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ALBERTA AND THE WEST, 1921-1926: *The National Policy Revisited*

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Abstract

During the years from the 1921 to the 1926 elections, the emergence and decline of the National Progressive Party was the most striking development in Canadian politics. For Arthur Meighen, new leader of the recently-reorganized Conservative Party, the first half of the decade saw the end of his political leadership. This thesis will study Meighen's political career from the point of view of his policies concerning the Canadian West.

The thesis will begin with Meighen's attitude toward the Progressives as a political force and as personalities by the end of 1921, and then go on to discuss the respective views of Meighen and the Progressives first on the National Policy and secondly on specific problems of the Wheat Economy. The thesis will end with Meighen's bid for his political life in the crucial months between the 1925 election and his retirement after the 1926 election.

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List of Abbreviations

- C.A.R. The Canadian Annual Review, ed. J.C. Hopkins
- Dawson, Vol. **I** Dawson, R.M. William Lyon Mackenzie King: Political Biography. Vol. I. Toronto: University of Toronto Press, 1958.
- E.C. Encyclopedia of Canada, 1948 ed.
- Fowke Fowke, V.C. The National Policy and the Wheat Economy. Toronto: University of Toronto Press, 1957.
- Graham, Vol. II Graham, W.R. Arthur Meighen: A Biography. Vol. II. And Fortune Fled. Toronto: Clarke, Irwin, 1963.
- Neatby, Vol. II Neatby, H. Blair. William Lyon Mackenzie King: The Lonely Heights, 1924-1932. Toronto: University of Toronto Press, 1963.

Introduction

By 1914, the Dominion Government had basically fulfilled the National Policy in terms of western economic development. The National Policy was basically an expansionist programme to open up the West and to integrate this new agricultural region into a Dominion-wide economic policy. The West was the key to Canadian economic development, and the encouragement of immigration, the building of railways, and the implementation of a high protective tariff were all designed to make the East and West complementary parts in this developing country. . Fearful of American competition to Eastern manufacturing interests and American encroachment upon Canadian political integrity in this new era of Manifest Destiny, the Canadian Federal Government strove to tie the country together with a closely-knit economic policy that would ensure Canadian political integrity on the North American continent.

By the time of the first World War, this tri-part expansion programme of tariff, railways, and immigration had come to a standstill; western economic development in terms of the National Policy was complete and the problem of stabilization of the Canadian economy was rising to the fore. The 1911 election had raised questions as to the future course of the Canadian economy, but these first signs of the need

for a new policy were submerged by the demands of the first World War. The economic development of the West in the tradition of the National Policy was in fact central to the War effort: "A major part of the Canadian contribution to the Allied effort in the First World War consisted of a maximization of wheat exports and the fostering of the agricultural effort which made such exports possible."¹

After the War, however, the pre-War signs of the inadequacy of the National Policy re-appeared, compounded by the effects of expansion during the War and by the post-War depression. The West, the hub of the National Policy, renewed its pre-War cries of protest against depression conditions. Farmers across Canada gave support to their demands for better rural credit conditions, lower freight rates and lower prices on agricultural machinery, and by 1920 a new party appeared in Canadian Federal politics—the National Progressive Party, led by T.A. Crerar.

Basically the platform of this new party embodied the West's own concept for an integrated economic policy for Canadian prosperity. It still considered the Wheat Economy as the key to Canadian economic development, but it called for one fundamental modification in the old National Policy; it opposed the high tariff policy which made the

¹V.C. Fowke, pp.163-66.

West buy from the East goods more readily and cheaply available from the United States.

In the post-war period, however, there appeared little hope of implementing their ideas through either of the traditional Federal parties. The formation of the Union Government in 1917 had led to the weakening of party loyalties and this tendency had increased because of the bitterness its policies aroused. Conscription, profiteering, and inflation all disillusioned the West with the Union Government. When there emerged out of the disintegration of the Union Government the two traditional political parties, each headed by a new leader, the Liberals by Mackenzie King and the Conservatives in 1920 by Arthur Meighen, Western despair deepened. For the budget of 1919 with its retention of a high protective tariff seemed to indicate that the old National Policy was to remain the basis of Federal economic thinking. The West therefore decided to form its own Party and the newly-reorganized traditional parties were too weak to prevent the rise of this strong regional bloc. Thus, as both the Liberal and Conservative leaders struggled to build a cohesive nation-wide party in the early 1920's, the West was almost totally behind the Progressives.

Mackenzie King immediately embarked upon a policy of attracting the Progressives, but the new Conservative leader,

Arthur Meighen, followed a ~~very~~ different course. For Meighen fundamentally had lost faith in the old National Policy concept of the West as the focus of capital investment and the impetus for economic growth. Instead, he believed in the natural and steady growth and diversification of all regions and felt that this new economic policy could best be implemented by modification of the old National Policy. Specifically, Meighen had lost faith in the efficacy of immigration, and he opposed large-scale Federal expenditures for railways in expansionist ventures because of the difficult financial position of the Dominion treasury. For him, the protective tariff was the foundation of Canadian economic prosperity and political integrity, and thus he was unalterably opposed to the Progressive demands for reduction in the protective tariff.

Two different variations of the old National Policy thus met head on in Meighen and the Progressives. Circumstances brought them together briefly in mid-1926, but their fundamental differences soon dissolved this artificial union.

Chapter 1

Prologue - The 1921 Election

On December 6, 1921, the Conservative Government of Arthur Meighen was defeated by the Liberal party under Mackenzie King. The final standings in the House of Commons were Liberals 117, Conservatives 50, and Progressives 64.¹ Thus the Progressives were numerically entitled to form the Official Opposition, but declined, and Meighen and his Conservatives took the job by default.

Such an inauspicious beginning for a new party leader augured ill for the future, and Meighen toyed with the idea of resigning his post. But the crushing blow to the party and its reflections on his personal competence² determined Meighen to continue his political career. After all, he was receiving more letters of congratulations now from his colleagues for his strenuous campaign efforts than he had received from them when he had undertaken the leadership of the Party just a scant year and a half before.³ In the weeks after the election, as Mackenzie

¹R.M. Dawson, Vol.I, p.356.

²See Graham, Vol.II, pp.168-69.

³Meighen Papers, Series 2, file 65-5, p.014339, Meighen to W.A. Black, 22 December, 1921. The same letter is sent to others also; for example, see pp.014340, 014341 in this file.

King was trying to form a Government, Meighen was assessing the political scene and determining his Party's future course.

The election results had not given a clear-cut majority to either of the old political parties. While Mackenzie King tried to woo the 64 Progressives into his Government, Meighen rejected most emphatically the idea of any Conservative coalition with the Progressives:

The verdict of the people on the 6th December ((election day)) was undoubtedly adverse to the Government and under these circumstances, I immediately deemed it my duty to offer my resignation.⁴

Meighen could see no possible connection between himself and the leader of the Progressives, Mr. Thomas Crerar. Mr. Crerar, according to the Conservative leader, had no personal integrity whatever and politically he was engineering a very underhanded piece of duplicity. As early as March 1921, Meighen had decided that Crerar and his followers in the Progressive movement were simply "Grits in disguise."

Especially on the part of Mr. Crerar is it only a wing of the Grit campaign and . . . it is the old trick of 1896 over again only still more thinly disguised. Mr. Crerar is not skilful enough to conceal his hand and this session

⁴Ibid., p.014455, Meighen to A.R. Hassard, 29 December, 1921. Hassard, a Torontian, had suggested coalition to Meighen.

has shown most plainly that it is only a pretended independence the farmer group maintain.⁵

He wrote in the same vein to another correspondent:

Crerar is playing hand in glove with King. It is only a sham partition that divided them. Crerar talks about differing in this and that, but always takes care to vote the same, whenever it will hurt the Government.⁶

In fact, Meighen was convinced that the Progressive leader had "a full and complete understanding with King":

Indeed I have not the faintest doubt that Crerar has a full and complete understanding with King and is just as ready to betray his farmer following as King is ready to betray his own. It is political duplicity of the most approved ((depraved??)) type and Mr. Hunt ((Manitoban and correspondent of Meighen)) and all other honest farmers like him will just be as certain of this in the course of two years as I am today.⁷

The failure of the negotiations between King and Crerar after the 1921 election was for Meighen merely a sign of lack of finesse among frauds and the most recent instance of Crerar's lack of principle:

. . . trickery must be cleverly conducted to meet with any substantial success. So far as I can observe only blunders have been committed since the 6th ((election day--Dec. 6, 1921)) and the success of the 6th which followed trickery was not real success. What is going on now is little short

⁵Ibid, file 125, p.019886, Meighen to Hugh H. Ross, 4 March, 1921.

⁶Ibid, p.019887, Meighen to Vernon Knowles, 4 March, 1921.

⁷Ibid, p.019886, Meighen to Hugh H. Ross, 4 March, 1921.

of comedy.⁸

He assessed the actual situation thus:

Mr. Crerar is, of course, historically a Liberal and in general sympathy--or might I say in prejudice -- is about as much of a Liberal yet as there is in the country. I believe he was personally anxious to join the Government of Mr. King and would undoubtedly have done so had it not been for the protests from many of his own party in the country and had it not been as well for the lacerating scourge ((scourge??)) wielded upon Mr. King by Sir Lomer Gouin from Quebec.⁹

In fact, the whole idea that Crerar should join King's Government was "inconceivable":

It would mean the immediate and outright betrayal of the whole Farmer movement. What justification he ((Crerar)) could ever give passes my comprehension.¹⁰

From the standpoint of the well-being of the Conservative Party, however, Meighen considered that Crerar's entrance into the Government of Mackenzie King in December 1921 would be most advantageous: "It would simply be the throwing off of the mask and the betrayal all at once of the

⁸Ibid, file 65-5, p.014391, Meighen to J.C. Hodgins, 24 December, 1921.

⁹Ibid, 014455, Meighen to A.R. Hassard, 29 December, 1921.

¹⁰Ibid, p.014314, Meighen to Theodore A. Hunt, 21 December 1921.

whole farmer movement.¹¹

For, as Meighen appraised the political scene, the farmers were simply being duped by very clever propaganda. Meighen believed that Mr. Crerar had financed his political career in a most deplorable manner, through United Grain Growers' profits. He had made much of this point in the 1921 election and he had no intention of ceasing this reference in the immediate future:

I know the Crerarites were very angry over my attributing their propaganda to Grain Company profits but beyond doubt it is true. That is the sensitive part of their case. Instead of returning dividends to their Stockholders they converted them into political dividends for Mr. Crerar and his friends. No doubt all legal formalities were followed and I always stated that they had the right to do so if they wished, but I did think the public was entitled to know how Mr. Crerar had managed to finance his propaganda through all the years. He will hear a lot more about it before he gets through with this Parliament.¹²

In fact, Meighen described with some bitterness how these funds had been employed:

A propaganda has been worked up for years... designed to instil prejudice in the minds of farmers in particular against any and every step the Government could take and thus to aid the political ambitions of Mr. Crerar and

¹¹Ibid, pp.014318-19, Meighen to Hugh Ferguson, 21 December, 1921. See also, Ibid., p.014314, Meighen to Theodore A. Hunt, 21 December, 1921.

¹²Ibid, file 64-4, p.014083, Meighen to J.S. McLean, 17 December, 1921.

some others.¹³

Along with his censure of the personal integrity and public ethics of the Progressive Party leader, Meighen levelled sharp criticism at the Progressives' stand on political issues. One particularly prominent issue in 1921 was the question of the government's role in marketing Western wheat.

During the last two years of the war, a Government agency, the Board of Grain Supervisors, had bought and disposed of the wheat crop at fixed prices. In 1919 the banks informed the Government that because of the abnormal and uncertain conditions prevailing they could not finance the handling of the wheat crop. Precluded from withdrawal from state marketing of wheat, the Government set up a Wheat Board with monopolistic powers of purchase and sale. This roused the ire of the private grain-handling companies, and the farmers themselves were split in their estimate of the usefulness of the Wheat Board. Then in 1921, the Meighen Government, despite pressure by the western farmers, withdrew from state marketing of the wheat crop, for though not altogether satisfied with the normal methods of handling the grain crop, Meighen agreed with his legal advice that

¹³ Ibid, file 125, p.020023, Meighen to J. Tremble, 31 October, 1921.

continuance of the Wheat Board was ultra vires. Moreover, he did not find Government intervention in price-fixing particularly attractive. The farmers then decided to establish their own co-operative wheat pools but found this a more complex and lengthy process than they had anticipated. The 1921 crop had to be marketed, and the farmers demanded the re-establishment of the Wheat Board. This mode of marketing Meighen did not condone.¹⁴ As he endeavoured to find an alternative policy before the election campaign, he had expressed irritation at the pressure being applied:

. . . During the entire life of the Wheat Board there was not a word of commendation of it from the Farmers' organizations in any part of the country. On the contrary, there was endless criticism of it and every attempt made to arouse prejudice against it, in order to hurt the Government. A search of the records here showed that, between August 1st, 1919 and January 1st, 1920, no communications or petitions were received approving of the Canada Wheat Board, while, during the same period twenty-six were received disapproving of it. This search also showed that between August 1st, 1920 and January 1st, 1921, one hundred and forty-one petitions and communications were received approving of the Canada Wheat Board, while during the same period none were received opposing it. These figures illustrative as they are of what actually happened, are most significant to the effects of the campaign of prejudice. . . .¹⁵

¹⁴Graham, Vol.II, pp.131-36.

¹⁵Meighen Papers, Series 2, file 54-2, pp.011935-36, Meighen to Mrs. Armour, 30 August, 1921.

At the same time, the obstruction of the Grain Enquiry Commission further roused Meighen's ire at Farmers' organizations. This Royal Commission, under the chairmanship of Hon. J.D. Hyndman of the Alberta Bench, had been set up in April 1921 in answer to charges of mishandling of the wheat crop by the grain-handling agencies in the West. Within two months of the Commission's appointment, the Western members of the Canadian Council of Agriculture met in Winnipeg and passed Resolutions to the effect that one member of the Commission was open to investigation by the Commission and therefore ineligible to be a member of the body, and that the Commission was set up simply as a political manoeuvre to discredit the Grain Growers' Companies. In early June, a month later, the Commission heard testimony at Fort William against the United Grain Growers' Company of which Mr. Crerar was President. The Company alleged that these proceedings were improperly conducted and proceeded to get a court injunction to halt the Commission. It alleged that the Commission was ultra vires that it did not have legal authority to carry on such an investigation. Mr. Justice J.P. Curran of the Supreme Court in Winnipeg on July 11th, 1921 declared the Commission's appointment by Order-in-Council invalid and confirmed the interim injunction. On September 26th, the Government

rested its case before the Manitoba Court of Appeal. On November 4th, the Manitoba Court of Appeal issued the judgment that the Grain Enquiry Commission could legally conduct the investigation. But early in December, the right of appeal had been granted to the United Grain Growers' Company and the legality of the Commission still remained undetermined at the end of the year.¹⁶

During the election campaign, Meighen made constant use of Crerar's part in halting the Grain Enquiry Commission. At Spencerville, on October 18th, Meighen answered Crerar's charges of the Government alignment with big business, with the charge that Crerar was a head of a big business and also had organized the opposition of forty other big business concerns in the West to halt the Grain Enquiry Commission.¹⁷ He brought to the fore a question that was to be a sharp barb to Crerar throughout the election campaign; namely, why Crerar had halted the investigation at the time he did. Did Crerar's Company have some illegal proceedings that it wished to conceal from the public? Certainly Meighen cast grave doubts upon the honesty of

¹⁶C.A.R., 1921, pp.467-73. The judgment was issued the 4th not the 14th of November, as stated in C.A.R. See Daily Mail and Empire, Saturday, November 5, 1921, p.11, col.3.

¹⁷Daily Mail and Empire, Wednesday, October 19, 1921, p.1, col.8, continued on p.2, col.3.

Crerar's action.

After stating that he would welcome an investigation in the grain handling business, Mr. Crerar as the head of the Grain Growers' Grain Company, immediately joined hands with the Winnipeg Grain Exchange in opposition to the Government's course--this notwithstanding the fact that the Grain Growers' Grain Company was organized primarily to fight the Exchange on account of the latter's treatment of the farmers. If Mr. Crerar and his company had nothing to fear it should be somewhat difficult for them to satisfactorily explain their attitude toward the commission of inquiry. It is charged, of course, that the commission was appointed for political purposes, but if the Government had such a motive surely it would not have asked Mr. Stewart, Mr. Wood and Mr. Bracken to serve on it. That is simply a herring that Mr. Crerar is trying to draw across the trail.¹⁸

Besides being annoyed by the Progressives' criticisms of his Government's policy on the Wheat Board and the Grain Enquiry Commission, Meighen felt unfairly badgered by Western agitation for reduced railway freight rates.

In 1918, the Crow's Nest Pass Agreement which as part of the old National Policy, had established special rates for west-east and east-west flow of trade on certain commodities, had been suspended. The following year Parliament had revised the Railway Act and granted the Railway Commission power both to set aside the Agreement for a three-year period ending July 6, 1922, and to increase or decrease rates irrespective of its terms. Railway management claimed

¹⁸Meighen Papers, Series 2, file 56-4, pp.102597-98, Meighen to C.B. Watts, 7 November, 1921.

that in order to cope with increased operating expenses, it had to maintain high freight rates or to enforce lower wages. Railway employees objected to wage decreases,¹⁹ and in the autumn of 1920, the Railway Commission increased freight rates on the railways because of higher operating expenses, especially the increase in wages. The West became aroused immediately. "I don't think that any question aside from the war has ever caused as much public interest or indignation in the West as the rates increase," wrote one Winnipeg observer to Meighen.²⁰ In early 1921, the Railway Commission held hearings throughout the West on the freight rates problem. By mid-September, 1921, the Commission had decided to defer a decision on the reduction on rates until a wage arbitration between the Canadian Brotherhood of Railway Employees and the Canadian National Railways had come to a conclusion. It did not want to influence the arbitration proceedings.²¹

Meighen realized the importance of the freight rates reduction²² and felt certain that a decision would be

¹⁹C.A.R., 1922, pp.237, 472.

²⁰Meighen Papers, Series 2, file 179, p.026273, J.B. Coyne to Meighen, 11 September, 1920.

²¹Ibid., p.026554, Meighen to John T. Haig, 16 September, 1921.

²²Ibid., p.026505, Meighen to H.H. Stevens, 30 March, 1921. See also Ibid., p.026542, Meighen to J.G. Scott, 20 August, 1921.

announced soon since the wage arbitration was meeting in mid-September.²³ He considered totally unfair the strong Prairie criticism of the Government for not enacting an immediate reduction in freight rates in the fall of 1921, or not baulking the Railway Commission's decision in the fall of 1920:

The fixing of freight rates is something with which the Government has no more to do than with the decision of our Courts on the various matters that are brought before them. Those who established the Railway Commission on this basis are now seeking, I know, for political purposes, to hold us responsible for everything the Railway Commission does. More dishonest conduct could scarcely be imagined.²⁴

Most pernicious of all for Meighen, more serious than the consequences arising from the criticisms of the Wheat Board, the Grain Enquiry Commission and the Railway Commission, were the Progressive views on the tariff. To him these views were equivalent to political treason, and Meighen had determined to call the 1921 election before they spread any farther:

I have received many reports as to the condition of the public mind through the prairies. It is simply appalling the success that propagators of

²³Op. Cit. Actually, the arbitration on wages did not render a decision until November 10th (Daily Mail and Empire, Thursday, November 10, 1921, p.3, col.4) and the Railway Board did not render its decision until November 22nd (Daily Mail and Empire, Wednesday, Nov.23, 1921, p.1, col.4.)

²⁴Meighen Papers, Series 2, file 179, p.026559, Meighen to A. Pratt, 24 September, 1921.

discontent have had in disturbing political views throughout the country, chiefly by unblushing and persistent falsehood. It is just possible that they have overshot the mark and that the evidence of their swash-buckling spirit, manifested in recent contests ((prov. election in Alta. and bye-election in Medicine Hat)), will alarm men of all classes in other parts of the Dominion. . . .²⁵

This hotbed of free traders^{25A} in the West must be rooted out and Meighen intended to do a thorough job. The real danger to the political integrity of Canada was the Progressive Party. Meighen refused to blur the gravity of the danger by the introduction of other issues into his campaign;^{25B} political compromise with the Progressives was most certainly out of the question:

The Farmers' policy is diametrically opposed not only to our policy but to the interests of Canada. Indeed it is so manifestly if not madly opposed to Canadian interests that it seems inconceivable that it could receive any substantial support. Under such circumstances, it would, in my judgment, be anything but the proper course to angle for union with them.²⁶

The Conservative leader saw no reason for substantial changes in the tariff such as the Progressives advocated. Concerning the Progressive agitation for reduction of the tariff on farm implements, Meighen noted that in 1911

²⁵Ibid., file 131, pp.020507-08, Meighen to James M. Douglas, 7 August, 1921.

^{25A}Ibid., file 147, pp.023623-24, Meighen to William Keen, 27 September, 1920. See also Meighen's opening speech of 1921 election campaign at London, Ontario. Daily Mail and Empire, Friday, September 2, 1921, p.1, col.8, continued on p.2, Col.3.

^{25B}Ibid., file 54-2, p.012034, Meighen to C.C. Ballantyne, 10 September, 1921.

²⁶Ibid., p.012041, Meighen to W.D. Lighthall, 12 September, 1921.

the farm implement tariff was considerably ^{higher} ~~lighter~~ than at present. He remarked that this fact showed the depraved hyposerisy of those who in 1911 maintained that the tariff could not be lowered and who now claimed that a substantially lower tariff should be removed altogether.²⁷ Indeed, Meighen found Crerar's presentation of the Progressives' tariff plank in the 1921 election not only reprehensible but also somewhat illogical:

Mr. Crerar goes so far as to say that protection is morally and economically wrong yet he tells the people that if returned to power he will not wipe out the tariff immediately but will do so by easy stages. If the tariff is morally and economically wrong it should be abolished immediately.²⁸

According to the Conservative leader, the protective tariff had built this nation and its rejection meant the end of "our industrial and national life." If Canada adhered to this policy that had built her and made her prosper, she would emerge from this period of world-wide adjustment prosperous and with her integrity intact. Meighen was convinced that the interests of Canadian farmers were not different from those of other classes. It

²⁷ Ibid., file 56-4, p.012441, Meighen to C.A.C. Jennings, 18 October, 1921.

²⁸ Ibid., pp.012594-95, Meighen to James F. McCleary, 7 November, 1921. See Chapter 2 of this thesis for further explanation concerning the tariff policies of Meighen and the Progressives.

had been the farmer in England who resisted free trade. The farmer of the United States was the father of the Fordney Bill. The time would come when Canadian farmers, like those of Great Britain and the United States, would staunchly support a policy of protection.²⁹ The Conservative leader believed that the Wood-Crerar party, through propaganda, misinformation, and class appeal, was leading Canadian farmers astray from the one true Canadian policy, and he was now determined to fight this "class movement" with all his strength.

For Meighen was convinced that the leader of the Progressive Party had no personal integrity and was part of a political trick to direct farmers' votes away from the Conservative Party toward the Liberals. He firmly believed that the Progressives were purposely stirring up Western farmers' dissatisfaction and that, in fact, Western agitation was really based on transient difficulties. Meighen seized upon the ideas of "class" advanced by the more radical members of the Progressive Party to discredit the Party forcefully before the Canadian public.

Indeed, Meighen spent much time discussing the "class" nature of the Progressive movement during the election

²⁹Daily Mail and Empire, Friday, September 2, 1921, p.1, col.8, continued on p.2, col.3.

campaign. Henry Wise Wood of Alberta and J.J. Morrison of Ontario, in particular, advocated the idea of group government. They felt that big business interests controlled economic policy in Canada in the two-party system. The only way all economic sectors of Canada could ever have fair representation in Parliament and affect policy was to scrap the party system and have representation by economic groups. This way no particular economic sector, such as the big manufacturers, could dictate policy.

To this idea of "group" government Meighen made constant reference during the election campaign by calling the Progressives the "Wood-Crerar" party. The Conservative leader considered the idea of group government ridiculous and saw no necessity for changing the basis of Parliamentary representation. The defection of Dr. Michael Clark from the Progressives early in the campaign provided a focal point for Meighen's disparagement of the Farmers' Party. This event illustrated, according to Conservative Party propaganda, the dangerous nature of the Progressives-- they not only endangered Canada's external sovereignty by free trade proposals, but also endangered the basis of her Parliamentary system with their class doctrine.³⁰

³⁰ See Daily Mail and Empire, during the three weeks after September 1st opening of campaign.

Though Meighen disparaged this advocacy of class representation by Wood and Morrison he realized that the doctrine was not held with any unanimity among the Progressive Party supporters. He considered that some of this "class feeling" among Canadian farmers was really equivalent to loyalty to the farmers' organizations, especially in the Maritimes and Ontario.³¹ Nevertheless, he took advantage of Wood's advocacy of group government to try to draw support away from the Farmers' Party by linking this idea of class government with Bolshevism. He took special note, therefore, of extreme left-wing elements that worked for the Progressives and tried to get specific information. R.B. Bennett wired to Meighen's secretary:

Re attacks on Prime Minister's statement that Progressive party linked up with agitators William Irvine whose evidence before Mathers Commission stated he was in favor of freeing all the land is candidate in East Calgary and endorsed by Progressive Party. Also we are advised on reputable authority that William Ivens who was convicted by Jury of farmers of sedition is now working in interests of Progressives in Victoria constituency. W.J. Blair Provost can likely give corroboratory facts in this connection.³²

³¹Meighen Papers, Series 2, file 67, p.014819, Meighen to A.L. Smith, 12 October, 1921. Ibid., file 125, p.020021, Meighen to J.J. Garland, 31 October, 1921. Ibid., file 190, p.027095, Meighen to Hon. James P. Wilson, 15 October, 1921. See also Ibid., file 125, p.020022, Meighen to A. Forsythe, 31 October, 1921.

³²Ibid., file 56-4, pp.012463-64, 21 October, 1921.

Meighen's secretary asked W.J. Blair for information on Ivens and requested a reply by return mail:

The Prime Minister's idea is to link Ivens up with the Farmers' Party and thus strengthen statement already made that Mr. Crerar's organization is tailing behind it the forces of unrest.³³

Before the 1921 campaign had barely begun, Meighen had found himself having to explain what he meant in linking the Farmers' Party with Bolshevists. In mid-September he clarified his position in order to deny a statement attributed to him by the Minister of Education of Ontario, in a report by the Toronto Star:

What I did state on this subject, and the statement was made both in my speech at Sherbrooke,-- and at Granby, P.Q., a year ago, was that the Farmers' party of this country had gained great strength and in showing the strength they had gained, I asserted that though they were by no means men of Bolshevistic principles and that no people in the country were farther from being Bolshevists than the farmers, still their party had gathered, and there were trailing behind them, men of extreme views and seditious principles. The correctness of this statement will scarcely at this date be denied. If you desire, I am prepared to give the names of those who, up to that time in political contests in this country, had urged on and supported the Farmer movement and who were of the character I described. The words since have been vindicated by events in Alberta, the facts of which you know just as well as I....³⁴

³³Ibid., p.012528, 27 October, 1921.

³⁴Ibid., file 157, p.024322, Meighen to R.H. Grant, 14 September, 1921. See C.A.R., 1921, pp.412, 413, for excerpts from Sherbrooke and Granby speeches, respectively.

Previously Meighen had made the same distinction privately to an Albertan woman who also had misunderstood his statements:

What I did say was that the United Farmers had trailing behind them elements which were prepared to upset law and order. ...and it was more than borne out in the recent Dominion by-election where the candidate of the United Farmers of Alberta had the support of Ivens and others of his ilk.³⁵

³⁵Meighen Papers, Series 2, file 54-2, pp.011935-36, Meighen to Mrs. Armour, 31 August, 1921. See also, Ibid., file 131, p.020499, Meighen's secretary to Meighen, 28 June, 1921 re Medicine Hat by-election. "Ivens and others of his kind worked in campaign in city." See Ibid., file 163, pp.024591-92, Meighen to C.A.C. Jennings, Personal, 15 July, 1921, re Medicine Hat by-election. "The Medicine Hat majority was certainly a stunning blow and my first impusle was to say "well if the people of Canada want Ivens, Wood and the Farmers platform, they have a right to have the whole combination and should be given a chance without delay." See also, Ibid., file 131, pp.020507-8, Meighen to James M. Douglas, 7 August, 1921. See also, Ibid., file 3, p.007263, Meighen to D.L. Redman, 23 September, 1921 in which Meighen remarks, "So the Rev. Wm. Irvin (sic) is to contest on behalf of the Consolidated Bolsheviks. If so, the reputation of Calgary will certainly be at stake."

By the beginning of November, Meighen was becoming aware of the adverse affects of this campaign tactic. He concurred in a Toronto correspondent's judgment that he should publicize the fact that he was a farm boy himself and emphasize that he was sympathetic towards the problems and aspirations of the farmers.³⁶ Indeed, Meighen thought that he "would have been better to give expression to these views sooner."³⁷

For Meighen to cease references to the Progressives as Bolshevistic was not difficult. He never had considered their class propaganda to be of that nature. He noted in a letter in regard to Sir George Foster's speech³⁸ at St. Thomas, Ontario, early in September, that

he ((Sir George)) is quite capable of defending himself. Whether the report is correct or not, I do not know. It would appear to me, though, that what he was seeking to express and what indeed he did express, was that the class basis of Government was a fundamental principle of Bolshevism, and that any class of people if they sought to establish Government on a class basis, were following a Bolshevistic principle. We all know there are other and most destructive Bolshevistic principles as well with which no farmer nor any other

³⁶Ibid., file 157, pp.024355-57, J.S. McLean to Meighen, 9 November, 1921.

³⁷Ibid., p.024363, Meighen to J.S. McLean, 11 November, 1921 McLean had also suggested that Meighen pay more attention to the railway situation. Meighen concurred in all suggestions.

³⁸Sir George apparently had made some reference to the class character of the Progressive movement and had linked the Progressive Party with Bolshevism.

substantial party in Canada has the slightest sympathy.³⁹

This particular attempt to discredit the Progressive Party before the Canadian electorate had failed. Nonetheless, Meighen had little personal respect for members of the Progressive Party in general, and he persisted in his censure of their personal integrity. To one correspondent he wrote that they had not exhibited the highest degree of patriotism during the War.⁴⁰ To another correspondent, Meighen admitted that he took every opportunity to blacken Crerar's name during the campaign: "I have not been sparing of Mr. Crerar at any of the meetings at which I have discussed the Farmers' platform -- and I have paid more or less attention to it at nearly all of them."⁴¹ Privately, he took pains to gather evidence against Harry Leader, his opponent in the constituency of Portage la Prairie. Meighen thanked an informant for a letter written by Leader which Meighen had not previously seen and remarked that "Harry's politics have not been wholly altruistic."⁴² When Meighen lost to Leader in

³⁹Meighen Papers, Series 2, file 157, p.024322, Meighen to R.H. Grant, 14 September, 1921.

⁴⁰Ibid., file 54-2, p.012041, Meighen to W.D. Lighthall, 12 September, 1921.

⁴¹Ibid., file 56-4, pp.012597-98, Meighen to C.B. Watts, 7 November, 1921.

⁴²Ibid., file 179, p.026557, Meighen to G. Roy Colwill, 19 September, 1921. Leader's letter is not in this file.

the election, he wrote confidentially to a political confidant:

What I would like to do is to unseat Leader. I do not know what could be found in the way of evidence but if it can be done get lines set to secure the evidence and I will go up there and if I cannot win the seat then I think I am justified in stepping out. If you find this is impossible, feel out the situation in South Winnipeg. My own impression is that Hudson will join the Government. If so he ought to be opposed--that is if we can win. He ran as an Independent Liberal but really is a Crerar supporter and has no right whatever to join King's Government. I do not think he would be very powerful if he did join but nothing would please me more than to trim him, except to win back Portage. I am writing this to you in a very confidential way.⁴³ Show it to Jack but keep the contents within limits.

In fact, Meighen was appalled with the amount of "unabashed dishonesty" that he could perceive⁴⁴ among his political opponents in the campaign, and ^{to} contrast sharply with them, he was concerned to conduct a campaign wholly above criticism: "...I am going to be on solid ground no matter what happens, and the Crerar bunch will be in the most humiliating and indeed the most disreputable position ever witnessed in this or any other country."⁴⁵

⁴³Ibid., file 64-4, pp.014081-82, Meighen to Fawcett G. Taylor, Confidential, 17 December, 1921. The underlining is in the original letter. The reference "Jack" is to J.J. Garland of Portage la Prairie. See also Ibid., file 65-5, Meighen to Hugh Ferguson, 21 December, 1921 re Hudson had no right to join King Government.

⁴⁴Ibid., file 149, p.023707, Meighen to J.S.H. Matson of The Colonist (Vancouver), 12 November, 1921, is one copy of this form letter.

⁴⁵Ibid., file 67, pp.014825-26, Meighen to J.J. Garland, 18 October, 1921.

He reiterated this point to another correspondent:

. . . The information I get is that the farmer propaganda is pretty strong. The Grain Growers' Guide is circulated very widely, and you know the type of feeling that it engenders. . . . My chief anxiety is to conduct a square, vigorous campaign and be on solid, permanent and impregnable ground no matter what results. . . .⁴⁶

When the election results came in, Meighen felt he had at least achieved this aim: "Anyway, the next best thing to victory is an honourable defeat--I mean a defeat that carried with it no handicaps for the future. Such, I think is the alternative that has resulted."⁴⁷

The Party's poor showing in the West was not particularly surprising to the Conservative leader. Even before he had gone on his Western tour, Meighen had considered that the Progressives had a strong hold on the West.⁴⁸ Once there, he was surprised by the extent and intensity of the dire conditions in the West that year.

He concluded that the autumn had been as difficult a one as the farmers had ever encountered - unfavourable

⁴⁶Ibid., p.014824, Meighen to Isaac Campbell, 18 October, 1921.

⁴⁷Ibid., file 64-4, p.013973, Meighen to Mrs. Henry Joseph, 15 December, 1921. The 1st paragraph is repeated in Ibid., p.014032, Meighen to Mrs. George Muir, 16 December, 1921.

⁴⁸Ibid., file 54-2, p.012114, Meighen to Alfred Cooper, 17 September, 1921. Ibid., file 56, vol.4, pp.012594-95, Meighen to James F. McCleary, 7 November, 1921.

farming conditions, accompanied by falling world prices.⁴⁹ He had not wanted to leave the West and return to Ontario for the closing two weeks of the campaign as his itinerary had scheduled: "It may mean the difference between success and failure, but I sincerely hope not." However, his schedule had been publicized and Meighen had felt bound to it.⁵⁰ He calculated his party's chances at that time to be slim in the West,⁵¹ and his prediction proved accurate. The Party won no Western seats.

Still, Meighen felt that despite the fact that "to the great Body ((in Western Canada)) reason made but little appeal"⁵² he had little cause for despair:

The time is coming rapidly when the people of the West will see how they have been deceived, and will have no little difficulty in concluding that through all these years I have faithfully served this Dominion.⁵³

⁴⁹Ibid., file 149, pp.023725-26, Meighen to W. Mulliss, 21 November, 1921. Ibid., file 65-5, p.014401, Meighen to W. McCuaig, 24 December, 1921.

⁵⁰Ibid., file 67, p.014861, Meighen to J.J. Garland, 17 November, 1921.

⁵¹Ibid., file 149, pp.023725-26, Meighen to W. Mulliss, 21 November, 1921.

⁵²Ibid., file 65, p.014389, M. to W. Mills, 24 December, 1921.

⁵³Ibid., file 56-4, p.012772, M. to Robert H. Roe, 20 January, 1922.

To an Albertan supporter, he wrote:

Undoubtedly, the result in Alberta was no surprise to you. Indeed the large number of farmers who, under the rather distressing circumstances, stood by the Government is to me rather encouraging than otherwise. The years that are to come will see the waning of the influence of narrow poisonous periodicals. Indeed there is a tremendous lot to be expected in developments in the next few months and years.⁵⁴

Of his defeat in his own constituency of Portage la Prairie, he thought he had allowed too little time for his campaign there:

When one considers all the circumstances--the hard Fall, no newspaper, poisonous mis-representation being poured into every home by the Guide and Free Press, an absent candidate--when one considers all these things, I think my friends there did very well. The majority against me was narrow and I only wish I had a chance again right now to go back and be on the ground and to fight these men who grossly mis-represented me all through the contest and thus succeeded in defeating me.⁵⁵

Meighen had no fears for his political future, nor regrets for his past leadership:

I have nothing but gratitude for the support received, and being immovably confident of the soundness and rightness of our position, will contentedly await the future.⁵⁶

⁵⁴Ibid., file 64, p.014098, Meighen to Mrs. A.T. Armour, 17 December, 1921.

⁵⁵Ibid., file 56-4, p.012768, Meighen to Wm. Stait, 10 January, 1922.

⁵⁶Ibid., file 63, p.013873, Meighen to J.B. Way, 14 December, 1921.

There would continue to be no compromise with the Progressives.

For the present time,

The Western farmers seem to think it wat((sic..)) more important to have someone in power who bore their lab~~or~~ than to have a practical policy that I believe they really wanted in effect.⁵⁷

This political condition in the West was already on the decline, according to Meighen, and he was not especially worried by it:

. . . The fever in the West has about reached its climax and from this one will become less and less menacing. The whole movement had no solid foundation. It is the result of well financed propaganda and owes its origin to grain profits and propaganda that centered itself on free trade. The last election must have shown everybody with eyes to see that Canada is more determined~~ly~~ protectionist than ever. King's party ran away from their platform in the most disgraceful way and Crerar was little better. Without question you will see King prostituting all his pledges and continue the protective tariff just as before.⁵⁸

In Parliament, Crerar would likely maintain the same strategy as he had in the last Parliament, only this time his course would be more difficult:

. . . His probabl~~e~~ course would be to maintain his group in the same way as he maintained it during the last parliament. It will be a lot more difficult for him than it was then, because now to meet his partizan leanings he will have to pretty

⁵⁷Ibid., file 65-5, p.014419, Meighen to Thomas R. Grant, 27 December, 1921. Meighen referring to his voluntary Wheat Pool Proposal at Portage la Prairie, September 1921.

⁵⁸Ibid., file 64, p.014093, Meighen to George L. Hudson, 17 December, 1921.

consistently support the Government.⁵⁹

Confidently Meighen undertook to direct the course of the Conservative party:

My position and the position of the party I lead has been clearly set out in the contest. (1921 Election). Our principles are known and understood and by them we must abide.⁶⁰

Thus after the 1921 election, Meighen's conviction of the duplicity of the Progressive leader, his belief that western farmers' dissatisfaction was based on transient difficulties, and that Crerar would soon be a renegade and in the Liberal Party, all meant that Meighen at that time saw no reason to court the Progressives. His principles were correct and would eventually be justified: he could wait.

⁵⁹Ibid., file 64-4, p.014148, Meighen to J.C. Hodgins, 19 December, 1921.

⁶⁰Ibid., file 65-5, p.014455, Meighen to A.R. Hassard, 29 December, 1921.

Chapter 2

Tariff and Immigration

Meighen had now made his estimate of the personalities and political strategy of the Progressives. Their leader was dishonest and a tool of the Liberal Party, and their membership consisted mainly of duped Western farmers. This calculation had, however, one essential flaw--it failed to relate the emergence of the Progressives to Canadian Federal policy and general Canadian economic conditions.

"The Prairie West had never lost the enthusiasm of the Laurier era." It still believed that the continued expansion of the Wheat Economy would foster economic well-being in the rest of Canada.¹ In the post-war depression, the West examined the National Policy, searching for the conditions and policies that had previously created and maintained conditions of prosperity on the Prairies. As the embodiment of the Western viewpoint of the National Policy, the Progressive Party demanded as Western rights certain modifications and extensions of the Policy to compensate for the handicaps under which they felt they suffered.

¹H. Blair Neatby, Vol.II, p.213.

Meighen too studied the Canadian post-war depression, and examined the National Policy and Western demands in the light of this analysis. The conclusions of the two independent investigations had little in common.

From the viewpoint of the Conservative leader, Canada was better off than most other nations in this period of post-war reconstruction. He thought outside world conditions were to blame primarily for the economic difficulties Canadians were experiencing. Other nations were raising high tariff walls to strengthen their economies. The United States, a major market for Canadian products, was no exception. In 1921 it had enacted the Fordney^{-McCumber} and Young Tariffs to protect American agricultural interests and had erected barriers against the three-year-old fisheries agreement:

The U.S. had sold Canada goods at the rate of \$773,136,975 annually for five years, and only bought half as much in return. And the U.S. had just erected a new tariff wall to keep out Canadian and other products. That tariff wall imperilled our export Business. A few years ago Canada had accepted the U.S. offer of free wheat and flour, but the war embargoes had interfered, and the reciprocal arrangements had been effective only a few months when the new "barrage" was directed against Canadian produce reaching the U.S. markets.

A tax of 35 cents against wheat and 20 cents against flour had been placed against Canada. Barriers had been placed against the export of potatoes.

Three years ago an agreement regarding fisheries

had been reached and six weeks before it had been cancelled, and all the old barriers renewed.²

This impact of external conditions on the Canadian economy was not new. According to Meighen, the Maritimes, for example, had endured privation since Confederation, mainly because of American trade policy:

The condition of the Maritime Provinces and the claims they advance, constitutes one of the most serious, and, to me most baffling problems of our country. I have taken every pains to get fully their point of view. . . . it is quite true that the Maritimes labour under very considerable difficulties. While these difficulties appear to me to be, not the consequence of Confederation but rather the outgrowth of geographical and physical conditions associated with the persistently protective policy of the United States since Confederation, still the fact that they exist is a problem for the whole Dominion that should be attacked sympathetically, patiently and in no spirit of unfriendliness, suspicion or selfishness. . . .³

To combat this trend toward high tariff walls, Meighen claimed there was only one solution for Canada-maintenance of the Canadian protective tariff. An adequate protective tariff was not only the answer to external world trade conditions, especially vis-a-vis the United States, but also the sine qua non of Canadian nationhood:

²Daily Mail and Empire, Friday, September 2, 1921, p.1, col.8, continued on p.2, col.3.

³Meighen Papers, Series 3, file 144-4, pp.073665-67, Meighen to George Henderson, 18 April, 1924.

Surely, if there is one thing we have learned in all these years from the '60's to the '20's, it is that. . . we must guard jealously always the industrial structure and the integrity of this country, and we can do it in one, and in one way alone by a tariff system made by Canadians for Canadians in the presence of facts and the knowledge that it must not rest on the insecure foundations of arrangements with the United States. . . .⁴

Meighen asserted the importance of the protective tariff policy again in 1924 when he was most discouraged by the lack of Conservative support in Manitoba:

You have encountered just what I encountered-- the repeated assertion that a protective tariff policy is unpopular in the Prairie West and that consequently the fiscal principle, which has been the outstanding feature of Conservative policy for some forty years, and the chief issue in every election but one, must be subordinated and something else presented in its place. If those who make this assertion are correct then I am not the right man to lead the Conservative Party. With sixteen years of public life and federal affairs behind me, with a constantly increasing contact with the Canadian people and Canadian business from one end of the Dominion to the other, I have immovable convictions on this question both in its relation to Canadian well-being and the well-being of the Conservative Party. I do not think there ever was a time when the Conservative policy on this subject was so essential to Canada as it is today, and I do not think there ever was a time when an apparent weakening on the question on our part⁵ would be so fatal as it would be today. . . .

⁴Daily Mail and Empire, Friday, September 2, 1921, p.1, col.8, continued on p.2, col.3.

⁵Meighen Papers, Series 3, file 103-1, pp.057942-44, Meighen to T.A. Hunt, 15 October, 1924.

Meighen, then, was completely opposed to any substantial changes in the tariff structure. For him, world market conditions and Canadian political integrity demanded the maintenance of the Canadian protective tariff.⁶ The Conservative leader watched, therefore, with some trepidation the course of the King Government towards lower tariff in 1924:⁷

In tariff matters the Government is certainly moving wrong for this country. We simply cannot stand up to the fight at all as against the United States if we are going to conduct our tariff policy in this fashion and keep the whole industrial community in a state of suspended animation, or rather suspended stagnation, with continual threats of further slashes. It is a positive heartbreak the way the people are oozing out of Canada. One would have thought the United States would have become saturated long ago, but they seem to be taking them on still without great difficulty. The Dominion must stand up to a good, strong tariff policy or raise the white flag commercially, one or the other.⁸

In particular, Meighen became convinced that the protective tariff should be raised on farm products:

Our dollar is already at a serious discount in

⁶Debates, House of Commons, 1924, 1925, budget debates.

⁷Sir Lomer Gouin and W.S. Fielding had retired from active political life in January 1924. With these ardent protectionists out of the cabinet, King could put into effect more easily his own leanings toward a reduced protective tariff. See H. Blair Neatby, Vol.II, pp.13-19, 60.

⁸Meighen Papers, Series 3, file 144-14, pp.075105-6, Meighen to Hon. Hugh Armstrong, 14 April, 1924."

the United States mainly because of our excessive purchases there compared with our sales. Under these circumstances, it is indeed hard to conceive how serious-minded Canadians can suggest, as the proper course, the wiping out entirely of our present moderate duties on farm products coming into Canada and the general levelling down of our tariff in order that, while we are compelled to sell them less, we may be induced to purchase more. . . .⁹

He explained his position to his chief party organizer thus in 1924:

As a matter of fact, I have preached in the East stability of the tariff and the definite acceptance of the protective principle. I have not committed myself to higher tariffs save in respect to farm products, which certainly, in hard justice to the farmers of this country, should be raised.¹⁰

For Meighen did not regard the protective tariff as a measure specifically for Eastern industrial development. The tariff should benefit farmers besides manufacturers. Furthermore, he did not think manufacturers should make exorbitant profits to the detriment of the consumer under the protective tariff system. Although he acknowledged that manufacturers might occasionally make unfair profits, he did not believe this situation to be chronic or even normal. He explained to a Winnipeg man:

⁹Daily Mail and Empire, Wednesday, October 5, 1921, p.1, col.6.

¹⁰Meighen Papers, Series 3, file 103-2, pp.058019-21, Meighen to Dr. S.S. Tolmie, 5 February, 1924.

I agree with you that very often manufacturers who get a fleeting opportunity take advantage of that opportunity unfairly. That seems to be human nature. As a matter of fact there are few instances indeed where internal competition does not keep prices down. On a rising market and scarcity of production such as we experienced in recent years there were of course opportunities, but really what the very same men are going through now in the deflation period shows that provided we adopt a policy that gives our country as a country a chance with other competing nations then among our own people things right themselves in the course of a reasonable time.¹¹

In 1924, Meighen was looking into the possibilities of combine and monopoly, a common pre-War complaint of Westerners, with some care:

I have thought of the suggestion as to the tariff which you make in your letter. It does not seem to me, in any way, impracticable. I would think that some clause could be prepared, similar to the clause now in existence, enabling the Government to reduce or remove the tariff upon the discovery of combine or monopoly. The new clause would enable the Government to do so, if it was revealed that unfair profits were exacted. I would like to discuss this matter, though, with a man of close experience with such questions.¹²

But, Meighen did not envisage Canada as a country essentially agricultural in the West and industrial in the East. The protective tariff was not a measure specifically for Eastern industrial development, but for the economic development of all the various regions of Canada. He thought the hope of Western Canada lay in the diversification of its economy and he

¹¹Meighen Papers, Series 2, file 124, p.019659, Meighen to A. McAllister, 28 May, 1921.

¹²Meighen Papers, Series 3, file 183-3, pp.083605-6, Meighen to W.D. Staples, 21 February, 1924.

designed his tariff policy to realize this vision.¹³

Specifically, Meighen wanted to exploit the coal resources in Alberta. To Sir Thomas White, his confidant and chief adviser on the budgets, he wrote:

We will get busy on the coal question before long. The Government will merely answer that it has established a Fuel Board composed of officers of the Department.

The real thing to do is to build in to an anthracite mine in the West. Sir William Mackenzie says that anthracite coal could be landed in Toronto at \$8.00 freight, coal that will cost only \$2.00 to mine and load.

Certainly we must not drift into next winter as we did into this, merely trusting to luck.¹⁴

Alberta pressed for tariff protection to bolster this new industry.¹⁵ And the Canadian National Railways Board, interested in more economical operation of the railways, requested further information. Meighen was prepared to outline his view in general terms:

I think reasonable precaution should be taken so as to be in a more or less independent position in the event of an embargo of steam coal into Canada.¹⁵

¹³Ibid., file 183-1, p.083542, Meighen to Gen. J.S. Stewart, 9 December, 1922.

¹⁴Ibid., file 184, p.083628, Meighen to Sir Thomas White, 28 February, 1923.

¹⁵Ibid., file 103-2, pp.058136-37, Meighen to Major F.G. Taylor, 5 February, 1925. Ibid., file 103-1, pp.0579-60, Meighen to Philip C. Locke, 23 March, 1925.

¹⁶Ibid., file 144-4, p.073581, Meighen to F.G. Gillespie, 7 February, 1924.

By the 1925 election campaign, Meighen had worked out what he considered to be a satisfactory tariff policy on coal:

We are not. . . committed to any prohibitive duty, although I am not so sure that it would do much harm if we were, still we have to take account of the fears of coal exporters. I have replied to Dr. Rutledge's wire as follows:

Conservative policy is embodied in Resolution moved June second. We proposed nothing which would interfere in slightest with shipment coal to States. Any duties imposed would be fair and part of general policy and no cause whatever for reprisal or retaliation.

Would suggest that you take early opportunity to quiet their fears in this matter which you can easily do.¹⁷

Meighen often noted in his correspondence that Alberta had more to gain from a protective tariff policy than any other province except Ontario and Quebec¹⁸ and he observed with pleasure the pressure by the coal interests in Alberta for a protective tariff. In the interests of Albertan development, Meighen refused to unduly subsidize the Maritime coal industry.¹⁹

This concept of the protective tariff revealed that

¹⁷Ibid., file 57-2, pp.039855-57, Meighen to R.B. Bennett, 11 October, 1925.

¹⁸Ibid., file 2-1, p.033165, Meighen to Dr. C.E. Smyth, 18 February, 1925. See also Ibid., p.033168, Meighen to C.F. Jamieson, 24 March, 1925.

¹⁹Ibid., file 183-1, pp.083539-42, Meighen to Sen. J.S. Stewart, 9 December, 1922.

Meighen no longer considered the Wheat Economy as the key to overall Canadian prosperity. He realized that the National Policy of the Laurier era was no longer adequate and he looked forward to the development of all the resources of each region.

The Prairie West, however, did not consider the protective tariff central to prosperity and this breach in the protective armour worried Meighen: "We are steadily if not indeed rapidly making progress in most parts of the Dominion, but it is more important to Canada that we make progress in the Prairie West than than almost anywhere else".²⁰ Meighen reiterated his concern to another correspondent:

Whether we win seats or not in the Prairie Provinces I consider it of the greatest importance to maintain there a substantial body of sentiment behind the protective system. We cannot afford in the interests of Confederation to have the three prairie provinces become universally united against the essential policy of Canada.²¹

According to the Progressives, the protective tariff was injurious both for Canadian external trade and for domestic development. Externally, the protective tariff was "an arbitrary interference with the natural process of trade."²²

²⁰Ibid., file 156-2, pp.077060-61, Personal, Meighen to F.L. Bastedo, 7 July, 1924.

²¹Ibid., file 156-3, pp.077325-26, Meighen to J.R. Shaw, 19 July, 1924.

²²C.A.R., 1921, p.475.

A protective tariff simply prevented the free flow of imports and in international trade, goods are paid in goods. Crerar proposed in 1921 the gradual reduction of the tariff, and an increase in direct taxation to compensate for the loss of revenue from a protective tariff. He did not propose an immediate abolition of the protective principle in the Canadian tariff system: "We recognize that changes must be brought about in a manner that will give a fair opportunity to Canadian industries, now enjoying protection, to adjust themselves to them".²³

Essentially the Western farmers' complaints focussed on the injustice of any protective principle. According to the Western farmer, the high protective tariff had always simply provided money-hungry Canadian manufacturers with exorbitant profits, and done nothing to stimulate general Canadian economic growth.²⁴ That Canadian manufacturers were mainly in Eastern Canada made the protective tariff seem all the more repugnant to the West. As the Western

²³Daily Mail and Empire, Thursday, October 6, 1921, p.1, col.5, reports Crerar's opening speech of the 1921 election at Brandon, Manitoba.

²⁴V.C. Fowke, p.63, notes that "A policy of tariff protection instituted in Canada before there were any significant outlying markets to supply, and, indeed, before there was any great body of industry to supply them...". He discusses the existence and nature of the tariff more fully, Ibid., pp.66-69.

farmer suffered increasingly from crop failures and low prices, his bitterness towards Eastern prosperity grew. The West conjured up the picture of a prosperous industrial East exploiting a poor agricultural West.

Correction of individual monopoly abuses in the industrial system, such as Meighen was contemplating by 1924, held no appeal for the West. The West wanted more than enforcement of integrity in industry; it wanted to end the whole Eastern monopoly in the Western market. The Progressives saw competition as the lifeblood of healthy industry, and international exchange of goods as the external equivalent to internal competition. In the long run, lower tariffs and freer trade would benefit the Canadian economy.

Accordingly, the Progressive platform called for "reciprocity with the United States, the placing of agricultural implements and supplies on the free list, the reduction of the tariff on all necessities of life...".²⁵

In effect, both Meighen and the Progressives were ~~patching~~ ^{dissatisfied with} the old National Policy. Whereas Meighen praised the protective tariff and wanted to extend its use to stimulation of regional development throughout the country, the Progressives deplored the protective tariff and wanted to eliminate what they considered its injurious aspects.

²⁵W.L. Morton, The Progressive Party, p.45.

Neither believed wholeheartedly in all three aspects of the old National Policy.

The protective tariff was the keystone of the old National Policy for Meighen; immigration held the same exalted position for the Progressives. Crerar proclaimed in the 1921 campaign that immigration and the opening up of fertile lands, not a protective tariff, were responsible for prosperity in the past. Agricultural expansion was the key to Canadian wealth:

Our policy rests on this consideration; that the wealth of Canada can be best developed or added to by developing the natural resources of the country. Agriculture is an industry, as are lumber and timber developments. These are the real great industries of Canada.²⁶

Crerar, therefore, believed Canada's economic prosperity rested upon the exploitation of the land both in agriculture and in natural resources. The prosperous development of farming and natural resources meant wealth and employment in urban areas as well.²⁷

Crerar pointed out that Canada had more than adequate facilities for bringing in new settlers:

We have built railways beyond our need, we have more miles of railway per thousand of population than almost any other nation. We have railways enough for twenty million people. We must shape

²⁶C.A.R. 1921, p.475. Daily Mail and Empire, Thursday, October 6, 1921, p.1, col.5. See also W.L. Morton, The Progressive Party, pp.115-16.

²⁷See Crerar's speech at Brampton, Ontario as reported by the Daily Mail and Empire, October 18, 1921.

the policy of our railways to bring in more population, and we must keep the people here when we get them.²⁸

But this potential source of increased national wealth was not in fact working, for there were also substantial numbers of people leaving the country:

They have left Canada about as rapidly as we at great cost have brought them in. That to my mind is evidence that there is something wrong in economic conditions in Canada. I believe those conditions will continue, until we make a change in the fiscal policy of the country and direct our eyes in another direction.²⁹

The West was still in favour of immigration, because it did not yet think of new settlers as competitors. It still³⁰ believed firmly in this aspect of the old National Policy. Even by 1928, when the West was beginning to question the merits of immigration, it still did not regard increased new settlement as a threat.³¹

Meighen, on the other hand, had lost all confidence in the economic advisability of increased immigration:

What I have faith in is an employment-giving country. ...The appeal of so many in the West for immigration where there is no variety of

²⁸C.A.R., 1921, p.475.

²⁹See Crerar's 1921 election campaign speech at Brampton, Ontario, as reported by the Daily Mail and Empire, October 18, 1921.

³⁰H. Blair Neatby, Vol.II, p.100.

³¹Ibid., p.247.

employment is a demand for bricks without straw.³²

On the contrary, Meighen repeatedly stressed another aspect of the old National Policy, --a proper tariff policy. According to him, neither the King Government nor the Progressives understood the central role of the tariff for Canada:

As to the tariff, there is no question as to what is essential, in view of war conditions, for this country at the present time. We are bleeding at every pore. All immigration efforts are pure futility. This country is becoming a mere drain-pipe into the United States. At the time the Liberal party was denouncing us as 'high protectionists' and calling for a formidable list of free goods, the high tariff should, in the national interest, have been stronger instead of weaker. They came in, made themselves notorious as the most flagrant pledge breakers in the history of any country, and, at the same time, fiddled downwards with the tariff with the double consequence that now they have lost the respect of the free trade visualizers, and entirely lost the confidence of business-Canada. It really is almost incredible that a Government should slip so far in the course of two short years, at the very opening of its tenure of office.³³

Unlike the Progressives, therefore, Meighen did not believe in immigration. This, combined with his insistence upon the protective tariff, revealed that he no longer considered the Wheat Economy as the key to overall Canadian

³²Meighen Papers, Series 3, file 57-4, p.040004, Meighen to J.T. Haig, 26 September, 1925.

³³Ibid., file 183-3, pp.083802-6, espec.04-5, Meighen to W.D. Staples, 21 February, 1924.

prosperity. He did not speak of stimulating agriculture as the sole basis of Canadian wealth as did the Progressives, but instead looked forward to the development of the resources of all regions.

However, Meighen's ideas for regional development remained in the realm of wishful thinking. His own concern to keep expenditures to a minimum, reinforced by cautious advisers, had precluded the realization of this vision during his own Premiership. The fate of plans for retting hemp at Portage la Prairie was an example.

During the 1921 election, the farmers around Portage la Prairie showed interest in a proposition for a commercial plant for retting hemp. The Meighen Government concerned about expenditure was prepared to install an³⁴ experimental plant, but not a fully-equipped commercial plant.³⁵ Grisdale, the Deputy Minister of Agriculture, raised two objections, one technical, the other lack of funds. Dr. Tolmie agreed that the plant should not be established.³⁶

After the 1921 election, Meighen's continued concern for

³⁴Meighen Papers, Series 2, file 1-1, p.007117, J.J. Garland to Meighen, 24 November, 1921. Ibid., p.007135, W. Richardson to Meighen, 28 November, 1921.

³⁵Ibid., p.007124, W. Richardson to Meighen, 24 November, 1921.

³⁶Ibid., pp.007120-23, Grisdale to Meighen, 26 November, 1921.

retrenchment prevented him from explaining to the Canadian public³⁷ the positive half of his protective tariff policy--encouragement of regional development. Only his insistence upon the necessity of the protective tariff impressed itself upon his audiences, and this persistence continued to alienate the Progressives.

Thus Meighen stressed the protective tariff as the keystone of the old National Policy, and now extended its function to include the development of each region of Canada. He no longer believed in the efficacy of immigration. The Progressives, on the contrary, saw immigration as the keystone not only of the old National Policy, but also of their modification of it. They never had believed in the protective tariff. Thus Meighen differed from the Progressives not only on his analysis as to the keystone of the old National Policy, but also as to the modifications necessary for formulating a new policy.

³⁷See Below, Chapter 3.

Chapter 3

Transportation

Meighen and the West diverged completely, therefore, on the efficacy of tariff and immigration policies. On the third element of the old National Policy, railways, there was no more compatibility of viewpoints.

Two specific and interdependent problems had arisen in connection with the railways--the huge deficits attributed to the overoptimistic building during the heyday of the old National Policy, and freight rates for the long Prairie hauls. During the War, the special concessions in the latter had been suspended and increased railway operating expenses and deflation in the post-war period made the chances of restoration of the Crow's Nest Pass rates in 1922 rather slight.

Reduction of the huge railway deficit, then, might make possible lower freight rates of benefit to the Western farmer, and Meighen's views on railway organization and management, accordingly, attracted much attention from the Progressives.

Meighen considered the Government take-over of the Grand Trunk Railway System in 1921 most opportune for reducing the railway deficit. He outlined his plan at Moncton during the

1921 election campaign. There he stated that once the Government had full control of the Grand Trunk railway system, he wanted to place all government-operated railways under the direction of the Railway Commission and run the railways as a business.¹ He feared, however, that all interests in the country were not eager to promote the financial welfare of the National Railway system:

Surely no one with any brains thinks we would be better to have had the Grand Trunk liquidated and the system disintegrated than to have the entire system now intact at a price \$37,000,000 less than what it cost when costs were less than half of what they are today. Systems built to work together are known to be valueless or burdensome when sought to be operated in parts. The savings we make now by unified operation of Government roads are very great and will be increasingly great when the Grand Trunk comes in. I am more and more convinced that it is not the failure but the success of the National Railways that is feared.

At any time we find it impossible to make them succeed as national railways then we will have to find a company, but we at least have something now that with the growth of Canada will appeal as a property worth while.²

Meighen watched then with growing dismay the Canadian railway deficit during the King administration, and repeatedly censured the King Government's policy. Publicly, he

¹See Daily Mail and Empire, Wednesday, October 12, 1921, p.1, col.8, continued on p.2, col.4 and 5. See also Meighen Papers, Series 2, file 57, p.012816, Meighen to his secretary in Ottawa.

²Meighen Papers, Series 2, file 60, pp.012951⁻⁵², Meighen to Mrs. Reford, 5 November, 1921.

concentrated mainly upon pointing out the inexperience of the new appointees to the Board of Railway Commissioners, and he especially criticized the appointment of Sir Henry Thornton, who replaced D.B. Hanna as the head of the Board of Railway Commissioners³. Meighen also emphasized that this change of directorate was an infringement of the non-political nature of the Commission and wondered how any railway or business enterprise could be run effectively if there were a change of top personnel after every election.⁴

But these charges sparked no Progressive enthusiasm. The West had not liked the Board of Railway Commissioners that had raised freight rates in 1919, and felt that the new Board might prove more sympathetic to their pleas. Furthermore the personal invective against Sir Henry Thornton lost its effectiveness because of its pettiness, and even some of Meighen's closest allies rebuked him sharply for his bitter statements.⁵

Besides these objections to the administration of the Railway Commission, Meighen also levelled criticism at the

³Meighen Papers, Series 3, file 144-3, pp.073574-77, Meighen to Sir Joseph Flavelle, Personal, 6 October, 1922.

⁴Ibid., file 144-5, p.073849, Meighen to John M. Lyons, 20 May, 1925. See also, Ibid., file 144-3, pp.073498-501, Meighen to Acton Burrows, 27 November, 1922.

⁵Graham, vol.II, p.241.

policy decisions. The Liberals and Sir Henry Thornton believed in large capital investments to increase Canadian National Railway mileage and to enhance the Railways prestige. Accordingly, Sir Henry initiated plans for building luxury hotels in key centres across the country and even in Europe. Meighen considered this policy devoid of common sense, and this was the real source of the barbs he aimed at Sir Henry.⁶ For Meighen believed that economizing was the first step in improving the financial situation of the railways, and he looked with dismay upon Sir Henry's expenditures: "We should have had a cautious Scot."⁷

By the end of May 1925, as he noted the depression and the Canadian National Railway deficits of that year, Meighen had formed his own railway policy,⁸ and a month later he revealed it to ~~his former Minister of Railways~~, J.D. Chaplin:

First. It must be manifest to all students of the present situation that solution has not yet been found for the railway situation and I think

⁶Meighen Papers, Series 3, file 144-5, pp.073887-88, Meighen to M.W. Robertson, 21 August, 1925.

⁷Ibid., p.073864, Meighen to Col. C.E. Gault, 11 June, 1925.

⁸Ibid., p.073862, Meighen to Murray E. Williams, 30 May, 1925, Private and Confidential.

it is fairly obvious that in the minds of most people in Eastern Canada at least, public ownership is not working out and that some other plan will have to be devised.

Second. It is equally obvious no public pronouncement can be made by the Conservative party or its leaders prior to a general election. Such a course would be obvious folly.

The point then is what course can be taken to get the confidence and support of the interests, that I think you will agree is necessary if success is to be secured....

First. Nothing can be done while the party is in opposition. To attempt such would only develop a situation that no one could deal with but with the party in power we would be prepared to undertake to find a plan by which the whole Canadian National System could be put into the hands of a syndicate or private company, putting it on the same footing as the Canadian Pacific Railway. in relation to financing, competition, etc. relieving the country of the intolerable burden that is being imposed.

I have in mind a definite plan but of course it can not be discussed or set out in a letter.⁹

Meighen hinted about his plan during the 1925 election, but his concern to keep its exact nature secret until after the election and only then reveal it if there was a Conservative victory, subjected him to much misinterpretation. The Conservative leader replied to queries about his opening speech of the campaign thus:

...the present Government by saddling Sir Henry Thornton with a political Board of Directors, and by the instability of their fiscal policy, were

⁹Ibid., file 44-12, pp.074918-19, "X" to J.D. Chaplin, 20 June, 1925, Personal and Confidential. *It is this writer's opinion that "X" is Meighen*

rapidly driving the C.N.R. in that direction ((amalgamation)). I pointed out ((Wingham, Ontario speech)) that it was most difficult for any railway to survive when industry was being throttled and traffic was lessening in spite of four most excellent harvests.¹⁰

To another correspondent, Meighen answered:

On repeated platforms I have declared that I was not in favour of railway amalgamation, but that rather my efforts would be directed to avoiding any such consummation. I have stated that it would be better than bankruptcy, and with this statement it would be indeed difficult to find fault.¹¹

But even a hint of a possible railway monopoly stirred angry memories in the Canadian West. Prairie farmers wanted no return to the initial old National Policy of railway monopoly when the Canadian Pacific Railway had set freight rates at its own whim. Meighen's plan for handing the publicly-owned railway system to a private company roused fears in the West, fears that further ^{widened the} gulf between Meighen and the West.

Besides economizing in the administration of the railways, Meighen thought that increased freight business would improve the financial situation of the railways. For this purpose he searched for a way to increase shipments through Canadian

¹⁰Ibid., file 144-5, p.073910, Meighen to Mr. Morgan, 21 September, 1925.

¹¹Ibid., file 57-2, pp.039839-40, Meighen to George Henwood, 26 September, 1925.

ports, and thought that promotion of inter-empire trade by tariff preferences would achieve this aim.

For Meighen felt Canada of all the Dominions would benefit most from a system of tariff preferences throughout the Empire. Because Canada was closest to the British market and the most developed industrially of the Dominions, Canadian manufactured goods would be placed in a strong competing position.¹² Meighen tried to find the most advantageous system of inter-empire tariff system for Canada: "What we need is mutual preference and we ought to direct our policy to make the attainment of this object feasible. I am emphasizing this subject in most of the speeches I make."¹³ By October 1925, Meighen had been presented with an acceptable plan: "I see imperfection still in your plan re: preference tariffs, but admit I cannot figure out a better scheme."¹⁴

In working out the details for a system of imperial preferences, Meighen exercised great care not to give British imports a greater preference than they already had on the Canadian market. He felt that the British preference was

¹²Ibid., file 83, pp.056416-19, Meighen to J.A.C. Jennings, 9 November, 1923.

¹³Ibid., file 167-2, pp.078748-49, Meighen to J.R. Shaw, 17 January, 1924.

¹⁴Ibid., p.078832, Meighen to F.P. Jones, 22 October, 1925.

unduly harming the growth of Canadian industries:

There is something touching this British Preference which is not generally understood. The fact is that at the time the British Preference was launched, or shortly subsequent thereto, the drift of tariff changes was to raise the general tariff on goods normally or exclusively imported from Great Britain. After such raising of the general tariff on these goods above the average level, the giving of a 25% or 30% preference was really more nominal than real. Of late years, however, the preference given has been substantially increased in certain lines without at the same time raising the general line, and the consequence has been the injury to Canadian industries from which the country now suffers so much.¹⁵

In fact, Meighen had no great liking for the British preference at all,¹⁶ and he advocated it really only because he felt that "this Dominion must extend some practical sympathy to the Maritime Provinces."¹⁷ For Meighen thought that an increased flow of British goods through Maritime ports would bolster the Maritime economy, and though he knew that the tariff concessions necessary to secure this increased trade would be detrimental to other Canadian economic interests, he decided to implement them nonetheless, but with the least possible harm to other regions. His idea held no promise of winning Western support.

¹⁵Ibid., p.078810, Meighen to E.H. Johnston, 10 March, 1925.

¹⁶See Roger Graham, Vol.II, ftnt. 23, on p.307.

¹⁷Meighen Papers, Series 3, file 167-2, p.078800, Meighen to Sir Thomas White, 17 October, 1924.

For though the Progressives also considered that the British preference would foster Canadian economic growth, their concept of its use differed markedly from that of Meighen. During the Laurier era of the old National Policy, the British preference had brought prosperity to the West, and the Progressives now demanded the updating of this policy. But to them, updating meant increasing the preference extended to British imports by 50%.¹⁸

As in the case of the protective tariff, then, Meighen's policy on the British preference alienated him from Western support. His concept of the British preference reveals that he no longer considered the Wheat Economy as the key to overall Canadian prosperity. He instead advocated development of all regions, and an increase in shipping through Maritime ports was an obvious way to bolster the Maritimes' economy. The West, however, believing in the Wheat Economy, could not favour a direct bonusing of another Canadian region to the detriment of their own immediate interests.

Meighen, then, failed to attract Western support for his plans of reducing the railway deficit through reorganization of the railways and stimulation of the Maritimes' economy by the imperial preference. In both instances he ran headlong against ingrained Western beliefs about the old National

¹⁸Graham, Vol.II, p.306.

Policy. The possibility of Meighen's attracting western support grew even more remote when he tampered with the old National Policy in his proposals for railway freight rates, the second aspect of the transportation problem.

For Meighen, lower freight rates were to be the actual means of spreading the wealth of certain parts of Canada to other less fortunate sections, --the West and the Maritimes. He realized that some regions had less potential growth factors than others and he hoped to narrow the discrepancy between the most prosperous and least prosperous areas.

Meighen was cognizant of the uneasy and even dire conditions in the Western provinces: "We should think out, if we can, some method of improving western conditions by government encouragement."¹⁹ He was, however, even more concerned to aid the Maritimes, which had suffered from American trade policy ever since Confederation: "The fact is I have been giving a great deal of thought to the Maritime Provinces situation lately. To my mind it is the most difficult of any that may be described as our sectional question. . . ." ²⁰

¹⁹Meighen Papers, Series 3, file 184, p.083620, Meighen to Sir Thomas White, 20 February, 1923.

²⁰Ibid., file 42, pp.038864-65, Meighen to W.H. Dennis, 23 May, 1923. See also, above, Chapter 2, p.33.

He wrote in the same vein to another correspondent:

It is not correct though that other parts of the country, particularly the west, are flourishing at the expense of the Maritimes. The fact is there is no part of Canada where distress is so acute, and indeed so general, as in Manitoba. Nevertheless, in the main I do not think this is due to political disability. Nothing could be more welcome to me than an adequate solution of the disability of the Maritimes.²¹

In both these regions, Meighen felt special measures could be taken to improve conditions: "If we take the right course in tariff matters, then we can and ought to make special transportation concessions to the Maritimes and the prairie West."²² His plan was the rather radical one of applying increased taxation revenues from Canadian manufacturers' profits (accruing under a high protective tariff), to freight subsidies on fundamental farm products, especially those of the West and the Maritimes.²³ In this way he revealed the interdependence of his policies on the tariff, the British preference, and freight rates. A high protective tariff and a decrease in the present British preference would enable Canadian industry to flourish and the government would then receive increased revenues from general

²¹Ibid., file 98, p.057706, Private, Meighen to Hon. F.B. McCurdy, 18 November, 1923.

²²Ibid., file 144-14, pp.075105-6, Meighen to Hon. Hugh Armstrong, 14 April, 1924.

²³Ibid., file 13, pp.034662-64, Meighen to Hon. J.B.M. Baxter, 26 November, 1923.

taxation.²⁴ This money could then be used to lower freight rates in less prosperous areas. Meighen did not state this total concept openly and the Canadian public obtained the impression that Meighen was quibbling over a small legislative point concerning the political independence of the Railway Commission.

Indeed Meighen felt very strongly about non-interference with the Railway Commission. He thought that his own plan for federal contributions to freight rates which had been established by the Railway Commission was the only way Parliament could legitimately interfere with these rates; and he vigorously opposed Progressive proposals which would reduce the Commission's independence.²⁵

But the Progressives, however did not share his point of view. For them, the Crow's Nest Pass Agreement was still the heart of fair railway rates for the West, and until the War this provision for the long Prairie haul had remained outside the jurisdiction of the Railway Commission. Under the old National Policy, this Agreement had provided

²⁴Canadian industry would suffer somewhat from the new schedule of British preference. The Maritimes would reap the advantage of increased port shipments from increased British trade.

²⁵Meighen Papers, Series 3, file 144-11, p.074716, Meighen to C.B. Watts, 3 October, 1925. Also, see Ibid., p.074716, Meighen to C.B. Watts, 2 October, 1925.

for special reduced rates on grain and grain products east-bound from the Prairies and on specified commodities west-bound to Prairie points. But, with the temporary suspension of the Agreement, however, railway rates had risen and in the post-war period, the West agitated for a return to the pre-War arrangement. A return to this aspect of the old National Policy was their solution to the problem of the long Prairie haul.

Meighen, on the other hand, argued that

there was no common sense in excepting anything from the jurisdiction of the Railway Commission. The Railway Commission should have full control of rights (subject to appeal on questions of public policy), or no control at all. There is no rational ground on which an exception as to a special class of articles can be made.²⁶

In order to enable the Railway Commission to establish fair railway rates for the whole country, there should be no exceptions to its authority:

The reason is that contracts, even where consideration is given, have an effect on the general rate structure and consequent distribution of business throughout the country which is so far reaching as to make their existence incompatible with fair treatment to the people as a whole.²⁷

The Progressives, however, succeeded in having the Crow's

²⁶Meighen Papers, Series 3, file 169, pp.081288-89, Meighen to F.G. Taylor, 11 July, 1922.

²⁷Ibid., file 144-9, pp.074280-82, Meighen to F.G. Taylor, 11 July, 1924.

Nest Pass Agreement reinstated in 1922 insofar as it applied to the west-east flow of trade. Meighen considered these special Parliamentary concessions unjust and compared this western demand with the Maritimes' demand for special concessions on coal:

You discuss in your letter a suggestion as to fixed rates for western grain eastward. Under the present law the rates could be fixed by the Railway Commission at any point they wish. To have them taken partially out of the hands of the Commission and fixed for certain goods by Parliament would, I think, be very hard to defend. You may possibly justify bonusing an industry in order that you may get a share of it away from another country and established in your own, but you could not get through Parliament a bonus which simply gives special advantages to certain localities as between those localities and the rest of the country. I know that the forcing of Crow's Nest rates on grain for two provinces is open to the same objection, and I know that that as well has hurt the Government in other provinces. It cannot be defended and was, in fact, merely a result of logrolling for votes. Nova Scotia has been clamouring for years for below cost rate on coal and certainly could make a strong case if not stronger than could be made for any other product. If you get coal low enough you would practically be using in Canada nothing but Canadian coal thus getting the business away from the United States. Nevertheless Western Canada would have the most powerful objections and her objections would be effective.

Meighen elaborated upon the shallowness of this so-called

Progressive victory:

I am also enclosing you a memorandum on the Railway question chiefly that you may have the discussion therein continued as regards freight rates and the Crow's Nest Pass agreement. There is a vast volume of humbug talked to the West about the triumph of the Progressives as regards this agreement. Freight rates were bound to come down anyway--indeed, they went down quite substantially the year before and

will go down more. The only question was as to whether the Railway Commission was to be free to reduce them equitably or whether it was to have its hand tied by Parliamentary enactment of special privileges for certain goods. These special privileges came only to Saskatchewan and Alberta for the reduction offered voluntarily was just as low in Manitoba as the Crow's Nest Pass rates. The margin on the Crow's Nest rates are below the fair cost of transport and is simply being made up by farmers and others in unjust rates on other goods.²⁸

Indeed, he considered that the agitation in Manitoba for the continuation of the Crow's Nest Pass Agreement was simply a clearcut case of business partisanship:

Even as respects grain to which the agreement has stood in effect for the past two years it meant nothing to Manitoba. In other respect it does, I presume, mean something to Winnipeg, that is as to Winnipeg in competition with Vancouver and other large points of distribution. . . . It is just a case of certain interested parties and sections trying to raise storm enough to secure and maintain unjust advantages over others.²⁹

Basically, then, the Progressives in the 1920's had gained a special rate concession for products of the wheat economy, a concession no longer linked with eastern commodities in an overall Dominion policy. This Agreement affected the rates the Railway Commission could set for the

²⁸Ibid., file 183-1, pp.083539-42, Meighen to G.en. J.S. Stewart, 9 December, 1922.

²⁹Ibid., file 144-2, p.074276, Meighen to J.J. Garland, 28 June, 1924. A new grain route via Vancouver to Europe by way of the Panama Canal and to the Orient opened and in 1923, Alberta and Saskatchewan had shipped 17 million bushels by this route. Though there was some interest in this new outlet for western grain, the route through Winnipeg retained its pre-eminent position in this period. See C.A.R., 1923, p.367.

rest of the country and lessened the hope of any substantial decrease. Meighen soon found that this implication was not lost upon other regions of the country:

..Their ((King Govt's)) action last session on the Crow's Nest Pass Agreement matter is now beginning to be understood. It was a gross injustice to the Maritime Provinces and was a still more glaring injustice to B.C. The discrimination against freight passing westward from the prairies which always existed and which was alway (sic) defended on the ground of the higher cost of mountain carriage has now been intensified. It was always difficult enough to defend discrimination but now it is utterly impossible, and the Liberal papers of British Columbia are denouncing the Government for tying the hands of the Railway Commission last Session, and the Maritime Provinces should do the same.³⁰

He attempted to illustrate the haphazard nature of this method of establishing freight rate policy by making a case for the Manitoba Freight Rates contract, though he considered that it had no legal validity:

I demanded from the Government that as they had abandoned the principle of leaving to the Railway Commission unhampered full control of rates, and had done so out of alleged deference to a pre-existing agreement, it was now only justice that they recognize another pre-existing agreement and one in respect of which the people of the province gave the consideration themselves. I think you will find my reasoning sound, and I propose to continue to demand that this Government get out from between the Government of Manitoba and their contractees and allow the contract to be enforced.³¹

³⁰Ibid., file 13, pp.034601-2, Meighen to Hon. J.B.M. Baxter, 17 January, 1923.

³¹Ibid., file 169, p.083129, Meighen to Major F.G. Taylor, 20 April, 1923. See also, Ibid., file 144-9, pp.074280-82, Meighen to F.G. Taylor, 11 July, 1924. See also, Debates, House of Commons, 18 April, 1923.

No change took place, however, in the King Government's policy. The Progressives continued to exert pressure for the Crow's Nest Pass rates and the other sections of the country started to clamour for their special rates. When Alberta and British Columbia succeeded in having the mountain differential removed in 1925, Meighen continued his criticism of this hodge-podge method of dealing with railway rates. His earlier denunciations of the Crow's Nest Pass Agreement had alienated the Progressives. His remarks during the 1925 election upon these new adjustments had the same effect, and an Edmonton correspondent cautioned him about this:

The Calgary Albertan in a headline this morning says, 'Meighen attacks cut rates here. Speaking in East. What will he have to say when he reaches Alberta.' This is in reference to your speeches at Amherst, N.S. on the 19th inst. and Moncton, N.B. on the 21st inst. As Alberta and British Columbia have been striving for years to have the handicap of the Mountain differential removed and have only recently succeeded in the judgment handed down by the Chief Commissioner and Mr. Oliver, I am afraid that your speeches as reported will be used very much to your disadvantage here, and again I trust that you will make a clear cut explanation when you are here on the 3rd proximo.³²

Thus Meighen's views on the railway portion of the old National Policy were as unpopular in the West as his views on the tariff and immigration. He seemed to favour railway amalgamation with its attendant evils of monopoly; he wanted

³²Meighen Papers, Series 3, file 57-2, pp.039434-35, George Henwood to Meighen, 22 September, 1925.

increased shipments through Canadian ports to aid the Maritimes as against the West and his use of the imperial preference was opposed to Prairie demands for an increased preference to British imports. Furthermore, he vigorously opposed special freight-rate concessions to the Prairies on the apparently legalistic ground of the independence of the Railway Commission. All these views were indicative of his loss of faith in the Wheat Economy as the basis of Canada's economic prosperity and in marked contrast to the Progressives' optimism about its vitality.

But though Meighen had in fact lost faith in the vitality of the Wheat Economy as the basis of Canadian prosperity, he could not ignore the very real and specifically Western problems in the Wheat Economy, and like other Canadian politicians, he had to come to grips with them.

Chapter 4

The Wheat Economy

In their examination of the National Policy, the Progressives were concerned with specific aspects of the Wheat Economy. Marketing and credit problems in particular came under their scrutiny. They brought to these problems ideas which were at times new and even radical; at other times, they made demands characteristic of the pre-War period-- specifically in regard to the return of the natural resources and to extensions of transportation facilities. Meighen too took a careful interest in these Western problems, and decided upon his own course of action; and here too there was no compatibility of thought between him and the people of the West.

One fundamental problem was the marketing of wheat so as to get a good, and stable price. During the War, the price secured by the western farmer under the Wheat Board had been the highest on record. After the War, the Wheat Board had been suspended and almost simultaneously the farmer had received lower prices for his wheat. Though there was no necessarily direct connection between these two events,

...the double coincidence was too striking to be overlooked. The Grain Exchange system was apparently responsible for, or at least inevitably associated with, low prices for wheat and would therefore have to be replaced. Agrarian protest

before the war had been directed against what appeared to be a major abuse of the open market system, the domination of the Exchange by monopoly interests. After 1920, the protest was much more fundamental-- the Exchange was regarded as detrimental to the growers' interest and would consequently have to be removed.¹

Basically the Westerners idealized the Wheat Board of the War days and demanded a return to total state-marketing. Crerar, head of the Winnipeg Grain Exchange, and spokesman of the businessman's point of view, advocated the preservation of free enterprise. Mackenzie King offered a state-controlled Board, to which at least two provinces must agree before the Board would be set up. Manitoba hesitated because of the restricted powers of the Board. In 1923, the Alberta farmers decided not to prolong the uncertain situation, and set up their own co-operative. In 1924 the other two prairie provinces followed suit and the three provincial agencies marketed their crops through one central selling agency.

Meighen too had criticized King's offer and noted its restrictive nature:

Imagine Alberta and Saskatchewan handling all their wheat through a Wheat Board selling to their flour mills at fixed prices, forbidding all transaction in wheat save their own, while Manitoba including the Winnipeg Grain Exchange is on the old open market basis. This Resolution does not at all follow the report of the Committee on Agriculture. It does not

¹V.C. Fowke, p.178.

give the proposed Board power as to directing transportation, and especially lake shipments of grain, which the old Board had and which the Federal Government alone can give. There are numerous other federal powers it does not give. Furthermore, it does not place on the Federal Government the least financial responsibility. Why should the Federal Government name the personnel of the Board of whose conduct and financing other governments are to be responsible. The whole is a hopeless amorphous botch.²

He watched with interest the farmers' efforts to establish their own co-operative pools and decided to exercise political discretion by not criticising these efforts.³ In fact, Meighen believed in promoting co-operative efforts among the farmers:

I have always had sincere sympathy with farmers' co-operative movements. Their object should be practical and commercial. There should be more co-operative selling such as farmers of older and more steadily prosperous countries enjoy. ...⁴

Yet the farmers always considered the co-operatives second-best and would have preferred a state-controlled Board, along the lines of the Board in the War. But Meighen was not prepared any more than Mackenzie King, to re-instate

²Meighen Papers, Series 3, file 169, pp.081272-75, Meighen to Major F.S. Taylor, 16 June, 1922. See also Ibid., pp. 081288-89, Meighen to Major F.S. Taylor, 11 July, 1922.

³Ibid., file 183-1, pp.083561-62, Meighen to Robert Birsay, 21 August, 1923. See also, ibid., file 156-2, pp.076973-74, Meighen to James F. Bryant, 17 January, 1924.

⁴Ibid., file 183-1, p.083541. Meighen to General J.S. Stewart, 9 December, 1922.

the old Wheat Board. He considered his voluntary pool scheme, first offered at Portage la Prairie during the 1921 campaign, the best plan, superior even to the farmers' co-operative efforts. This plan had been worked out in detail and set forth in a letter by W.D. Staples in late February 1924. He outlined a three-pronged system of warehousing, transporting, and selling of grain:

In order to make it a success all the Government-owned elevators from coast-to-coast will have to be lined up into one system; operated under the one management and put under one department with a sympathetic Minister at the head of it. Possibly the Railway Department would be the best to put them under. . . . To complete the system there should be a large elevator erected in Liverpool or some other distributing point across the water. . . . In and out of these elevators grain would be moved in grain and cargo lots instead of in car lots and boats would not be running all over the harbours two or three times as they sometimes do at present before they get a load. This expense is all charged back to the producer. Under such a system the spot price could be paid for grain as soon as it is unloaded into the interior terminals. Which would mean the greater part of the grain would be shipped from the country points to the interior houses cleaned and forwarded saving the freight on the screening and leaving them back in the country to be feed. . . . Of course I think the warehousing, transportation and selling should be under the one Board. I can see some of the difficulties you will have putting such a system in operation. The Montreal Harbour Board will object to giving up control of the elevators there but possibly that can be overcome by putting one of the Commissioners on the Grain Board and the same would apply to Vancouver and other points since they have Harbour Boards. However these are details which no doubt can be worked out.⁵

⁵Ibid., file 183-3, pp.083794-801, W.D. Staples to Meighen, 18 February, 1924.

The plan as outlined in Staples' letter, however, would adversely affect Montreal business interests and Meighen feared further loss of Montreal confidence.⁶ He decided, therefore, to keep the details silent until after the Party was in office.⁷ This silence meant the farmers could not compare the advantages of his plan with those of their own co-operative efforts and they were left, therefore, with a broadly-outlined sketch that promised no more to them than the King Government's compromise plan for legislation.

The second major issue in the debate over the Wheat Economy was the banking and credit system for the farmers. The decennial review of the Bank Act in 1923 provided the farmers with an opportunity for severe criticism of the Canadian banking system.

Principally, the farmers wanted a system of bank loans more favorable to general farming and especially Western farming conditions. Professor D.A. McGibbon of the University of Alberta, in his 1922 enquiry sponsored by the Albertan Government into banking conditions had noted three chief criticisms of the existing system:

⁶ See Graham, Vol.II, pp.150-64, re 1921 election.

⁷ Meighen Papers, Series 3, file 183-3, p.033804, Meighen to W.D. Staples, 21 February, 1924.

1. that Farmers were promised credits which were subsequently refused;
2. that cattle raisers were forced to sell their stock at unfavourable times to pay Bank loans;
3. that Bank loans were granted for too short a period and were discounted instead of leaving the interest charged when the loan matured,⁸

and in August 1922 Premier Dunning of Saskatchewan had requested the Dominion Government to use banking credit to give the Western farmer some means of avoiding the sale of a large quantity of grain on the market early in the season and the consequent temporary depression of prices.⁹

As he listened to Western complaints, Meighen, strong in his faith in hard work and frugality could not resist preaching a little:

There has been little if any conserving of working capital through the prosperous years. In some parts there have been mighty few prosperous years, I know, but in other parts there have been many excellent years. A conserving of working capital would have erected buildings on moderate holdings and enabled a more extensive feeding of grain and undoubtedly better returns therefrom than could be obtained at least for coarse grains now. This lesson is being learnt and these very severe times will not I think long continue. I sincerely hope not.¹⁰

Yet this belief did not blind him to the real inadequacies in the present banking system. Farmers certainly

⁸C.A.R., 1922, pp.532-33.

⁹C.A.R., 1922, p.531.

¹⁰Meighen Papers, Series 3, file 183-1, pp.083539-42, Meighen to Gen. J.S. Stewart, 9 December, 1922.

merited special consideration; the nature of that consideration was the problem:

It seems to me that there should be some special provision in bankruptcy applicable to farmers. The present system is absolutely absurd. I have had to do with it in practise, and it means a ruthless waste of money. Whether we should seek to amend the present Act or whether we should try to evolve a policy of our own is the question. I feel confident we could evolve a policy that would give the farmer, who is subject as is no one else to the caprices of nature, the protection of provisions enabling him to go ahead and extricate himself without having an insufferable load of costs to get out from under as well.¹¹

In the Standing Committee on Banking and Commerce and the debates in Parliament, the Albertan Progressives, in particular, introduced two novel concepts:

...one was that credit could be controlled by banking policy and ought to be controlled by a national agency; the other was...that the existing Canadian banking system was not fitted to supply the kind of credit the needs of agriculture required.¹²

Though Meighen agreed in general with the second concept, political pressures modified his course of action. Sir Thomas White, ^{Borden's} former Minister of Finance, warned him that business interests did ^{not} want a one-year moratorium for consideration of the decennial revision of the Bank Act such as the Progressives had suggested.¹³

¹¹Ibid., file 11, p.034535, Meighen to Hon. Hugh Guthrie, 13 March, 1923.

¹²W.L. Morton, The Progressive Party, p.187.

¹³Meighen Papers, series 3, file 184, pp.083644-45, Sir Thomas White to Meighen, 10 May, 1923.

Meighen doubted that the King Government would do anything about rural credits, but when the Government introduced a Bill at the close of the 1925 session, and the Progressives showed increasing interest in rural credits, he had to reach a decision upon the matter. He considered the King Government's Bill an "unmitigated farce," and simply a shiny but illusive lure for Progressive support,¹⁴ but he had not yet completely formulated his own policy.¹⁵ He had only got as far as thinking that "the experience of the United States has now reached the point where it ought to throw a lot of light on what could be done in Canada."¹⁶ Specifically, in 1923, Meighen had noted that the United States had abolished its Branch Bank system and although he thought the retention of this system in Canada was responsible for unnecessary hardships he had admitted that this system had undergone substantial changes.¹⁷ He had deferred judgment then and still had not reached a definite decision by the end of 1925.

¹⁴Ibid., file 10, p.034509, Meighen to J.R. Colwill, 25 May, 1925.

¹⁵Ibid., p.034515, Meighen to John Appleton, 28 June, 1925. See also, Debates, House of Commons. Vol.V, p.4884, June 25, 1925.

¹⁶Ibid., pp.034518-19, Meighen to P.C. Armstrong, 28 December, 1925.

¹⁷Ibid., pp.034350-51, Meighen to F.K. Bell, 16 February, 1923.

For even though Meighen had realized by 1923 that the banking system needed some adjustment to meet farmers' needs, he had been astonished at the actual amount of discussion still continuing after the revision of the Bank Act in 1923.¹⁸ He believed essentially in free enterprise and a minimum of state control in banking as in other areas. He shared this laissez-faire concept of government with Mackenzie King. Consequently, when the Progressives became dissatisfied with the King Government's refusal to agree to more state control in marketing and banking, Meighen offered no alternative which could attract their support.

Meighen drew no closer to the possibility of Progressive support in his policy on the return of the natural resources. When the three prairie provinces had entered the Dominion, the Federal Government had withheld control of the natural resources from the provincial governments because it had wanted no risk of provincial interference in the National Policy of expansion. The West had always disliked this arrangement, which gave them inferior provincial status and revenues than other provinces. In the post-war depression period, the West had renewed its agitation for the return of this source of revenue. By this time the purposes of

¹⁸Ibid., file 181, p.083043, Meighen to Senator L.C. Webster, 27 November, 1923.

the old National Policy had been achieved, and thus the major obstacle to agreement was the exact financial terms of the transfer.

Meighen agreed that the control of the natural resources should be transferred to the provinces. He personally believed that the Federal Government had had no sound reason for withholding this control in the first place,¹⁹--another example of his laissez-faire concept of government. He recognized, nonetheless, that public policy had adjusted itself to this arrangement and that compensation to the Prairie Provinces for this disadvantage could only be done at best "on the basis of ^a sort of rough accounting."²⁰ Though he ridiculed the King Government's various attempts to reach a satisfactory solution to these complex financial arrangements,²¹ Meighen offered no concrete proposals that would be more attractive to the Prairie Provinces. The Progressives were dissatisfied with the King Government's handling of the transfer of their respective provinces' resources,²² but once

¹⁹Meighen Papers, Series 3, file 164, p.078640, Meighen to H.H. Stevens, 4 December, 1925, Personal.

²⁰Meighen Papers, Series 2, file 144-1, pp.023515-16, Meighen to Major MacPherson, 19 November, 1921.

²¹Meighen Papers, Series 3, file 169, pp.081264-65, Meighen to Major G.F. Taylor, 28 April, 1922.

²²H. Blair Neatby, Vol.II, pp.100-2.

again they had no guarantee that a Meighen Government would prove more compliant to their demands.

Besides the return of the natural resources, the Progressives exerted pressure for another modification in the old National Policy. In 1922 they had demanded as a right the restoration of the Crow's Nest Pass rates; now in 1924, they made a new demand,--completion of the Hudson Bay Railway route.

The project of a railway from the prairies to Hudson Bay had first attracted Ottawa's attention when an official expedition had been sent out to investigate the possibilities of this route in 1885. Subsequent expeditions had been sent out and in 1910, after much discussion, the Laurier Government had authorized the building of the railway under government auspices. The Borden Government had begun the project, with Port Nelson as the projected terminus. But the War had interrupted construction, and so by 1924 only a little more than 300 miles out of ^{nearly} 400 had been constructed, and a large part of this needed repairs.

In 1924 the "On-to-the-Bay Association" was formed to publicize the benefits of the Hudson Bay route. It stressed that the route was shorter than the route to Montreal and would cut transport costs for the farmer; and that it had, moreover, the intrinsic advantage of being located in the West and offered an alternative to shipping through Montreal,

and thus enriching the Eastern financiers.²³

Meighen, agreeing with most non-Westerners, considered the benefits of the Hudson Bay route dubious at best. The short shipping season, and the problem of even finding or choosing a suitable harbour (Port Nelson and Churchill were the suggested alternatives with the latter finally chosen) were frequently mentioned objections to the route. The making of the harbour and the establishment of harbour facilities were the details of most concern to Meighen. These constituted "the great item of expense and will run into millions."²⁴

Meighen in fact considered the project basically unsound financially, and the completion of the railway was for him simply a matter of keeping a political promise.²⁵ Though he realized the political value of the project for winning Western support,²⁶ he refused to pledge money immediately for this expenditure. The critical financial position of Canada called for a policy of strict economy, not expenditure

²³ E.C., Vol.III, p.211. The Meighen Papers, Series 3, files 144-14 and 144-15, abound in valuable newspaper clippings.

²⁴ Meighen Papers, Series 3, file 103-1, pp.057932-33, Meighen to H.H. McKeen, 27 November, 1923.

²⁵ Ibid., file 144-14, pp.075105-6, Meighen to Hon. Hugh Armstrong, 14 April, 1924. Ibid., pp.075178-79, Meighen to J.T.M. Anderson, 3 December, 1924.

²⁶ Ibid., file 156-3, pp.077343-44, Meighen to J.T.M. Anderson, 21 August, 1925.

upon economically unreliable political plums.²⁷ Though he promised in the 1925 election to build the Hudson Bay Railway immediately, the cost (perhaps \$3,000,000) was ridiculously low compared to the estimated cost of \$50,000,000.²⁸

Meighen's language of caution and economizing contrasted sharply with the optimism of the Progressives, especially those in Saskatchewan. Whereas Meighen considered the construction of the Hudson Bay route a political project for prosperous times, the Progressives looked upon the project as a direct path to increasing overall Canadian economic prosperity. They could see no sense in Meighen's policy of delay, for to them the vitality of the Wheat Economy was still the key to general Canadian prosperity, and the Hudson Bay Railway would be an important stimulus to the West and hence an economic asset to all Canadians.

This same divergence in outlook^{was} manifested in the subject of the Peace River railway project. The Peace River country in Northern Alberta stirred dreams of expansion and wealth for such prominent Canadians as Sir Henry Thornton, President

²⁷Ibid., file 144-14, p.075172, Meighen to S.J.A. Branion, 17 November, 1924. Ibid., file 156-2, pp.077157-58, Meighen to W.E. Lawton, 9 March, 1925.

²⁸See C.A.R., 1925-26, p.31. See also, Meighen Papers, Series 3, file 155-15, pp.075254-55, Meighen to Ralph E. Webb (Mayor of Winnipeg), 14 September, 1925. Price mentioned is two million dollars.

of the Canadian National Railways, and R.J. Cromie, editor of the Vancouver Sun.²⁹ Albertan Progressives too envisaged the development of their province and accordingly demanded railway branch lines into the area. Meighen however, wanted no repeat of the old National Policy in which overoptimism had burdened Canadians with a large railway deficit; and early looked for means of economizing on railway expenditure in the region:

It will never do to have the North country permanently subjected to a two-system traffic arrangement, especially when the means of exit are ponderously roundabout even under the two-system arrangement.³⁰

Thus in his approach to these specific problems in the Wheat economy, Meighen continued his strict adherence to his basic political beliefs, and the gulf which these beliefs created between him and the West widened. The Progressives wanted increased government control in grain marketing and the banking system for the specific advantage of the western wheat-growers; Meighen adhered basically to his laissez-faire principles, even though he recognized the need for at least some reform in both areas. The Progressives wanted natural resources returned to Prairie provinces; Meighen in his concern for the financial strain on Ottawa, would not

²⁹H. Blair Neatby, Vol.II, p.213.

³⁰Meighen Papers, Series 3, file 2-1, pp.033187-88, Meighen to J.A. Collins, 29 April, 1925.

offer the prairies generous enough financial terms to satisfy them. The Progressives wanted more railways built to ship western wheat and open up new wheat-growing areas; Meighen emphasized his "ruthless economy" and refused to pledge the necessary money. In all these stands, he was influenced partly by his own political principles of laissez-faire and economy; partly by political pressures from Eastern financial interests; but basically by the fact that unlike the Progressives, he no longer saw the Wheat Economy as the real or only basis of Canadian economic well-being.

Meighen's policy was based on the wheat economy.

Chapter 5

Trial and Verdict

The 1925 election was less than satisfactory to all political parties. The King Government won only 101 seats. The Progressives declined from 64 seats in 1921¹ to 24, 9 in Alberta and 2 in Ontario, and 6 moderates from Saskatchewan and 7 from Manitoba. The Conservatives had gained seats and now had 116, but they were still short of a majority.² Meighen succinctly summarized the situation thus: "The trouble now is that the Government is definitely defeated but we are scarcely elected."³

This political situation was precarious for both the Liberal and Conservative leaders, for they were both fighting for their political lives. Holding the balance of power were the 24 Progressives. King decided to hold office and try to maintain his position by winning the support of the Progressives. Meighen therefore continued in his role of leader of the Opposition. *From 30th Oct 1925*

Since the defeat of his Government in 1921, Meighen's main concern had been to defeat the King Government and this

¹R.M. Dawson, Vol.I, p.356.

²H. Blair Neatby, Vol.II, p.75.

³Meighen Papers, Series 3, file 57-5, pp.040290-91, Meighen to W.H. Dennis, 30 October, 1925.

he had been convinced, could best be done by criticism of the Government rather than by offering constructive new policies: "Dissatisfaction with an existing Government is a growing plant and that is really the solid foundation on which Opposition success can be built."⁴ An example of this strategy had been Meighen's determination not to divulge his policies on the Wheat Board and railway organization in the 1925 election as clearly as he had in the previous election.⁵

Basically, Meighen had been concentrating upon increasing Conservative strength in Ontario, and therefore he had taken particular interest in the Provincial election in June, 1923. He had expressed satisfaction with the progress of Conservative efforts to rally support, and in fact, even at the time of the federal by-election in Lanark constituency in December, 1922, he had felt certain that the Progressives would not win the

⁴Meighen Papers, Series 3, file 54, pp.039556-57, Meighen to Hon. G. Howard Ferguson, 9 December, 1922. See also, Ibid., file 103-2, p.058860, Meighen to J.T. Haig, 16 November, 1924 for a comment upon the defeat of the Drury Government in Ontario. For a similar comment upon the Lanark bye-election, see Ibid., file 98, p.057642, Meighen to F.B. McCurdy, 9 December, 1922.

⁵Partly, he was taking into account political pressures. See above, Chapter 4, p.70 and Chapter 3, p.52.

support of Ontario farmers.⁶ Since the most notable Conservative gains in the 1925 election had been in Ontario, Meighen's tactics had been to that extent successful.

As to the West, he realized that the Progressive Party had had control there since the 1921 election, and he had admitted even before the 1925 election that he expected little gain in two of the Prairie Provinces: "The wave that is now going over the country will, in my judgment, undoubtedly sweep this Government from power no matter what may be done in Saskatchewan and Alberta."⁷ In Manitoba, though, he had held out hope because of the ill-repute of the Liberal provincial Norris Government.⁸

⁶Meighen Papers, Series 3, file 85, p.056466, Meighen to Sir Edward Kemp, 12 December, 1922. Ibid., file 101, pp.057824-25, Meighen to B.A. McNab, 9 April, 1923, in which Meighen notes: "We publish, you know, the 'Conservator' in Ontario and have just got it now on a pretty fair footing. Am enclosing you the last issue. This is not much value outside of Ontario, but we thought we should start here first." See also, Meighen Papers, Series 2, file 53-1, p.011780, Meighen to H.R. Hooper, 20 December, 1922, in which Meighen remarks: "The farmer movement in Ontario has gone down very rapidly of late. It will have periodical revivals but it will not be so powerful again as it has been." For the Ontario provincial election 1923, Meighen urged Federal Conservatives to take part in campaign and "to make attendance on the House here a secondary matter." Meighen Papers, Series 3, file 54, p.039580, Meighen to Hon. G.H. Ferguson, 25 May, 1923.

⁷Meighen Papers, Series 3, file 156-2, pp.077224-25, Meighen to James R. Wilson, 24 August, 1925.

⁸Ibid., file 103-2, p.058180, Meighen to T.A. Hunt, 11 June, 1925. See also Ibid., file 156-3, pp.0773343-44, Meighen to Dr. J.T. Anderson, 21 August, 1925: "Manitoba seems to have improved more than the other provinces."

The Party did indeed make inroads into the West in 1925, gaining 7 seats in Manitoba, though in Saskatchewan it had won none and in Alberta only three seats. As Meighen analyzed the results of the election, therefore, from the point of view of cross-country support, he concluded that the support for the Conservative Party was in general on the upswing. The vindication of his political principles seemed imminent, and Meighen had no intention now of compromising them to win Progressive support: "I have decided definitely that I will not start any log-rolling activities but will stand firmly on our principles. It is better to be in power effectively than to impatiently grasp for power and be there under impossible circumstances."⁹

All of the Progressives, however, were not so certain of their course, and they subsequently submitted to both Meighen and King a memorandum requesting the respective positions of each party on specific items of policy. Meighen dealt item by item with the memorandum in his Address in reply to the Speech from the Throne. He still insisted on the necessity of the protective tariff, the prime bugbear of the old national

⁹ Graham, Vol.II, p.374, quotes Meighen to F. Somerville, 30 November, 1925. See also Meighen Papers, Series 3, file 3, p.033355, Meighen to Dr. J.T.M. Anderson, 19 January, 1926, in which he says, "We have not departed from our principles and do not intend to depart from them for the sake of getting power."

policy according to the Progressives. He endorsed a national coal policy and co-operative marketing, besides the granting of special freight rates on grain and flour. But he apparently did not disclose the interconnection between his tariff and railway rate policy, and on the subject of the mountain differential, he continued to appear opposed to the Progressives' railway rate policy, on the purely legalistic ground of the neutrality of the Railway Commission.

In private, Meighen elaborated upon his policy respecting public ownership of railways and the completion of the Hudson Bay railway. Still, Meighen was opposed to unnecessary expenditures for the railways, and respecting the building of the branch lines for the opening up of the Peace River area, he proclaimed the necessity of keeping a tight watch on financial expenditure. To the idea of rural credits, he gave extremely cautious endorsement, but absolutely ruled out government direction, whether provincial or Federal, thus alienating Albertan Progressive support. He also negated the idea of implementing the alternative vote, part of the Progressive programme for democratic reform of Canadian politics.¹⁰

Clearly, Meighen had not altered in any respect his policy of the past four years, and the possibility of co-operation

¹⁰Debates, House of Commons, January 18, 1926.

between him and the Progressives had not increased. Indeed, Meighen's lack of control of his own Party made difficult even the implementation of his own policy to attract Western support.

The issue of the Hudson Bay railway illustrated this problem. For to Meighen's embarrassment, Conservative senators had absorbed only too well his constant emphasis upon the need for strict economy in Federal expenditures. They had scrutinized legislation for the building of railway branch lines in 1924 and had opposed certain projects.¹¹

The Hudson Bay Railway met the same opposition in 1926. Meighen realized that if the Senate interfered with the expenditure for the Hudson Bay Railway contained in the Estimates, he could lose the support of the seven Manitoban Conservative members elected in the 1925 election.¹² Meighen wrote to the Conservative Senate leader pointing out the unconstitutionality of the Senate's attempt to hold up the Estimates, and he approved lobbying by the Manitoban members

¹¹Meighen had agreed with this careful scrutiny, but he had not approved all the Senate had done in relation to this legislation. See Meighen Papers, Series 3, file 144-2, pp.073261-62, Meighen to Col. Thomas Cantley, 2 April, 1924. Ibid., p.073296, Meighen to Louis J. Ball, 22 July, 1924. See also, Ibid., file 57-2, pp.039841-42, Meighen to George E. Fraser, 30 September, 1925.

¹²Ibid., file 144-15, p.075358, Meighen to C. Cliffe, 13 March, 1926.

to influence the Senate.¹³ Senator Ross, however, simply refused to yield to pressure, and pointed out to Meighen that this constitutional argument was invalid:

That the Senate should pass without alteration the ordinary annual supply would, I think, be a fair and wise use of their powers in almost any circumstances and for reasons that are set out in the Report I have referred to above.

That the Senate should, as a matter of course, vote for any expenditure because it is in the estimates is a doctrine I cannot agree to. With me it will always be a question if a proposed expenditure is ordinary annual supply or not. In the latter case I think it in the power and the bounden duty of the Senate to exercise its independent judgment in the matter. This is my view and I know it is that of a large number of my fellow Senators.¹⁴

Complicating his efforts to control his Party was Meighen's illness during May of 1926. At this time, there arose for discussion the Campbell Bill, an important item of legislation for the Progressives. This Bill to amend the Canada Grain Act "would give a farmer who was making use of a non-pool country elevator the right to demand that the elevator ship his wheat to a terminal elevator in the central of the wheat pools. The non-pool elevator should also guarantee the grade of the wheat delivered at the pool elevator."¹⁵

¹³Meighen had already seen Senator W.B. Ross twice before Hay's letter on the political importance of this matter reached him. See Meighen Papers, Series 3, file 144-15, pp.075403-4, Meighen to Senator W.B. Ross, 8 May, 1926. Ibid., p.075400, Thomas Hay to Meighen, 5 May, 1926, Personal. See also Ibid., p.075401, Meighen to Thomas Hay, 6 May, 1926.

¹⁴Ibid., pp.075424-25, 28 May, 1926.

¹⁵C.A.R., 1925-26, p.62.

Meighen could not keep ~~abreast of the political~~ ^{parliamentary} situation and admitted that the Campbell Bill was a difficult problem to him.¹⁶ When he once again resumed his activities, he never participated himself in any of the discussions on this subject in the House of Commons, though he watched with interest the proceedings of the Agricultural Committee and arranged to have the results of the voting wired to him.¹⁷ Later, when a Liberal M.P. pointed out that Conservatives were blocking the bill in the Senate, Meighen upheld the parliamentary rule of non-censure of another Parliamentary institution, but he never declared his own position on the Bill.¹⁸ Clearly, however, Meighen intended to make his own policy and not adopt a Progressive suggestion in order to win a political advantage.

In fact, Meighen still hoped to bring his Party to power by capitalizing on dissatisfaction with the Liberal Government's actions. In June of 1926, two occasions arose ^{first regarding} ~~the~~ Alberta natural resources, and ^{then} ~~the~~ Customs Scandal.

The King Government after four and a half years of negotiations had not yet reached an altogether satisfactory

¹⁶ Meighen Papers, Series 3, file 183-2, pp.083731-32, Meighen to H.A. Alley, 24 May, 1926.

¹⁷ Ibid., p.083756, Meighen to Sir Henry Drayton, 7 June, 1926. See Ibid., p.083757, Sir Henry Drayton to Meighen, 8 June, 1926.

¹⁸ Debates, House of Commons, Vol.V, p.5029, June/1926. 25

agreement with Alberta on the return of the province's natural resources. In mid-June, a Conservative from Alberta moved a want of confidence in the King Government, and four Albertan Progressives supported the motion. Though this attempt to bring about the downfall of the King Government had not succeeded, it illustrated that the King Government's position was not invulnerable.¹⁹

King had been working closely with the Progressives during this session, but now the rise of a moral issue threatened to jeopardize his patient wooing of the Progressives during the past four and a half years. On June 16, the day after the want of confidence motion, the Special Committee on the Department of Customs and Excise submitted its report. There was evidence of scandal in the Customs Department, and now the King Government had to fight for its political life. For H.H. Stevens was determined to implicate the whole King Government in this scandal and if he succeeded, Meighen might get his long-awaited opportunity to form a Government.²⁰ The Progressives were in an awkward position; if they supported the Stevens' amendment which censured the King Government in general, that Government, which had made some efforts to meet their demands, might suffer

¹⁹H. Blair Neatby, Vol.II, pp.130-31.

²⁰H. Blair Neatby, Vol.II, pp.131-33.

defeat. If they supported the King Government, they would compromise their principle of working for more honest administration of Government. The Progressives were in a quandary.

A.M. Boutilier expressed the majority viewpoint. He was appalled at the maladministration of the Customs Department and the subsequent waste of revenue that could have been used to ease the critical financial position of the Dominion during the past few years. He felt that the King Government really had been cognizant of the situation and should be held responsible.²¹ As G.G. Coote remarked, even if a vote against the King Government led to its downfall, its sojourn in the wilderness need not be of long duration.²² A Liberal sympathizer, reasoned that Boivin was basically an honest man who would profit from any past errors, and he was going to cast his vote for what he considered the party of low tariff.²³ A more individualistic stance was that of Mr. Lucas who deplored the effects of bootlegging and appealed for the censure of such a demoralizing

²¹Debates, House of Commons, Vol.V., p.4998, June 24, 1926.

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²²Debates, House of Commons / p.5150, June 29, 1926.

²³Debates, House of Commons, Vol.V, pp.5023, 5024, 5027-28, June 25, 1926.

practise.²⁴ In the midst of this tense political situation, before a division on the Stevens' Amendment could take place, the King Government resigned. Meighen accepted the Governor-General's invitation to form a Government and assume all the responsibilities entailed therein.

Circumstances had now cast Meighen and the Progressives together. Meighen did not have enough seats in the House to implement his policies without winning Progressive support. On the other hand, if the Progressives censured the former King Government for its handling of the Customs Scandal, they would be maintaining in office a Government which they had little reason to support. For Meighen had offered little in the way of attractive alternatives to unsatisfactory policies of the Liberal administration during the past four and a half years. Moreover, since 1924, the depression had gradually subsided, wheat growers were realizing more cash profit, and optimism in the economic vitality of the Prairie West was growing correspondingly. Thus for a while, western expansion once again was stimulating economic activity in other parts of the Dominion. Yet Meighen in this session had continued as always to emphasize the importance of the protective tariff and ruthless economy in view of the strained

²⁴Debates, House of Commons, Vol.V, pp.4919-20, 23 June, 1926.

financial resources of the Dominion, and this new prosperity, arising despite his strictures against Liberal policies, seemed to vindicate the Progressives' faith in the vitality of the Wheat Economy and hence put his own views into ever dimming perspective.

This turn for the better in the economy, combined with Meighen's attitude toward the Progressives, boded ill for Western support of the newly-formed Conservative Government. For as in December of 1925,²⁵ so now when he was in power, Meighen had no intention of compromising with the Progressives: "So far as any relations between myself and Mr. Forke were concerned, I made no request of him for support and never even considered doing so. He gave me no pledge or undertaking of any kind."²⁶ He had found this course difficult in the past session, but he had stuck to it: "We are pounding away here. Uncertainty from day to day adds to the interest but at the same time, so far as a leader is concerned, adds to the anxiety."²⁷ He now formed his Government and prepared to endure the tension a little longer.

²⁵Graham, Vol.II, p.374.

²⁶Graham, Vol.II, p.429.

²⁷Meighen Papers, Series 3, file 16, p.034910, Meighen to Sir Robert L. Borden, 22 February, 1926.

Meighen wanted to end the session as soon as possible. He planned only to finish necessary items of business and adjourn.²⁸ Enough of the Progressives voted with him on the responsibility of the past King Government for maladministration in the Customs Department to sustain his Government.²⁹ King's motion of want of confidence in the Conservative Government's tariff policy also failed to win sufficient Progressive support to defeat Meighen. For, as ^{viewed} one Progressive E.J. Garland/ the situation, the motion was simply a political manoeuvre by King to upset the Conservative Government and not a vote on policy.³⁰

In fact, the Progressives were becoming convinced that the two old parties were simply playing politics and this long and rather futile session would go on interminably. The Progressives were anxious to go home.³¹ Liberal sympathizers would not long support a Conservative government; at least one of those who were unaligned with either of the old parties was deeply troubled by Meighen's failure

²⁸Debates, House of Commons, Vol.V., p5097, June 29, 1926.

²⁹H. Blair Neatby, Vol.II, p.154.

³⁰Debates, House of Commons, Vol.V, p.5206-7, June 30, 1926. See also H. Blair Neatby, Vol.II, p.154.

³¹H. Blair Neatby, Vol.II, p.156. See also Debates, House of Commons, during Meighen's administration.

to ask for their co-operation in formulating the new Government's policy:

On the present occasion we must ask ourselves this question: Did the right hon. leader of the shadow government advise His Excellency that he had sufficient strength in this House to carry on? I have stated definitely that if he did that, he ill-advised His Excellency, and for this reason: The group which now has asserted the right to govern knows just as definitely as the group which has just resigned that it cannot carry on in this House by virtue of its own numerical strength without entering into some co-operative understanding with the group to which I have the honour to belong. I stated yesterday and I state now again, that to my personal knowledge no such co-operative understanding has been reached. The leader of the shadow government never at any time since the resignation of the late ministry invited or called upon the group to which I belong for co-operation as a group. If there have been any negotiations with any individuals I know naught of it. If the acting leader of the government has the greatest numerical strength in this House, made up of his own party and any individuals in this corner of the House, it is his duty to inform the House of that fact now.³²

It was under these circumstances that the division came on the Robb motion. Meighen had formed his government in an unusual manner and Robb moved "that if the Ministers were legally administering their departments they should have vacated their seats by law, and if they did not hold office legally they had no right to govern," and the motion

³²Debates, House of Commons, Vol.V., p.5280, July 1, 1926, and on the same day, p.5284 (E.J. Garland). See also Ibid., p.5206, June 30, 1926. (E.J. Garland).

was carried by one vote.³³

Meighen advised the Governor-General to dissolve the House, and appealed directly to the Canadian electorate. The collaboration between Meighen and the Progressives for their support this session was merely an aberration, and in the ensuing election the Conservatives won only one seat in the West. Meighen's long and stubborn adherence to his own "sound" policies and his feud with the Progressives had ^{contributed} ~~resulted~~ to his defeat; but his confidence in the rightness of his own views and their future justification remained unshaken.

³³H. Blair Neatby, Vol.II, pp.155-56.

Chapter 6

Conclusion

After the 1926 election, Meighen stepped down from his leadership of the Conservative Party. But then and later, during his retirement years, he continued to believe that circumstances beyond his control had cut short his promising political career. His biographer shares his conviction, and points to unfair Liberal propaganda in Quebec as Meighen's nemesis.¹

Yet, as we have seen in this study of Meighen's policies toward the West, Meighen himself must assume some responsibility for his failure to attract its votes. His intense personal dislike of Crerar, and his conviction that the continued flirting of the Manitoban Progressives with a coalition with the Liberals was a political trick, deepened his already adverse attitude toward the policies of the Western Progressives.

Their advocacy of major changes in the tariff structure ran headlong against his deep personal conviction of the necessity of a protective tariff for the maintenance of Canadian sovereignty on the North American continent and the development of Canadian secondary industry. The very intensity of his opposition to the Progressives, however, diverted

¹Roger Graham, "Arthur Meighen," C.H.A. booklets, A6. 16.

him into concentration upon specific aspects of the matter, and prevented his explaining and elaborating fully to the Canadian public his own personal concept of the protective tariff. Yet as we have seen, his tariff policy, along with his plan for stimulating the Maritimes' economy by means of the British preference, was the foundation of his freight rate policy, and his failure to make clear both his basic tariff policy and its interconnection in his proposal for changes in the freight rate structure prevented the Canadian electorate from ever really grasping his vision for the future of the Canadian economy. His grand scheme of attempting to distribute Canada's prosperity more equitably by means of these policies, therefore, was lost in a welter of conflicting regional interests and immediate political tactics.

Furthermore, we must recall that Meighen's own belief in ruthless economy also prevented him from winning Western support. It not only precluded expenditure on his own plan for diversification of the Western economy; it also prevented him from meeting exuberant Western demands, for it restricted the financial arrangements he was willing to make for extension of transportation facilities to Hudson Bay and in the Peace River area, and for the transfer of control of the natural resources to the Prairie Provinces. Furthermore, his concern for cutting expenditures prompted him to propose

a reorganization of the railways that threatened to impose once again a dreaded railway monopoly upon the West.

Meighen thus appeared to be offering only a remodelling of the old National Policy in the way best-calculated to lose the support of the West. Moreover, his unshakable adherence to a laissez-faire concept of government prevented him from winning Progressive support by accepting the new ideas of government control in wheat marketing and banking, ideas which foreshadowed the agitation of the 1930's. His loss of faith in the viability of the Wheat Economy, the political and economic credo of the West, indicates how impossible it would have been for him ever to have won the support of the Prairies. This lack of support contributed to his loss of the 1926 election and the ending of his leadership of the Conservative Party.

Meighen, like the Progressives, had expressed dissatisfaction with the old National Policy and had attempted to formulate an economic policy more suited to the needs of Canada in the 1920's. His plans had differed significantly from those of the Progressives, the embodiment of the Western viewpoint, and had contributed to his failure to win the support of the West.

Bibliographic Note

The Meighen Papers are the major source of information for this study of Meighen's policies toward the West, 1921-1926. The files on the 1921 election in Series 2 (dealing with the period of his Prime Ministership from August 1920 to December, 1921) provide the main substance of the first chapter.

Series 3 contains Meighen's correspondence as Leader of the Opposition, 29 December, 1921 to 28 June, 1926 and as Prime Minister of Canada, 28 June, 1926 to 25 September, 1926. These files are arranged in alphabetical order by name of correspondent or by subject. Mainly, the nominal files are useless for this study. They usually are very thin and contain mostly allusions to arrangements for forthcoming meetings between the parties specified. Seven of the subject files contain the most valuable material for the purposes of this study. Files 2, 156 and 103 on Alberta, Saskatchewan and Manitoba, respectively, contain letters relating Meighen's view of the political situation in each province. File 103-1 is especially useful for correspondence revealing the primacy of the tariff for Meighen. File 167 on the tariff and the British preference, file 10 on banking, file 183 on wheat marketing, and file 144 with its fifteen folders on railways,

¹A bibliography will be found on p.101.

contain newspaper clippings and correspondence sent to and by Meighen on all aspects of these subjects.

For the period after the 1925 election through the 1926 election, the Meighen Papers contain very little information. Graham's biography, which cites letters not at the Archives, and the House of Commons Debates, help to complete the picture. The Spencer Papers contain the answers by King and Meighen to the fourteen-point memorandum sent to them by the Progressives after the 1925 election. For the whole period, the Dafoe Papers contain candid comments on and insights into the political situation by a man who was both a keen observer of and participant in political affairs.

As for secondary sources, the biography of Meighen by Roger Graham and that of Mackenzie King, Volume I by R.M. Dawson and Volume II by H. Blair Neatby, relate the political events of these years. W.L. Morton's The Progressive Party in Canada, is a sound study of this basically Western party, and along with Cook's study of Dafoe complements the above-mentioned studies of the Conservative and Liberal leaders of the period. The Canadian Annual Review provides a contemporary observer's review of events, but personal bias often limits the usefulness of this source. Morton evaluates in a comprehensive bibliographic essay at the end of his book on the Progressives several works relating to the background and nature of the Western movement. Especially

useful are the books by Britnell and Fowke on the Wheat Economy, particularly Fowke's The National Policy and the Wheat Economy. Articles by Careless (1954), Fowke (1952), Morton (1946), and Underhill (published in 1927 and reprinted as the third essay in In Search of Liberalism) raise questions as to the nature of the Progressive movement in Canada. Nye states in his book on the American Midwestern Progressives that they really are conservatives in politics.

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