused the Progressives' focus on tariffs,³⁶ and allowed the major parties to locate the issue out of

partisan politics. More importantly, they failed to capture support from populist forces through organizational endorsements. There were ambiguous political connections between these parties and the trade unions and farmers' associations. The CCF failed to create a coalition with labour organizations beyond Woodsworth's personal connections. For example, during the campaign for the general election in 1935, the CCF could not secure official endorsement from the All Canadian Congress of Labour (ACCL) or other trade unions.³⁷ In other words, the new parties could not absorb populist support and consequently, left themselves vulnerable to the aggressive campaign waged by the dominant political parties which were busily submerging tariff politics.

The general federal election campaign in 1935 was not focused on tariffs. The two major parties were not willing to play polarized politics on this issue again. The new parties were struggling with the wide range of issues, their own fragile organizations and with weakened stable support from the populist forces. As a result of these factors, any renewed electoral focus on the tariff question was diffused.

After the general election of 1935, King came back to power with a majority: 173 out of 245 seats. The CCF captured 7 seats in Manitoba, Saskatchewan, and British Columbia. Despite having its largest number of popular

votes in Ontario, the party failed to attain a single seat in this province which bore the largest industrial work force. The Social Credit Party captured 15 of 17 seats in Alberta, but was not able to speak as a national political party. In spite of their regional success, the CCF and the Social Credit Party were unable to develop their organizations to be strong enough to infuse their demands into the tariff policy process.

Conclusion

The Tariff Board, through its creation and operation, confirmed the removal of the tariff issue from the partisan political arena. The major political parties withdrew from their polarized stances on the issue with the emergence of specialized state bureaucratic institutions. The manufacturers remained dominant through lobbying the state to avoid disputes over tariffs. Additionally, the fragile and fragmented populist forces, including the new CCF and Social Credit parties, failed to bring tariff issues back into politics. Without any strong forces to re-politicize tariff matters, the Tariff Board, with its organization and specialized expertise, became the institution that absorbed conflict over the issues. In sum, in the early Depression period, between 1929 to 1935, tariff politics were further firmly locked away from the partisan political storm, and

the immunity of the political system to polarized tariff politics was further enhanced.

NOTES FOR CHAPTER SEVEN

1. Janine Brodie and Jane Jenson considered the Depression as a "catalyst" that exaggerated class discrepancies; Janine Brodie and Jane Jenson, Crisis, Challenge, and Change: Party and Class in Canada, Revisited (Ottawa: Carleton University Press, 1988), p. 156.

2. Murray Beck, Pendulum of Power: Canada's Federal Elections (Scarborough: Prentice-Hall, 1968), p. 192.

3. Prime Minister King discussed the relations between trade with the United States and Great Britain; Letter from W.L.M. King to A.C. Morton, June 14, 1930, King Papers, Public Archives of Canada (PAC), MG 26 J, vol. 187, 15227.

4. The Smoot-Howley Tariff of 1930 was higher than the Fordney-McCumber Tariff of 1922. The comparison of these tariffs are as follows:

tariffs	level of duty on all imports %	level of duty on dutiables %	proportion of all imports on free list %
Underwood (1913)	8.8	26.8	67.5
Fordney- McCumber (1922)	13.9	38.2	63.5
Smoot- Hawley (1930)	19.0	55.3	65.5

David A. Lake, Power, Protection and Free Trade (Ithaca: Cornell University Press, 1988), p. 126, p. 194.

5. R.B. Bennett, Commons Debates, May 1, 1930, p. 1678.

6. Ibid., pp. 1678-1679.

7. Beck, Pendulum of Power, pp. 196-197.

9. W.M.L King stated:

...my hon. friend [Bennett] abolished

the board immediately upon his assumption of office. Now he proposes to establish another tariff board. Was the abolition simply for the purpose of placing partisans on the board, simply to get a new board composed of those who were of his own political persuasion; or is the tariff board to be another instrument designed to wrest from Parliament its authority over taxation and the control of tariffs and hence also of money of the people?

W.L.M. King, Commons Debates, March 16, 1931, p. 21.

9. Ibid., May 15, 1931, p. 1637.

10. Ibid., June 29, 1931, p. 3139.

11. Bennett, *ibid.*, May 15, 1931, p. 1638.

12. Ibid., 1641. Bennett also later stated:

...the powers of the board are powers that will enable it accurately to ascertain the facts and report those facts to the government of the day.

Ibid., June 26, 1931, p. 3082.

13. Agnes Macphail, *ibid.*, pp. 3891-3892.

14. J.S. Woodsworth, *ibid.*, p. 3097.

15. Ibid.

16. Ibid., p. 3096.

17. Ibid., July 7, 1931, pp. 3488-90.

18. Bennett, *ibid.*, June 26, 1931, p. 3081.

19. Ibid., p. 3082.

20. Ibid., p. 3084.

21. Letter from W.L.M. King, to Hon. Sir Herbert Samuel, London, England, February 11, 1933, King Papers, PAC, MG 26 J, vol. 198, 168790.

22. King, however, pointed out in his correspondence with Sir Hervert Samuel, M.P., London, England, that although Milton Campbell was a Progressive, he was leaning to the Conservative Party; Ibid., 168791.

23. R.B. Hanson, Commons Debates, June 11, 1935, pp. 3506-3507.

24. Ibid., p. 3511.

25. Hanson explained:

The tariff board, as presently constituted, is without question an efficient body and has performed the most useful service to the people of Canada.

Ibid., p. 3512.

26. Bennett, *ibid.*, April 21, 1936, p. 2044.

27. Alexander M. Young, *ibid.*, April 10, 1937, p.2898, 2900.

28. Brodie and Jenson, Crisis, Challenge, and Change, pp. 165-166.

29. For example, see Kenneth McNaught, A Prophet in Politics: A Biography of J.S. Woodsworth (Toronto: University of Toronto Press, 1959); Gad Horowitz, Canadian Labour in Politics (Toronto: University of Toronto Press, 1968); Walter D. Young, The Anatomy of a Party: The National CCF, 1932-1961 (Toronto: University of Toronto Press, 1961).

30. For example, see John A. Irving, The Social Credit Movement in Alberta (Toronto: University of Toronto Press, 1959); C.B. Macpherson, Democracy in Alberta: Social Credit and the Party System (Toronto: University of Toronto Press, 1962).

31. Regarding relations between the Progressive Party and the CCF, many studies found continuity. For example, see Young, The Anatomy of a Party, and McNaught, A Prophet in Politics.

32. McNaught, *ibid.*, pp. 235-236. Even when Woodsworth belonged to the Progressive Party, he was more oriented to the policies of social redistribution rather than to tariffs, which was the critical issue for the most of the

Progressives; Ibid., p. 186.

33. Brodie and Jenson, Crisis, Challenge, and Change, p. 157.

34. Macpherson, Democracy in Alberta, pp. 93-119, 149-150.

35. McNaught, A Prophet in Politics, pp. 235-236.

36. Brodie and Jenson touch upon the difference between the Progressive Party and the CCF by comparing their economic policy agendas; Brodie and Jenson, Crisis, Challenge and Change, p. 157.

37. Horowitz, Canadian Labour in Politics, p. 64.

CONCLUSION:

TARIFF POLITICS FROM PARTISAN POLARIZATION TO BUREAUCRATIC SUBMERGENCE

This study set out to discover why the tariff policy process in Canada was submerged and depoliticized during the period between 1875 and 1935. This investigation of the specific character of tariff politics drew upon the tradition of Canadian Political Economy for its focus on institutions and its analytical integration of international and domestic conditions. The discussion encompassed three components: the tariff policy agenda of the Canadian political economy within the international political economy; the demands on tariffs and related lobby groups, namely the manufacturers, farmers, and workers; the political parties and the state in the tariff policy process. These previous chapters provided the evidence that the changing matrices among the pressure groups and political parties resulted in the removal of tariff issues from partisan politics to rest them in specially constructed state bureaucratic institutions such as the Tariff Commissions, the Advisory Board on Tariff and Taxation and the Tariff Board.

This survey has argued that prior to the Depression of

1929 the political system began to be immunized to various demands related to tariffs by submerging the issues away from the arena of explosive partisan politics into the routine operation of a state bureaucracy buffered away from these demands. This move paralleled the evolution of the notion that the various tariff bureaucracies could apply "scientific" expertise and a "judicial" adjudication to the question of the tariff. These specialized institutions were built against outbreaks of polarized debates over tariffs. Nevertheless, the movement towards bureaucratic administration was interrupted by outbursts of polarized tariff politics at important moments, such as the Reciprocity debate in 1911 and the emergence of the Progressives in the 1920s. More importantly, our account explained that these outbreaks resulted in even more vigorous efforts by the manufacturers, the major political parties, and the state to shield tariffs from partisan politics.

The first period, from 1875 to the National Policy of 1879, was distinct because of the emerging protectionist alliance between the Conservative Party and the manufacturers of the Manufacturers' Association of Ontario (MAO). This alliance pursued higher tariffs to protect domestic producers who were exposed to severe trade competition from the United States as well as the depression

of that period. The trade unions identified themselves with the Conservative Party under their "partyism." In comparison, the farmers were mostly unorganized. This lack of real opposition to the protectionist coalition created a political vacuum that the cross-class alliance and their campaign, which used rhetorical slogans such as national economic development, took advantage of. Accordingly, the tariff was crucial in the creation of the partisan polarities of the general election campaign of 1878 and the implementation of the National Policy in 1879. The mutually reinforcing matrices of the pressure groups and political parties moulded the polarized tariff politics which emerged from the international trade protectionism following the depression. The primitive state structure of this period rested most tariff decisions on the shoulders of the cabinet ministers and the lack of a state bureaucracy autonomous from partisan and social pressure cemented the alliance between the manufacturers and the Conservative Party and the government.

The following period towards 1908 was important in shaping an early prototype of a tariff policy process which was "depoliticized" and shielded off from the centre of political debates. The pressure groups were varied in their lobbying abilities, and accordingly, in their participation in the tariff policy process. The Canadian Manufacturers'

Association (CMA), which had developed out of the MAO, developed its own Tariff Committee and Tariff Department with specialist knowledge and cordial communication with the state. The CMA also modified its strategy in order to deal with either political party. The western farmers began to demand lower tariffs on commodities such as agricultural implements. The trade unions continued to suffer from internal contradictions resulting from regional division and affiliation with the American Federation of Labor (AFL). After the unrestricted reciprocity proposals in 1888, which were fiercely rejected by the manufacturers, both political parties became extremely cautious to avoid the instigation of any further divisions over the tariff. The incoming 1896 Liberal government created the Tariff Commissions in 1896 and 1905 that were specifically designed to collect information about tariff demands through their cross-country hearings. Cabinet ministers were appointed to these commissions and had substantial control over the Commissions, which provided the ministers with an opportunity to justify government tariff policies. Without their own bureaucracy distancing themselves from the cabinet, the Tariff Commissions enhanced the ministers ability to submerge tariff politics.

In contrast, the third period between 1908 and 1911 was marked by another outburst of confrontation over tariffs.

This renewed battle was provoked by the Reciprocity Agreement which the Liberal government signed with the United States in January 1911. Tariff reductions in the agreement became the central focus of partisan politics. The manufacturers and the Conservatives reenergized a well-coordinated protectionist alliance against the agreement, in contrast to the Liberal Party which was internally divided. The western farmers were not really satisfied with the extent of tariff reductions made in the Reciprocity Agreement; yet, they preferred the agreement to the existing level of protective tariffs. This mixed reaction by the farmers and the postponement of the reallocation of House of Commons seats failed to translate the farmers' preference for Reciprocity into support for the Liberals. The trade unions continued to be afflicted by the contradictions between class awareness, parochialism, and continental affiliation. The manufacturers' organizational and strategic supremacy in alliance with a reenergized Conservative Party resulted in the achievement of their protectionist goal through defeat of the Liberals in the election. After the election, the political parties and the manufacturers quickly shifted to re-stabilize the system by making an effort to minimize partisan upheaval. The Reciprocity debates caused both the explosion of tariff politics and its implosion after the election.

Nevertheless, there had not yet been established any institutional arrangement within the state to contain any new eruption of tariff politics.

Participation in the First World War occupied the next stage and structurally transformed the Canadian political economy through the growth of the state's role in economic management. Exports to Great Britain surged and resulted in an unprecedented economic boom. The state began to regulate the production and supply of goods to manage the war economy; consequently, the state institutions grew to regulate Canada's international trade. The manufacturers were concerned with the inevitable economic decline. The farmers were, to a degree, beneficiaries of the economic boom because of increased exports and the creation of the Board of Grain Supervisors which kept grain prices higher. Inflation resulted in a rising cost of living which radicalized labour; but, the unions faced state repression of their strikes, and also their own internal turmoil. Due to these matrices of the pressure groups, the manufacturers continued to successfully seek tariff protection, contrary to the farmers and some workers who supported freer trade. In a debate during this period over creating yet another tariff commission, there was the beginnings of a distinction being made between a partisan and patronage commission on one side and non-partisan bureaucratic management of the

tariff issue on the other. The social and economic contradictions over tariff protection were magnified during this period, which would lead to renewed political polarization in the next period.

The fifth period between 1919 and 1929 was the stage in which tariff politics were submerged more firmly than ever. This development followed a new eruption of tariff politics that was provoked by the new Progressive Party, supported by the western farmers favouring freer trade. The Progressive Party brought tariffs into the centre of partisan politics, and challenged the traditional political party system. Faced with the Progressives' challenge, the traditional parties tried to regain their dominance in partisan politics, including those over tariff issues. The Liberal minority government of 1921 absorbed some of the farmers' demands in order to secure the Progressives' support. However, by the middle of the 1920s the Progressive Party was afflicted by its own internal divisions. In 1926 the Liberal government instituted the Advisory Board on Tariff and Taxation which was composed of non-cabinet ministers; tariff investigations were now facilitated by the bureaucracy. In comparison with the previous period, there was growing, although not yet universal, acceptance of the legitimate role to be played by a specialized, non-partisan bureaucracy in resolving tariff conflict. The tariff was no

longer seen as a purely political matter but also as a technical or even "scientific" issue. In reducing the room for partisan debates, the manufacturers and the political parties ever more vigorously pursued the sheltering of the political system from tariff disruptions.

Tariff politics in the 1930s, as we saw in the Epilogue, confirmed the immunity of the political system which had been established in the previous decade against populist demands. The state and the traditional political parties once more dominated the tariff policy process. The Conservative government replaced the Advisory Board on Tariff and Taxation with the Tariff Board in 1931. The new Tariff Board was again composed of three non-partisan members who were supported by a bureaucracy of trade experts. The government justified the board as a "judiciary", thereby implying its neutrality from partisan politics, although the it was mandated to serve the government. Significantly, the Liberals did not change the board when the party regained power in 1935. The Tariff Board was accepted by both parties as a bureaucratic institution rather than simply a partisan institution left over from the preceding Conservative government. In addition, populist forces were declining. Even though the Cooperative Commonwealth Federation (CCF) appeared, this new party was unable to achieve class consensus over tariff.

The Tariff Board as an institution enhanced the depoliticization of tariffs; particularly, when the tariff structure was increasingly complicated--the Imperial Preference, Intermediate and General Tariff schedules, as well as bilateral trade arrangements.¹ After the great Depression, the state expanded its role in the economy, and tariff policy was as a result embedded in many other economic policies. This process was encouraged by the absence of any social or political forces able to thrust the issue back into the partisan arena. Consequently, tariffs were further and firmly submerged.

In interpreting this account, we must remember that there had been attempts to locate tariffs away from the swirl of partisanship as early as 1875, when MAO members wanted to stabilize protective tariffs by minimizing political disruption over the issue. In the following periods there were even more vigorous efforts to replace the partisan politics of tariffs with their bureaucratic administration, an institutional embodiment of "science" in the sense of rationality and stability, in order to depoliticize the tariff policy process. Later, the notion of the "judiciary" justified the Tariff Board by lending it political neutrality. State tariff bureaucracies were designed to function as lightning rods to absorb thundering demands. These institutions, without depriving the state of

its dominance in the tariff policy process, directed tariff issues out of partisan political battles to the arena in which unpredictable and uncontrollable outbreak of tariff demands were minimized under the notion of scientific tariffs. Yet, it was not an absence of politics but very specific type of politics justified by its non-partisan and non-patronage nature.

At the same time, the traditional political parties, to a certain extent, propelled the process of submerging tariffs into the growing bureaucracy. The parties were afraid of risking their seats over highly polarized tariff debates, such as those over the National Policy in 1879 and Reciprocity in 1911, in general elections. After the surge of the Progressive Party in the 1920s, the polarization was no longer between the traditional political parties, but between the populist farmers and the existing political and economic systems. The traditional political parties tried to contain this outburst by supporting the establishment of the Advisory Board of Tariff and Taxation and later, the Tariff Board. Thus, the traditional parties were the major forces in the depoliticization of the tariff issue.

This survey argued that the political parties exerted some dominance in the formation of tariff policy. The political parties were not always willing to present tariff options, with the exceptions of the process towards the

National Policy of 1879 and the debates over the Reciprocity Agreement in 1911. Usually the traditional political parties were ambiguous in their presentation of policy options. As we saw in the previous chapters, these parties even searched for tariff policy options by instituting commissions and boards. More importantly, these parties were desperate to avoid polarized tariff politics. By contrast, in the 1920s the Progressive Party tried to bring the tariff to the centre of partisan politics, but its organization was too divided and vulnerable internally to achieve this objective vis-a-vis the traditional parties which were trying to submerge the issue.

Nonetheless, the political parties were not typically as successful in reflecting the variety of tariff interests as the "brokerage politics" model claims. The emergence of the Progressive Party in 1920 illustrates this. The traditional political parties failed to absorb the farmers' demands, leading to the shift of farmers' votes to the Progressive Party. Between 1921 and 1925 the Liberal government was pressured by protectionism from the Conservatives on the one hand, and by the Progressives on the other. Adopting either of these extreme policy stands threatened to cost the Liberal government a loss of power in the next general election. The political parties' positions were embedded in contradictory demands, but they had not

always been successful in reflecting and reconciling the social interests underlying these demands.

The pressure groups were involved in the changing tariff politics in a variety of ways. Well-organized pressure groups, such as the CMA, actively promoted the submergence of the tariff process. The CMA created its own elaborate bureaucracy to assist its members and to strengthen its lobbying and communication with the state. In the 1920s the removal of the tariff out of politics was sought by the manufacturers, who tried to avoid any critical challenges that would destabilize tariff protection. In the 1910s and 1920s the farmers and workers also tried to remove the tariff from politics, quite contrarily, in order to block the excessive influence of the manufacturers. They argued that the alliance between the manufacturers and the traditional political parties dominated tariff decisions at the expense of populist demands. However, their call for greater participation in the process was overpowered by their own internal contradictions, the manufacturers' dominant influence, and the growth of specialist institutions such as the Tariff Board.

Another issue was the manner in which the state evolved in order to deal with tariffs. The Tariff Commissions, created in 1896, 1905 and 1920, were composed of Cabinet ministers and travelled across the country conducting

hearings in order to collect information from briefs that would assist the government in making tariff decisions. At the same time, the government could use these public hearings to justify its current tariff policy through public education on the policies. The Advisory Board on Tariff and Taxation, created in 1926, provided the state with more leverage to define the specific nature of its relations with the pressure groups. The Advisory Board was the first state institution for tariffs which became recognized as a mainly bureaucratic rather than partisan institution. The Board's operations were more technical in their surveillance and solicitation of information from firms and on this basis provided information for decisions by the Minister of Finance. This development required pressure groups to be sophisticated enough to communicate with the experts in this new bureaucracy. Furthermore, the Department of Finance had discretionary power over whether or not it would forward an application to a Board hearing. In comparison to the previous commissions, the state had more control over the Board's hearings in terms of the power of selection of the briefers. These characteristics were further enhanced in the succeeding Tariff Board of 1931, which was facilitated by a larger bureaucracy and wider acceptance of its existence as a specialized state institutions by both political parties.

John Young once argued, against the prevailing notion of a "scientific tariff" among the liberal economists, that there would not be any "logical explanation", but an "historical explanation" for the level and structure of tariffs.² Similarly, our study did not really extract a scientific logic to parsimoniously explain the entire tariff process through the periods we examined. Instead, the analytical priority was set on the configuration of the changing social matrices in relation to the tariff policy process. Also, we saw that these matrices were influenced by the changing international political economy and embedded in Canada's imperial and continental relations. Examining each succeeding period also explicated the process of tariff policy being conditioned by previous periods which had often imposed unresolved contradictions.

The historical conditions of the tariff policy process led our attention to the question of whether the policy process was rational or irrational. Liberal economists, liberal pluralists, and realists seemed to take for granted the rationality of the policy process to justify it as the best available option. In contrast, the analysis in each of these chapters discussed the constraints and contradictions between political pursuits, institutions, and power matrices which were left unresolved in tariff policies. Even the dominant pressure group, the manufacturers, was not totally

free from the restrictions of business conditions, trade competition, partisan politics, and other pressure groups. Nonetheless, the manufacturers were in the position of managing these conditions relatively better than others because of the elaborate structure of their organizations, resources, expertise, and persistently nurtured cordial relations with the state and political parties. The manufacturers were more apt to adjust themselves successfully to given situations. Regarding the farmers and workers, their positions were often twisted and overwhelmed by their own inner turmoil and external forces, often compounding their frustration.

The notion of immunizing the political system requires further qualification. Often, the notion of "science" was the symbolic justification for the depoliticization of tariffs. However, there were varied and even contradictory notions of "science" among the actors. For the manufacturers, "science" was a means to secure their lobbying and political influences to ensure tariff protection. For the farmers and workers, it denoted the restriction of the dominant political influence of the manufacturers. More importantly, the manufacturers and the traditional political parties in power with growing state institutions could impose their notion of "science", in which tariffs would be dealt with by the bureaucracy, away

from populist claims. In short, the interpretation of "science" was determined by the uneven matrices of the pressure groups and their mutual reliance with the expanding state institutions. In other words, this immunization was not simply the result of the general growth of state institutions but also depended on the development of more sophisticated pressure groups and partisan actors.

Another question is how the system was immunized. The special commissions and boards, through their hearings and inquiries, acted as lightening rods to capture potentially destructive atmospheric charges. Particularly, the Tariff Board, as the most elaborate institution during the periods we examined, was not a simple floodway for tariff claims but was also a floodgate that regulated claims through the control of the Minister of Finance. Therefore, the government was able to impose its discretion over the board's operation. In other words, the immunity was not totally removed from state influence. Instead, the boards acted as state mechanisms to regulate tariffs in the face of well developed strategy and organization of powerful pressure groups and well elaborate state apparatus in the economy.

A final concern was whether or not shielding the tariff from partisan politics provided the farmers and workers with access to an equitable policy process. The technical nature

of communication with the bureaucracies required both resources and expertise. It was extremely hard for the farmers and the workers to compete with the dominant business forces on these grounds. Moreover, in general, the marginal location of minor pressure groups disrupted their tariff lobby efforts.

Then, in summary, what kept the trade policy process particularly difficult for the broader population to gain access to? The traditional political parties were not willing or able to open up the process because of their fear of entering into uncontrollable and risky debates. Second, it can be also attributed to Parliament, in which interest groups could not develop effective debates on the matter as a result of the management of the House and Senate by the dominant political parties. Third, the pressure groups' uneven resources and capabilities also enhanced the peculiar nature of tariff politics.

Since removing tariffs from politics was a result of these factors, reversing the matter into the centre of politics would require a number of reforms. Judging from the experience of the Progressive Party in the 1920s, we have to remember that proposals of reform must be within a feasible range to be realistically implemented. Some education of the public may contribute to the improvement of their participation in the process. However, we saw that

the industrialists spent more money with better organized campaigns and more developed expertise, in comparison to the farmers and workers who were struggling to sustain their own organizations. As well, these campaigns hold the potential to exacerbate hierarchical matrices. In order to restructure these matrices, broader alliances among less powerful pressure groups might be a solution. Nonetheless, as we discussed in the previous chapters, this has proved to be historically difficult.

In conclusion, we can see that even though tariff issues were claimed to be "scientific," or "judicial," the "science" of the tariff was, as Arthur Meighen once stated, ironically politics itself.³ From a historical perspective, this study provided an account of this paradox in the submergence of tariff politics, by discussing the questions of why and what kind of tariff politics were created under the notion of the "tariff out of politics."

NOTES FOR CONCLUSION

1. John H. Young described the complex tariff structure already having built in 1932 as follows:

During the Ottawa Conference [Imperial Conference of 1932] Canada negotiated four agreements, one with the United Kingdom, and others with South Africa, the Irish Free State and Southern Rhodesia. These were in addition to the earlier agreements with Australia and New Zealand which had been negotiated in 1931 and early 1932. the agreement with the United Kingdom involved a change in the British Preference on over 200 items in the Canadian tariff....Of the 200-odd increases in British Preferential rate accompanied by increases in the intermediate or general rate or both. Since individual rates vary greatly in significance mere numbers mean very little, but in this case they convey something of the pattern., For example, the automobile preference was widened simply by reducing the rates on automobiles from 12 1/2 % or 15 % to Free, the intermediate and General rates remaining unchanged. the preference on telephone, telegraph and radio apparatus was increased by General rate from 27 1/2 % to 35 % and the General rate from 30 % to 35% and general rate from 30% to 35 %.

John H. Young, Canadian Commercial Policy (Ottawa: Royal Commission on Canada's Economic Prospects, 1957), p. 39.

2. Ibid., p. 21.

3. Letter from Arthur Meighen to R.A. Mullholland, March 31, 1925, Meighen Papers, Public Archives of Canada (PAC), MG 26 I, vol. 79, 44927-44928.

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