Canada Today

NATIONAL INTERESTS AND NATIONAL POLICY

F. R. SCOTT

CANADA TODAY

HER NATIONAL INTERESTS AND NATIONAL POLICY

Canada Today is a condensed analysis of Canadian conditions and Canadian problems with special emphasis on those that have a bearing on Canada's external relations.

The author describes the most important economic, political and social factors which determine Canada's national interests and outlook. He distinguishes the various schools of opinion within the country, and he particularly emphasizes the relation between internal forces and external policy. Here in simple terms are the facts that explain what is happening in Canada at the present time.

On the basis of a realistic discussion of Canada's national interests, the author examines the possibilities of co-operation today between Canada and the other member countries of the British Commonwealth.

F. R. Scott has been for ten years a member of the faculty of law of McGill University, Montreal, and is now professor of civil law. He is a member of the bar, a former Rhodes scholar, and is well known for his writings on Canadian internal and external problems. He has several times appeared before royal commissions and parliamentary committees to give evidence on matters relating to constitutional and legal reform.

This volume is published under the auspices of the Canadian Institute of International Affairs, an unofficial and non-partisan body which exists to promote the study in Canada of Commonwealth and international affairs. The Canadian Institute has submitted *Canada Today* to the second unofficial British Commonwealth Relations Conference, Sydney, Australia, September 1938.

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CANADA TODAY

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CANADA TODAY

A STUDY OF
HER NATIONAL INTERESTS
AND NATIONAL POLICY

By
F. R. SCOTT
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With a Foreword By
E. J. TARR

Prepared for the
BRITISH COMMONWEALTH RELATIONS CONFERENCE, 1938

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FOREWORD

THE first unofficial conference on British Commonwealth relations, held at Toronto in September 1933, met less than two years after the enactment of the Statute of Westminster. During that conference there were clear indications that a new approach to Commonwealth questions was emerging, an approach which involved a shifting of emphasis from discussion of the constitutional rights of the dominions to a search for useful fields of intra-Commonwealth co-operation.

The period from 1887, the date of the first Colonial Conference, down to 1931, the date of the Statute of Westminster, had been a period of significant constitutional development in intra-Imperial relations. The more important colonies had become self-governing dominions, and the greater part of Ireland had withdrawn from the United Kingdom to become a member country. The result was a group of autonomous states—in a word, Empire had become Commonwealth. The principal concern of Imperial conferences during that period, especially since the establishment of the Irish Free State, had been the settlement of constitutional questions. After 1931 most of the important constitutional questions that remained had become matters for individual action, if and when desired, rather than for group consideration. Such questions, which have already been dealt with by one or more of the members of the Commonwealth, are the creation of dominion great seals, the abolition of appeals to the Judicial Committee of the Privy Council, the establishment by the executive in a dominion of virtually complete control over the office of governor-general, and the removal from the domestic law of a dominion of the legal principle of the supremacy of the Imperial parliament. There doubtless remain subjects which can be more satisfactorily settled by mutual agreement. Of these the most pertinent seem to be

various aspects of foreign relations, of which some have already been raised, such as the right to neutrality and the right to secession.

Not only has the British Empire changed, but so has the world in which it exists. When the Toronto conference was held, Herr Hitler's appointment as chancellor was only of seven months' standing. Since then we have witnessed the rising power of Germany, Japan and Italy; the break-up of the Paris peace settlement; the decline of the League; the change in the balance of power in Europe and in the Far East.

In the light of these changes, both internal and external, the emphasis must be not upon constitutional adjustments as we formerly knew them, but upon another problem, that of discovering to what extent there can be a unity of purpose and action amongst all the members of the Commonwealth or, in some cases, groups of members.

A number of questions then present themselves—questions to which too little attention has been given in the past. What are the members of the Commonwealth willing to co-operate for? Is general co-operation of advantage to all of them, or would their national interests and aspirations be better fulfilled by a policy of national isolation, by membership in some regional grouping, or in a revised League of Nations? Do these alternatives actually exist for all or any member states of the Commonwealth? If the ultimate answers given to such questions by member states differ from each other, can varying degrees of co-operation be developed without threatening the underlying Commonwealth bond, and if so, how?

In approaching such questions, the second British Commonwealth Relations Conference is to start with a realistic discussion of the position of each member country. A paper is being prepared in each country—in Great Britain, in Eire, in India and in each Dominion—describing the most important economic, political and social factors which determine its interests and sentiment, and analysing the movements of opinion amongst its citizens with respect to Commonwealth and international affairs. On the basis of these statements it is hoped to discover, during the conference,

those fields of action in which future co-operation between two or more or all members of the Commonwealth may be most useful to the member countries, the Commonwealth, and the world.

The Canadian Institute entrusted the task of writing the principal Canadian paper to Professor F. R. Scott, of McGill University. As he himself writes in his preface, his particular aim has been "to show the relation between internal forces and external policy". Thus it is that *Canada Today*, the immediate purpose of which is to help in a re-examination of Canada's relations with the other states in the Commonwealth, deals so largely with Canadian domestic policy.

The Canadian Institute of International Affairs, which is affiliated with all the other Commonwealth institutes, is a national organization with branches in sixteen of the principal Canadian cities. It is an unofficial and non-partisan body, which aims to provide and maintain means of information upon Commonwealth and international questions and to promote the study and investigation of these questions by means of discussion meetings, study groups, conferences, and the preparation and publication of books and reports.

None of the Commonwealth institutes is propagandist. They endeavour to include in their memberships representatives of all important shades of opinion on Commonwealth and international affairs. They are precluded by their constitutions from expressing an opinion on any aspect of domestic, Commonwealth or international affairs. The views expressed in this book, as in all Institute publications, are purely those of the author or others quoted by him.

This volume is a condensed analysis of Canadian conditions and Canadian problems that have a bearing on Canada's external relations. For a more detailed discussion of similar questions the reader is referred to the publications listed in the bibliography in this book and especially to *Canada Looks Abroad*, by R. A. MacKay and E. B. Rogers, which was published two months ago under the auspices of the Canadian Institute by the Oxford University Press (Toronto, London, New York). *Canada Looks Abroad* deals with the geographic, economic and demographic background

of Canadian policy at greater length than does this volume. It then goes on to discuss the historical development of Canada's relations with other parts of the Empire, with the League of Nations, with the United States, the Far East and the U.S.S.R. One chapter deals with defence; a section is concerned with constitutional questions; one chapter describes the machinery through which external affairs are actually conducted; and others discuss the problems of parliamentary control of policy, the power of Canada to conclude treaties and give effect to them, and the question of neutrality. The final section is given to discussions of four alternative external policies: the present non-committal policy which has evolved slowly over a long period; non-intervention, or "isolation"; Commonwealth solidarity, or a "British front"; and collective security. The book also contains about sixty-five pages of documents expressing official policy on various aspects of external affairs and the views of political leaders on broad issues.

The National Council of the Canadian Institute of International Affairs wish to express their appreciation of the service rendered by Professor F. R. Scott in writing *Canada Today*. They also desire to record their gratitude for the invaluable assistance rendered by those many members of the Canadian and other Institutes who criticized the first draft of Mr. Scott's study.

E. J. TARR, *President*,
Canadian Institute of
International Affairs.

WINNIPEG, June 13, 1938.

AUTHOR'S PREFACE

THIS short survey of Canadian conditions and opinions was prepared at the request of the Canadian Institute of International Affairs as the principal Canadian paper for the second British Commonwealth Relations Conference, which is to be held at Sydney, Australia, in September 1938. My aim has been, following the conference agenda, to describe the most important economic, political and social factors which determine Canada's national interests and outlook, to distinguish the various schools of opinion within the country, and particularly to show the relation between internal forces and external policy. Limits of time and space have prevented a more extensive analysis of the many questions touched upon. Where popular opinions were being considered I have tried, though fully aware of the difficulties, to give a three-dimensional rather than a two-dimensional picture; to show, that is, not only what the alternatives are but also the degree of their support among the people and of their harmony or conflict with underlying forces. Throughout I have attempted to exclude common assumptions about Canada and the Commonwealth and to examine the facts objectively, but I am conscious that in the last resort even the so-called objective analysis rests unavoidably upon personal choice and estimate. The paper is a photograph of social facts rather than an attempt to answer the questions raised. Other points of view, and more detailed reports on special topics, will be presented to the conference in the Canadian supplementary papers.

The first draft of *Canada Today*, under the title "Canada and the Commonwealth", was written in the summer of 1937 and was circulated for comment to the branches of the Canadian Institute of International Affairs and to many individuals at home and abroad. I am greatly indebted to the study groups and to the individuals who read the draft—

their names are too numerous to mention—for their substantial assistance whether in the form of criticism or of new material. As far as possible I have embodied their suggestions in the text. In particular I wish to thank the members of the Research Committee and the secretariat of the Canadian Institute for their help in the work of revision and in the details of publication.

F. R. SCOTT.

McGILL UNIVERSITY,
Montreal, June 4, 1938.

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CHAPTER I

THE INFLUENCE OF GEOGRAPHY

CANADA'S geographical position and structure vitally affect her external relations as well as her internal organization. Externally the predominant factor is her isolation from every country save the United States; internally geography has divided the country into a number of distinct regions, widely separated and difficult to weld into a single political or economic framework.

BOUNDARIES

Canada occupies the northern half of the continent of North America, a total area of 3,694,863 square miles, or 27 per cent. of the area of the British Commonwealth. Her boundaries, except in the remote north, are now settled. Eastward lie the Atlantic and the "coast of Labrador", Newfoundland's mainland territory, the limits of which were defined by the Privy Council decision of 1927. To the south is the United States boundary, 3,987 miles long, of which 2,198 are on water and 1,789 on land.[1] To the west is the Pacific coast and the Alaskan boundary, the latter being some 1,500 miles of additional United States frontier. Northward Canada disappears in a sector of ice, the radii of which she has decided shall be the meridians of 60° and 141° west longitude. No formal international recognition has yet been given to the northern limits but neither has there been any challenge to the Canadian claims.[2]

For all practical purposes, Canada has frontier contacts with the United States alone. The Labrador boundary, the solitary land frontier not separating Canada from United States territory, runs through an uninhabited waste. The

[1]For a full description of the boundary see Wilgus, William J., *Railway Interrelations of the United States and Canada* (Toronto, 1937), p. 4.

[2]Norway, however, registered her general objection to the sector principle when admitting Canada's sovereignty over the Sverdrup Islands in 1930. See despatch in prefix to *Statutes of Canada*, 1931.

island of Newfoundland, which occupies a strategic position in the Gulf of St. Lawrence, is at the moment a British dependency, having given up its dominion status. Canadian intercourse with it is not extensive, though it furnishes essential supplies of iron ore to the steel mills of Nova Scotia, and is an important link in the chain of imperial communications as a landing-stage for trans-Atlantic cables and air-lines. Halifax, the easternmost large Canadian port, is 2,500 miles from Liverpool; Vancouver, the westernmost, is 4,200 miles from Yokohama.

The distance of Canada from Europe, however, has not meant an absence of world communications. The St. Lawrence to the east forms a national gateway through which travels a great part of Canada's total world trade. Vancouver has become an increasingly important outlet for trade not only with the Far East but with Great Britain and Europe via the Panama Canal. The Hudson Bay route, though still but slightly used as an outlet for grain to Europe, serves to remind Canadians that their fortunes are linked to the high seas. Only two out of the nine Canadian provinces are without coast.

INTERNAL GEOGRAPHIC DIVISIONS

Canada is a nation that in many respects has been built despite geography. The geographical obstacles she has had to overcome have been very serious. On the other hand it is often pointed out that the present Dominion is, in rough outline, a natural response to the geographical relationship between the interior continental plain, the Canadian Shield, and the vast waterways of the St. Lawrence River, the Great Lakes, the less known "great lakes" of the west and north and the connecting rivers. On this extraordinary system of water transport was based first the fur trade, next the eastern lumber trade, then the wheat trade. The oft-repeated statement that the "natural lines" of communication and trade for Canada run north and south and that the east-west structure is a costly piece of artificiality is true only in part. Most Canadian economists would say that the east-west communication has much in it that is "natural". Compass

courses for trade are often irrelevant: there are many determinants, minor and major, and of these it is sufficient to point out the Great Lakes-St. Lawrence system as the chief. On it, despite geographical difficulties, has been forged the economic and political system of the country.

The inhabited part of the Dominion falls into five main divisions. To the east are the maritime provinces of Nova Scotia, New Brunswick and Prince Edward Island. They are a country of forests, hills and streams, with agricultural land suitable only for small-scale operations. Minor industries, lumbering, mixed farming and fishing constitute the principal economic interests of the population. The only large industrial undertakings are the coal mines and steel mills in Nova Scotia. The population is mostly British, and has a strong local patriotism. There are important French minorities, particularly in New Brunswick, where they constitute one-third of the population. These provinces are separated from the rest of Canada by ranges of mountains, and by the American boundary which cuts far north along New Brunswick to form a pronounced salient.

The St. Lawrence and Lower Lakes region covers the southern part of the provinces of Quebec and Ontario. Here is concentrated 60 per cent. of the population and 80 per cent. of the manufacturing activity of the Dominion.[1] Montreal and Toronto are the chief financial and industrial centres. In economic interests these two provinces are very similar, combining mixed agriculture with extensive operations in industry, water-power, forestry and mines, all within a comparatively short distance of the St. Lawrence waterways system and the Great Lakes. But in racial and religious background they are quite distinct, Quebec being 80 per cent. French and Catholic, while Ontario is 75 per cent.

[1]The following table shows the regional distribution of the population of Canada, according to the census of 1931:

	Inhabitants (1931)	Per cent. of Dominion Total
Maritime Provinces	1,009,103	9.73
Ontario and Quebec	6,305,938	60.77
Prairie Provinces	2,353,529	22.68
British Columbia	694,263	6.69
Yukon and Northwest Territories	13,953	.13

British and Protestant. In degree of development they also differ, industrial progress being much further advanced in Ontario, while Quebec has clung longer to her peasant agriculture.

The third section is the great prairie plain, the northern extension of the interior continental plain, out of which have been created the three prairie provinces of Manitoba, Saskatchewan and Alberta. This area is separated from eastern Canada by some 800 miles of sparsely inhabited country north of Lake Superior. It is still impossible to motor from Ontario to the west without going through the United States. The soil and climate here make the large-scale production of wheat the principal activity, though other field crops are of importance. A variable rainfall, particularly in southern Saskatchewan and Alberta, and uncertain factors such as frost, hail and insect pests make for large variations in the annual production. Wheat, which is the principal cash crop, has ranged from a record high of 566,726,000 bushels in 1928 to a low of 159,000,000 in 1937, with corresponding variability of income. The population in this area is the most mixed of any in the Dominion, having been augmented for the greater part by immigration during the earlier years of the present century; only about 49 per cent. are British by racial origin.[1]

The prairies are bounded on the west by the Rocky Mountains. On the Pacific slopes of the Rockies lies the fourth of the geographical divisions of Canada, British Columbia. This westernmost section consists mostly of mountains, with considerable forest, fishery and mineral resources, but with little agricultural land save in the valleys. Forestry, mining, fishing and farming are the main activities. The racial composition of the population is mostly British, but there are important Oriental minorities which are denied the franchise and constitute unassimilated groups.

To the north of the more inhabited portions of Quebec, Ontario, Manitoba and Saskatchewan lies the great Canadian Shield, sometimes called the Pre-Cambrian Shield. This is a vast outcropping of crystalline rock which stretches

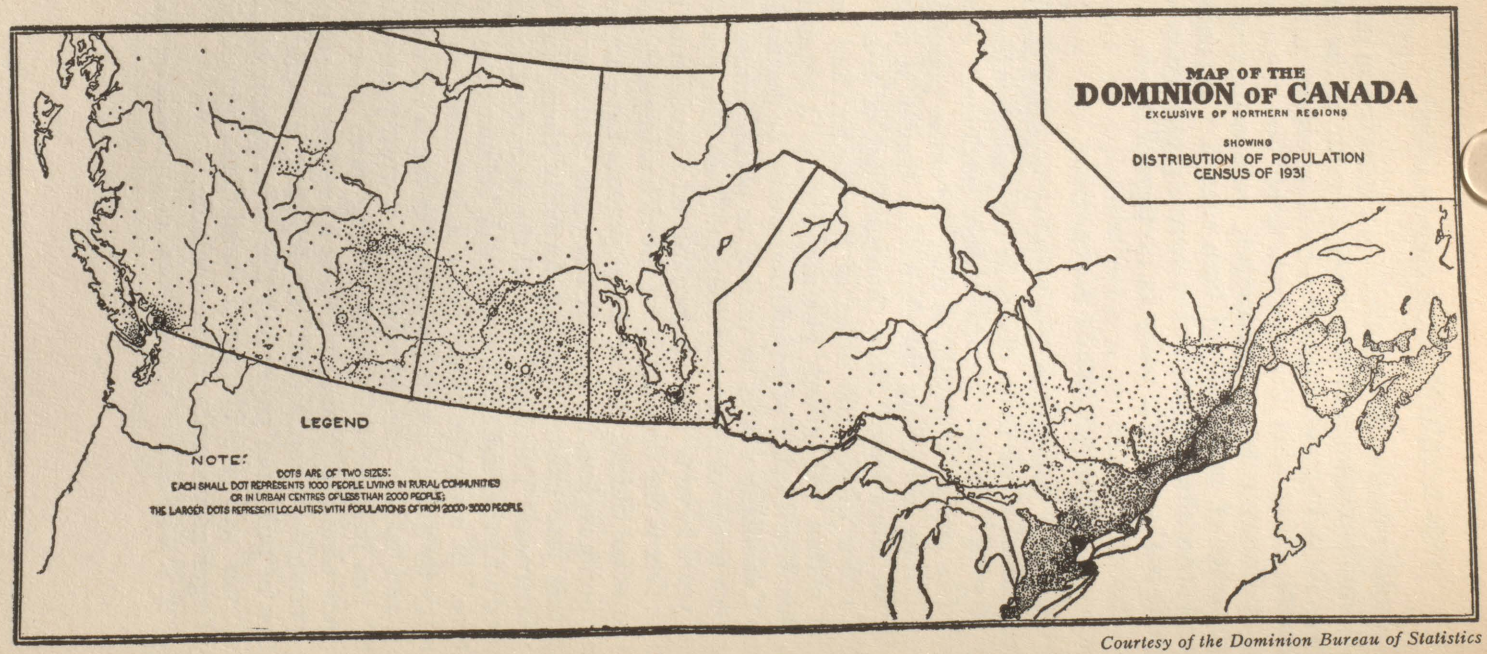
[1]As shown in the 1936 census, *Canada Year Book*, 1937.

from Labrador to the Mackenzie River, covering an area of some 2½ million square miles, or 65 per cent. of the entire country. It is a great expanse of lakes, rivers, muskeg and forests, containing little arable land, but possessing, besides its forest resources of timber, pulp-wood and fur, large deposits of precious and base metals. Its uniform geological structure and natural resources provide a certain geographic and economic unity in northern Canada.

DISTRIBUTION OF POPULATION

The Canadian population has hitherto grouped itself in the first four of these main divisions for reasons which are largely physiographical. Nowhere does settlement extend northward to any great depth, so that the entire population has been strung out along the American border in a strip nearly 4,000 miles long. More than nine out of every ten Canadians live within 200 miles of the border, and more than half within 100 miles.[1] For many years it seemed as though this distribution of population would be permanent, and that Canadians would be unable to occupy more than the southern fringe of their vast domain. Two developments of recent years have to some degree caused a revision of this idea. The first is the opening up of the rich mineral deposits in the Canadian Shield. Great developments have occurred in these mining regions in the past ten years, and new towns have sprung into existence where formerly there was but empty wilderness. This has deepened the area of settlement, and caused a further shift in the economic balance away from agriculture. In a psychological sense it is tending to unify the country by giving a new outlet to the north for capital, ambition and talent; the old advice, "Go west, young man, go west", has become, "Go north, young man, go north". At the same time the Canadian Shield is unlikely to support a large permanent population. Hydro-electric works, the production of pulp and paper and the development of mineral resources will provide for a small fixed population; but any larger movements will be nomadic.

[1]MacKay, R. A. and Rogers, E. B., *Canada Looks Abroad* (Toronto and London, 1938), p. 12.



Courtesy of the Dominion Bureau of Statistics

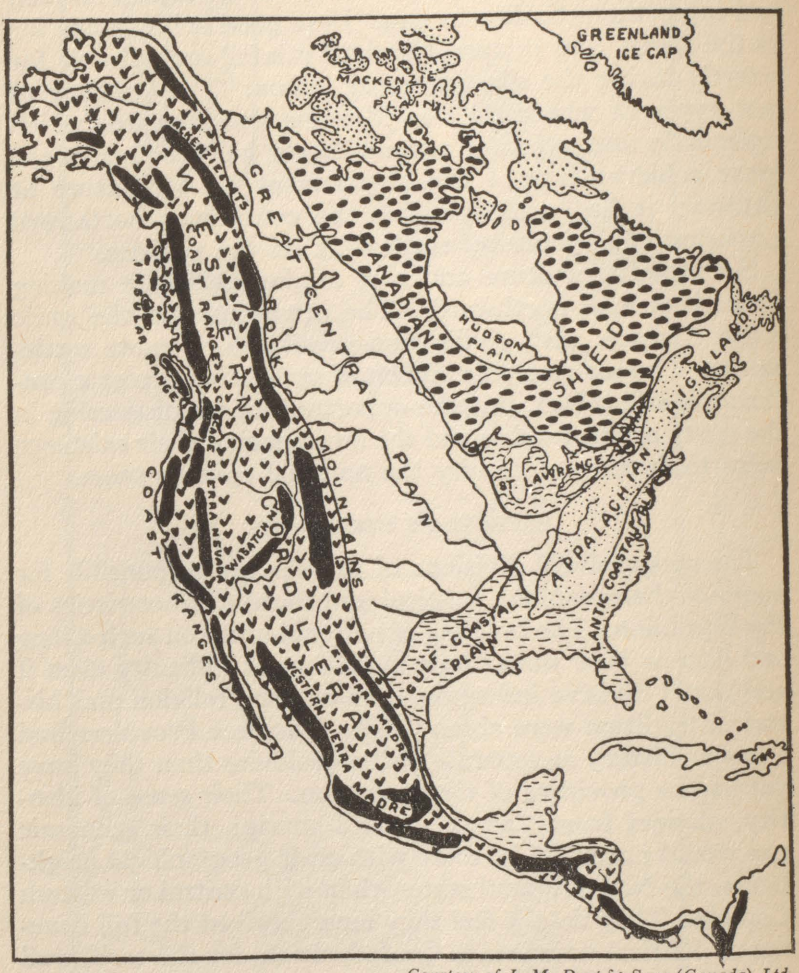
DISTRIBUTION OF POPULATION

The other development which is having a similar effect on a smaller scale is the opening up of new areas of settlement in the Peace River district of Alberta and British Columbia, and in northern Saskatchewan. Here good soil extends far to the north, and temperature and rainfall are suitable for growth during the short summer season. The breeding of new types of wheat such as Marquis and Reward, which ripen early and so escape autumn frosts, has been one of the great achievements of the Department of Agriculture at Ottawa; it has made possible the continuous northward extension of agricultural settlement on the prairies.

Scientific agriculture and new mining fields are making Canadians look northward. The aeroplane and the radio make contacts with civilization possible for remote settlements. Canada as a thin ribbon of population across a continent is still a fact, but the opportunities for pioneering in the north are increasing and the awareness of their existence helps to develop and unify the national consciousness.

EFFECTS OF GEOGRAPHY

The geographical divisions of Canada are responsible for many of the economic, political and social characteristics of the Dominion. The building of national unity on such a long and narrow base would be a task of great difficulty even if additional divisive influences such as race, religion and historical tradition were absent. The Maritime Provinces had a longer history as separate British colonies than they have yet had as provinces of the Dominion. Their sense of identity, distinct from Canada, is still strong; their economic ties would naturally be more with their geographical neighbours, the New England states, than with central or western Canada. They do not feel they have received the full benefits of political union since Confederation, for the tariff wall has cut them off from their natural markets and forced them to become an outlying, almost remote, settlement of an economy concentrated to the west. Many of their sons and daughters have been forced to migrate south and west to find their livelihood: indeed, the Maritimes play the part of the Canadian Scotland, exporting talent which achieves a



Courtesy of J. M. Dent & Sons (Canada) Ltd.

PHYSIOGRAPHIC DIVISIONS OF NORTH AMERICA

disproportionate share of important positions in Canadian (and American) political, educational and industrial life, but leaves behind a sense of stagnation and loss.

Geography gives Quebec and Ontario similar economic opportunities and interests which offset to some extent their racial and religious differences. Both provinces are the centres of protectionist thought, for in both live the manufacturers who benefit most from the tariff. The Prairie Provinces, predominantly suppliers of a single commodity which must be sold on a world market, are naturally inclined to free trade so as to be able to buy cheaply their agricultural machinery and domestic supplies; their dependence upon the eastern capital which controls railways and banks makes them lean to political radicalism and new experiments, particularly in times of depression. British Columbia, facing the Pacific, containing a considerable Oriental population, and separating the United States from her Alaskan territory, is most conscious of Canada's position in the Pacific and of the serious problems that would arise should war occur in that area, even if Canada were neutral.

Canada's climate, a consequence of her geographical position, affects the life, character and economic development of the country very greatly. The climate is bracing and healthy, but the variations of temperature and the long winters impose additional costs on transportation and construction; make for a short growing season and for problems of seasonal unemployment; and limit the agricultural produce to the range of north temperate fruits, grains and vegetables. Industrial processes requiring tropical or semi-tropical produce must thus rely on imports.

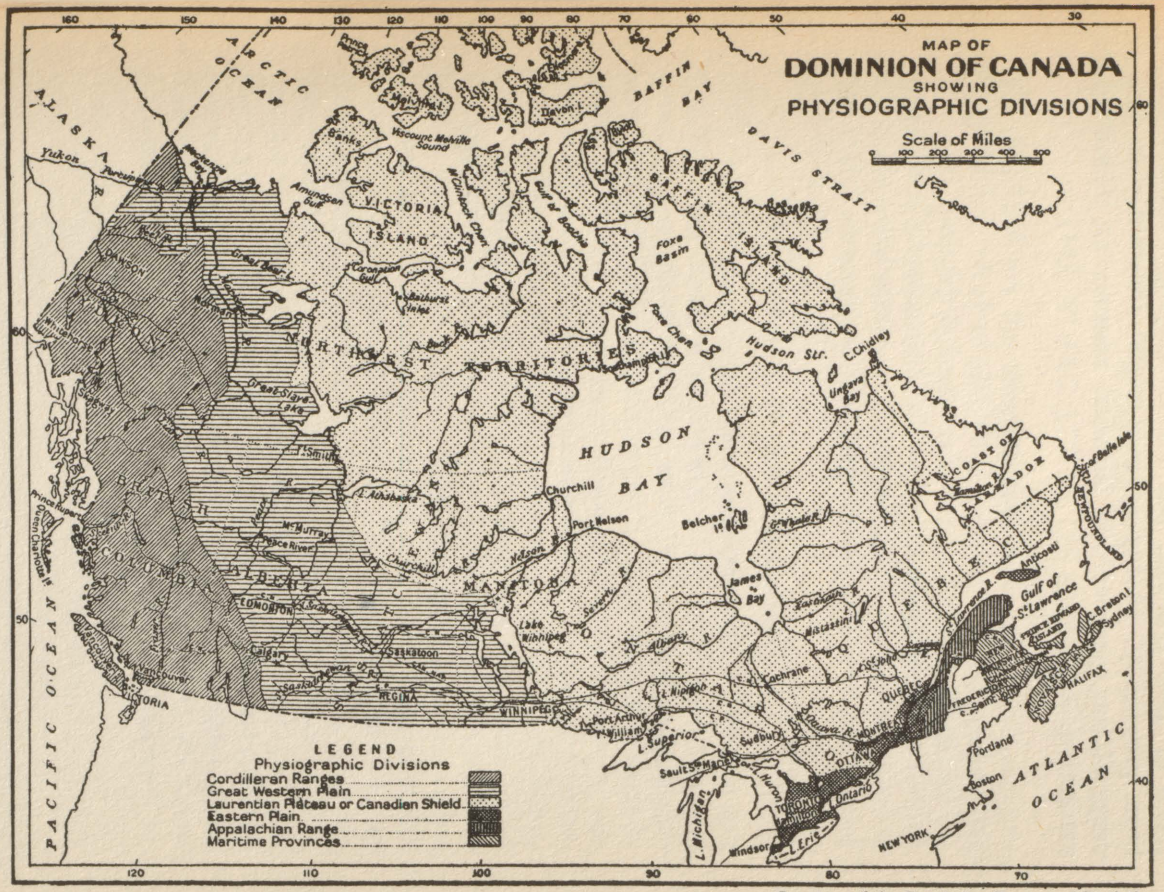
It was geography, as well as race, which made Canada a federal rather than a unitary state. No Dominion cabinet can be formed except on a federal basis, giving representation to each of the main divisions of the country. The Canadian Senate is composed of 24 senators from each of the four divisions of the Maritimes, Quebec, Ontario and the western provinces—a method which blends geography and race. Royal commissions must be appointed, the civil services staffed, and political patronage expended, in accordance

with sectional and racial divisions. The twenty per cent. of the population which is neither British nor French, however, has little representation in the Dominion or provincial legislatures or administrative services.

Geography has laid upon the Canadian economy the inescapable burden of heavy transportation costs. The price the Dominion has had to pay to create an economic and political unity against great natural obstacles is to be seen in her 43,000 miles of railway, her canals, highways and telegraphs. Not all of this is chargeable against the effort to overcome geography: some of it, especially much of the railway mileage, is to be attributed to simple lack of intelligence in high places or in low, some of it to the recklessness of pioneer optimism and some to the corruption that always attends large-scale construction projects in a new country where the social controls are weak. However it has arisen, this overhead debt lies heavily upon the economy.

Geography, finally, makes Canada a North American nation. This simple and obvious fact has hitherto been an unconscious rather than a conscious influence upon Canadian life and thought, so strong have been the sentimental ties binding Canadians to Europe, particularly to Great Britain, and so live has been the fear that to turn attention from the old world would mean absorption by the United States. Today those ties are less strong and the fear less alive. The waves of immigration have ceased, and the children of immigrants have not the European memories of their parents. In 1911 a reciprocity treaty with the United States overthrew a government because the people believed it would mean annexation; in 1935 a new treaty, less extensive but of similar appearance, was negotiated with the approval of every political party in Canada. Canadians are beginning to talk of themselves as "North Americans", which formerly they seldom did.[1] Many factors have hastened the accep-

[1]See, e.g., *Canada, An American Nation* by J. W. Dafoe (New York, 1935), pp. 5-6. An editorial of March 13, 1938, in *Le Devoir*, a leading French-Canadian daily in Montreal, points out with approval the development of the North American viewpoint amongst English Canadians: "Un journal à sympathies conservatrices, à tendences impérialistes, le *Journal* d'Ottawa, n'écrivait-il pas ces jours-ci, au cours d'un article sur l'avenir du parti conservateur, une fois M. Bennett à sa retraite: 'L'héritage idéologique de ce continent nord-américain diffère du tout au tout de celui du continent européen?' En d'autres termes, nous sommes un peuple d'Amérique, nos problèmes sont d'Amérique, qu'on nous laisse la paix avec les problèmes particuliers de l'Europe: ces ont les siens, et nous avons les nôtres."



Courtesy of the Dominion Bureau of Statistics

PHYSIOGRAPHIC DIVISIONS OF CANADA

tance of this position, but the underlying influence has been geography. Moreover, in a world constantly on the verge of war, geographical isolation assumes an unwonted attraction.

CHAPTER II

THE POPULATION OF CANADA

CANADA on the average map appears as a large unbroken block of red, thus creating the impression that the country is both united and British. A closer inspection of physiographical features has shown how divided are the several sections of the country. An examination of the racial elements in the population will reveal a similar lack of unity.

GROWTH OF THE POPULATION

Of the aboriginal races, there are about 6,000 Eskimos and 123,000 Red Indians surviving. The two minorities are treated as wards of the Dominion, and do not possess citizens' rights.[1] The first European settlers were the French, many of whom came from Normandy and Brittany, ancestors of the French Canadians who now number approximately 3,300,000 or 30 per cent. of the population. British settlers (excluding the traders in Hudson Bay who came about the same time as the main wave of French Canadians) arrived first in Acadia, the original Nova Scotia, which was ceded to Great Britain by the Treaty of Utrecht in 1713 and which received a considerable influx of New Englanders prior to the American Revolution. That struggle sent to Canada large numbers of United Empire Loyalists, whose influx created the provinces of New Brunswick and Ontario, and the pro-British sentiment of whose descendants today often proves keener than that of many a later British immigrant. The first census after Confederation, taken in 1871, showed a population of 3,486,000, distributed racially as follows:[2]

British	60.55 per cent.
French	31.07 per cent.
Others	8.39 per cent.

[1]Unless, in the case of the Indians, they fought in the world war. Other disfranchised minorities under Dominion or Provincial laws, or both, are Doukhobors, Chinese, Japanese, and Hindus.

[2]This census covered only the four original provinces of Canada—Nova Scotia, New Brunswick, Quebec and Ontario. *Canada Year Book*, 1937, pp. 122-3.

Then came the building of the C.P.R., the opening of the Canadian west, and the adoption of a policy of attracting immigrants indiscriminately. Canada, like the United States, became a melting-pot into which were poured many kinds of human material. The process did not stop until the world depression began. The population grew to 5.37 millions in 1901 and 10.37 millions in 1931; today (1938) it is estimated at 11.2 millions. But now the racial proportions are altered; the British element has steadily declined since 1871, while the "Others" have increased. The process of change is shown by the following table:

	1871 per cent.	1881 per cent.	1901 per cent.	1911 per cent.	1921 per cent.	1931 per cent.
British.....	60.55	58.93	57.03	54.07	55.40	51.86
French....	31.07	30.03	30.71	28.51	27.91	28.22
Others.....	8.39	11.03	12.28	17.40	16.68	19.93

If the 1931 figures are broken down into the dominant racial groups, then we find that the French is the largest. The order is:

Origin[1]	Number (1931)
French	2,927,990
English	2,741,419
Scottish	1,346,350
Irish	1,230,808
German	473,544
Scandinavian	228,049
Ukrainian	225,113
Hebrew	156,726
Dutch	148,962
Polish	145,503
Indian and Eskimo	128,890
Italian	98,173

[1]As the figures are based on paternity there is actually more intermixture than they suggest. See Hurd, W. B., *Racial Origins and Nativity of the Canadian People*, Census monograph No. 4 (Dominion Bureau of Statistics, Ottawa, 1938) (to be included in Vol. XII of the *Seventh Census of Canada, 1931*).

The population trend as indicated by the number of children under 1 year of age is as follows (1931):

	Total	Under 1 year	Per 1,000
British	5,381,071	86,202	16
French	2,927,990	73,000	25
German	473,544	10,066	21
Scandinavian	228,049	4,290	19
Ukrainian	225,113	5,229	22
Hebrew	156,726	2,192	14
Polish	145,503	3,375	23

It will be noticed how low is the British reproduction rate relative to that of other groups.

The distribution of the racial groups within the country varies greatly. The British elements are strongest in the Maritimes, Ontario and British Columbia: of those sections they constitute approximately 70 per cent., 75 per cent. and 70 per cent. respectively. Further, persons of British descent usually occupy the most influential positions in politics, religion and education, outside Quebec, and in finance and industry throughout the country. Their power to control the destinies of Canada is therefore very much greater than their numbers would indicate; also, their cultural influence on immigrants of other racial stocks is disproportionately strong. The French are concentrated largely in Quebec, of whose population they form 80 per cent.; but they are now spread far more generally throughout other provinces than was formerly the case, the principal settlements being in eastern and northern Ontario, New Brunswick, and the Prairie Provinces. Whereas in 1871 there were only 153,123 or 14 per cent. of the French Canadians outside Quebec, in 1931 there were 657,931 or 22 per cent.[1] This fact is a powerful deterrent to the separatist movement that has recently been revived by certain groups in French Canada. Of the

[1]See Anderson, Violet (ed.), *World Currents and Canada's Course* (Toronto, 1937), p. 121. It is also estimated that there are at least 1,500,000 French Canadians living in New England, thus showing that the north-south pull for French-Canadian emigrants from Quebec has been stronger than the east-west pull. In 1930 there were in the United States 264,361 French Canadians born in Canada.

2,067,725 persons of non-British, non-French extraction nearly 60 per cent. were confined to the three Prairie Provinces. The Oriental group, though small in number (Chinese 46,519; Japanese 23,342, 1931), are almost all on the Pacific coast and constitute a special minority since they are denied the franchise and are not treated on a plane of equality with other citizens. Finally, it is worth stressing the point that half the people of Canada today, if they look back to an ancestral "mother country", find it elsewhere than in the British Isles; the 51.86 per cent. British of 1931 have become less than 50 per cent. by 1938. Moreover, of the persons classified as British an unspecified number are American settlers of British extraction, other than United Empire Loyalists, whose mother country is really the United States. In 1931 only 14 per cent. of the total population had been born in the British Isles.[1]

RELIGIOUS AFFILIATIONS

To the internal divisions in Canada resulting from geography and race must be added those of religion. The following table shows the number of Canadians in each of the principal religious groups, and the proportion each group bears to the total population of the country:[2]

Religion	Total Population (1931)	Percentage of Total Population (1931)
Roman Catholic	4,285,388	41.3
United Church of Canada	2,017,375	19.4
Anglican	1,635,615	15.8
Presbyterian	870,728	8.4
Baptist	443,341	4.3
Lutheran	394,194	3.8
Jewish	155,614	1.5
Greek Orthodox	102,389	1.0
Others	472,142	4.5

[1] *Canada Year Book*, 1936, p. 118.

[2] *Ibid.*, pp 116-7. A more complete table is to be found in MacKay and Rogers, *op. cit.*, p. 64.

If the Protestant sects are classed together, they make up 54.9 per cent. of the total population, as against 41.3 per cent. Roman Catholic and 3.8 per cent. others. The Roman Catholics are 66.5 per cent. French Canadian, 8.9 per cent. Irish, 4.1 per cent. English, 3.6 per cent. Ukrainian and 3.5 per cent. Scottish.

Religion exerts a very large influence upon Canada's domestic and external affairs, particularly in these days when the "conflict of ideologies" brings everyone face to face in politics with fundamental moral and ethical alternatives. The Catholic and the Protestant interpretations of domestic and international events often differ widely. Thus the French Roman Catholic element in Canada was sympathetic to Italy in the Abyssinian War and Catholic opinion generally has supported Franco in Spain. Three delegates of the Spanish government were driven out of Montreal by organized bands of students when they attempted to speak in November, 1936, but the delegate of the rebels was officially received by the mayor in February, 1938. The Catholic Church is naturally very fearful of the power and influence of Moscow, and is no friend of a democracy which tolerates freedom of speech for those whom it calls "communists".[1] The authoritarian character of the Catholic Church makes it more lenient to the doctrine of fascism than the Protestant churches would be, and it is teaching a form of "corporatism" in Quebec, based on Papal encyclicals, as a remedy for social and economic ills. Because 66 per cent. of the Catholics in Canada are French Canadian, the Church tends to be isolationist in foreign policy and is inclined to be distrustful of the League of Nations.

These attitudes within Canadian Catholicism are frequently in sharp contrast to those adopted by the various Protestant Churches. The Protestant pulpits may vary in their emphasis on particular policies, and, in typical Protestant fashion, they speak with many voices, but their general influence in foreign affairs is against isolation and in

[1]In 1937, shortly after the Dominion parliament repealed the law making the Communist party illegal, the Quebec Legislature adopted the Padlock Act under which the Attorney-General can order the closing of houses of suspected Communists without judicial authorization, and can seize and destroy, also without judicial warrant, any communistic literature which is being printed or circulated.

favour of active Canadian support of the League and the Commonwealth. In domestic matters they emphasize, more than do the Catholics, the value of state control and social legislation to remedy economic evils, and oppose any changes in parliamentary government that savour of dictatorship from the "right" as well as from the "left". In some parts of Canada, as in the United States, an evangelical type of politico-religious revival can win much support; social credit was given to the people of Alberta in this manner through Mr. Aberhart's "Prophetic Bible Institute", and the British Israelite movement finds some support from certain elements in the population.

POPULATION AND IMMIGRATION

Recent studies of the effects of immigration upon the growth of Canada's population have led to some important, if tentative, conclusions.[1] While it would be dangerous to accept all the findings as final and complete they are sufficiently exact to render necessary a revision of the popular idea that every new immigrant means an increase of one in the size of the total population, or that Canada, because of her "vast resources" and "great open spaces", can readily absorb a large number of new immigrants.

Briefly, the facts appear to show that over the period 1851-1931 the total immigration was about equalled by the amount of emigration, mostly to the United States, so that in fact the net result was largely a substitution of foreign-born settlers (including British) for native-born Canadians. It has been demonstrated[2] that if there had been no emigration during those years the Canadian population would be at least as large as, and probably larger than, it is today, even if there had been no immigration from abroad at all. The following table gives some idea of the way the process worked during the decade 1921-1931:[3]

[1] A convenient summary of the evidence, with full references to sources, will be found in the Canadian Memorandum No. 1, presented to the International Studies Conference of 1937 by the Canadian Institute of International Affairs, on *Canada and the Doctrine of Peaceful Change*, edited by H. F. Angus. (Mimeographed.)

[2] See Angus (ed.), *op. cit.*, p. 63.

[3] *Canada Year Book*, 1936, p. 107.

Population, Census 1921	8,787,949
Natural Increase, 1921-1931 (est.)	1,325,256
Immigration, 1921-1931[1]	1,509,136
Total	11,622,341
Population, Census 1931	10,376,786
Emigration, 1921-1931 (est.)	1,245,555
Net Immigration, 1921-1931	263,581

In that decade, for every five persons coming into the country, four went out. At the same time unemployment in Canada increased by some 270,000.[2]

It would be improper to conclude that over the long period immigration was the sole cause of the emigration. There are many attractions in the United States, such as higher wages, which invite Canadians to move south, and Canadians have been exempted from the quota restrictions applicable since 1921 to other immigrants. Few immigrants settled in the Maritimes or Quebec, yet there was considerable emigration from these sections. It appears, however, that both migrations occurred together, and there is evidence to suggest that the relationship of cause and effect existed to some degree.[3] The waves of immigration are found to precede, not to succeed, emigration: the emigrants went largely from occupations reinforced by immigrants; the immigrants, being in large part single adult males between 20 and 35 years old, were better fitted for work at lower wage levels and hence were more attractive to Canadian employers seeking low costs.

This emigration of Canadians to the United States, it should be noted, is not all loss, from the Canadian point of view. The presence of so many people of Canadian antecedents in the States contributes to the understanding between the two countries. A good many Canadian emigrants hold positions of influence in American business and in the professions. The number of Canadian-born persons living in the United States in 1930 was 1,280,000: of these 264,361 were French Canadian.

[1] Including returning Canadians.
[2] Angus (ed.), *op. cit.*, p. 62.
[3] *Ibid.*, pp. 58-60.

PRESENT MOVEMENTS IN POPULATION

Emigration of Canadians to the United States was stopped partly by the depression, partly by the American legislation of 1930. The Canadian-born population must now stay in Canada and find employment at home. This it has to do in the face of a labour market depressed by the presence of large numbers of unemployed and drought victims.[1]

Immigration into Canada is now very restricted. Chinese immigration was ended by the Dominion Chinese Immigration Act of 1923; between 1925 and 1936 only 7 Chinese were admitted.[2] Japanese immigration is governed by the "gentleman's agreement" of 1907, as revised in 1928, under which the number of Japanese entering the country does not exceed 150 a year.[3] The total number admitted between 1929 and 1936 was 813.[4] Other immigration is governed by the new regulations laid down in the Order-in-Council of March 21, 1931, which limits immigration to the following four classes:[5]

1. A British subject entering Canada directly or indirectly from Great Britain or Northern Ireland, the Irish Free State, Newfoundland, the United States of America, New Zealand, Australia, or the Union of South Africa, who has sufficient means to maintain himself until employment is secured; provided that the only persons admissible under the authority of this clause are British subjects by reason of birth or naturalization in Great Britain or Northern Ireland, the Irish Free State, Newfoundland, New Zealand, Australia, or the Union of South Africa.

2. A United States citizen entering Canada from the United States who has sufficient means to maintain himself until employment is secured.

3. The wife or unmarried child under 16 years of age of any person legally admitted to and resident in Canada who is in a position to receive and care for his dependents.

4. An agriculturist having sufficient means to farm in Canada.

[1] The numbers on direct relief in recent years, including dependents, have been: November, 1932, 1,113,849; November, 1934, 1,063,592; November, 1936, 1,100,025; December, 1937, 951,000.

[2] *Canada Year Book*, 1937, p. 205.

[3] *Canadian Annual Review*, 1927-28, p. 145.

[4] *Canada Year Book*, 1937, p. 205.

[5] P.C. 695, March 21, 1931.

The annual immigration since this order took effect has been very small, averaging only about 12,000 annually for the past five years.[1] In spite of the preference for British immigrants revealed in the new regulations, nearly 80 per cent. of the new arrivals in Canada in the years 1931-1936 were from places outside the British Isles.

A noticeable movement of the population within the country in recent years has been the drift from country to town. Urbanization is not a purely Canadian phenomenon, but its development in the Dominion has been marked. Between 1891 and 1931 the proportion of the population living in rural centres decreased from 68.20 to 46.30 per cent.[2] In 1931, 41.74 per cent. of the people lived in cities or towns of 5,000 population and over.[3] The drift in the decade 1921-1931 was most noticeable in the provinces of Quebec and Ontario, and was several times greater in Quebec than in any other province—a fact which in part explains why the birth-rate is declining rapidly in French Canada as well as in the Dominion as a whole. In that decade a net rural-urban movement occurred in Canada amounting to about 437,000, all ages.[4]

Moreover, even by 1931 it was apparent that the internal flow of population, which early in the century had been from east to west, had been reversed. The three Prairie Provinces by 1931 had not only ceased to absorb surplus population from the east, but were exporting part of their own surplus to the east. This movement has no doubt continued since 1931 owing to the various causes preventing a return of prosperous conditions to western agriculture. The prairies are thus proving unable to hold their own people under present conditions.[5]

The internal drift of the immigrant population shows the

[1] *Canada Year Book*, 1937, p. 194.

[2] Hurd, W. B., "The Decline in the Canadian Birth Rate", *Canadian Journal of Economics and Political Science*, February, 1937, p. 43.

[3] *Canada Year Book*, 1936, p. 125.

[4] See Hurd, W. B. and Cameron, Jean C., "Population Movements in Canada, 1921-1931: Some Further Considerations", *Canadian Journal of Economics and Political Science*, May, 1935, p. 226, note 3; Hurd, "The Decline in the Canadian Birth Rate", (*op. cit.*).

[5] See Hurd, "Population Movements in Canada, 1921-1931", in *Proceedings of Canadian Political Science Association*, 1934, Vol. VI, p. 224. In the five-year period, 1931-36, the population of the three Prairie Provinces increased by only 2.6 per cent.

same tendency to concentrate in cities, and cities in the east. "Despite continuous efforts on the part of the authorities to stimulate rural rather than urban settlement, the proportion of the current net immigration domiciled in towns and cities at the close of the decade (1921-1931) was three times greater than that found in the country. Whereas in 1921, only 56 per cent. of the foreign-born population in Canada was resident in urban centres, over 75 per cent. of the net foreign immigration during the last ten years found its way to towns and cities."[1] The cities and towns of Ontario and Quebec combined accounted for nearly 63 per cent. of the net increase in urban foreign-born over the ten-year period. Even rural immigrants did not prefer the prairies; Ontario alone absorbed 52 per cent. of the net rural immigration from abroad during the decade, while the four western provinces only accounted for 43 per cent.[2]

Other interesting features of Canadian population movements might be emphasized, but enough has been said to indicate how unreliable are many of the popular ideas about the "great open spaces" in Canada and their capacity to absorb large numbers of immigrants. Canada, in the present condition of her domestic and foreign markets, appears already overcrowded. If agriculture merely holds its own and other rural employment is not forthcoming, a rural surplus of 800,000 is quite possible by 1941.[3] To absorb the present natural increase in urban Canada, the estimated rural-urban migration, and the number of unemployed in 1931, would require a 45 to 50 per cent. increase in urban employment over the next decade.[4] There is little likelihood of this occurring. Canada would be more than able to supply her own population requirements for five or ten years to come if the rate of economic expansion obtaining during the period 1911-1931 were restored, and even if the boom conditions of 1901-1911 were repeated she would not need to draw more than a few thousand a year from abroad to reach the limit of her absorptive capacity.[5]

[1] Hurd and Cameron, *op. cit.*, pp. 237-8.
[2] *Ibid.*, pp. 233, 235.
[3] Hurd, "Population Movements in Canada, 1921-1931", (*op. cit.*), p. 231.
[4] Hurd and Cameron, *op. cit.*, p. 232.
[5] Angus (ed.), *op. cit.*, p. 70.

The foregoing estimates, based upon the most authoritative research that has been done in this field, are not generally known in Canada and are not accepted by all who do know of them. Some authorities contend that many more settlers can be supported in the Peace River district of Alberta, and that on the prairies themselves there may develop a type of self-contained peasant farm through a more scientific use of soils. Consequently the hope of revived immigration is one entertained by a number of individuals and institutions (such as transportation companies) which believe increased immigration will be a means of increasing the population, reducing the per capita debt burden and increasing the internal consuming power. The chief opposition comes from the French Canadians, who fear additions to the British majority, and labour organizations which take the view that the present immigration restrictions should be maintained "until the present unemployment and agricultural depression has disappeared".[1]

ASSIMILATION OF IMMIGRANTS

Assimilation is not a term easy to define nor a condition easy to measure. The French Canadian would use it differently from the English Canadian. If it means "to make Canadian", in the sense that the settler comes to accept Canada as the country of his primary allegiance and to feel at home there, then it occurs in nearly every instance. In this sense immigrants from the British Isles need to be "assimilated", for they do not have a Canadian viewpoint when they arrive. Acceptance of the English language and Canadian customs goes on steadily amongst most foreign-born immigrants. The new settlers seldom join the French-Canadian group. Perhaps the process of assimilation is best described by saying that everyone in Canada, except the French Canadian, sooner or later speaks some variant of the North American language and adopts North American habits, while keeping, in many instances, the language and culture of his forbears.

[1]See Trades and Labour Congress of Canada, "Representations to the Dominion Government, January 1938", *Canada Labour Gazette*, 1938, p. 144.

The assimilation of immigrants, in the form of intermarriage and a mixing of stocks, is slow. The "melting-pot" is not producing a racial alloy. Racial diversity is especially noticeable when a foreign group settles in a community, forms a "colony", and preserves its own language and customs, as do the Ukrainians, the Doukhobors, the Orientals, and some other peoples. Moreover, there is no national education system to unify the children's outlook rapidly. Each province has a separate educational programme, though there is some co-operation between provincial educational authorities, particularly in the western provinces. Separate schools for Catholics and Protestants exist by law in Ontario, Quebec, Saskatchewan and Alberta, and in practice education generally is divided on religious lines. The census of 1931 showed that the school system in Canada provided all but 7 per cent. of the children between the ages of 7 and 14 with schooling, but 34 per cent. of those between the ages 5-19 were not at school.[1] Of all children in Canada, only two-thirds go as far as the final year of elementary schools, one-fifth or more reach the final or matriculation year, one-tenth or more continue to a professional school or university, and about three per cent. obtain a university degree.[2] Besides this inadequacy of education, the fact that all newspapers are regional, and the almost total absence of popular periodicals which are read from coast to coast, tend to keep public opinion sectional, though the control of radio broadcasting is assisting in the development of a more national outlook.[3]

Assimilation in Canada thus has not meant cultural or linguistic uniformity, and permits of wide variations of behaviour and belief. The two major races, French and English, have approached each other remarkably little during

[1] *Canada Year Book*, 1936, p. 133; *Census of Canada*, 1931, Vol. IV, pp. 1354-5.

[2] Dominion Bureau of Statistics, *Cost of Education Bulletin No. 1*, 1934. The figures do not include Quebec and British Columbia.

[3] To connect the 53 stations making up a national network necessary to broadcast a single programme throughout Canada, takes over 8,000 miles of transmission lines (as opposed to less than 1,000 miles in Great Britain) and even then it only reaches 10 per cent. of the land area of the provinces of Canada and not more than 75 per cent. of the total population. The further facts that 30 per cent. of the people desire to hear broadcasts in their mother tongue, French; that Canada stretches through five time zones; and that all broadcasting is done in competition with American stations spending 50 times as much money, using 30 times as much power, covering the entire United States and at night more of Canada than the Canadian stations, illustrate the difficulties which have to be overcome in attempting to use the radio as an instrument for fostering national unity.

their long and close association. In the words of André Siegfried,[1] they have a "*modus vivendi* without cordiality". This observation is not altogether true, for there are groups in the upper levels of professional and business life who know and respect each other; but it describes well enough the relations of the mass of each population, between whom is an almost impenetrable wall built of religion, race, language, education, history, geography and simple ignorance of one another's point of view. In times of political and economic calm the spirit of mutual non-interference permits each group to pursue its separate path with little disturbance, but every crisis reveals how wide is the gulf between them.

FUTURE GROWTH OF POPULATION

There are two kinds of estimates of Canada's future population—those made by speakers on public platforms, which receive wide publicity, and those made by academic students of the problem, which get buried in learned periodicals. The former predict a population by the year 2000 A.D. of anywhere from 50 to 200 million; the latter seem to agree that unless present trends are altered in a manner that is impossible to predict, the population will not be above 18 million by the end of this century, with a limiting population found ultimately somewhere between 20 and 35 million.[2]

Factors pointing to the lower estimates are the decline in the Canadian birth-rate, which, due to increasing urbanization and other factors, dropped 14.4 per cent. in the decade 1921-1931,[3] and has declined 23.3 per cent. since 1881; new statistics indicating that the extent of unoccupied land suitable for agricultural settlement in the Dominion is much less than was at first estimated;[4] a better understanding of the

[1]Siegfried, André, *Canada* (London, 1937), p. 255.

[2]See Angus (ed.), *op. cit.*, Chap. II, p. 41. All the authorities are there collected. The following are the most important; MacLean, M. C., and Hurd, W. B., "Projection of Canada's Population on the Basis of Current Birth and Death Rates, 1931-1971", Canadian Paper for Yosemite Conference, Institute of Pacific Relations, 1936; Hurd, W. B., "The Decline of the Canadian Birth Rate", *Canadian Journal of Economics and Political Science*, February, 1937; MacKay and Rogers, *op. cit.*, pp. 55 ff.

[3]"Of this ten year decrease, slightly under 2.4 points or 16.7 per cent. seems to have been attributable to less favourable age distribution generally; slightly under 7.3 points or 50.7 per cent. to less favourable conjugal condition, and only something over 4.7 points or 32.6 per cent. to other causes including increased illegitimacy, birth control, abortion, infant mortality and so on." Hurd, W. B., "The Decline in the Canadian Birth Rate", (*op. cit.*), p. 57.

[4]See below, p. 45.

effects of immigration; and general considerations such as the world trend toward economic nationalism, which suggests that the expansion of Canadian foreign trade, and hence Canada's capacity to support new industries, is not likely to proceed as rapidly in the future as it has done in the past. It is always possible that new factors will enter in to upset these estimates, but in attempting to guess at future developments it would seem wiser to adopt the sober rather than the enthusiastic view. The rate of natural increase of population has declined from 17.8 per thousand population in 1921 to 10.6 in 1936.[1]

One interesting conclusion of these forecasts is that by 1971 the French-Canadian element in the population is likely to outnumber that of British descent. It is dangerous, however, to argue too much from this prediction. The French Canadians will still be concentrated very largely in a single province, and many of the non-British, non-French races in the country will by then be assimilated to those of British descent in attitudes and outlook, thus increasing the homogeneity of the non-French group. Moreover, the attitudes of the two races upon national questions may well grow more alike with the passage of time. Nevertheless, a progressive extension of the French influence in Canada is to be expected.

[1] *Canada Year Book*, 1937, p. 189.

CHAPTER III

THE NATURE OF THE CANADIAN ECONOMY

THE DEVELOPMENT OF THE ECONOMY

SINCE the earliest days of settlement in New France Canada has been a country depending largely upon foreign trade. Great wealth lay in her natural resources, but since population and markets were far away economic policy was concerned with extracting the wealth and exporting it to the markets. Despite the growth in manufacturing industries during the past fifty years, that description remains basically true of the present economy. Canada is built on the assumption that other people can and will buy her staple products.

Taken in historical order, the chief Canadian exports have been fish, in the early days of French settlement; furs, for the following two centuries; lumber, in the early and mid-nineteenth century; followed by wheat, with the opening of the west. Then industrial activity began to add its quota of products for export, such as flour, planks and boards, wood pulp and paper, and later automobiles. Mining has steadily increased its importance in the economy since the twentieth century began. The Pre-Cambrian Shield has supplied three of the principal sources of wealth, namely furs, forests, and minerals, and it also supplies the hydro-electric power which makes production possible in areas remote from other sources of energy. One measure of the success of this policy of staple production for export is the fact that Canada had, in 1935, the fifth largest export trade of any country in the world, and ranked sixth in total value of world trade.[1]

A picture of the principal divisions of production in Canada is given by the following table for the year 1935. The percentages are based on the net value of production in each division.[2]

[1]League of Nations figures, cited *Canada Year Book*, 1937, p. 501.
[2]Canada, Department of Trade and Commerce, *Survey of Production in Canada*, 1935

Division of Industry	Per cent. of Total Production for 1935
Manufactures	53.96
Agriculture	26.01
Mining	9.96
Forestry	9.50
Electric Power	5.22
Fisheries	1.44
Construction, Custom and Repair	7.83

It will be noticed how far manufacturing is ahead of agriculture in terms of value of production. The figures for manufactures include some items also included under other heads (such as dairy factories, sawmills, etc.) but even when all duplication is removed manufactures count for about 40 per cent. of the total. The importance of manufacturing is reflected in the distribution of the population as between town and country; in 1931, 53.7 per cent. lived in urban, 46.3 per cent. in rural communities. In 1901 the proportions were the other way, 62.5 per cent. living in rural, and only 37.3 per cent. in urban communities. The change is another measure of Canada's growing industrialization. It is making the large metropolitan centres like Montreal, Toronto, Winnipeg and Vancouver of increasing importance as governmental and administrative units.

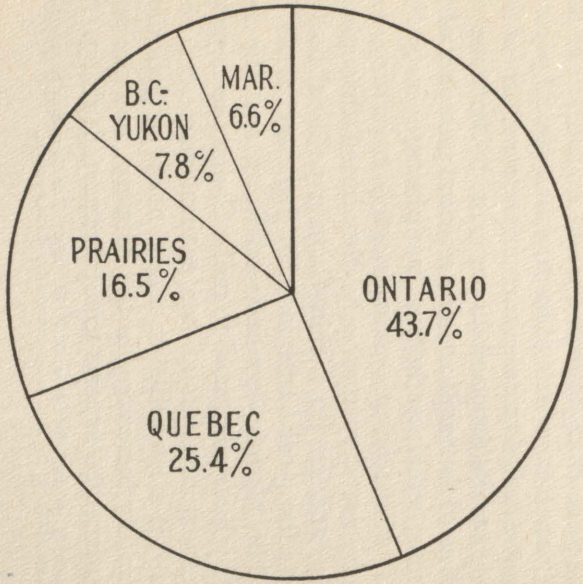
The net value of all goods produced in Canada in 1935 was estimated at $2,394,720,688, and total exports amounted to $756,625,925; thus 31.6 per cent. of the total production was exported.[1] This figure is emphatic proof of Canada's dependence on world markets. In many of the basic industries the home consumption is a small fraction of production. Moreover, when the export figures are analysed more closely they show that a comparatively few commodities constitute the great bulk of the exports; in 1937, for instance, the five staples—wheat and flour, pulp and paper, lumber, precious and base metals, and fish—accounted for two-thirds of the total. The extraction of a few staple products from the natural resources, and their shipment abroad, are, as has been

[1]Figures from *Survey of Production*, 1935, and *Canada Year Book*, 1937, p. 545.

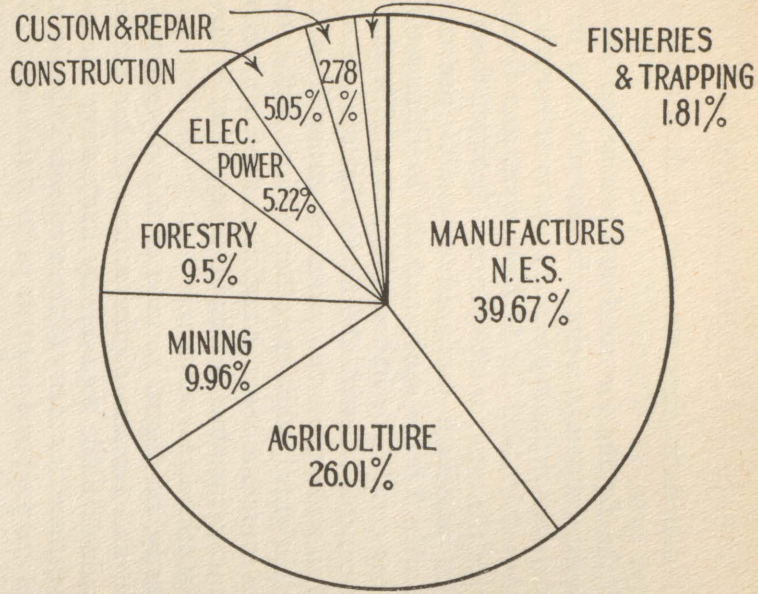
NET PRODUCTION

1935

PROVINCIAL DISTRIBUTION



INDUSTRIAL DISTRIBUTION



Courtesy of the Dominion Bureau of Statistics

said, dominant characteristics of the Canadian economy today.

If the figures for total net production are distributed amongst economic regions in Canada, the immense preponderance of the two central provinces is evident. Ontario accounted in 1935 for 43.7 per cent. and Quebec 25.4 per cent. of the total, or 69.1 per cent. between them. The three prairie provinces produced only 16.5 per cent., British Columbia 7.8 per cent., and the Maritimes together only 6.6 per cent. The importance and wealth of Ontario and Quebec, coupled with the nationalist sentiment in Quebec, tend to make these two provinces strong defenders of "provincial rights", while the other sections of the country, with fewer sources of revenue and more need of special attention, are apt to favour a reasonable assumption by the Dominion of essential social services.

Partly, no doubt, because of this dependence on foreign trade and because of the nature of her staple products, Canada is liable to a highly fluctuating national income. The demand for many of the staples is inelastic, and most of them are produced in other parts of the world. Wheat production is subject to the vagaries of nature at home and to rapid price changes in the world market. The depression of 1929, when the national income was cut 50 per cent. in four years,[1] revealed this weakness in the structure of the economy. Foreign trade dropped 65 per cent. in the same period. And because of the tariff and the regional grouping of many of the major economic activities (manufactures in Quebec and Ontario, wheat on the prairies, etc.) the changes in national income are very unevenly distributed throughout the economy, and set up within Canada political movements and claims for special treatment in depressed areas.

While historic economic tradition and the facts of geography have combined to make Canada so dependent on the direct exploitation of her natural resources and raw materials, it is nevertheless true that diversified manufacturing is steadily increasing in the country, and the percentage of manufactured exports to total exports is rising. No less than

[1] Innis, H. A. and Plumptre, A. F. W. (eds.), *The Canadian Economy and Its Problems*, (Toronto 1934), p. 181. The figures are for dollar values.

55 different kinds of commodities were exported in 1936 to a value of $2,000,000 or over.[1] Whereas in the early days of Canada's development the imports were made up chiefly of manufactured products and the exports of raw and semi-manufactured products, since the opening of the century this has been reversed. A considerable percentage of imports now consists of raw and semi-manufactured products for use in Canadian manufacturing industries, and the exports consist predominantly of products which have undergone some process of manufacture. In 1937, of the value of total imports 29 per cent. were raw materials, 9.8 per cent. partly and 61.2 per cent. fully manufactured; of total exports the raw materials were 35.9 per cent., partly manufactured goods 27.9 per cent., and fully manufactured goods 36.2 per cent.[2] The leading manufactures in Canada are, as might be expected, for the processing of raw materials. As the internal market expands so does the range of goods which may be profitably manufactured, and there are a number of industries in Canada serving the domestic and even foreign markets, using imported raw materials such as rubber, cotton and sugar. Canadian manufactures, however, are not being developed with a view to making Canada self-sufficient; their growth is entirely a matter of unplanned expansion determined by considerations of profitable investment.

Contemporaneously with the growth of manufacturing, an increased trend to monopolistic and semi-monopolistic control within the Canadian economy has taken place. In most of the large-scale industries, two, three, four or six corporations control from 75 to 95 per cent. of the output.[3] The

[1] *Canada Year Book*, 1937, p. 518.

[2] *Condensed Preliminary Report on the Trade of Canada*, 1936-37, p. 33. See also *Canada Year Book*, 1937, p. 519. The following table (*ibid*, p. 407) shows the rate of growth in industrial establishments:

Year	Capital	Employees	Salaries and Wages	Net Value of Products
1900	446,916,487	339,173	113,249,350	214,525,517
1910	1,247,583,609	515,203	241,008,416	564,466,621
1920	3,371,940,653	609,586	732,120,585	1,686,978,408
1930	5,203,316,760	644,439	736,092,766	1,665,631,771
1935	4,698,991,853	582,874	590,236,904	1,302,179,099

The technological improvement in manufacturing is evidenced by the small increase of employees as compared with the increase in the capital and net value of products. The number of establishments increased from 14,650 in 1900 to 25,491 in 1935.

[3] Innis and Plumptre (eds.), *op. cit.*, p. 182.

growth of the large corporation has proceeded more rapidly than the growth of business in general. In 1932 the 100 largest non-financial corporations had 82 per cent. of the assets of all Canadian companies publishing balance sheets, including railways.[1] This concentration of economic power in a few corporations has been accompanied by a concentration of control within the corporations themselves; the wide distribution of share ownership, the use of such devices as the holding company and non-voting stock, have tended to vest the real direction of corporate affairs in the hands of small managerial groups.

The trend toward monopoly is a factor of great importance in contemporary Canada. It explains much that occurs in the political and economic life of the Dominion. The powerful financial and industrial groups inevitably exert a continuous influence upon governmental policy. Indirectly, by the opposition their power arouses amongst the people, they have given rise to new political alignments. Monopoly has brought class conflict into the political arena. All the minority parties that have either arisen or improved their position since the depression—the socialist farmer-labour movement known as the C.C.F.,[2] the Social Credit Party, Mr. Stevens's Reconstruction Party of 1935, and the Communists[3]—have derived their principal strength from the fact that they organized the small man and the underdog against exploitation by the "trusts" and "big business". The same economic conflict in part accounts for French-Canadian nationalism, for the French Canadians feel that they are mere "hewers of wood and drawers of water" in their own country, and resent the fact that they are scarcely represented in the inner circles of the large corporations.[4] Monopoly also brings the state into economic life in an endeavour to protect the public interest.

Most of the large Canadian firms are organized to do busi-

[1] *Report of the Royal Commission on Price Spreads*, 1935, p. 21. A detailed analysis of the trend to monopoly is given in League for Social Reconstruction, *Social Planning for Canada* (Toronto, 1935), Chap. III; see also Taylor, K. W., in Anderson, Violet (ed.), *World Currents and Canada's Course*, p. 99.

[2] The abbreviation for "Co-operative Commonwealth Federation".

[3] The combined vote of these parties was approximately 25 per cent. of the total vote at the 1935 general elections. See below, p. 66, n. 3.

[4] See Barbeau, Victor, *La Mesure de Notre Taille* (Montreal, 1936).

ness throughout the Dominion; they therefore provide unified structures reaching across provincial boundaries and tending to break down sectional and provincial barriers. The increasing accumulation of capital in these few hands is also responsible for the increasing investment of Canadian capital in foreign countries; the surplus funds made available by operations on a large scale seek the most profitable outlets, and if conditions look more promising elsewhere the money will be exported. Thus Canadians own large utilities in places as remote as Mexico and Brazil and have mining interests as far away as Rhodesia.

Besides its dependence on the export of staple products and its trend to monopoly, the Canadian economy today is noteworthy for its internal rigidities. The transportation costs in a country with Canada's geography and climate are inevitably high; large amounts of capital have been invested in permanent works in railways, roads, canals, harbours and terminals, and many of these are in full use for only a part of the year.[1] The very size of many corporations makes for high overhead costs and rigid organization. The tariff enables the prices of manufactured goods to be maintained at times when the prices for Canadian exports of wheat and raw materials are falling, thus causing slow adjustments and great inequities in the incidence, as between regions and classes, of the burdens of depression. Labour is rendered largely immobile by racial and geographical obstacles, as well as by trades union organization. Governmental, corporate and private debts are high,[2] and the costs of government (of ten governments, in fact) are heavy.

TRANSPORTATION SYSTEM

Canada is a land of great distances and widely separated economic areas. To make her development possible, she inevitably had to acquire a large and costly transportation equipment. Actually she provided herself with far more than

[1]Canadian transportation costs, it may be pointed out, are not all borne by producers and shippers. The average of Canadian rates is the lowest per ton mile in the world, the difference between high costs and low rates being made up by the tax-payer.

[2]See table of Dominion, provincial and municipal debts in Innis and Plumptre (eds.), *op. cit.*, pp. 62-4; D. C. MacGregor, "The Problem of Public Debt in Canada", *Canadian Journal of Economics and Political Science*, 1936, p. 167.

she needed. No less than three separate transcontinental railway systems were built—the Canadian Pacific Railway, completed in 1885, the Canadian Northern, built in the decade and a half just before the world war, and the Grand Trunk Pacific (with the government-built National Transcontinental), completed 1904-15. The Canadian Northern, the Grand Trunk and its subsidiary the Grand Trunk Pacific were taken over by the government between 1917 and 1921 and were merged with the Canadian Government Railways, being ultimately consolidated in 1923 under the descriptive title Canadian National Railways. The taking over was to prevent the bankruptcy which faced the private owners. One railway runs north to Churchill on Hudson Bay, providing a short, almost unused, route to Europe from the prairies during the brief season of navigation.[1] The main C.P.R. line to the Maritime Provinces runs through American territory in Maine, and both the C.P.R. and the C.N.R. are members of the Association of American Railroads. In freight and passenger rates, in equipment and in practice they are closely tied to United States lines. Canadian freight rates are set by the Board of Railway Commissioners on a basis determined by various factors such as cost, water competition, a desire to assist remote areas, and political considerations; five separate rate divisions exist, corresponding in some degree to the economic regions of the country.[2]

The manner of building of these lines, the extent of governmental grants and guarantees, the political consequences of the scramble for charters and privileges, constitute in the history of the Dominion a special chapter in which national vision blends with political corruption, the glamour of engineering achievement with the tragedy of waste and unnecessary duplication. Canada pays heavily today for the peculiar character of her rail system. Without a railway backbone, however, the Canadian body economic would never survive; these lines of steel enable prairie wheat to reach the Great Lakes or the Pacific, and the forest and mineral products of the Pre-Cambrian Shield to be brought

[1]Eight sea-going vessels cleared in 1936.

[2]Innis and Plumptre (eds.), *op. cit.*, pp. 71 ff.

within reach of markets. Railways are a primary factor in the unity of east and west as well as a major link in the chain of intra-Commonwealth communications.

In 1934 there were 42,916 miles of steam railways in Canada. It has been estimated that the debt incurred in respect of railways, including grants made to the C.P.R., accounts for more than half of the public debt of the Dominion.[1] In addition, some $300,000,000 have been spent on the canal systems, mainly in the St. Lawrence-Great Lakes area. The proposed St. Lawrence Waterways Treaty has not yet become effective owing to the rejection by the American Senate and the opposition of the provinces of Quebec and Ontario, and also to the uncertain distribution of legislative jurisdiction as between the Dominion and the provinces. Besides the Dominion canal systems there is the Panama Canal, which, by providing a direct connection between the east and west coast, open all year, has become an important factor in Canadian transportation development. Wheat from Alberta tends to move via Panama to Europe, and the competition of freight rates on this route exerts a powerful influence upon transcontinental railway rates in the Dominion.[2] The St. Lawrence route controls freight rates from Chicago to the Atlantic seaboard.

Highway construction in the Dominion is another part of the transportation problem. When the constitution of Canada was drafted railways were the predominant mode of commercial land transport, and power to control these was given to the Dominion. Highways were of local importance only, and fell under provincial or municipal management. Today the provinces, sometimes helped by the Dominion, have spent large sums on highway development, and the trucking services have become serious competitors of railways without having been brought under any co-ordinating authority. In 1937 a provincial Royal Commission was appointed by Ontario to investigate the problem.

Civil aviation is the latest mode of transportation to be developed, and is making steady progress. The first trans-

[1]MacKay and Rogers, *Canada Looks Abroad*, pp. 29-30.

[2]For a detailed discussion see Innis and Plumptre (eds.), *op. cit.*, Appendix V, by H. A. Innis.

Canada service opened in 1938. In 1937 began the test flights of Imperial Airways linking Canada with Great Britain by air. Aviation is proving most useful in opening and servicing the remote mining areas of the Canadian Shield; prospecting is aided, and machinery and supplies are carried into otherwise inaccessible regions.[1] The trial flights of the Soviet fliers over the pole in 1937 reminded Canadians that they are on the direct air route between Asia and North America.

Despite her dependence on foreign trade and her large system of inland waterways, Canada has not developed her own shipping fleet to any great extent. The net tonnage of all vessels registered in Canada at December 31, 1934, was 1,389,343.[2] Some 700,000 tons of this are in lake vessels,[3] and most of the remainder in coastal shipping. Few Canadian ships ply the high seas; the Canadian Pacific Steamships vessels, for instance, are registered in England and are mostly staffed by non-Canadians. The goods that leave Canadian shores in such abundance have in many cases already been sold to foreign purchasers, and are mostly loaded in non-Canadian ships. This fact does not make the trade any less important to Canada, but it is relevant to any discussion of Canada's providing naval protection for her foreign trade. The tonnage of freight entered outwards for the sea from Canadian ports for the fiscal year ending March, 1937, was about 16,000,000 tons, of which 8,000,000 tons were carried in British ships, 6,000,000 in foreign ships and 2,000,000 in Canadian vessels.

EXTERNAL DEBTOR AND CREDITOR POSITION

The development of Canadian resources and the increasing industrialization of the country have required large amounts of capital. It was natural for Canada to borrow that capital from the countries with which she had the closest connections —Great Britain and the United States. At first Great

[1] In 1936 more express and freight was carried by air in Canada than in any other country.—*Canada Year Book*, 1937, p. 709.

[2] *Ibid.*, p. 677.

[3] *Green's Register of Lake Tonnage.* Lloyds' list shows approximately 400,000 on the lakes and 840,000 coastal, but many vessels of the latter category are lakers which do a small coastal trade.

Britain supplied the bulk of the funds, but the outbreak of the world war in 1914 blocked that source and thenceforth Canada was compelled to look chiefly to the United States, and to herself. In 1913 the total British capital invested in Canada was some 2,570 millions of dollars, while American capital was only 780 millions; by 1937 British investments had risen to 2,727 but the American totalled 3,996. In the same period the investments of all other countries dropped from 180 to 131 millions.

The following table shows the foreign investments classified into main types, as at December 31, 1937[1] (in millions of dollars).

	Total	United Kingdom	United States	Other Countries
Government Securities	1,696	516	1,177	3
Public Utilities:				
Railways	1,626	1,060	546	20
Other	764	185	570	9
Manufacturing	1,389	383	990	16
Mining	363	93	260	10
Merchandising and Service	228	75	149	4
Insurance	211	87	122	2
Finance and Mortgage Companies	296	162	97	37
Miscellaneous	275	160	85	30
	6,848	2,721	3,996	131

There were some 1,200 companies in Canada in 1934 controlled by, or definitely affiliated with, American firms, which manufacture for the Canadian market and for export markets made available either by the imperial preference or by arrangement with the parent company. In many cases foreign markets are assigned to branch plants by the parent companies in an attempt to reduce branch plant unit costs by increasing output.[2] Almost a fourth of the manufacturing in

[1] See Bulletin of Dominion Bureau of Statistics, January 27, 1938. *Estimated Balance of International Payments for Canada, 1937 (Preliminary Statement).*

[2] See Marshall, H., Southard, F. A., and Taylor, K. W., *Canadian-American Industry* (New Haven and Toronto, 1936), pp. 19, 242.

Canada is done by American-controlled or affiliated companies.

While the presence of this large amount of foreign capital influences Canadian policy in many ways, it must be viewed in relation to the total amount of capital in the country. It was estimated that in 1934 this sum was in the neighbourhood of 18,000 millions, and that of this amount 62½ per cent. was owned in Canada, 22 per cent. in the United States and 15 per cent. in Great Britain.[1] Moreover, Canada has for many years been an exporter as well as an importer of capital, and in 1937 was estimated to have no less than 1,694 millions invested abroad—a sum equal to about 25 per cent. of the foreign investments in Canada. It is interesting to note that 1,017 millions of this were in the United States, 624 in other countries and only 53 in Great Britain. Canada's net foreign indebtedness is thus 5,144 millions of dollars.[2] Owing to favourable conditions Canada was amortizing her foreign debt at the rate of about 3½ to 4 per cent. per annum during 1936-37.

The payment of interest on this debit balance is one of the major problems of Canadian economic policy. So long as world trade flourishes, Canadian exports will provide the necessary funds. In a world of shrunken trade and increasing tariff barriers the payment is rendered extremely difficult. The tariff policy of the Dominion must always keep in view this obligation of external payments, and must endeavour to secure for the Dominion as a whole an annual surplus sufficient to meet the obligation. In the past the principal surpluses have come from trade with Great Britain while the principal debts have been paid in the United States, the Canadian dollar having to be kept in a position of equilibrium relative to the pound sterling and the New York dollar.[3] The growth of the tourist trade[4] and the develop-

[1] *Canada Year Book*, 1936, p. 891.

[2] As at December 31, 1937. See the Bulletin, cited *supra*.

[3] In 1931-2 Canada was pinched between the depreciated pound and the appreciated dollar. From this painful situation she was relieved by Roosevelt's inflation policy. See Gibson, J. Douglas, and Plumptre, A. F. W., "The Economic Effects on Canada of the Recent Monetary Policy of the United States", in Canadian Papers for the Yosemite Conference, Institute of Pacific Relations, 1936; also chart showing relations of the pound and the dollar in Siegfried, *Canada*, p. 202.

[4] The net credit balance on tourist account was estimated at 170 million dollars in 1937. See below, p. 42.

ment of new staples (pulp and paper, gold and other minerals) are helping considerably to facilitate payment on the external debt payable in the United States.

EXTERNAL TRADE

The importance of foreign trade to Canada has already been stressed. The direction and nature of that trade have also a great influence upon the Dominion's domestic and foreign policy. A simple picture of Canada's commercial dealings with foreign countries is given in the following tables.[1]

Canadian exports are distributed in the following percentages:

Fiscal Year	United Kingdom	Other British Empire	Total British Empire	United States	Other Foreign Countries	Total Foreign Countries
1896....	57.2	3.7	60.9	34.4	4.7	39.1
1916....	60.9	4.2	65.1	27.1	7.8	34.9
1926....	38.5	6.8	45.3	36.4	18.3	54.7
1932....	29.0	7.7	36.7	42.9	20.4	63.3
1937....	38.4	8.3	46.7	41.0	12.3	53.3

Canadian imports are derived from the following sources:

Fiscal Year	United Kingdom	Other British Empire	Total British Empire	United States	Other Foreign Countries	Total Foreign Countries
1896....	31.2	2.2	33.4	50.8	15.8	66.6
1916....	15.2	5.5	20.7	73.0	6.3	79.3
1926....	17.6	4.9	22.5	65.6	11.9	77.5
1932....	18.4	7.2	25.6	60.8	13.6	74.4
1937....	19.3	10.2	29.5	58.7	11.8	70.5

These figures show that Canada's most important economic relationships are with the United States. To that

[1] *Condensed Preliminary Report on the Trade of Canada*, 1936-37, p. 32. The figures represent dollar value.

country went 41 per cent. of Canada's exports in 1937, from it came 58.7 per cent. of the imports. The United Kingdom ranks a good second in economic importance, taking 38.4 per cent. of the exports and providing 19.3 per cent. of the imports; it also provides a very favourable balance for Canada. In terms of totals, Canada's trade with the United States was 729 million dollars in 1937, with the United Kingdom, 537 million dollars.

If Canada's trade is viewed with respect to its internal regional basis, the importance of foreign markets varies greatly. Certain parts of Canada, such as the prairies and the mining regions in northern Quebec and Ontario, could not live at all without foreign trade; other parts, such as the rural districts of Quebec and the Maritimes, are more self-sustaining. For British Columbia and the Prairie Provinces the export trade with Great Britain is of paramount importance, whereas Ontario imports more from the British Isles than she exports to them. The principal consuming markets of Canada are in Ontario and western Quebec, where population and wealth are concentrated.

The United States and Great Britain accounted for nearly 80 per cent. of Canada's total foreign trade in 1937. During the world depression Canada's commercial relationships with the United States declined while those with the United Kingdom increased; between 1929 and 1934 the proportion of Canadian exports to and imports from the United States fell from 37 to 33 and 69 to 54 per cent. respectively, while exports to Britain rose from 31 to 43 per cent. and imports from Britain from 15 to 24 per cent.[1] This was due to various causes amongst which may be mentioned the tariff increases in the United States and Canada, the greater intensity of the depression in the United States as compared with Great Britain, the Ottawa Agreements, and the fact that a large part of Canadian trade with the United States is in capital goods and in manufacturers' raw materials, the demand for which is particularly affected by a depression.[2] The improvement in conditions since 1933, however, and particularly the

[1] *Condensed Preliminary Report on the Trade of Canada*, 1936-37, p. 32.

[2] See Gibson and Plumptre, *op. cit.*

Reciprocity Treaty with the United States which came into force on January 1, 1936, have tended again to increase the United States' share of Canada's total trade.

Since 1935 a significant change has come over Canada's trade relations with the United States. Formerly the visible trade balance was unfavourable to Canada; in 1929 the debit balance was as high as $363,800,000.[1] This difference was made up by the surplus of exports to Great Britain and other countries, and by other items of exchange such as tourist expenditures. In 1936 and 1937, however, the trade with the United States (including gold exports) showed a favourable balance of considerable proportions. This change is making Canada less dependent on trade in Europe as a means of meeting her debt charges in the United States, though the permanence of the change may be open to doubt.[2]

In 1937 Canada's trade with countries outside Great Britain and the United States was about evenly divided between other parts of the British Empire and other foreign countries. Exports to the latter were as high as 24 per cent. of total exports in 1929. Trade with other British Empire countries has grown while trade with other foreign countries has relatively declined in recent years. Belgium and Japan are Canada's best customers amongst non-British countries, apart from the United States. The trade with Japan in certain raw materials increased rapidly as the Sino-Japanese dispute of 1937 became acute; exports to Japan of nickel, scrap iron, lead, copper, aluminium, zinc and sulphite rose from 8½ million dollars in 1936 to 17½ million dollars in 1937.[3] It is clear that Japan, like Great Britain, looks to Canada as a source of supply of raw materials in time of war.

The gross value of Canada's external trade varies greatly with world conditions. The high point of 1929 showed exports at $1,368,000,000 and imports of $1,266,000,000. By 1933 these had fallen to $528,000,000 and $406,000,000, or declines of 61.5 per cent. and 67.9 per cent. respectively.[4] By 1937 the exports had reached a value of $1,061,181,000

[1] *Condensed Preliminary Report on the Trade of Canada*, 1936-37, p. 31.
[2] The most recent figures seem to suggest a revival of the adverse balance.
[3] Calendar years. In the same period Japan's purchase of Canadian foodstuffs declined.
[4] *Canada Year Book*, 1937, pp. 528-9.

and imports a value of $671,875,000.[1] These variations are reflected rapidly in the Canadian economy, though, as has been said, the internal rigidities may distribute the effect of the changes very unevenly.

The distribution of Canadian trade by continents is of importance, because of its bearing on the possibility of regional economic and political arrangements. In the fiscal year 1936-37, the continental percentages of Canadian imports and exports were:[2]

	Imports		Exports	
North America, Total		61.3		43.4
United States	58.7		41.0	
Other	2.6		2.4	
Europe, Total		25.5		46.0
United Kingdom	19.3		38.4	
Other	6.2		7.6	
Asia		5.3		3.4
South America		4.2		1.3
Oceania		2.6		3.8
Africa		1.1		2.1

These figures show again Canada's predominant dependence upon North America; they also indicate the very small degree of trade with South America.

The above analysis shows the visible trade items. Amongst the invisible items the tourist trade is of great importance; it might be described as a major industry of the Dominion. In 1929 the net income from this source reached 187 million dollars, deduction being made of Canadian tourist expenditure abroad; in the years 1935-37 it was 123, 156 and 170 millions respectively. Nearly all of this comes from the United States, and helps to adjust the balance of trade with that country in Canada's favour. To stimulate the influx of tourists large amounts of money are being spent improving highways, developing summer and winter sport resorts, and opening up scenic regions.

[1] *Condensed Preliminary Report on the Trade of Canada*, 1936-37, p. 31.
[2] *Ibid.*, p. 16.

CANADIAN TRADE AGREEMENTS

The principle on which the Canadian tariff has been built since 1907 is that there are three categories of duties—the general, the intermediate and the British preferential. The general tariff provides a maximum rate for countries with which Canada has no commercial treaty relationships; the intermediate is for countries which the Dominion wishes to treat more favourably; the British preference, initiated in 1897, gives a lower rate for any part of the British Empire to which the Canadian government may wish to extend it. According to the practice in the Commonwealth, concessions under the British preference are not available to foreign countries with which Canada has most-favoured-nation treaties.

This broad tariff structure is modified by numerous individual agreements with particular countries. Canada, with a few exceptions, adopts in practice the unconditional most-favoured-nation principle, and hence tariff concessions to one country (excluding British preferential rates) are automatically extended to all other countries with which Canada has treaty arrangements. Easily the most important trade agreements are those regulating Canada's dealings with her two biggest customers—the United States and Great Britain.

The trade agreement between Canada and the United States came into effect on January 1, 1936. Canada secured reduced duties on some 60 commodities representative of the main fields of Canadian production. Concessions by Canada included the extension to the United States of the intermediate tariff in its entirety,[1] and reductions in 88 items below existing favoured-nation rates. Unconditional most-favoured-nation treatment in respect of customs matters was mutually agreed upon.[2]

The trade relations between Canada and Great Britain are governed by the Ottawa agreements of 1932, modified by the changes which took effect on September 1, 1937. The

[1]This concession means that the general tariff has ceased to be of great importance in the Canadian tariff structure; practically all Canadian trade is governed now by the intermediate or by the British preferential rates.

[2]See Feis, H., "A Year of the Canadian Trade Agreement", *Foreign Affairs*, July, 1937; Bidwell, Percy W., "The Prospects for a Trade Agreement with the United Kingdom", *Foreign Affairs*, October, 1937.

principal Canadian exports benefitted were wheat, timber, hams and bacon, fisheries products, milk products, copper, lead and zinc; British manufactures given lower rates in the Canadian market were mostly in the groups of iron and steel, drugs and chemicals, textiles and leather goods. Under the agreement revisions of duties may be sought by the British government before the Dominion Tariff Board. So far these have resulted in only modest changes of former schedules, and little additional preference for the British manufacturer.

Canadian trade with both the United States and Great Britain has increased very greatly since these agreements went into effect, but it is not easy to decide how far the increase was due to these or to other factors. Total trade between Canada and Great Britain, both exports and imports, increased by approximately $143,000,000 from March, 1933, to March, 1937, but in the same interval total trade with the United States increased $371,000,000, though the reciprocity treaty had only been in effect 15 months while the Ottawa agreements had been operating for nearly four and a half years.[1]

Besides these two principal agreements, Canada has trade treaties with other British dominions such as Australia, South Africa, New Zealand, Southern Rhodesia and the Irish Free State. There is an agreement with France, and special arrangements have been made with Germany, Poland and Japan. Altogether most-favoured-nation treatment is accorded some 32 foreign countries.[2]

NATURAL RESOURCES

That Canada has been endowed by nature with very considerable natural resources is an undoubted fact. She possesses unoccupied land, large forests, rich coal and mineral deposits, undeveloped water powers. The natural basis for a prosperous community seems to be present. The easy assumption is too often made, however, that nothing is lacking save population to make this wealth useful and available.

[1] *Condensed Preliminary Report on the Trade of Canada*, 1936-37, p. 31. See also Taylor, K. W., "The Effect of the Ottawa Agreements on Canadian Trade", in Canadian Papers for the Yosemite Conference, Institute of Pacific Relations, 1936 (C.I.I.A., Toronto).

[2] See summary in *Canada Year Book*, 1937, pp. 487 ff.

What has already been said about population problems will suggest there is a fallacy in this conclusion.

Moreover, a closer inspection of Canada's resources makes them appear less alluring. The most obvious possession of the Dominion is land, yet by far the greater part of the land is unsuited for agricultural settlement. The Dominion Bureau of Statistics estimates that only 27.5 per cent. of the land area of Canada is "potential" agricultural land (352,000,000 acres), of which total 46.3 per cent. (163,000,000 acres) is occupied, leaving some 189,000,000 still unoccupied.[1] Of the "occupied" land possibly as much as 40,000,000 acres is either rough bush land, unfit for production of anything but timber, or semi-arid. The maximum area under field crops was reached in 1930, with 62,214,000 acres. Since then this figure has slowly declined. The official figure for "potential" agricultural land as given above is unreliable; a competent authority has called it a gross exaggeration.[2] It does not rest upon a scientific analysis of soil, and makes no allowance for remoteness of markets. Thus for the province of Nova Scotia, whose settlement began over 200 years ago, the official figures give a total area of some 17,000,000 acres, an area "occupied" as farm land of some 4,000,000 acres and an area of "estimated possible farm land" of some 8,000,000 acres. There is little doubt that every piece of land in Nova Scotia that would sustain life on any reasonable scale was long ago taken up. Indeed, some land from which people are trying to make a living today is so poor that it probably ought to be abandoned.

The official figures for the other provinces are almost as misleading. In the three Prairie Provinces the most recent surveys suggest that in 1931 there were only another 20,000,000 acres or so available and suitable for occupation: if these were filled with settlers in accordance with existing agricultural practices it would only increase the population of the area by 600,000 or 700,000 persons.[3] This assumes too

[1] *Canada Year Book*, 1936, p. 38.

[2] See Mackintosh, W. A. in Bowman, Isaiah (ed.), *Limits of Land Settlement* (New York, 1937), p. 71. I am indebted to Prof. A. R. M. Lower for this general criticism of the official figures.

[3] Angus, H. F. (ed.), *Canada and the Doctrine of Peaceful Change*, pp. 53-4; Mackintosh, W. A., *Prairie Settlement: The Geographical Setting* (Toronto, 1934) (*Canadian Frontiers of Settlement*, Vol. I), pp. 232-4.

that there would be a market for the additional wheat grown. In a great part of the west it is "wheat or nothing". Only one-third of what is needed to support life on the prairies can be produced there, owing to the specialized nature of western agriculture. The size of farms has been increasing and the density of rural population decreasing, thus reducing the degree to which agriculture can stimulate immigration.[1] The Attorney-General of Saskatchewan declared before the Royal Commission on Dominion-Provincial Relations that at present (1937) of economically free land (i.e. land that it would pay under present conditions to settle) there is in Saskatchewan none.

Natural resources in Canada are frequently the sole source of livelihood in their area. Much of the mining country in the Pre-Cambrian Shield will produce nothing but minerals; the soil is second or third rate in quality and uneven in occurrence, and will seldom support independent agricultural communities. Increased supplies of minerals are not needed for present domestic consumption. Unless, therefore, these resources can be extracted and sold abroad, or a larger market can be provided at home, they are not resources at all. "The millions of tons of bituminous coal underlying the province of Alberta are no more natural resources *under existing conditions* than is the nitrogen in the atmosphere overlying that province."[2] If conditions change, particularly if world trade develops, Canada will be able to employ more persons in the development of her wealth, but in the present Canadian economy the "value" of the resources is largely determined by foreign demand over which Canada has little control.

Certain raw materials are found in small quantity only or are lacking altogether. The petroleum supply is meagre, though the Turner Valley fields of Alberta are showing considerable promise. Because of the lack of a market for the natural gas overlying this oil field, it has been disposed of for many years by the simple process of burning it off at the rate of 225,000,000 cubic feet per day.[3] Canada has little

[1] Bowman (ed.), *Limits of Land Settlement*, p. 72.
[2] Angus (ed.), *op. cit.*, p. 55.
[3] Alberta's first attempt to control this huge wastage was prevented by the courts. See Spooner Oils case, Canada, *Supreme Court Reports*, 1933, p. 629.

anthracite and imports virtually all her supplies; about half the bituminous coal used is imported, owing to the distance of the Nova Scotia and Alberta fields. Iron ore is found in a number of places but not rich in quantity or quality; consequently supplies are imported from the Wabana deposits of Newfoundland and the Mesabi range of Minnesota. Aluminium and tin are absent. Tropical and semi-tropical products—rubber, cotton, silk, sugar, cocoa, coffee, tea and oils—must be imported.

Canada's large foreign trade, her accumulation of capital equipment and her ability now to service her foreign debt, all are proof that her natural resources have been effectively developed and that the money invested in her has been, on the whole, put to profitable use. At the same time the numbers of her unemployed and the difficulties she has experienced in her public finance during and since the world depression, serve as reminders that a proper utilization of her resources calls for an improvement in her internal economic organization as well as in the state of world markets. Many Canadians feel, indeed, that even without waiting for world improvement Canada could, by appropriate internal reforms (about which there is much difference of opinion) increase her consuming power and provide a larger home market for her own produce, while many see a similar possibility in intra-Commonwealth economic co-operation.

THE STATE AND ECONOMIC LIFE

The state has played a very large part in the development of Canadian industry and commerce. Canadians possess many of the individualistic traits common to a people with a strong pioneering tradition, but at the same time they have not hesitated to employ the power of the state to achieve results which could not be obtained by individual action. The construction of canals and railways was the first economic undertaking to engage the attention of Canadian governments on a large scale. The three transcontinental lines all received ample, at times too ample, state aid in the form of direct subsidies, grants of land or guarantees of bonds. Today the Canadian National Railway System functions

as a state-owned public corporation, with approximately 24,000 miles of track, or 57 per cent. of the total Canadian mileage. The Canadian Pacific Railway, though privately owned, is governed as to rates, the construction of branch lines and certain other aspects of administration, by the Dominion Board of Railway Commissioners. Many other transportation facilities come under public control. All harbours and canals belong to the Dominion; harbours are managed by a centralized National Harbours Board and the canals by the Department of Transport. A system of telegraphs, a number of hotels and an express delivery service belong to the Dominion as part of the Canadian National Railways. The Post Office is a Dominion government department, and radio broadcasting is licensed and controlled by the Canadian Broadcasting Corporation, modelled after the British Broadcasting Corporation, and reaching many Canadians with its own stations. From the period of the war until 1936 the Dominion government operated a merchant marine, but in the latter year the ships were sold and the service discontinued; the only shipping service now carried on by the state is that connecting with the West Indian ports in conformity with the Canadian-West Indian Trade Agreement Act of 1926, and consisting of a fleet of 11 vessels. Dominion control over air transport has been secured by the enforcement within Canada of the Convention Relating to Aerial Navigation of 1919; the subject of aerial navigation was held by the Privy Council in 1932 to be within Dominion jurisdiction. In 1937 a corporation known as Trans-Canada Air Lines, the shares of which are owned by the Canadian National Railway Company, was created to develop the transcontinental air service.

Besides these national services, the Dominion government controls economic policy through a number of agencies. The maintenance of a tariff is the best example of a type of state interference with business, which has always received the hearty support of Canadian manufacturers. The use of the tariff to achieve a political rather than an economic objective is seen in the system of imperial preferences, in force since 1898. Adjustments in the tariff can be effected

through the instrumentality of the Tariff Board to which may be referred proposals for alterations of schedules.

Since 1935 Canada has had a central bank partly state-controlled from the first, and now state-owned, which allows of increased control over the internal credit situation and foreign exchange movements.[1] A Dominion Trade and Industry Commission was created by Mr. Bennett in 1935 with authority to control unfair trade practices and enforce commodity standards; this legislation was upheld by the Privy Council but the Commission has been little employed since the King government took office. A National Employment Commission existed from 1936 to 1938 for the purpose of collecting information regarding unemployment and advising as to the best measures to improve and co-ordinate relief administration throughout the country; unemployment relief generally, however, is managed by the provinces and municipalities with Dominion financial assistance.

Government control of marketing has been experimented with to some degree. Mr. Bennett established a Wheat Board with power to fix prices to producers and to market the entire wheat crop, and he enacted the first Natural Products Marketing Act to control, in co-operation with the provinces, the marketing of many primary products. Mr. King repealed the former legislation and the Privy Council invalidated the latter, but the Wheat Board was replaced by one with less extensive powers, and the provincial marketing acts are still in operation to a limited extent.

Turning to the provincial services, the best known is the Ontario Hydro-Electric Power Commission, which produces and distributes electric power in Ontario. The distribution, and in some cases the production also, of electric power is provided in part by provincial commissions in Nova Scotia, New Brunswick, Manitoba and Saskatchewan. Road building is a major provincial service; in 1935 the funded provincial debt for highways stood at close to 500 million dollars. The telephone system is publicly owned in the three provinces of Manitoba, Saskatchewan and Alberta; by this means remote areas and sparsely populated districts are

[1]See special article on the Bank of Canada in the *Canada Year Book*, 1937, pp. 879-86.

provided with telephone communication which private enterprise would never have brought them. The retail sale of alcoholic beverages is a state enterprise in all provinces but Prince Edward Island, which enjoys prohibition.[1] In addition to these provincial services, many municipalities have their own systems for electric light and power, gas, water and street railways.

The state in Canada has also intervened in the economic sphere on behalf of industrial workers and certain other unprotected classes, by adopting various forms of social legislation. It would be impossible in brief compass to analyse in detail this large body of law. It is mostly provincial in character because of the constitutional allotment of powers; in consequence it varies greatly in different parts of the country. Dominion legislation is small in quantity. There is no national labour code. The Dominion assists in the payment of old age pensions, which are now in force in every province on a non-contributory basis; it also pays a share of the money distributed by the provinces in unemployment relief. There is a Dominion Department of Health, but it has exercised little direct administrative authority save over certain health services of minor importance. A Dominion Industrial Disputes Investigation Act makes possible the creation of voluntary arbitration and conciliation boards in certain types of industrial dispute. A pensions service for the blind was begun in 1937. A Farmers' Creditors Arrangement Act provides machinery for debt adjustment between creditors and debtors.[2] The Dominion co-operates with the provinces in the establishment and operation of Employment Service Offices.

Provincial legislation provides workmen's compensation in all but one of the provinces, payable in most instances out of an insurance fund created by compulsory contributions from employers only. Mothers' allowances exist in seven provinces. Minimum wages for women are set by boards

[1] *Canada Year Book*, 1937, p. 626.

[2] See Easterbrook, W. T., "Agricultural Debt Adjustment", *Canadian Journal of Economics and Political Science*, 1936, p. 390. Several provinces have also adopted measures designed to protect farmers and householders against dispossession by creditors.

for certain industries in seven provinces. New Brunswick has a Fair Wage Act, enabling a board to fix in any trade, industry or business wages and hours where these are found, on inquiry, to be unfair. Legislation providing for enforcement and extension of collective labour agreements exists in Nova Scotia, Quebec, Ontario and Alberta, and minimum wages of male employees are thus fixed by piecemeal arrangement in a considerable number of industries. The state does not set minimum male wages generally save in British Columbia and Alberta. Health insurance has been enacted in British Columbia, but has not yet been put into operation; it exists nowhere else in Canada, though some provinces provide payment for medical services to the unemployed. Municipal doctors are fairly common in the prairies especially in Saskatchewan, and experiments in voluntary co-operative health service organization on a city or county basis, are being encouraged in Ontario. Every province regulates hours of labour to some degree, but the 48-hour week is by no means general. The Eight-Hour-Day Convention of 1919 was ratified by Canada in 1935; but the legislation enacted by the Dominion Parliament in 1935 to give effect to it was declared *ultra vires* by the Privy Council in 1937. Compulsory education exists in every province except Quebec.

No unemployment insurance exists in Canada, Mr. Bennett's legislation of 1935 having been set aside by the Privy Council. The King government in 1937 proposed an amendment to the B. N. A. Act to give jurisdiction over this head to the Dominion; only five out of the nine provinces have agreed to the proposal, and so far there has been no further action taken to secure the change. There is no national system regulating hours or wages, and no health insurance or holidays with pay. State aid to assist housing development is extremely meagre. There is little uniformity in the provincial regulations on the various matters covered by social legislation.[1] Since the impetus to reform given by the

[1]In 1933 the total expenditure of all provinces on general factory and minimum wage inspection was only 8.5 cents per non-agricultural worker, which was less than that spent in the state of New Hampshire, which ranked thirty-fourth amongst the American states. *Report of Royal Commission on Price Spreads*, 1935, p. 129.

depression there has been some improvement in the administration of the provincial social services, but no forward movement can be expected until the financial relations and distribution of constitutional powers between the Dominion and the provinces are placed on a sounder basis.

STANDARDS OF LIVING

The standard of living of the Canadian people is generally rated high. The enquiry conducted by the League of Nations in 1929 into comparative living standards ranked Canada second after the United States.[1] This investigation was based on rather limited data, however. Moreover in a country divided like Canada into economically distinct areas no single description will do for the whole territory. The Prairie Provinces of Canada, exposed as they have been to the double scourge of low prices for wheat and prolonged drought, have had their standard of living lowered further during the depression and raised less during the recovery than have the industrialized sections of the country. The standard in Quebec is lower than that in Ontario, a fact vividly revealed by contrasting the vital and health statistics for the two provinces.[2] There are, too, factors of taste and value which are impossible to include in any quantitative analysis. The French Canadian, because of the character of his religious education, tends to believe that a high standard of living is a proof of "materialism" and a dangerous influence on society. All that will be attempted here is to give some statistics out of which a general picture of Canadian conditions may emerge.

The average earnings disclosed by all wage-earners during the twelve months prior to the last three censuses were as follows:[3]

[1] See *International Labour Review*, 1929, pp. 580, 876. The order of the first seven countries was (Great Britain—100), U.S. 191, Canada 171, Australia 143, Denmark 104, Sweden 101, Irish Free State 98. Indices of real wages and cost of living have not varied sufficiently since 1929 to alter this ranking to any great extent.

[2] See also table in *Submission by the Government of Saskatchewan to the Royal Commission on Dominion-Provincial Relations* (1937), p. 297, showing that Ontario in 1931 with a population of 3.4 millions had about three times as many automobiles, radios and telephones as Quebec, whose population was 2.9 millions.

[3] *Canada Year Book* ,1937 ,p. 789.

AVERAGE EARNINGS OF ALL WAGE-EARNERS TEN YEARS OF AGE OR OVER

	Male	Female
1911	$ 593	$313
1921	1057	573
1931	927	559

The same statistics show that in 1930 there were 60 per cent. of the male workers and 82 per cent. of the female workers receiving less than $1,000 a year. This was, however, a year of declining revenues, and these figures include individuals of all ages, as well as employments which provide some remuneration in kind. Some attempt has been made by the Dominion Bureau of Statistics to calculate earnings per family for average families in selected cities; in 17 cities studied the modal group (1930) was in the $1,200-$1,399 or the $1,400-$1,599 income class.

These figures may be compared, with some caution, with calculations of minimum budgets. A budget of minimum requirements for a family of five produced by the Montreal Council of Social Agencies in 1926 placed the amount of necessary income at $1,102. Corrected for variations in the cost of living index, this works out at $1,059 for 1930. This would seem to indicate that average wages of individuals would not enable them to support a family of five on a minimum budget, but that in families where there are several wage-earners the average is likely to be above the minimum.[1]

The 1931 census showed that for Canada as a whole 54.5 per cent. of urban householders lived in rented dwellings. Land owning amongst farmers is high, four-fifths of the number of farms being owned by those who work them. Figures for acreage, however, show that more than one-third of the acreage is worked by tenants and another third is mortgaged to an average of 40 per cent. of its value. Between 1921 and 1931 tenant acreage increased 34 per cent., part tenant acreage 111 per cent., while the fully owned

[1]Further statistics, particularly with regard to unemployed, will be found in Marsh, L. C., *Health and Unemployment* (Toronto, 1938), Chap. 20.

acreage actually decreased. This tendency to concentration of ownership in land has continued since 1931, at least on the prairies, as appears from the figures presented by the Saskatchewan government to the Rowell Commission.[1]

The income tax in Canada begins for single persons at $1,000, and for married persons with two children at $2,800. In 1936 there were 199,102 Canadians who paid income tax. Less than 12 per cent. of these were getting more than $5,000 per year. An estimate made of the distribution of total national income amongst all wage and salary earners, based on census and income tax returns for 1931, shows the following picture:[2]

Size of Income	Number of Persons Male and Female	Per cent. of Total	Income (Millions of dollars)	Per cent. of Total Income
Under $1,000.....	1,526,000	56.2	790.0	25.4
$1,000—$1,500.....	643,000	23.7	805.0	25.9
$1,500—$3,000.....	448,000	16.5	896.0	28.8
$3,000—$10,000....	85,000	3.2	401.0	12.9
$10,000—and over..	11,000	0.4	219.0	7.0
Totals.....	2,713,000	100.0	3,111.0	100.0

This table shows that the 11,000 income receivers at the top had as large a total income as 400,000 at the bottom of the social scale. Almost half the total earnings went to 20 per

[1] See *Submission* (*op. cit.*), p. 145. The figures are:

LAND TENURE IN SASKATCHEWAN, 1901-1936

Year	Land		Farms		
	Owned	Rented	Owners	Tenants	Owner-Tenants
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
1901.....	96.1	3.9	96.1	1.6	2.3
1921.....	80.5	19.5	77.6	10.8	11.6
1931.....	70.5	29.5	66.5	15.4	18.1
1936.....	65.2	34.8	60.7	20.4	18.9

See also *Brief Submitted by the Government of Ontario to the Royal Commission on Dominion-Provincial Relations*, Vol. I, p. 20, where it is shown that 14,948 or 5 per cent. of the farm owners own 26,098,771 acres or 23.07 per cent. of the "occupied" farm acreage of the Prairie Provinces.

[2] Woodsworth, J. S., *Distribution of Personal Income In Canada*, cited League for Social Reconstruction, *Social Planning for Canada* (Toronto, 1935), p. 16.

cent. of the earners. Statistics for bank deposits for 1935 indicate a similar maldistribution of wealth: 92.5 per cent. of the four million depositors have accounts averaging only a little over $100; the top 1 per cent. of depositors own 35 per cent. of total deposits.[1] An insurance company has calculated (1937) that of every 100 Canadian men starting life at 25, by age 65 "36 have died, 1 is wealthy, 4 are well-to-do, 5 live on earnings, 54 are no longer self-supporting".[2]

In 1934 the Royal Commission on Price Spreads made an extensive examination of economic conditions in the country, and many Canadians, accustomed to believe that all workers in the Dominion enjoyed a high standard of living, were shocked at the disclosures of extremely low wages and poor working conditions in a number of Canadian industries. In some instances the offenders were industries enjoying monopoly power and high protection. "The evidence before the Commission proves that, in certain industries, the sweat shop still survives in Canada and that, more generally, unemployment and low wages have reduced many workers to a state of abject poverty."[3] A great many men and women were found to be working for rates of ten cents per hour or less. At the same time there were (November, 1934) 1,149,063 Canadians dependent on direct relief.[4] A family of five on relief in Montreal was receiving $39.48 per month; this had reached $42.23 by 1936. Other "black patches" undoubtedly exist in the country: even in 1937 the Chevrier Commission on Transportation found truck drivers receiving $15 to $18 per week of 65 hours in Ontario. A proposed minimum wage ordinance for unskilled labour in Quebec in February, 1938, suggested hourly rates ranging from 15 to 25 cents, which were an advance on current rates of from 5 to 20 per cent.

From the depression figures there has, of course, been some recovery. Relief expenditures have dropped considerably, though in part this is due to drastic cutting of relief rolls and

[1] *Canada Year Book*, 1937, p. 902. The 1 per cent. includes corporation as well as individual accounts.

[2] Cited, League for Social Reconstruction, *Democracy Needs Socialism* (Toronto, 1938), p. 13.

[3] *Report of Royal Commission on Price Spreads*, 1935, p. 107.

[4] *Report of Dominion Commissioner of Unemployment Relief*, March 30, 1935, p. 22.

a maintenance of grants at bare subsistence levels. Provincial regulation of wages and hours has improved, and doubtless has eliminated some of the worst conditions disclosed by the Price Spreads Inquiry. Mr. Bennett's attempt to deal nationally with Canadian economic and social problems failed, however, and there is no possibility that the unco-ordinated provincial action can deal adequately with the situation. Minimum wages for experienced women workers under existing regulation in Ontario and Quebec are $12.50 per week of 48 to 54 hours. There are still 951,000 persons dependent on direct relief.[1] Another depression could easily reproduce, in intensified form, the suffering of the last crisis. A growing militancy amongst Canadian trades unions in 1936-37, moving even the usually tranquil Catholic Syndicates in Quebec to carry on strikes, is an indication of a feeling amongst the industrial workers in Canada that legislatures have failed to assist them and that self-help is necessary to improve their living standards.

An interesting contrast between the living conditions in two different areas in the country, the prairies and Ontario, is provided by the following analysis made of the 1931 census material:

When the census was taken in the summer of 1931 a period of relative prosperity enjoyed by western agriculture had just drawn to a close. The census gives a total of 288,000 farms for the three Prairie provinces and 192,000 for Ontario, and contains a brief record of farm facilities in all the provinces. Of the 288,000 farms of the Prairie provinces, 5,036 have water piped in the kitchen; or one out of every 57.20 farms in western Canada in contrast with one out of every 9.54 in Ontario. In the West one out of every 72.8 has water piped in the bathroom (it would be interesting to know how many have a bathroom of any kind) as compared with one out of 15.76 in Ontario. One out of every 34.44 Western farmhouses is lighted by gas or electricity as compared with one out of 5.95 in Ontario. In proportion to farms Ontario has more than twice as many rural telephones and over 40 per cent. more rural automobiles than western Canada. Of these automobiles four out of five in Ontario, four out of seventy-six in Western Canada, may travel on paved or gravelled highways, or, 20 per cent. of Ontario

[1]December, 1937. This includes 551,000 non-agricultural and 400,000 agricultural persons receiving aid. *Labour Gazette*, February, 1938, p. 124.

farms and 94.7 per cent. of all western farms are located on dirt roads."[1]

Canada shows many of the characteristics of an older industrial community as regards standards of living and the distribution of income. It reveals a great concentration of wealth, the social counterpart of the trend to monopoly, while not only amongst the unemployed but also amongst a considerable section of industrial and agricultural labourers the standard of living is low. In the intermediate brackets there is an average standard lower than that of equivalent groups in the United States but considerably higher than that in Europe. Even the better paid Canadian employees, however, are without the social security provisions which most European workers enjoy.

LABOUR AND FARMER ORGANIZATIONS IN CANADA

(*A*) *Labour Organization.*

By comparison with most democratic countries the Canadian labour movement is in the earlier stages of development. The total membership in Canadian unions in 1931 was only 310,544 out of a total wage-earning group of 2,570,000. Even excluding from this latter figure the professional and higher-paid salaried workers, there would remain at least 2,000,000 whom a trades-union movement might hope to organize. This means that more than 85 per cent. of the workers were unorganized.[2] In 1936 union membership had only risen to 322,473,[3] which is less than it was in 1919-20 despite the increase in population.

Not only are most Canadian workers unprotected by trades unions, but such unions as exist are divided against each other. The Roman Catholic Church in Quebec, fearful of losing its hold over the industrialized French-Canadian workers, organized the Federation of Catholic Workers of Canada in 1921. These Catholic Syndicates, as they are

[1] Innis and Plumptre (eds.), *op. cit.*, p. 110.

[2] *Social Planning for Canada*, p. 114. Canada was ranked twenty-third amongst the nations by the International Federation of Trades Unions in 1925; Brady, A., *Canada* (Modern World Series) (London, 1932), p. 257.

[3] *Annual Report on Labour Organization*, 1936.

called, have a priest as chaplain to every local, and seldom move without clerical advice.[1] They have hitherto been more concerned with carrying on struggles against communism and the international unions than against employers for better wages, though in 1937 they conducted several inconclusive strikes. Their membership in 1936 was 45,000.

The principal non-sectarian unions are divided between the "international" unions and the "national" unions. The international unions are affiliates of the American Federation of Labor or the Committee on Industrial Organization, to which they pay dues. Part of these dues, however, is remitted to Canada to finance the Trades and Labour Congress of Canada, the co-ordinating authority for the Dominion. In 1936 the Congress, representing 66 organizations, had a membership of 149,398, the total membership of international unions being 174,769. The split between the A. F. of L. and the C. I. O. has not been permitted to invade Canada, and most C. I. O. unions are still members of the Trades and Labour Congress. Indeed it seems that the principal support of the Trades and Labour Congress comes from unions which have split from, or have never been in, the A. F. of L. in the United States.[2]

The national unions in Canada are organized in the All-Canadian Congress of Labour which has a membership (1936) of 31,883. It favours the industrial rather than the craft union. Its members constantly exploit the patriotic appeal in their fight against the international unions. In addition to this organization there exist some smaller organizations, like the Canadian Federation of Labour, which split from the All-Canadian Congress (membership, 1936, 25,081), and the once powerful One Big Union (membership, 24,000, in 1935) which operates in the western provinces. Total membership in Canadian unions, excluding the Catholic unions, was about 100,000.

Many reasons may be given for the backward condition

[1]The constitution of the Federation contains this clause: "The F.C.W.C. is a frankly and openly Catholic organization. It affiliates with itself Catholic organizations alone, it adheres to the whole doctrine of the Church and it promises always and in everything to follow the directions of the Pope and of the Canadian bishops." Quoted Latham, A. B., *The Catholic and National Labour Unions of Canada* (Toronto, 1930), p. 99.

[2]Ware, Norman J. and Logan, H. A., *Labor in Canadian-American Relations* (Toronto, 1937), p. 68.

of Canadian labour organization. Race, religion and geography make union difficult. Workers in mines and forests may be hundreds of miles from the nearest urban centres. Often they are in "company towns". The individualist philosophy pervades North America, and a belief in steady financial progress as the inevitable reward for honest toil continues to dominate the outlook of the people, making even those inside the unions poor proselytizers and those outside blind to the need for co-operation. The constant addition of new immigrants to the Canadian labour market up to 1930 provided employers with cheap labour willing to work hard to establish itself in its new home, and liable to deportation at the hands of administrative tribunals if it ran foul of the law. Between 1930 and 1934, when there was considerable labour unrest due to the depression, more immigrants were deported than in the previous 27 years, many for acts arising out of their connection with radical movements. Moreover, the lack of a common background in the workers has been an additional factor in enabling large-scale industrial enterprises to oppose trade unionism very effectively. When the premier of the largest industrial province in Canada can enter an election with a policy of preventing Canadian workers from choosing their own unions freely, it would seem to indicate, even though his threats were not implemented by legislation, that the public have not moved very far in the political direction travelled by New Zealand, Australia and Great Britain.[1]

Labour's lack of organization is reflected also in the absence of a consumer's co-operative movement in Canada. Some beginnings have been made, but the total membership in retail co-operative societies affiliated with the Co-operative Union of Canada was only 11,000 in 1935, and the total number of societies was 34.[2] These figures, however, do not include the credit unions in Quebec known as the "Caisses Populaires", which have a considerable membership. An interesting experiment in co-operation is being carried on in

[1]Mr. Hepburn bitterly fought the C.I.O. when it first became active in Ontario. See Ware and Logan, *op. cit.*, pp. 63 ff. He interpreted his victory in the election of 1937 as an endorsation of his anti-C.I.O. policy. (See Montreal *Gazette*, October 7, 1937.)

[2]*Canada Year Book*, 1937, p. 767.

Nova Scotia and Prince Edward Island under the direction of St. Francis Xavier University.

(*B*) *Farmer Organization.*

By contrast with Canadian labour, the Canadian farmers, particularly in the western provinces, have shown great initiative. Both on the side of economic and of political organization they have been active. Whereas total sales in the retail co-operatives amounted to less than $4,000,000, total business in the agricultural co-operatives amounted to over $158,000,000 in 1935, while their membership was 367,000. The biggest and best-known of these societies are the wheat pools of western Canada. Despite their losses during the depression the pools have survived as co-operative elevator companies and in 1936 handled approximately 50 per cent. of the total wheat crop of the Dominion.

From the farmers also have come the most successful independent political movements in Canada. The Ontario farmers captured the provincial legislature in 1919, and the United Farmers of Alberta were successful in the provincial elections of 1921. In 1922 Manitoba returned a farmer government. Sixty-six "Progressives", as these farmer groups were generally called, were elected to the Dominion Parliament in 1921, twenty-four from Ontario and forty-one from the western provinces.[1] All these groups lost ground as the boom period of the 1920's gathered momentum. They had no political philosophy to differentiate them from traditional liberalism, and to that fold they mostly returned. The United Farmers of Alberta survived the longest until, due to the depression and internal difficulties, they were overwhelmingly defeated by William Aberhart and his Social Credit followers in 1935.

[1]Brady, *Canada*, p. 110.

CHAPTER IV

POLITICAL PARTIES

THE party system in Canada is a convention of the constitution, as it is in England. The law does not require it, but the present working of the governmental machinery depends upon it. There are two major parties in the Dominion field, Liberals and Conservatives, which have alternated in office since Confederation with the single exception of the Union government of 1917-21. Parties of the same names, though not always with the same policies, contest provincial elections and have generally controlled provincial politics. There are also a number of minor parties, which rise and fall with the varying stimuli to political action and which have hitherto been more successful in the provincial than in the federal arena.

LIBERAL

The Liberal Party, led by Mr. Mackenzie King, now forms the Dominion government, with the largest majority in the House of Commons since Confederation, though a minority in the Senate.[1] The party is also in power in every province except Quebec and Alberta. It last wrote a programme at a convention held in 1919, but programmes count for little in Canada except amongst the minor parties before they attain power. In general it has stood for nationalism in its political relations with the Commonwealth and other countries, and internationalism in trade. It has been responsible for most of the initiative in the development of Canadian autonomy within the Commonwealth since 1921, for it held office from that year until 1930, except for a brief interval in 1926. Its

[1]The Canadian Senate being nominative and not elective, a victory at the polls does not change the composition of the upper house until vacancies caused by death can be filled by new nominations.

tariff policy has always been more moderate than that of the Conservatives, though it does not favour free trade. It has advocated social legislation in principle, but since it has also supported "provincial rights" it has been either unable or unwilling to implement these principles in the Dominion field save in a comparatively small degree. It is opposed to all attempts to control production or marketing, and inclines to view the state as the traditional policeman standing on the edge of the open market to see that competition is fair. The progressive disappearance of the open market has not altered its attitude. It draws its support from all parts of the country and all classes of people; the name 'Liberal' unites ultra-conservative protectionist French Catholics from Quebec (most of whom have voted Liberal for years) and progressive free-trade British Protestants from the western provinces. Imperial preference was the invention of the Liberal party; the Ottawa agreements, though loyally observed by it, run counter to its aim of freeing the channels of world trade generally.

CONSERVATIVE

The Conservative party has traditionally been a party of imperial co-operation abroad and economic nationalism at home—an inconsistency the exact reverse of that found in Canadian Liberalism. Its pro-imperialist leaning, however, has not excluded a growing acceptance of the idea of Dominion autonomy. Sir Robert Borden, in fact, took the lead among Dominion prime ministers in pressing for a definition of Dominion status. The party has never professed a belief in state interference with business, but under Mr. Bennett, who was appointed leader in 1927 and who held office from 1930 to 1935, the party programme took such a sudden shift to the "left" that it made the Liberals appear far more conservative than the Conservatives. A glance at the Dominion statutes of 1933-35 will reveal how active was the Conservative leader in the promotion of social reform and state control of the economy. Mr. Bennett nationalized the radio, created a central bank, established a national system of marketing boards for primary products, pegged the price

of wheat and placed the whole wheat export trade under a Wheat Board, negotiated a St. Lawrence Waterways Treaty with the United States, entered into the Ottawa agreements, initiated the new reciprocity agreement with Washington, extended the criminal law to prohibit unfair trade practices, created a Trade and Industry Commission to enforce the new prohibitions, and adopted Dominion legislation to deal with unemployment insurance, minimum wages, maximum hours, and the weekly day of rest. In the face of this political *tour de force* it is difficult to know how to describe the political philosophy of the Conservative party in Canada today. It is certainly not Tory, not *laissez-faire* liberal, and not the same as appears from its previous programme of 1927. The party is in partial eclipse; it holds but 37 seats at Ottawa and controls no provincial legislature; Mr. Bennett has announced his retirement; a new leader is to be chosen and a new programme written. Whoever the leader may be, it is likely that the party will continue at least moderately progressive in its programme and will seek to attract the younger men who are dissatisfied with the lack of action and leadership in the present Liberal party. It is likely also that there will be a further move toward nationalism in foreign affairs; already the party name has been changed from Liberal-Conservative (the double title derives from a distant past) to National-Conservative. The change is a reflection of the shift in Canadian opinion generally, and also a bid for French-Canadian support.

It must always be remembered, however, that the two major parties in Canada, like any parties, need campaign funds, and neither of them depends upon membership fees for its principal support. They consequently rely for the most part upon the contributions of well-to-do individuals and corporations. Such help sets immediate limits to the kind of political action which may be expected from them.[1] So long as this relationship between private and corporate

[1]Sometimes this help is given in return for specific concessions. Any student who wishes a realistic view of Canadian politics should read "After Beauharnois—What?", by R. A. MacKay, in *Maclean's Magazine*, Oct. 15, 1931, reprinted in Dawson, R. MacG., *Constitutional Issues in Canada, 1900-1931* (London, 1933), p. 208. Other articles on Canadian political parties will be found in the latter volume. For a good historical analysis, see "The Development of National Political Parties in Canada", by F. H. Underhill, *Canadian Historical Review*, 1935, p. 367.

wealth and the two major parties exists, so long will it be true that neither of them will sponsor anything approaching a labour or social-democratic programme; nor will either interfere greatly with the tariff structure behind which Canadian industry has grown up.

An acute observer of Canadian affairs, M. André Siegfried, has left a description of the Liberal and Conservative parties as he saw them in 1906.[1] It still is relevant despite the passage of a generation. The parties are constituted, he points out, on the British model with British names, but their methods of controlling constituencies and the tone of their polemics are derived from the United States. They are quite detached from the principles which gave them birth, and tend to become mere associations for the securing of power. Whichever side succeeds, it is well known that the country will be governed in much the same way. Canadian statesmen stand in fear of great movements of opinion, and seek to lull them rather than to encourage them and bring them to fruition. They fear that the unity of the Dominion will be endangered if vital questions are raised, and exert themselves to prevent the formation of homogeneous parties divided according to creed or race or class. The result is that Liberals and Conservatives differ very little in their opinions upon crucial questions, since they are both made up of the same varied elements; employers and labourers, townsmen and farmers, French and English, Catholics and Protestants.[2] Despite this similarity of programme and behaviour, the parties are sacred institutions to be forsaken only at the risk of one's reputation and career. It is rarely indeed that a Canadian politician shifts his party allegiance.

While this situation is open to attack by the political scientist, it is understandable in view of the varied elements and interests within Canada. The major parties provide a political façade which covers up the ill-joined sections underneath, and by so doing create a certain spirit of unity, sometimes more apparent than real, even where there is little

[1]Siegfried, A., *The Race Question in Canada* (London, 1907), pp. 141 ff.

[2]The Liberal programme of 1919 and the Conservative programme of 1927 are to be found in Dawson, *op. cit.* Their similarity is striking.

basis for it. At times the cracks are evident even through the façade.

SOCIAL CREDIT

In 1935 Social Credit suddenly became a force in Canadian politics. With no previous record of steady growth and little warning of its coming power, it placed Mr. Aberhart in office in Alberta in the provincial elections of 1935, and sent seventeen members to the Dominion House of Commons to become the third largest group at Ottawa. It has attempted to spread its doctrine into other western provinces, with some slight success; two Saskatchewan constituencies were won in the federal elections of 1935 and 5 Manitoban seats in the provincial elections of 1936. The party, however, failed to elect a member in the British Columbia elections of 1937, and, despite an organized "invasion" from Alberta, won only two seats in the recent Saskatchewan elections.[1]

The economic proposals of Social Credit have been found impossible of application in Alberta. Its opponents ascribe this to their inherent falsity; Mr. Aberhart ascribes it to the opposition of the eastern bankers and their "tools" at Ottawa. The disallowance of three Albertan statutes by the Dominion government in 1937, and the setting aside of three others in 1938 by the Canadian Supreme Court,[2] indicate that both Liberal party policy and the B. N. A. Act stand in the way of any thorough attempt at this particular economic experiment in a single Canadian province.

It would be unwise, however, to assume that either Mr. Aberhart or Social Credit is politically finished by this rebuff. The movement is at bottom an agrarian revolt in the west against the financial and commercial policies of the east (Montreal and Toronto). "It is the fundamental feeling of dissatisfaction with national fiscal policies which have placed burdens upon agriculture for the benefit of secondary

[1]Results of the Saskatchewan election of June 8, 1938, in 50 of the 52 seats, were:

	Liberal	C.C.F.	Social Credit	Conservative	Other
Number of members.....	36	10	2	0	2
Percentage of vote.....	46	19	15	12	8
Percentage of vote, 1934...	48	24	0	27	1

[2]On the ground that the laws infringed the exclusive Dominion power to regulate banks and banking, currency, and interprovincial trade and commerce. An appeal has been taken to the Privy Council. See (1938) 2 D.L.R., p. 81.

industry; and it is also the deep agrarian hatred of high interest rates, mortgages and debt."[1] These underlying causes are not removed by disproving the A plus B theorem. Mr. Aberhart is capable of reviving a lagging support by adopting a new line of attack, as he did in 1936 with his debt reduction legislation; he is not likely to be displaced until some other party appears equally concerned to protect the farmers' interests.

CO-OPERATIVE COMMONWEALTH FEDERATION

In 1932 an attempt was made to unite farmer and labour movements in Canada under one political banner. Their common interests vis-à-vis an economic system becoming increasingly monopolistic were growing clear to many of their supporters, and a conference in Calgary in that year succeeded in forming an alliance between delegates representing nearly all the local farmer and labour parties of the four western provinces.[2] The name Co-operative Commonwealth Federation was chosen, to symbolize a federation of parties working together for a Canadian co-operative commonwealth. The leadership was placed in the hands of J. S. Woodsworth, veteran social reformer and labour representative from Winnipeg. In 1933 a number of "white-collar" and professional people joined the movement and a party manifesto was issued with a programme calling for a regulated economy based on wide public ownership of financial institutions and industries. The C.C.F. takes as its models the labour parties of other parts of the Commonwealth and of the Scandinavian countries.

The party has had some electoral success. It polled 400,000 votes in the general election of 1935,[3] despite the sudden emergence into the political arena of two new protest parties—Social Credit and the Reconstruction party. It is

[1]Ferguson, G. V., "Economic and Political Outlook of the Canadian West", in Anderson, Violet (ed.), *World Currents and Canada's Course*, p. 115.

[2]The original groups represented at the Conference which launched the C.C.F. were the United Farmers of Alberta, the United Farmers of Canada (Saskatchewan section), the Canadian Labour Party of Alberta, the Independent Labour Party and Co-operative Labour Party of Saskatchewan, the Independent Labour Party of Manitoba, the Socialist Party of Canada (British Columbia) and the Canadian Brotherhood of Railway Employees.

[3]In that election the Liberals polled 47 per cent. of the popular vote, the Conservatives 30 per cent., the C.C.F. 9 per cent., the Reconstruction party 9 per cent., and the Social Credit party 4 per cent.

the official opposition in Saskatchewan and was for three years in British Columbia, though in each case the groups were small. Twenty-seven C.C.F. members were sitting in Canadian legislatures in 1937, of whom seven were at Ottawa. The party suffered, however, at first from internal dissensions and later, when these were overcome, from its lack of ability to create an organization and to raise funds. The inability of most international trades unions to take part in politics bars this form of support,[1] and the Catholic clergy in Quebec have warned their flock against the C.C.F. on the ground that no one can be both a Catholic and a socialist, thus making progress in Quebec almost impossible. At the present moment the movement is largely western, being strongest in British Columbia, Saskatchewan and Manitoba, with small organized groups in Ontario, Quebec and New Brunswick.

OTHER GROUPS

The Communist party has been organized in Canada since 1924. It became nationally important after its eight leaders were imprisoned in 1931, but since their release has made little headway. Its existence provides Quebec authorities with an excuse for adopting reactionary laws, although its programme of activity at the moment is of the popular front variety. Its influence, particularly amongst the foreign-born worker group in Canada, however, has been considerable. Only one Communist has every succeeded in getting elected to a Canadian legislature,[2] although Tim Buck, the national secretary, always polls a substantial vote in the civic elections in Toronto.

The Reconstruction party was organized by the Honourable H. H. Stevens just before the 1935 elections, with a programme of progressive Conservatism much like that of Mr. Bennett. Mr. Stevens had been Mr. Bennett's Minister of Trade and Commerce but resigned in 1935 after a dispute with his chief. Though polling a substantial vote, the party returned its founder as its sole representative to Ottawa. Since then it has not functioned as a political machine, and the split with the Conservative party is likely to be healed.

[1]There are signs that this attitude is changing in Canada as in the United States.

[2]In Manitoba.

Another important political movement in Canada is the *Union Nationale* in Quebec. But this is part of the wider subject of French-Canadian nationalism, and will be dealt with in the following chapter.

* * * * *

The political situation in Canada is not stable. Its two outstanding characteristics at the moment are the uncooperative attitude of the provincial governments of Quebec, Ontario and Alberta, and the inactivity of the Dominion authorities in face of grave national problems. The three provincial premiers "steal all the headlines", while Ottawa is waiting for reports from its numerous Royal Commissions. So far has sectionalism developed that the Royal Commission on Dominion-Provincial Relations, faced with the most important national task of any public body in Canada since confederation, has not been able to secure even a promise of co-operation from all the provinces. The absence of a firm leadership from Ottawa leaves the sense of national unity voiceless and unorganized against the attacks of provincial autonomists. Between the *laissez-faire* Dominion government on the right wing and the scattered forces of the political left, is a wide area of dissatisfied citizens not knowing where to turn. A sense of direction is wanting, and none can predict whence it will come.

CHAPTER V

THE NATIONALIST MOVEMENT IN FRENCH CANADA

THE French Canadians in Canada now number about 3,300,000. They form the most homogeneous and united group in the country, for they are not divided by religion or racial origin, and their upper governing class is not in control of great wealth and hence far removed from the mass of the people. Moreover, their sense of being ringed round by an alien civilization makes them subordinate their inner differences to the single racial purpose of self-preservation. Their home is the province of Quebec, where 78 per cent. of those in Canada live (the number in the United States is variously estimated at 1½ to 3 millions); but the spread into other provinces is proceeding steadily. In 1871 only 14 per cent. of the French Canadians lived outside Quebec; in 1931, 22 per cent. did. Their percentage of the provincial populations in 1931 was: Quebec, 79; New Brunswick, 33.5; Prince Edward Island, 14.7; Nova Scotia, 11; Ontario, 8.7; Manitoba, 6.7; Saskatchewan, 5.5; Alberta, 5.2; British Columbia and territories, 2.2. These figures show the strong eastern concentration of the race.

BASIS OF FRENCH-CANADIAN NATIONALISM

The French Canadian in a real sense is the truest Canadian. He has lived on the soil for three hundred years, and the family ties with another world have long been broken. To Canada alone does he feel attached, for England conquered him and France first deserted him and then travelled a political and spiritual road his clergy have taught him to abhor. He sees no help coming from without; he knows he must build upon his own resources. And when he thinks of "Canada", he seldom, like the English Canadian, pictures a "dominion stretching from sea to sea"; rather he looks to the province of Quebec and the valley of the St. Lawrence,

the part of North America to which the word "Canada" was first applied. To the English Canadian this is mere provincialism; to him, it is nationalism and true patriotism.[1] He builds outward from his securely held position and does not attempt to embrace the rest of a continent where now there are only a few outposts of his race.

Because of this basis to his politics, the French Canadian looks upon both the Commonwealth connection and confederation in much the same way; they are both political ties with the English which are part of his historic destiny. He cannot avoid them; he does not, at the moment, wish to break them, but they do not command his warm allegiance. Both represent a *mariage de convenance.* The British connection is valuable to him in helping to fend off Americanization, and the monarchic tradition is naturally dear to a priesthood fearful of democracy. Confederation was the best bargain that he could make at the time with a Protestant majority; to him the B. N. A. Act is as much a "treaty between races" as a political constitution.[2] In the historic evolution of his relationship with English Canada, which he views as a continuous development, the confederation arrangement is neither evocative of particular loyalty nor suggestive of great permanence.[3] His political status has already been changed five times—by the cession of 1763, the Quebec Act of 1774, the Constitutional Act of 1791, the Act of Union of 1840 and the B. N. A. Act of 1867. Whenever the next change comes, he is determined that it will result in no loss of privileges or autonomy for himself.

Such is the general character of French-Canadian nationalism, and it will be recognized as the natural aspiration of a people who believe in themselves and who are determined to survive with their language, their traditions and their religion. From time to time, however, and more particularly of recent years, there has arisen an extremer form of nationa-

[1]A leader of the more moderate nationalists, Mr. L. M. Gouin, K.C., has said "We Quebecers . . . do not put Ottawa above Quebec. . . . If we have to choose between the Confederation and our own nationality, we refuse to sacrifice the soul of our race either to the Dominion or to the Empire". Anderson, Violet (ed.), *World Currents and Canada's Course* (Toronto, 1937), p. 124.

[2]See Brossard, R., "The Working of Confederation", *Canadian Journal of Economics and Political Science*, 1937, p. 335.

[3]See Siegfried, *Canada*, pp. 258, 263; Hudon, Théophile, *Est-ce la Fin de la Confédération?* (Montreal, 1936), pp. 18 ff.

list fervour, which resembles closely the movements which have swept over Ireland and other European countries where there is a racial group struggling for freedom. This spirit manifests itself in economic as well as political forms; it seeks immediate steps toward independence for the race, and it is intolerant of alien groups and alien rights. In Quebec such a movement is now running strong.[1] It has been stimulated by the world depression, which caused great unemployment amongst French Canadians; by the growing awareness of the extent to which Quebec is dominated by English-Canadian and American "trusts" and financiers; by the fear of another imperialist war, and by the decadence of the old Liberal party machine which had governed the province without a break from 1896 to 1936. To some degree also it was fostered by certain of the clerical authorities, who saw in a revival of nationalism a means of fending off social unrest which might easily turn radical and begin to question the utility of the wealth and privileges possessed by the Roman Catholic Church in Quebec.

UNION NATIONALE

Politically the nationalist movement has taken the form of the creation of a new provincial party, the *Union Nationale*, which has been in power since 1936, and which is pledged to give to the French Canadian the place in Confederation which he feels has been denied him. Its leader is Maurice Duplessis, formerly leader of the provincial Conservative party, who was politically astute enough to ride to power on the new wave of feeling which has swept the province in the past few years. His activities since taking office have been varied but always colourful. He and his fellow premiers, Mr. Hepburn of Ontario and Mr. Aberhart of Alberta, provide the only vigorous—if erratic—leadership to be found in Canadian politics today.

Out of the *Union Nationale* has come some needed reform in the social legislation of the province. Collective labour

[1] See "Nationalism in French Canada", *Round Table*, December, 1936; Lower, A. R. M., "External Policy and Internal Problems", *University of Toronto Quarterly*, April, 1937, p. 3; Bovey, Wilfrid, "French Canada and the Problem of Quebec", *Nineteenth Century*, January, 1938, p. 731; Angus, H. F. (ed.), *Canada and Her Great Neighbor* (Toronto and New Haven, 1938), *passim*.

agreements are favoured, co-operative institutions are being promoted, and collaboration with Ontario on minimum wage rates has been sought. The nationalist feeling has found expression in the attempts that have been made to give pre-eminence to the French language in the interpretation of laws,[1] to frighten workers away from the international unions, and to obstruct all efforts to amend the British North America Act. Behind the attack on international unionism, however, many people see something quite different from nationalism; a deeper motive seems to be the desire to prevent "communistic" ideas from entering the province and disturbing the religious and political views of the population. The "Padlock Act" and the growing censorship of films and literature are other weapons in the same offensive.

In achieving its economic objectives French-Canadian nationalism is meeting great difficulties. It is only in recent years that the economic aspect of their position has engaged the attention of the nationalist leaders; the older generation, men like Bourassa and Lavergne, were concerned chiefly with political and religious affairs. The world depression shifted the emphasis to the economic. In Quebec the natural resources in mines, forests and water power, the banks and financial houses, are largely owned and exploited by English-Canadian or American capital; the French Canadian provides the cheap labour, usually lacking trades union protection. The nationalists of today are determined that this situation shall change, and that in their own province they shall not be restricted to exercising a political power rendered helpless by the existence of concentrated economic power in other hands. With this determination many English Canadians, only too aware of the situation in Quebec in regard to living standards and social legislation, would warmly sympathize. The difficulty is to decide upon a practical policy for effecting a change, and here the nationalists are at the moment baffled. A straightforward socialist programme would give them the control they want, for the state could

[1]By a statute adopted in 1937 the French version of statutes and codes was made to prevail whenever it differed from the English. The law was repealed in 1938 because of its unsettling effect on the established interpretation of the law and because of its doubtful constitutionality in view of section 133 of the B.N.A. Act.

then expropriate the "foreign" (i.e. non-French) capital and place French Canadians in charge of their own state-controlled utilities. But socialism at the moment stands condemned by the clergy of Quebec. Consequently the nationalist movement is in an impasse; it must risk clerical censure or else continue to submit to economic inferiority. So far it has avoided the first alternative, and has had to content itself with such measures as compelling foreign corporations developing natural resources to take out provincial charters, beginning a tentative programme of hydro-electric development under state control, supporting "*la petite industrie*" in the small towns in the province, and stimulating the "*achat chez nous*" which is the French-Canadian equivalent of a "buy British" campaign. It is impossible to predict how long these slender achievements will satisfy the demand for action. The drive against "communism" in Quebec, sponsored by the clergy, is a powerful deterrent to any proposals that the government should expropriate existing investments, for the accusation of "communist" would at once be hurled at any daring advocate of such an idea.[1]

The political and economic situation in Quebec is transitional. Much will change before a new equilibrium is found. The increasing urbanization and hence industrialization of the French-Canadian people, and the exploitation of their workers by corporations which they do not control, are producing fertile soil for a more radical movement among the masses than has yet appeared. For that reason the other parts of Canada are viewing with some alarm the growth of a fascist movement in the province, and the denial by the authorities of long-established constitutional rights of freedom of the press, of speech, and of public meeting. The "Padlock Act", aimed only at an undefined "communism", is being enforced though communism in Quebec is in fact almost non-existent, while organized fascist parties are drilling members and distributing extreme anti-semitic propaganda without interference of any sort. The mass of the

[1]Mr. Duplessis, for example, was charged with following Russian and Mexican tactics by the Liberal opposition leader in Quebec simply because he ventured to remove some of the tolls from an important private bridge leading to the island of Montreal.

people, there seems little doubt, do not favour the fascist movement, yet there are enough idle young men in the cities to give it considerable support, and enough approval by authorities in church and state of strong action against suspected "reds" to provide an atmosphere in which fascism can flourish.[1] Whatever may be the outcome, it will profoundly affect the whole Dominion, for the French exert an extremely powerful political influence at Ottawa. No national policy can long be followed which does not receive considerable support from Quebec.

[1]See "Embryo Fascism in Quebec", by "S.", *Foreign Affairs*, April, 1938.

CHAPTER VI

CONSTITUTIONAL PROBLEMS

WHEN the Dominion of Canada was created in 1867 the federal form of government was preferred to the unitary state. The choice was due to the insistence of the French Canadians upon the preservation of their own laws, customs and traditions, and also to the strong local patriotism of the Maritime Provinces, which were sceptical of the wisdom of confederation. Racial divisions and sectional feelings thus became embedded in the governmental structure. The constitution as adopted, however, was more centralized than its American model, for civil war was raging to the south when the British North America Act was being framed, and the cause of the conflict seemed to the Canadian statesmen to lie in the doctrine of "states' rights". The United States had reserved to the states or to the people the residue of legislative power, leaving the central government with specified powers only. For Canada the reverse principle was consequently adopted; the federal parliament was given the residuary power over all matters of common interest to the whole country, leaving merely local matters to the provinces. It was expected that the Dominion would develop a greater unity on matters of national concern as time passed, and a greater uniformity even in the provincial laws relating to property and civil rights, in all the provinces except Quebec.[1]

JUDICIAL REVOLUTION

This original concept, which is found clearly expressed in the writings and speeches of the framers of the constitution, was entrusted, after 1867, to the keeping of the courts. They had no easy task to perform. The vision of the statesmen

[1]This was the purpose of Sec. 94 of the B.N.A. Act, which has never been made use of since it was drafted. The opinions of various Canadian leaders of 1867 about the nature of Canadian federalism will be found collected in the brief presented by the League for Social Reconstruction to the Royal Commission on Dominion-Provincial Relations, January, 1938.

had to be perceived in the dry language of the lawyers, and a just balance maintained between the growing needs of the central authorities and the legitimate autonomy of the provinces. The problem was comparatively simple with subjects which fell within the more clearly defined sections of the B. N. A. Act, under such headings as "solemnization of matrimony", "banking", "telegraphs" or the "constitution of the courts". It became very difficult with the new subjects of legislation which emerged as the state embarked more and more upon schemes of social security and economic control. How are statutes dealing with minimum wages, unemployment insurance, marketing, old age pensions, to be classified? They were not enumerated in the original document, drafted in the heyday of *laissez-faire*. They had to be placed within some of the more general phrases in the Act. Of these, three were the most likely receptacles—the Dominion residuary power over matters affecting the "peace, order and good government of Canada", the Dominion power to regulate "trade and commerce", and the provincial jurisdiction over "property and civil rights in the province". None of these powers is precise; the legal interpretation might just as well have favoured any one as any other. Yet ever since the end of the last century the courts, led by the Privy Council, have favoured the solitary provincial power, with few exceptions. Thus laws relating to insurance, controlling the distribution of liquor, regulating provincial marketing and price fixing, providing arbitration in industrial disputes, fixing minimum wages, maximum hours and conditions of employment, establishing unemployment insurance, controlling the production of natural gas, and even giving effect to international conventions relating to provincial matters, have all been held to fall within the "property and civil rights" clause. The Dominion trade and commerce clause has never yet, by itself, supported a single piece of Dominion legislation. The Dominion residuary clause has been narrowed down almost to the vanishing point by the development of the judicial doctrine that it could be invoked only amidst war, pestilence or famine. It can now be said that the residuary power in Canada is vested

in the provinces, except in a national emergency more grave than anything experienced during all the calamities of the world crisis which began in 1929.

So great an alteration of the original statute would scarcely have taken place had the final authority for interpreting the constitution been a Canadian court. Canadian judges were living in the environment out of which the B. N. A. Act grew; they knew its purpose, and understood the meaning of its terms. When the Supreme Court of Canada was created in 1875 it was hoped that few if any appeals would be taken thereafter to the Judicial Committee of the Privy Council, but events were to prove the contrary. The appeal of right from the new Supreme Court was barred, but appeals by special leave, or prerogative appeals, were continued. The Minister of Justice and most members of the Dominion parliament who took part in the debate on the Supreme Court Bill were in favour of abolishing all appeals, but it was recognized that this would require imperial legislation.[1] A British court thus became the arbiter of Canadian constitutional growth. The early decisions of the Canadian judges and of the Supreme Court on the Canadian constitution were imbued with a spirit of national unity quite at variance with the concept of the Dominion as a loose federation of sovereign states which later prevailed in the Privy Council, and which has perforce come to be the accepted, because it was the final, statement of the law. By an historical accident, the reverse of that which gave a John Marshall to the American Supreme Court, the Judicial Committee was dominated for two periods totalling thirty years by two men who consistently favoured provincial sovereignty—Lords Watson and Haldane. Of Lord Watson, Lord Haldane himself has written: "He completely altered the tendency of the decisions of the Supreme Court. . . . In a series of masterly judgments he expounded and established the real constitution of Canada".[2] Of Lord Haldane it can be said

[1]The clause barring the appeal as of right was strongly objected to by the imperial law officers, but the Canadian government refused to withdraw it and the Bill was not disallowed. See article by Lucien Cannon, K.C., in 1925 *Canadian Bar Review*, 455.

[2]See *Juridical Review*, 1899, p. 279. Lord Haldane repeated his praises of Lord Watson's creative work for Canada in his *Education and Empire* (1902), pp. 138-9, and in an article in the *Cambridge Law Journal*, 1922, cited 1930 *Canadian Bar Review*, p. 438. See also speeches of Hon. C. H. Cahan and Rt. Hon. Ernest Lapointe, Canada, *House of Commons Debates* (unrevised), April 8, 1938, pp. 2336-53.

that he followed faithfully in the Watsonian tradition. The actual number of overrulings of the Canadian Supreme Court are not many, but they occur in matters of crucial importance; many important cases also have gone direct to London from provincial courts of appeal. It was the Judicial Committee which (1) made the Dominion residuary clause an emergency power only, (2) reduced the trade and commerce clause to a secondary position, (3) gave provincial corporations capacity to do business throughout the country, (4) set aside the Dominion Industrial Disputes Investigation Act, (5) gave treaty legislation in part to the provinces. Moreover, the Supreme Court, once the Privy Council has decided, must follow the decision as best it can in future cases. The constitutional difficulties in which Canada finds herself today are due less to defects in the original constitution than to a persistent pro-provincial bias which has permeated, with few exceptions, the English interpretations of the Canadian constitution.[1]

DIVERGENCE BETWEEN CONSTITUTIONAL LAW AND NATIONAL DEVELOPMENT

The disturbance in the legal equilibrium established in 1867 has produced a parallel disturbance in the Dominion-provincial financial relations which were built upon that equilibrium. Under the original constitution it seemed that the provinces would need only moderate incomes since all matters of national import were allotted to the Dominion; the taxing powers of the provincial authorities were consequently limited to "direct" taxation, and they were given annual subsidies to be paid from Dominion revenues and intended to be fixed for all time. The increase in provincial powers, however, coming at a time when the people were demanding more and more services from governments, meant that the provinces had to assume the new duties and hence involved large increases in provincial expenditures. Today the Canadian provinces, having won the constitutional battles, find themselves overburdened with charges which many of them can no longer meet out of revenues. In

[1]The principal exceptions are aeronautics and radio.

their keeping now are the sick, the unemployed, the aged poor, the needy mothers, the orphans and the industrially exploited, as well as control of trade and commerce in the province.

Each province decides for itself how far it will meet these burdens. The Dominion cannot control provincial spending. On the other hand it can scarcely allow any of the provinces to go bankrupt. The situation is thus most unsatisfactory. Several Dominion-provincial conferences met to deal with the problem but disbanded without reaching a settlement. The Liberal government in 1936 introduced a bill to amend the B. N. A. Act by creating a "loan council" after the Australian model, but withdrew it later in face of provincial opposition. Meanwhile, temporary escape from the necessity of a solution was found in the extension of Dominion "loans" to needy provinces; these had reached a total of $132,000,000 by March 31, 1937.[1] Finally, a Royal Commission under the chairmanship of the Hon. N. W. Rowell was appointed in the summer of 1937 to study and report generally on the relations between the Dominion and the provinces. When its report is ready Canada will have to decide in which constitutional direction she wishes to travel—toward greater centralism or toward a looser federalism. She has not yet faced her constitutional difficulties as boldly as have her two sister federations, the United States and Australia.

From the point of view of Canada's international position the most serious consequence of the legal interpretations of the B. N. A. Act has been the splitting asunder of the Dominion's treaty-making power. The decision of the Privy Council in 1937 on this point virtually destroyed the achievements of the previous twenty years of nation building. Canada has now the *right* to act as an independent nation in the world society, but the *power* to fulfil that role has been denied her. She can make treaties, but may not be able to enforce them, unless they can be classed as "empire" treaties under Section 132 of the B. N. A. Act, and this appears to be a highly restricted category. Other treaties must now be allotted to the Dominion or provincial parliaments, like

[1] *Canada Year Book*, 1937, p. 36.

ordinary statutes, in accordance with the judicial ideas as to the nature of the subjects covered by them. No other autonomous country is so handicapped. Canadian plenipotentiaries appointed by Ottawa, or by London on Ottawa's advice, may still meet foreign diplomats to plan international action but cannot give binding assurances that the treaty arrived at will be enforced, since the enforcement in some cases rests with the provinces. No doubt some classes of treaty will seem clearly to fall within the Dominion field, but there will always be an element of doubt which only the courts can clarify. It would be necessary for plenipotentiaries from each of the nine provincial governments to be present at negotiations in order to be certain that the Dominion would not be left in default, as she is at the moment in regard to the three labour conventions ratified by Mr. Bennett but the implementing of which has been declared by the Privy Council to rest with the provinces.[1]

The hopes of the statesmen of 1867 for a strong united Canada have been only partially fulfilled. In the realm of material things their faith was justified. Large commercial, industrial and financial undertakings now operate on a national scale within the free trade area of the Dominion. Railways, banks, insurance companies and the principal agencies of manufacture and distribution, have their head offices in Montreal or Toronto and an administrative organization that reaches from coast to coast. They cover the geographical and racial diversities with an economic uniformity. The inhabitants of Halifax, Montreal and Vancouver draw cheques on the same banks, buy the same insurance policies, mortgage their houses to the same trust companies, ride in the same cars, drink the same whisky, eat the same canned goods and smoke the same cigarettes. But while Canadian economic concentration has been developing, her constitutional unity has been steadily deteriorating as a result of legal interpretation. The business

[1]On the effects of Privy Council decision (*A. G. for Canada* v. *A. G. for Ontario*, [1937] A. C. 326) see articles in *Canadian Bar Review*, June, 1937; the *Canadian Journal of Economics and Political Science*, May, 1937; the *Round Table*, September, 1937; also Daggett, A. P., "Treaty Legislation in Canada", *Canadian Bar Review*, March, 1938; Jennings, W. Ivor, "Constitutional Interpretation—The Experience of Canada", *Harvard Law Review*, November, 1937; brief submitted to the Rowell Commission by League of Nations Society, January, 1938.

leaders and modern science have been subduing geography while the judges have been expanding provincial sovereignty.

Hence there is a conflict between the economic and the legal realities in Canada. The large corporations cannot be effectively controlled in the public interest by nine provincial legislatures, while their efficiency is hampered by the multitude of varying and vexatious laws and taxes to which they are subject. The Dominion, on the other hand, is incompetent to meet concentrated economic power with an equal political authority, or to provide remedies for economic problems which are essentially national in scope. This failure of the Dominion to act produces, by a curiously inverse process, a greater degree of provincialism and sectional feeling, for the economic policies formulated by the financiers and industrialists in the east have borne heavily upon the extremities of the Dominion and upon the agricultural exporters, who complain they are sacrificed to the money power and who blame Ottawa for tolerating the exploitation. Thus is the vicious circle complete: less power at Ottawa means more power to big business in the east; this results in less attention to the needs of the Maritimes and the west, which creates sectional demands for compensation and encourages attempts at local solutions. In the long run the "depressed areas" may come to realize that their only hope lies not in local but in national action, which will subordinate the interests of eastern industry to the needs of the national economy; but a suspicion that Ottawa will always be dominated by the east undermines confidence in so-called "national" policies and hence in national powers.

Thus to the separatist and divisive influences of geography, race and religion must now be added the disintegrating force of provincial sovereignty. Canada has made slow progress in the task of nation-building, and in recent years has lost constitutional ground. To the Quebec nationalists, the Privy Council has been a fairy godmother; they can now ask for an increase in French minority rights in return for a surrender of their new provincial autonomy. Only recently, because of the greater need for governmental action, has the seriousness of the constitutional situation been appreciated,

but already the sectional feeling is so strong that the political problem of securing amendments to the B. N. A. Act appears almost insurmountable. Bold leadership and a statesmanlike appeal for co-operation will be needed if sectionalism is to be overcome, and of these there is at the moment little indication.

CHAPTER VII

THE GROWTH OF CANADIAN NATIONAL FEELING

PREVIOUS chapters in this volume have disclosed the divisions within Canada. These have been emphasized because they provide a key to the understanding of most Canadian problems. Nevertheless Canada, the single country, is still a fact. Over the longer period a sense of national unity has been steadily growing within the Dominion, despite the many obstacles which it has had to overcome. It is shown in innumerable ways, some visible to the outsider, others felt and understood only by those who have lived and travelled in the country. The historical background to Canadian life is both rich and deep, and its record of endeavour and achievement makes for a community of feeling between different sections and groups. A native art movement, springing from the "Group of Seven" who started painting just before the world war, has made the beauty of the Canadian landscape part of the national consciousness. The radio, the aeroplane, the railways, the motor-car and the telephone have reduced the vast size of the country to manageable proportions. There are numbers of organized movements and associations, from political parties to learned societies, from chambers of commerce to athletic clubs, which operate on a national basis within the Dominion. All these are symptoms of nationhood. Canada's participation in the world war, and subsequently in the work of the League of Nations and in the achievement of Dominion status, stimulated very greatly the sense of nationality. The economic depression gave it a setback by creating internal strains and accentuating sectional and class differences; a Social Credit Alberta and a nationalist Quebec appear less integrally part of Canada than were those sections before these political changes occurred. Few people believe, however, that such sectionalism as now exists,

strong though it undoubtedly is, creates any real threat to the continued existence of confederation.

The attitude of Canadians toward the United States is a gauge of their own sense of national solidarity. It is when Canadians feel most insecure that they are most fearful of the American influence. A very considerable suspicion, even dislike, of the United States and its constant "Americanization" of Canada exists in certain sections of Canadian opinion. The more Catholic and the more British parts of Canada in particular look upon the United States as a "materialistic" nation whose luxury and extravagant behaviour are in danger of tempting the honest Canadian away from his simple and sober manner of living. Sometimes special interests exploit this antipathy to achieve a particular object, as when high protectionists fought the reciprocity treaty in 1911 on the ground that they were saving Canada from annexation, or employers wishing to preserve the open shop attacked Mr. Lewis and the C. I. O. in 1937 under the guise of helping Canadian labour to save itself from American domination. The anti-American feeling has declined in recent years, however, and the decline is an indication that Canadians have matured to the point where they no longer fear the loss of their identity on the American continent.

The feeling of a Canadian nationality is shared in some degree by most of the French Canadians. For many of them (as has been pointed out) the concept does not extend beyond their own race, even their own province. Even these, however, unless they are separatists, accept the idea of a common Canadian nationality, with a dual language and a dual culture, as a proper basis of association with their English-speaking fellow-citizens. The French Canadians, indeed, were the first to make this idea a normal part of their political thinking. English Canadians have been inclined to look upon Canada as an entirely British country with "one language and one flag" (in fact it has neither) and to think of French Canada, whenever they considered it at all, as an unavoidable and geographically restricted exception to the otherwise happy uniformity. In recent years this attitude has begun to change. A number of English-speaking Canadians have

moved closer to the French-Canadian position. Imperialist sentiment of the old sort has declined while the concept of Canada as an autonomous North American nation has grown. This concept is equally valid for both French and English. As the French Canadian expands his vision to include the whole of Canada and not merely the province of Quebec, and as the English Canadian ceases to think of Canada simply as the British part of North America and accepts it, with all its racial variation, as his prime allegiance, they both find they tread on common ground. In a real sense it is true that only in so far as Canada obtains full control over her own foreign policy can she become a united country internally. "The only common denominator [between French and English] seems to be a common allegiance to a common country."[1]

These factors explain why the possibility of another world war, in which Canada might be expected to take part on the side of Great Britain, contains so great a danger for Canadian national unity. The French Canadian feels no obligation or desire to take part in any European wars. His fear that because he is part of the Dominion he will inevitably be dragged into all such wars makes him view his political connection with English Canadians with the greatest suspicion, and makes him feel that the English Canadian is not a true Canadian at all.[2] The Conscription Act of 1917 was not applied in Quebec without bloodshed, and any future attempt to force French Canadians overseas to fight will be resisted much more strongly, particularly if by some chance Great Britain were to be fighting against Italy or with Soviet Russia as an ally. Nor will such resistance be confined by any means to French Canadians. A very large proportion of the 2,000,000 Canadians who are neither French nor British do not understand an allegiance divided between Canada and the Commonwealth. Not even all the British blood in Canada will wish to fight abroad, unless the issue at stake is something deeper than a balance of power in

[1]Lower, A. R. M., in *Canada, The Empire and the League* (Proceedings of Canadian Institute on Economics and Politics, Lake Couchiching, Ontario, 1936) (Toronto, 1936), p. 111.

[2]It is significant that the French word for English-Canadian is "*Anglais*"; for himself, it is "*Canadien*".

Europe. An increasing number of Canadians of all racial origins are coming to the belief that Canada must have the constitutional right to complete neutrality in future British wars, so that whatever course will best preserve the unity of the country may be freely taken. The growth of this idea is another indication of the growth of the Canadian national consciousness.

CHAPTER VIII

CANADA'S DEFENCE PROBLEM

THE defence of a country is both a political and a military problem. On the political side it means the maintenance of good relations with other countries so as to avoid conflicts if possible and to settle those that arise before they reach the stage of war. This should be the first aim of defence policy in any state not determined upon a programme of aggressive expansion. Military force enters principally when diplomacy has failed, though between states which distrust one another military force will exert a potent influence upon diplomacy and may have a deterrent effect on hostile aggression. Once the military have taken charge of operations, defence becomes a matter of defeating any opposing forces likely to be met on the field of battle.

DIPLOMATIC DEFENCES

Canada has not yet developed her machinery for the conduct of international affairs to the same point as other self-governing nations. She has diplomatic representatives in three foreign countries only—the United States, Japan and France.[1] She has a High Commissioner in London, and an Advisory Officer at Geneva. Canadian relations with other states, such as Germany, Italy, Poland, the Soviet Union and China, are conducted through the British Foreign Office and its diplomatic and consular channels, or through foreign consuls in Canada. Canada is better able to supervise her commercial relations, since Canadian trade commissioners exist in twenty-five countries.[2] In the countries where Canada has a minister of her own she has the machinery for settling disputes by negotiation. Where she has no minister her relations with a country depend largely on the attitude of the British government and its representative,

[1]At the time of writing, the government is proposing to establish legations at Brussels and The Hague with a single minister in charge of both.

[2]See list in *Canada Year Book*, 1937, pp. 495-7.

who has other than Canadian interests to protect. Even where Canada has her own representatives she cannot by diplomatic action avoid wars if, as seems to be the case, she has no right to neutrality in the event of Great Britain deciding to resort to war. The Canadian minister at Tokyo, for example, might succeed in preventing any dangerous issue arising between Japan and Canada, and yet if the British ambassador to Tokyo were withdrawn and an Anglo-Japanese war begun the Canadian minister would have to be recalled and Canada exposed immediately to attack on the Pacific coast. In countries like Germany, where there is no Canadian representative, the recall of the British Ambassador would leave Canadian citizens totally unprotected regardless of whether Canada was directly concerned in the dispute or not. Canada can, it is true, bring some influence to bear upon the British government as to the conduct of its policy (an influence perhaps commensurate with the degree of responsibility Canada is prepared to assume), but the principle of equality of status has not yet been fully applied to the conduct of foreign affairs. Canadian diplomatic defences are thus incomplete.

MILITARY DEFENCE OF CANADIAN TERRITORY

The problem of military defence for Canada is being actively discussed at the present time. It will be considered here, first from the point of view of home defence, and secondly from the point of view of co-operation in wider defence arrangements with other powers.

The traditional view of the problem of defence, still widely held in Canada, is that the British navy is Canada's protection against external aggression. More recently it has become usual to point to the United States navy and the Monroe Doctrine as safe-guarding Canadian soil, particularly from attack across the Pacific. Both these views are obviously true in part, for while these fleets command the north Atlantic and the north-east Pacific they are bars to any large-scale invasion of Canada from Europe or from Asia; nevertheless, they suffer from over-simplification. It is more nearly correct to say that, by providing herself with

coastal defences well within her own capacity to maintain, Canada can defend herself against any scale of attack which can reasonably be anticipated at the present time without having to rely upon other people's aid. What the distant future may bring is, of course, another matter.

Canada's security from the danger of armed invasion depends on two factors—the present international situation and the natural advantages derived from geography. In most discussions of defence insufficient attention is paid to the first factor. Yet defence cannot be discussed in the abstract; defence means defence against particular powers or combinations of powers. It so happens that there are no powers which threaten to invade Canada. No South American power is planning her conquest. It is no longer a part of Canadian defence policy to contemplate war with the United States: hence the famous undefended frontier. No Asiatic power except Japan is in an expansive and aggressive mood. Japan has both an "historic mission" and an actual commitment on the Asiatic mainland (besides the very real threat from the Soviet Union) sufficient to keep her occupied for an indefinite period. China is now defending Canada on the Pacific by keeping Canada's only potential invader fully engaged.

Europe is the only remaining continent from which an attack might be expected. Italy's ambitions are clearly Mediterranean; if she ever looks to America, it will more likely be to South America. Germany is left. What are Germany's ambitions? The *Drang nach Osten* is Canada's immediate defence from that quarter. Not even *Mein Kampf* suggests Canada as a part of greater Germany. In any case Germany must establish an hegemony in Europe before she can safely begin any trans-Atlantic adventures; this means she must first dispose of the balance of power against her. Hence Russia and France are part of Canada's defence at the present moment, quite as much as is Great Britain (whose recent policy, indeed, appears to many Canadians to be one of encouragement for Germany's expansion). Only if Germany and her fascist allies win the next European war and are not themselves destroyed by

the victory would it be necessary for Canadian defence policy to contemplate the still remote possibility of an attack in force from Europe.

Mr. Mackenzie King, in his statement to the House of Commons on foreign policy on May 24, 1938, expressed himself as follows on this point:

> If we are unlikely of our own motion to take part in wars of conquest or wars of crusade, it is equally unlikely that at the moment, with the world as it is today, any other country will single out Canada for attack. The talk which one sometimes hears of aggressor countries planning to invade Canada and seize these tempting resources of ours is, to say the least, premature. It ignores our neighbours and our lack of neighbours; it ignores the strategic and transportation difficulties of transoceanic invasion; it ignores the vital fact that every aggressor has not only potential objects of its ambition many thousands of miles nearer which would be the object of any attack, but potential and actual rivals near at hand whom it could not disregard by launching fantastic expeditions across half the world. At present danger of attack upon Canada is minor in degree and second-hand in origin. It is against chance shots that we need immediately to defend ourselves. The truth of this is recognized in every country. What may develop no one can say.[1]

In addition to these political reasons why Canada is comparatively secure at the moment, there are unusual geographical obstacles in the path of any invader. Three thousand miles of Atlantic and four thousand of Pacific Ocean are the beginnings of his difficulties. Both the Atlantic and the Pacific coasts lend themselves to home defences. The St. Lawrence is not navigable in winter, and with buoys removed and mines laid would be exceedingly difficult to utilize for transport purposes in summer. Canada would be bound to have lengthy warning of any attempted attack in force.[2] The eastern points most in need of protection are the harbours of the Maritimes, such as Halifax, Sydney and St. John; an army in control of these, however, is still separated from Montreal by 800 miles of barren country. The physical features of the Pacific coast are even more discouraging to the landing of any large force, though

[1] Canada, *House of Commons Debates* (unrevised), May 24, 1938, p. 3439.
[2] See *Canadian Defence Quarterly*, cited in MacKay and Rogers, *op. cit.*, p. 181.

they would lend themselves, if undefended, to the planting of bases for raiding.[1]

Military experts in Canada are consequently of the opinion that Canadian defence policy does not need to prepare for armed invasion. The utmost that need be expected at the moment are "minor attacks by combined sea, land and air forces, to destroy something of strategic or commercial value, or to secure an advanced base of operations, and this applies to coasts, to focal sea areas and to the preservation of Canadian neutrality", and also "sporadic hit and run raids by light cruisers or submarines to destroy our main ports and focal sea areas".[2]

To deal with these minor attacks and sporadic raids, Canada is already preparing her coastal defences, both east and west. The technical details need not be considered here: in general the need is for fixed coastal batteries and anti-aircraft defences at such points as Halifax and Sydney on the Atlantic, Vancouver and Esquimalt on the Pacific; sea and air forces capable of searching out and destroying hostile craft and their temporary bases; and supporting infantry units ready to move quickly to threatened zones. Under the new and enlarged defence plans now being carried out these will be provided within the next three or four years. It is therefore true to say that Canada is preparing to meet and is fully capable of meeting her local defence requirements at the present time out of her own financial resources. It is also true, however, that her armaments industry is not yet able to manufacture the heavier equipment needed, and she must therefore purchase supplies from outside sources. At present most of the orders have been placed with English firms—with the consequence that the rapidity of defence development has been impeded by British rearmament plans.

Thus far, it will be observed, no reliance has been placed on those two particular guarantees of Canadian defence—the British navy and the Monroe Doctrine. Obviously their

[1]For a more extended discussion of these points see MacKay and Rogers, *op. cit.*, Chap. XI.

[2]Hon. Ian Mackenzie, Minister of National Defence, *House of Commons Debates* (unrevised), March 24, 1938, p. 1793; see also, "Canuck", "The Problems of Canadian Defence", *Canadian Defence Quarterly*, April, 1938, p. 269.

existence is a still further safeguard for Canada. The analysis just given makes these two additional factors, however, of more potential than immediate utility. When Japan has completed her campaign in China it is conceivable that she might be insane enough to look across the Pacific; at that moment the Monroe Doctrine and the American navy would become vitally important. That moment, however, is not in sight. The same is true of a threat from Germany. As for the British navy, it no doubt operates as a powerful check upon Hitler's ambitions in Europe. So also does the French army, the Russian airfleet and whatever other European forces may be expected to line up against Germany in the next European war. The Royal navy is one element in a far wider picture.

There are, it is true, individuals in Canada, many of them sincere, who are frightened by the current wave of militarism and who feel that an invasion of Canada is a real danger. The Toronto *Star* in February, 1938, published a doctored photograph of planes bombing the city of Toronto. It was not felt to be necessary to suggest whose planes they were or how they might be expected to return, Toronto being 4,000 miles from Europe. Such propaganda makes the increase in defence estimates politically easier. Mr. King, despite his recent statement that Canada is under no threat of invasion, said in a radio address, on his return from the Imperial Conference of 1937, "Never imagine that to the overpopulated countries and under-nourished peoples of other continents, the countless attractions and limitless possibilities of Canada are unknown; or that, in some world holocaust, our country would escape the 'terror by night' or 'the arrow that flieth by day'."[1] In this atmosphere of vague impending doom, the general public seldom stops to ask which people are eyeing Canada, or how they plan to transport themselves to her shores.

It is sometimes said that Canada is vitally concerned with keeping open the trade routes of the Atlantic, on account of her large overseas trade. The statement is obviously true

[1] *Crown and Commonwealth: An Address on the Coronation, the Imperial Conference, and visit to the Continent of Europe*, delivered over the national network of the Canadian Broadcasting Corporation, Ottawa July 9, 1937 (Ottawa, King's Printer, 1937), p. 15.

up to a point. Canada's foreign trade is essential to the economic welfare of the country, given the continuation of Canada's present economic policy. But this trade is not essential in the sense that without it Canadians would starve to death. There is food and shelter for all within the country, and it might be cheaper to reorganize the economy during the period of cessation of the trade than to engage in a war to preserve it. A recent study group of the Canadian Institute of International Affairs on the subject of defence unanimously agreed that "few of the great trading countries have in practice defended their shipping on the high seas, and it seemed to be clear that Canada's defence policy could not be designed with the object of defending her goods, even those which might be carried far from home in her own ships". Moreover, it has been shown[1] that in actual fact there is very little "Canadian" trade on the Atlantic. A sort of *de facto* "cash and carry" principle prevails; Canada sells her produce to European importers in Canada, and they collect it in their own ships at Canadian ports. It is their trade, rather than Canada's, on the high seas. They are more vitally concerned to import it than is Canada to export it, and they are only too anxious to see it continue, not for Canada's sake, but for their own. No one in Canada has ever taken seriously the suggestion that she should "blast her way into the markets of the world"; present defence plans contemplate the protection of "focal sea areas" (a vague term in current use amongst the military experts) apparently as a part of coastal defence and as a protection of overseas shipping only as it converges on Canadian ports.

If Canada were to remain neutral in a war in which the United States were involved it might be necessary to defend that neutrality against violation. For example, if Japan and the United States were at war, Japan might wish to use the British Columbia coast as a base of operations, or the United States might want to transport troops and equipment across Canadian territory into Alaska. In either case Canada would have to protect her neutrality, for fear of becoming

[1]See above, p. 36.

involved as an ally of one of the belligerents. Coastal defences of the kind already described, when completed, will take care of submarine bases or temporary landing parties. If the United States were determined to use Canadian territory, there is nothing Canada could do to prevent it.

PREPARATION FOR DEFENCE OF THE COMMONWEALTH OR OF THE LEAGUE

The immediate defence of Canada, then, is not beyond the capacity of Canadians acting alone, provided they are content simply to safeguard their own territory. From the purely national point of view Canada needs no military alliances in the present world. If Canadian foreign policy includes the idea of intervention in Europe or elsewhere on behalf of the Commonwealth or the League, however, other considerations at once arise. The character of Canadian defence forces must be altered, and preparation for joint action begun. To protect Canada, as has been shown, fixed coastal batteries, mine sweepers, aircraft and possibly a few submarines are necessary, with a small supporting infantry force at each coast. To prepare for an expeditionary force to Europe, the emphasis must be placed on mobile and mechanized units, trained and equipped for immediate integration with the British army. These units must be supplied with machine guns, tanks, bombing-planes, and all the paraphernalia of modern warfare, much of which is superfluous, either in kind or quantity, for the defence of Canada alone. This type of army, on a modest scale, is contemplated and is in fact being organized in Canada.[1] The possibility of co-operation in war abroad has always been a dominant factor in Canadian defence policy, since until comparatively recently most Canadians have accepted without question the military alliance implicit in the former empire relationship,

[1]Canada has a permanent active militia of 4,000 men, a non-permanent militia with a peace establishment of 100,000 but an actual strength of about 45,000, and a paper reserve militia. The naval forces consist of four destroyers, with two on order (four to be placed on the Pacific and two on the Atlantic coasts) and a number of mine sweepers; total personnel (March, 1938) 119 officers and 1,462 ratings, with a volunteer reserve of 77 officers and 1,344 ratings. The Air Force consists of an authorized permanent personnel of 1,730 and a non-permanent force of 1,064; 102 aircraft are being secured, and landing fields have been constructed across the country to permit of rapid concentration. See MacKay and Rogers, *op. cit.*, pp. 192 ff., and speech of the Minister of Defence (Hon. Ian Mackenzie) on March 24, 1938, cited above, p. 91, n. 2.

and empire wars have not been fought in North America for over a century. Even today the ratio of defence expenditures as between land, sea and air is 2: 1: 1, whereas a purely national defence policy would place both naval and air expenditures ahead of those devoted to the infantry.[1] In addition, Canada is under contractual agreement with Great Britain to permit the use of Halifax and Esquimalt harbours by the British fleet, and has always co-ordinated her training and equipment with British practices. There is thus a difference between local defence requirements and present defence policy, a difference representing Canada's recognition of the possibility of having to take part in an overseas war.[2]

Because of the growing isolationist sentiment in the country the government spokesmen have tended recently to emphasize the home defence needs and to deny any "commitments" to or preparations for war abroad. To do this without unduly offending imperialist and other sentiment requires no little verbal ingenuity. An example of the kind of statement that is made is seen in the following extract from Mr. King's speech on February 19, 1937, justifying the increase in the Canadian defence estimates:

. . . In the course of this debate it has been necessary at different times from this side of the house to repeat that what we are doing we are doing for Canada and for Canada alone. That has been necessary for the reason that an impression had been created that what we were doing had relation to some expeditionary force which would be sent overseas. When we say that what we are doing we are doing for Canada alone, we mean we are doing it for the defence of our country within the territorial waters of the coasts of our country, and within Canada itself for the defence of Canada. But I hope it will not be thought that because we have laid emphasis on the fact that what we are doing we are doing for Canada, we are not thereby making some contribution towards the defence of the British Commonwealth of Nations as a whole, or that we are not making some contribution towards the defence of all English-speaking communities, that we are not making some contribution towards the defence of all democracies,

[1]See Glazebrook, G. de T., *Canada's Defence Policy*, Report of Round Tables of Conference of Canadian Institute of International Affairs, 1937, p. 16.

[2]In the past Canada's contributions to imperial defence have been military rather than naval, and the habit of spending more on the military has continued. Many regiments which came back from the last war continued in existence. They became social and recreational centres; the winter quarters were club rooms and the summer camps cheap holiday outings. It was politically wise to maintain them.

that we are not making some contribution towards the defence of all those countries that may some day necessarily associate themselves together for the purpose of preserving their liberties and freedom against an aggressor, come from wherever he may.[1]

The latter part of this double-barrelled statement is addressed to the body of opinion which feels strongly that Canada must prepare to meet the challenge of any aggressive powers, in order to preserve the same institutions and principles for which the empire took part in the last world war. As already indicated, Canadian defence arrangements already take this into account, though not to the extent this opinion would wish. The following note contributed by a Canadian expresses this point of view: it is given here in full and without comment to show how its adherents see the defence problem.

There is only a very slight chance of Canada becoming involved in war arising out of any local issue. There is every chance of our becoming involved because of issues in which we are concerned along with every other free country. It is therefore the world issue that must dominate our consideration of defence policy. Canada's first line of defence, like Britain's, is on the Rhine.

The nations of the world of our time are divided into three groups,—the Fascist states, governed by dictators, believing in war, ambitious and dissatisfied with their shares of empire; the Communist state, which may at any turn be added to by proletarian revolutions; and the Liberal and Democratic states, which are satisfied with the status quo which they secured partly by their greater progress in the nineteenth century and partly by their victory in the late war. The only possibility of a war affecting Canada or any other part of the Commonwealth arises from the determination of the Fascist states to redress the balance, and the certainty that they will attempt to do so by war, unless the armed forces of the free nations are so strong and united as to foredoom the attempt to failure. If war does come Canada will again have to be defended on the fields of Flanders and in co-operation with the British Navy. If those fail Canada will have no option but to submit to whatever terms the Nazis dictate.

The defence of the mainland of Canada from invasion can be so easily provided for that no nation on either side of us would attempt it. Nor would they have the slightest need to do so. If the British Navy were out of the way it would be a very simple matter for Germany to

[1]Canada, *House of Commons Debates*, February 19, 1937, p. 1058.

seize the island of Cape Breton and use it as a base from which to destroy all our Atlantic trade or for Japan to seize Vancouver Island and destroy our Pacific trade. Without export trade Canada cannot do more than exist. Exports take up so large a proportion of our production, both agricultural and industrial that their cessation would disrupt our whole economic structure and cause unemployment so great as to be beyond our power to cope with. It is nonsense to talk of the trade not being Canadian trade because it is carried from our shores in ships of foreign registry or owned by foreign purchasers. An enemy nation which secured control of the oceans could get all the supplies it needed from other countries and our trade would come to an end.

It is natural and right that our defence policy should be directed first of all to our own defence and, since such defence will cost all that we can at present afford to spend, our Government is taking the right course in making such defence its sole present aim. But as our people come to realize the world situation more clearly they will insist on our being prepared to do our part, if it becomes necessary. That can only be done by co-operation first with Great Britain, then with the other parts of the Empire and the United States, and ultimately in a League of the Free Nations for the defence of our common liberties and interests.[1]

[1]This is a point of view held by a considerable body of opinion in the United States. Its best expression is perhaps to be found in Walter Lippmann's article in *Foreign Affairs*, July, 1937, "Rough-hew Them How We Will". He sees the hand of a divine Providence in the American neutrality legislation giving effect to the "cash and carry" principle, since it will assist the democratic powers.

CHAPTER IX

CANADA'S EXTERNAL ASSOCIATIONS

CANADA'S external associations are primarily with the British Commonwealth and the United States, for obvious historic and geographical reasons; but her development as a supplier of international markets and a member of the League has brought her into wide contact with the world at large.

ASSOCIATIONS WITH THE COMMONWEALTH

Canada's associations with the Commonwealth are in all essential respects the same as those of her sister dominions. The formal link of the Crown is apparent in all the functions of government, both Dominion and provincial. High Commissioners are exchanged between Ottawa and London, and the Union of South Africa now has an accredited representative at Ottawa—the first to come from any dominion. All Canadians enjoy the common status of British subjects, though British subjects from other parts of the Commonwealth require five years residence before they can be classed as "Canadian citizens" or "Canadian nationals" under certain Canadian laws.[1] The Privy Council remains the final court of appeal for Canada, much criticized but not yet abandoned.[2] Canadians participate in various organs of Commonwealth co-operation set up under the Imperial Conferences, such as the Imperial Economic Committee and other joint bodies. Canadian officers are sent for training to

[1] E.g. under the Immigration Act, the Foreign Enlistment Act, etc.

[2] In the 1938 session of the Canadian Parliament, the Hon. C. H. Cahan, Secretary of State in the Conservative administration, 1930-35, introduced a bill to abolish appeals to the Privy Council "in relation to any matter within the competence of the Parliament of Canada". Mr. Lapointe, the Minister of Justice, in his speech supporting the bill, expressed the opinion that the Canadian Parliament had the power to do away with all appeals. Mr. Cahan then stated that he would be very glad to see an amendment in committee to that effect (Canada, *House of Commons Debates*, unrevised, April 8, 1938, p. 2353). The bill was later withdrawn to permit of further study by law associations and other interested bodies throughout the Dominion. Mr. Cahan has stated that he hopes Mr. Lapointe will re-introduce a similar bill on behalf of the government at the next session. If not, he will himself re-introduce the bill. The wide measure of support given the bill is indicative of the movement of opinion against the use of appeals to the Privy Council.

the Imperial Staff College. But Canada has consistently opposed the creation of any central Commonwealth organization which would possess executive power or which might give the impression that a new system of control was being established in London. There is no likelihood that this attitude will change.

Canada's trade relations with Great Britain and other members of the Commonwealth have already been described. 46.7 per cent. of Canadian exports went to empire countries in 1937 and 29.5 per cent. of her imports came from them. This considerable trade, second only to that between Canada and the United States, is the result both of historic commercial relationships and of the imperial preferences. There is no doubt that Canada's trade with the Commonwealth is based to some extent upon political considerations, and that should her political objectives change in this regard the importance of the empire in her economy would gradually diminish. The political factor, however, does not appear to be of great importance in the total picture. Great Britain's need for foodstuffs and raw materials makes trade with Canada very natural.

It is not easy to assess the cultural and sentimental ties that join Canada to the Commonwealth. They have their roots in language, literature and religion; in respect for the Crown and in parliamentary democracy; in a common history and in family relationships. These ties are strong in some sections of Canada, weak in others. They are strongest in the Maritimes, Ontario and British Columbia; less evident in the Prairie Provinces where the non-British immigrants are mostly settled; and weakest in Quebec. Canadians with a pro-British attitude occupy most of the important positions in the Protestant churches, in public affairs, in education, in business and in the press. In an emergency, they would act with considerable unanimity. Nevertheless, imperialist sentiment amongst the general population has declined in recent years. For half the Canadians the "British tradition" is something which they found existing in the country of their adoption, or else, as in the case of the French Canadians, something which was imposed

upon them. These people are Canadians first, members of the Commonwealth after. This does not mean that many, perhaps most of these Canadians have not a great respect for the British Commonwealth and its traditions. Their loyalty to Canada includes unquestionably a certain loyalty to the British connection. The degree of the latter loyalty, however, is obviously much less than would be found amongst Canadians of British origin. And even large numbers of the British Canadians have transplanted the greater part of their loyalty.

In the matter of imperial defence Canada has always followed an apparently independent course. At the moment of crisis in the past she has not stinted her expenditure (witness South Africa and the world war) but in times of peace she has been suspicious of joint efforts for imperial defence. She has never contributed to the British navy,[1] and recently has given a distinctly cold reception to the "peregrinating imperialists" who from time to time suggest that she should. Most Canadians are convinced that the British navy, even admitting its deterrent effect on aggressors, is no larger than it would be if the Dominion were totally independent.[2] Great Britain quite properly builds for her own defence rather than for Canada's. She must protect the North Atlantic trade routes, for she needs foodstuffs and raw materials both from Canada and the United States. At the same time it has already been pointed out that Canada has never ceased to prepare for possible joint action with Great Britain. The principle of "no commitments" is now advanced as the corner-stone of Canada's defence policy, at the same time as officers are being exchanged with British units, equipment is being made uniform with the latest British models, and a military force is contemplated of a kind different from that required for purely domestic needs. To most imperialists, Canada's co-operation in defence matters seems pitifully inadequate; to those who support a policy of neutrality Canada seems to be preparing already for another intervention in Europe whenever Britain calls.

[1]Though in 1912 she would have done so but for the opposition of the Senate.

[2]". . . If Canada dropped out of the Empire tomorrow Great Britain could not reduce her armed strength by one war-ship, aircraft or man."—"Canuck", "The Problems of Canadian Defence", *Canadian Defence Quarterly*, April, 1938, p. 268.

In considering Canada's attitude to the Commonwealth a distinction must be made between the desire for neutrality and the desire for secession. Even those Canadians who wish Canada to have the right to neutrality when Great Britain or any other part of the Commonwealth is at war, do not wish to secede from the Commonwealth. According to some imperialists neutrality means secession; others challenge this assumption. It is important to remember, however, that people who believe neutrality is possible in an empire joined merely by a personal union under the Crown are not, in their hearts, aiming to destroy the Commonwealth. Despite the increasing tendency to independent action in international affairs, the vast majority of Canadians hope the Commonwealth will continue and that Canada will remain a member of it. Even many of the French-Canadian nationalists have said that they do not desire to quit the Commonwealth altogether; their independent republic would remain a dominion under the Crown. None of the movements of opinion within Canada which conflict with the concept of a strongly united Commonwealth must be taken to indicate the growth of a secessionist movement.

A further distinction that needs to be made is that between a right to neutrality and a policy of neutrality. A right to remain neutral is an adjunct of autonomy, a necessary constitutional power if Canada is to have full control over her own foreign policy. A policy of neutrality is the exercise of that right in a particular event. Some people who ask for the right wish to adopt the policy, but many others wish Canada to have the right so that she may really be free to adopt a policy of neutrality or not, according to her own decision when the next war comes. It is the automatic belligerency at some one else's choice which is objected to even though that belligerency be purely technical at the outset.

There is also in Canada a considerable body of opinion which would place the importance of the maintenance of Commonwealth unity ahead of the right to neutrality in time of war. Such people would put first the preservation of the Commonwealth association, hoping at the same time that

neutrality might still turn out to be possible. Although they would maintain Canada's freedom of action as to participation in the conduct of overseas wars, and would always impress the Canadian point of view upon the British government as to any matter affecting Canada's interests, they would take for granted Canada's technically belligerent status in any British or Commonwealth war. They think that a neutral Canada would be virtually certain, in a conflict involving great powers, to have her neutrality challenged in such a way as to present the alternatives of accepting belligerency or breaking the Commonwealth connection. By many of this group the relationship with Great Britain is accepted as including a tacit military alliance.[1]

The British connection has left, as need scarcely be said, a permanent mark on Canadian social and political institutions. It is seen most noticeably in the parliamentary nature of the Canadian government, in the structure of the courts, in the organization of the military forces, and in religious and educational traditions. But in spite of this tutelage the greater number of Canadian institutions and activities are now North American or just plain Canadian. The parliamentary tradition has been blended with a federalism which is American in origin. Political behaviour is often American despite the forms of government. History relates Canada to Great Britain, but the daily contacts of Canadians are with the United States. It has been estimated that some 30,000,000 crossings of the Canadian-American boundary were made in the year 1931-32.[2] Canadian sports and amusements are American. Only small groups in the principal Canadian cities read English periodicals, though English books are more widely distributed. Most English-speaking Canadians read some American magazines, which have a greater total circulation in Canada than have the Canadian publications. Every Canadian with a radio may tune in at any time to a variety of United States programmes, and their constant influence affects his outlook even though he may occasionally

[1] An estimate of the relative strength of the various groups of opinion in Canada is made below, pp. 135 ff.

[2] See address by R. H. Coats on "The Two Good Neighbours" in *Proceedings of Conference on Canadian-American Affairs*, 1937, edited by Trotter, R. G., Corey, A. B., and McLaren, W. W. (Boston, 1937), pp. 106 ff.

rise at a special hour to hear a coronation service from London or some other empire broadcast. Cultural diffusion east and west is difficult within the Dominion; it is relatively easy north and south across the international boundary. The natural affiliations of the Maritime Provinces are with the New England states; many more Quebec French Canadians have emigrated to the United States than to other parts of Canada; Ontario's business and labour connections are predominantly American; the Prairie Provinces are highly Americanized; while British Columbia is an integral part of the Pacific slope.[1] Thus does the United States press upon Canada in a way that Great Britain cannot, and though the British traditions continue, and provide a kind of psychological counterweight which is very powerful, the other influence is the more insistent. The Commonwealth provides the Sunday religion, North America the week-day habits, of Canadians.

British institutions are now thoroughly incorporated into Canadian life and blended with American elements adapted to Canadian needs. Their continuation in Canada may be expected, regardless of the continuance of the Commonwealth relationship. England's contribution to Canada is kept alive now not so much by the existence of the Commonwealth as by the voluntary adherence of Canadians themselves to the traditions with which their national life began. On the other hand the existence of these traditions largely guarantees Canada's continued membership in the Commonwealth.

ASSOCIATIONS WITH THE UNITED STATES

In the formal political sense, the United States is a foreign country to Canadians, one of the three foreign countries to which a Canadian minister has been accredited. In actual fact the United States is not regarded as a foreign country at all. When the Canadians talk about the "foreigners" in the population, they are not thinking of American settlers.[2] A

[1]See Ware, N. J. and Logan, H. A., *Labor in Canadian-American Relations* (Toronto, 1937), p. 3.

[2]Mr. Hepburn called the C.I.O. organizers "foreign agitators", but Canadian politicians welcome American financiers with open arms if they have money to invest in Canada.

very special relationship exists between the two countries, as unlike ordinary international intercourse as are the dealings of the British countries one with another. The existence of this relationship makes Canada unique in the British Commonwealth, for no other member has similar associations with any country outside the Commonwealth.

Throughout the preceding analysis of the basic factors in Canadian life, the influence of the United States has inevitably appeared, and there is no need to repeat what has already been said. Trade and commerce, radio, the films, newspapers and periodicals, sports, tourist visits and family connections, maintain the constant intercourse. When disputes arise and adjustments must be made between the governments, little difficulty is ever experienced: witness the settlement of the *I'm Alone* case, and the steady achievements of the International Joint Commission regulating boundary waters. Perhaps it would be wrong to attribute all the American characteristics of Canadian life to the influence of the United States. Men and women, whether north or south of the American boundary, derive from the same racial stocks, live on the same continent, and have to abstract a living from a very similar physical environment; it is not surprising that in the process of time their social and economic institutions have come to have great similarities. When a Canadian talks of Canada as an American nation, he does not mean that he wants to become a citizen of the United States, or hopes Canada will enter the American Union; he means that he recognizes now, and is not afraid to face the fact, that his destiny and chief interests lie in North America.[1]

Events that occur in the United States have immediate repercussions in, and seem closely related to, Canada. Dramatic English events, particularly those touching the Crown, awake great interest in Canada, but the internal social and political developments in England seem remote. The election of President Roosevelt, and the stimulus which his personality and programme have given to social and political

[1]It has been suggested that the proper reply for a Canadian to the question frequently addressed to him in England, "Are you an American?", is, "Yes, I am a Canadian". Due to the fact that "United States" is a noun from which no adjective can be made, the word "American" must do a double duty.

changes within the United States, have had a great influence upon Canadian policy in the past five years. Mr. Bennett's legislative reforms of 1935 were not improperly called in Canada, "Mr. Bennett's 'New Deal' ". Recovery in the United States preceded and promoted Canadian economic improvement. The sudden rise of Lewis and the C. I. O. stirred Canadian trades unions into more militancy and activity than they had shown since the world war. Mr. Roosevelt's visit to Buenos Aires in 1936 made the Pan-American Union a topic of discussion in the Canadian Institute of International Affairs, if not in the country at large. It is generally true that every important development in the United States is followed with a varying time lag by a similar development in Canada. Only occasionally are English changes followed in Canada; possibly the introduction of new divorce legislation into the Canadian parliament following A. P. Herbert's divorce bill is a recent example, as is also the structure of the Canadian Broadcasting Corporation, which was modelled on the B. B. C.

CANADA AND THE LEAGUE OF NATIONS

Since 1920 Canada's membership in the League of Nations has been an important factor amongst her external associations. It has affected to a considerable degree both her relationship with the United States and with the British Commonwealth.

The idea of the League of Nations was attractive to Canadians for two reasons. In the first place the creation of the League gave an opportunity for Canada to appear before the world as an independent nation. Canada, it has been said, was born in an ante-room at Geneva. In the second place, Canadians along with other British peoples can be easily aroused to international co-operation by an idealistic or humanitarian appeal. The ideals and work of the League of Nations evoked considerable enthusiasm amongst certain sections of the Canadian people, and made them desire to shape a Canadian foreign policy in accordance with the requirements of a world collective system. This was particularly true in later years, for at first the League was not

understood. While this loyalty to the League did not destroy a sense of loyalty to the Commonwealth, it made the latter appear less important to many people.

The history of Canada's participation in League activities shows a decided opposition to the idea of the League as a body with power to enforce its decisions. Canadian delegates at Geneva have generally been willing to co-operate on minor international matters but unwilling to promote or support schemes for mutual assistance in the event of war. In this respect Canadian official action has often been less co-operative than some sections of public opinion would have wished. Canada opposed the Italian suggestion of an inquiry into raw materials in 1920, and supported the British government in its rejection of the Treaty of Mutual Guarantee of 1923 and the Protocol of 1924. Canada moved for the deletion of Article X of the Covenant, and when this failed was instrumental in obtaining the interpretative resolution of 1923 which recognized that the Council, in recommending military measures in consequence of aggression, should take into account the geographical situation and the special conditions of each state. The Canadian representative at the time of the Manchurian incident went fully as far as Sir John Simon in suggesting caution and minimizing the aggression of Japan. Mr. Mackenzie King in his speech in the Canadian House of Commons on June 18, 1936, and in his speech at the League Assembly on September 29, 1936, declared that Canada had no absolute commitments to apply military or even economic sanctions against an aggressor named by the League; that it was for the parliament of Canada (not the League Council or Assembly) to decide in the light of the circumstances of each case how far Canada would participate in any form of compulsion.[1] Yet he had applied the sanctions against Italy without waiting for parliamentary approval, so strong was the opinion in the country.

While thus making clear to the League that she would not give definite commitments in advance, Canada nevertheless took part in the general work of the League in the same

[1] A full analysis of Mr. King's various statements in this connection is given by Escott Reid in "Mr. Mackenzie King's Foreign Policy", *Canadian Journal of Economics and Political Science*, February, 1937.

manner as her sister dominions. She adopted the Optional Clause and the General Act for the Pacific Settlement of International Disputes. She has attended the sessions of the I. L. O.; but the lack of an effective labour party, the influence of the employer and agricultural classes in Canada, and constitutional difficulties, have prevented the Dominion from implementing more than four of the fifty-seven draft conventions of the International Labour Conference.[1] An attempt was made by Mr. Bennett in 1935 to implement three other conventions, but the Privy Council invalidated the legislation. None of the provinces has shown any inclination to use the exclusive legislative power in this regard which the courts have recognized as vested in them; their legislatures are generally dominated by agricultural representatives and include very few labour spokesmen.[2]

Canada's willingness to participate in the application of sanctions at the outset of the Italo-Abyssinian war, and the almost complete unanimity with which this policy was approved, at least in English-speaking Canada, indicated that when loyalty to the Commonwealth and to the League were combined the majority of the Canadian people were willing to undertake very considerable commitments in world affairs. At the same time the more cautious attitude, the North American suspicion of all European politics, is always present in the country. The French Canadians in particular are suspicious of the League, which many of them look upon as the creation of freemasons and atheists.[3] The Dominion government's repudiation of special responsibility for the Canadian representative's motion, in the Committee of Eighteen, to apply the oil sanction, gave expression to the isolationist feeling. In spite of the League's virtual disappearance as an instrument of collective security a belief in this idea has not died in the Dominion. The disillusionment and disappointment of recent years, however, have made

[1]As of January 1, 1937. See *Canada Year Book*, 1937, p. 740.

[2]British Columbia is the sole exception: the Eight Hour Day Convention was put into force by provincial law. In a number of cases, although the provincial legislatures have not specifically implemented the conventions, nevertheless they have enacted legislation covering many of the points dealt with by them.

[3]See Bruchési, Jean, in *Canada: The Empire and the League* (Proceedings of the Canadian Institute on Economics and Politics, Lake Couchiching, Ontario, 1936) (Toronto, 1936), p. 143.

most of the League supporters profoundly sceptical of the possibility of building again an effective world organization at Geneva until the European nations settle some of their own differences by their own action. In consequence, most Canadians today look upon Europe as being in a condition indistinguishable from that which existed at the beginning of this century.

Outside Quebec, sentiment in Canada toward the League has thus moved from early indifference through a short period of enthusiasm and active support (Abyssinia) to almost complete disillusionment. This disillusionment has spread its influence into the field of Commonwealth affairs. Manchuria, Abyssinia, Spain, China, Austria—these milestones on the road of international disintegration have alienated the sympathies of considerable sections of English-Canadian opinion towards the Commonwealth connection. These events have had the contrary effect on numerous other English Canadians.

The former group contend that an inkling of what would occur were the League to disappear was perceived at the first British Commonwealth Relations Conference,[1] and that its fears have been amply justified. The influence of recent international events has reacted in three ways to the detriment of the Commonwealth association. In the first place, the policy of the British government since 1931 has steadily estranged those Canadians who believe it prefers power politics of the pre-League type to the principles established by the Covenant. The spectacle of a British Foreign Secretary going to Geneva, by private agreement with a covenant-breaker, to beg the powers to recognize a conquest acquired by barefaced aggression against a fellow member of the League, is one which these Canadians cannot

[1] "If a breakdown of the attempt to establish a humane and reasonable world-order ever did bring these diverse regional factors into active play, who could tell how far the countries now associated in the British Commonwealth might drift apart on their way to encounter their diverse fates, whatever these fates might respectively prove to be? To a well attuned ear, the proceedings at the British Commonwealth Relations Conference which met at Toronto in September 1933 had a tragic as well as an assuring note." A. J. Toynbee, in *British Commonwealth Relations* (Proceedings of the first British Commonwealth Relations Conference) (London, 1934), p. 14. Further opinion of a similar sort was expressed at the first annual Studies Conference of the Canadian Institute of International Affairs, held in May, 1934; see the report published by the Institute and distributed privately to members.

view without a sense of bitterness and shame, however much Canada herself may be open to criticism for her attitude toward sanctions. Distrust of British policy very naturally breeds a dislike of the idea of the Commonwealth being asked to back the new policy should it result in the expected war. In the second place, even many imperialists feel disturbed at the long refusal of Great Britain to take a firm stand against the threats of the dictators; while approving her rearmament programme, they feel that the toleration of fascist expansion is jeopardizing the trade routes of the Empire and inviting future aggression at a time when the strategic position of Great Britain will be far weaker. Lastly, and perhaps most seriously, the revival of an armaments race on a huge scale, the return of the struggle for the balance of power in Europe, and the growing belief that a useless repetition of the world war is almost certain to occur sooner or later, make numbers of English Canadians turn to a policy of North American isolation and self-defence, and confirm the French Canadians in their determination not to allow themselves to be involved again. If Europe has reverted to her former state of armed anarchy, there seems to these Canadians little use in intervention if there is any possibility of staying out.

The trend of events has had a very different effect on another group of English Canadians. Such people may or may not have approved recent British policy, but their opinion of what Canada's policy should be now is determined by the plain fact that Great Britain is in danger. To them the preservation of the Commonwealth is a fundamental article of faith. When the security of the Commonwealth was reasonably assured they took the association as a matter of course; but now that that security is threatened, they urge Canada to rally to the support of the "mother country". Today they are more determined in their support of Great Britain than at any time since 1919. The divergence of opinion on the question of Canada's place in the Commonwealth is thus becoming more marked, and is increasing the strain on national unity.

ASSOCIATIONS WITH OTHER COUNTRIES

Canada's international relations, apart from those with the Commonwealth, the United States and the League of Nations, are principally of a commercial nature. It might be thought that relations with France would be particularly close, owing to the fact that so many Canadians are of French origin. The French Canadian, however, has little attachment to his mother country. The sentimental tie has been effectively broken, partly by the absence of political association for 175 years, but more particularly by the fact that France has turned anti-clerical while the French Canadian has remained a staunch believer and an ultramontane. Only to a slight extent, amongst a few intellectuals, does modern French thought or policy influence the thinking or attract the attention of the French Canadian. Nevertheless a certain formality of interest is maintained; Canada has appointed a minister to France, and on important historic occasions French representatives visit Quebec and make appropriate speeches.

While the influence of France in Canada is slight, the influence of the Papacy is considerable. The final decision in regard to the appointment of Roman Catholic bishops in Canada is made in Rome. At one period of Canadian history (during the religious conflict over the Manitoba School Act of 1890) it was pressure from the Apostolic delegate, Mgr. Merry del Val, which eased the agitation in French Canada. The Catholic Church, as M. Siegfried has pointed out, has interests in North America far wider than the aspirations of French-Canadian nationalism.[1] The publication of the *Ne Temere* decree in 1908 precipitated a Canadian conflict over the marriage question.[2] The teaching of "corporatism" in Quebec today is a consequence of the social doctrine contained in recent Papal encyclicals. Because of the Vatican influence in Canada, the influence of Italy is also, at the moment, considerable. French Canada approves the Italian policy in Spain though this is inimical to the interests of France.

[1] Siegfried, André, *Canada*, pp. 69-70.

[2] A Marriage Bill was introduced into the Dominion Parliament to overcome the effects of the decree, but it was declared *ultra vires* by the courts. See *In Re Marriage Legislation* [1912] A.C. 880.

The presence of a Canadian minister in Tokyo is evidence of Canada's commercial and political concern with the Far East. Canadian trade with far eastern countries is only a small part of her total foreign trade, but is by no means a negligible quantity. In particular, as has been pointed out, Canada's trade with Japan has increased considerably in recent years. Canada has also been interested in the political arrangements for maintaining peace in the Pacific. She was largely instrumental in persuading Great Britain to abandon the Anglo-Japanese alliance in 1921 out of concern for American feeling. She became a party to the Nine Power Treaty and the Four Power Treaty adopted at the Washington Conference as a basis for future relations between the countries bordering on the Pacific. Canadians were amongst the founders of the unofficial Institute of Pacific Relations. Canada has never attempted, however, to bring any pressure to bear upon other signatories to the Washington treaties to compel them to stand by their engagements. She has left the initiative here, as in Europe and in the League, to powers which are more closely involved in the disputes which have arisen. It is noteworthy that the Canadian government refused to apply against the belligerents in the Sino-Japanese conflict the provisions of the neutrality legislation adopted in 1937.[1] Canadian exporters are being permitted to make their increased profits out of the demand stimulated by war in the east, though they were prohibited from similar commercial transactions with the rebels and the government forces in Spain. Canada's general policy of moving when Britain and the great powers move and not moving when they do not fitted in here very well with the Catholic opinion which did not wish any help to reach the Spanish government and the commercial opinion which wanted to seize the opportunity of greater trade with Japan.

Canadian connections with Latin-American countries are very slight. There is no diplomatic representative accredited to any Central or South American state. Trade commissioners, however, have been appointed for the Argentine Republic, Brazil, Cuba, Mexico, Panama and Peru. The

[1]See below, pp. 125-6, for its description.

total Canadian exports to South and Central America amounted to only $17,000,000 in 1936, less than Canada's exports to Australia. In part this diminutive trade may be due to the absence of a determined attempt on the part of Canada to develop markets, but the prevailing opinion in Canada holds that no very great commercial development is likely until the standard of living in those countries is materially raised.[1] If, however, one thinks of the two Americas together, then their importance from the Canadian point of view, even with the undeveloped South American trade, is at once appreciated. In 1937 they absorbed 45 per cent. of Canadian exports and supplied 65 per cent. of her imports.[2]

[1]See the discussion of this and other aspects of Canada's relations with Latin America in *Canada and the Americas*, a report of the Round Table Conference of the Canadian Institute of International Affairs held at Hamilton, May, 1937, by F. H. Soward; also, MacKay and Rogers, *op. cit.*, Chap. VIII.

[2]See table on p. 42, above.

CHAPTER X

SOME ADVANTAGES AND DISADVANTAGES OF MEMBERSHIP IN THE COMMONWEALTH

IT WOULD be impossible to find agreement in Canada about the advantages and disadvantages of membership in the Commonwealth, since different groups would disagree as to what constituted an "advantage". The Orangeman in Ontario and the Catholic in Quebec look at the British connection from fundamentally different points of view. Instead of attempting, therefore, to form two lists of the consequences of membership, one labelled "advantages" and the other "disadvantages", the more objective method will be followed of considering what seem to be the principal results, leaving the reader to form his own estimate as to their utility for Canada.

Membership in the Commonwealth means that Canada has always been a partner in a world-wide political organization. This has made the inhabitants of the Dominion more conscious of their place in international affairs, more concerned with world movements, than they would have been as citizens merely of a North American state. It has lessened to some extent the provincialism and sectionalism to which the country is only too addicted. This effect of the Commonwealth association, however, has of late years lost some of its force. Canadian foreign trade is so extensive, her relationships with other countries so wide, that complete isolation from the rest of the world is no longer possible. The lumberman in British Columbia, the farmer on the prairies, the miner in central Canada, know what a world market is. Modern methods of communication keep all parts of Canada in constant touch with important world events.

If the imperial ties were broken, Canada would at once have to increase her diplomatic services to enable her to conduct her affairs with foreign states. The right of Canadians to use the British diplomatic and consular services has thus

saved Canada the necessity of creating and paying for these services herself.[1] Every Canadian, by his possession of the status of British subject, can make use of a ready-made system of protection throughout the world. He travels and trades with status. On the other hand the absence of official Canadian representatives in most countries has meant that Ottawa has had to rely upon non-Canadian sources of information for much of its knowledge of world affairs.[2] Copies of despatches sent to London from British diplomats may be forwarded to Ottawa, but these will not contain the same kinds of information, or even the same interpretation of events, as would be selected by a Canadian who was viewing foreign developments from the Canadian point of view.

In the international world, Canada as a British dominion can speak with an authority she would hardly possess were she an independent country of eleven million people. Canada has shared to some extent in the prestige and the power of the whole Commonwealth. It is not easy, however, to measure "prestige". It would be of more use to Canada today were she a country trying to force her will upon weaker nations; in so far as she deals with foreign countries on terms of mutual benefit and goodwill the potential power behind her is of no special value. Other relatively unarmed countries, many with valuable raw materials as in South America, do not appear to suffer any particular handicap in their foreign relations. Canada's most important affairs are with the United States and the British Commonwealth, and here "prestige" is of no value today, however useful it may have been in dealings with the United States during the nineteenth century, and however useful it may again become in a changing world.[3]

The fact that Canada began its life as a colony quite naturally has produced in many Canadians an attitude of mind which can best be described as "colonialism". This outlook continues to dominate a certain number of people, despite

[1]The British consular services, however, on the whole are self-supporting.

[2]Canadian representatives in London, Washington, Paris, Tokyo and Geneva are able to supply the government with a great deal of very useful information; but these sources are incomplete.

[3]See Trotter, R. G., "Which Way Canada? An Inquiry Concerning Canadian-American Relations and Canada's Commonwealth Policy", *Queen's Quarterly*, XLV, 3, Autumn, 1938.

the growth of Dominion autonomy. It produces a distrust of things Canadian, a sense of inferiority, and a tendency to follow borrowed traditions blindly rather than to think out and act upon a native policy. Sometimes, to compensate for the inner weakness, an ostentatious patriotism appears based more on narrow loyalty than reasoned faith. Canada will not be a nation in the full sense until Dominion status has become a psychological fact as well as a political reality.

One of the commonest ideas held about Canada's membership in the Commonwealth is that through it she has been provided with defence. Prior to the establishment of the Dominion and its extension to the Pacific the burden of Canada's border defence was borne in large measure by the British government. In 1870, however, British forces were withdrawn from Canada, except for the garrisons at Halifax and Esquimalt, which were maintained until 1905. Up till confederation expansionist agitation in the United States would have repeatedly threatened Canadian independence had not the United States realized that northward aggression would face the military power of Britain. On the other hand it must be remembered that some of the agitation for annexation of Canadian territory was an appeal to anti-British rather than to anti-Canadian prejudices.[1]

So far as an invasion from Europe or Asia is concerned, at no time in the past 100 years is it reasonable to suppose that any power would have contemplated such an attack, whether the British navy or the Monroe Doctrine existed or not. Japan did not become a modern state until the end of the nineteenth century, and her expansion has since then been quite naturally toward the Asiatic mainland. Russia, after the sale of Alaska in 1867, paid no more attention to America. Germany and Italy did not become united until 1870 and have been engrossed since in European and African affairs. The Germany of 1914, had it been victorious in the world war, would no doubt have contemplated further colonial expansion, conceivably at the expense of Canada; if this is so, the Dominion was defended by France, Russia

[1]See Trotter, R. G., "The Canadian Back Fence in Anglo-American Relations", *Queen's Quarterly*, XL, 3, August, 1933.

and the other allied powers fighting Germany just as much as by England and the United States. Canada would be better defended today by a strong League of Nations, or even by a strong alliance between England, France and Russia, than she ever can be by the British Commonwealth alone.

As regards the problem of defence in the future, it would appear that neither Commonwealth aid nor the Monroe Doctrine is immediately essential, though both are important. It has been shown how Canada will be able to defend her own coasts from any expected scale of attack, when her present defence plans are completed. Geography and international political alignments give her, at the moment, all the defence she needs in addition to her own strength. In the contemporary world the only place where Canadians are likely to die violent deaths on the field of battle is in Europe. Were it not for the Commonwealth connection Canada would certainly be as isolationist as all the other American states. It is true that a number of Canadians consider Great Britain the principal supporter of peace in Europe; they believe that if she should be defeated in a war it would be only a matter of time before Canada was subject to a serious threat of invasion which could only be avoided by alliance with, followed by political subjection to, the United States; that the preservation of Canadian independence therefore requires participation in the major struggles of Britain wherever they may be. In short, they think that defending England is defending Canada in a very real sense, quite apart from questions of sentiment or of moral obligation.[1] The same long-range argument, of course, would lead Mexico and the South American republics to defend themselves by fighting in Europe, since they are equally liable to invasion; it would mean also that Canada should help France and China, both of which can be relied on to oppose Germany and Japan, Canada's principal potential enemies.

It has been pointed out that the Canadian defence forces are equipped and trained according to English standards.

[1]An argument tending to support this view is presented in Trotter, R. G., "Which Way Canada? An Inquiry Concerning Canadian-American Relations and Canada's Commonwealth Policy", *loc. cit.*

This is clearly an effect of the Commonwealth association. It results in Canada having to rely to a great extent on Great Britain for supplies. If the Atlantic sea route were blocked during a war, Canadians might find it impossible to maintain the coastal batteries at Halifax and Esquimalt, equipped with English guns. A defence policy based on purely Canadian needs would more naturally follow United States practices, since supplies are more likely to be available from that country. The danger of Canada being cut off through the application of the United States neutrality laws is less than the danger that air and submarine attacks may make impossible any transport across the Atlantic. It is in the interest of the United States that Canada should be able to defend her neutrality against, and to repel invasion by, a non-American aggressor.

Another consequence of Commonwealth membership, already pointed out, is that Canadian defence policy has emphasized military at the expense of naval and air power. A concern solely with local defence needs would have resulted in expenditure devoted much more to coastal defences and much less to the militia.

Canada's relations with the United States have grown steadily closer with the industrial development of the Dominion, despite Canada's membership in the Commonwealth. Yet most Canadians would feel that the process of Americanization in Canada would have proceeded further and more rapidly had Canada been an independent state. Certainly the links with Great Britain and the other dominions, the position of the Crown, and innumerable other British influences have tended to make Canadians feel they were different from Americans even when the other influences of geography and commercial intercourse were making the two countries more and more alike. Had it not been for membership in the Commonwealth, Canada would probably have joined the Pan-American Union. It would be a comparatively simple matter, from the military point of view, to create a league of American nations whose pooled defence forces would be impregnable against outside attack. Yet even today the sense of being a "British" country is still

strong enough to make most Canadians unwilling to take this step, and the idea of such a league shows no sign of entering the realm of practical politics.

Turning to matters of trade, it would seem that the existence of the Commonwealth has not affected the development of the Canadian economy to any preponderant extent since the repeal of the Corn Laws in 1846. After that date Canada went her own economic way. The British preference, it is true, and the Ottawa agreements, have diverted more Canadian trade into imperial channels than would have gone in that direction for purely economic reasons. Canada might have had fewer American branch factories had they not sought the benefit of imperial preferences. But Canada possesses raw materials which many countries, particularly Great Britain, need and must purchase on the world market. Canadian nickel must be bought because scarcely any other nickel exists; the best Canadian wheat will find a market because no better wheat is produced. Canadian foreign trade would no doubt be more widely spread were it not for the spirit of economic nationalism which operates within the Commonwealth, but it is doubtful how far the Commonwealth increases the total volume of that trade. Moreover, in so far as special economic arrangements between Commonwealth countries have the appearance, to outside nations, of creating a British economic bloc and a market closed to foreigners, they increase the world struggle for raw materials and thus add to the general political unsettlement and to Canada's insecurity.[1]

It would be impossible to trace all the effects of membership in the Commonwealth on the internal development of the Canadian people. Their attitudes toward government, politics, law, religion, and indeed most other fields of human activity, have been profoundly coloured by the British connection. The sectional variations in the strength of this influence, its counter-action by other influences of racial mixture and geography, its decline in the face of the growing national consciousness of Canadians, have already been noted.

[1]Dr. Raymond Leslie Buell has remarked that the result of the Ottawa agreements "has been not only to demoralize still further world trade as a whole, but to make the Empire the object of envy of the overcrowded dictatorships". See *Canada, The Empire and the League* (*op. cit.*), p. 54.

Two other effects of membership in the Commonwealth already touched upon deserve emphasis. In the first place, Canadians of British origin, no matter how much they might be separated by the sectional divisions of the country, have been in the past united in their sense of loyalty to the Commonwealth. Up to a point this common bond overcame sectional divisions. At the same time the force that tended to unite the English Canadians tended also to keep them apart from the French. French Canadians have felt that English Canadians were merely Englishmen in Canada and not properly Canadians, believing (without full warrant) that the latter placed loyalty to the Commonwealth ahead of loyalty to the interests of Canada.[1] Were Canada not a part of the Commonwealth Canadians would be more inclined to place the interests of their own country first, and a similar loyalty would tend to unite the two races in a way that has not occurred in the past.

The second of these consequences is found in the progressive deterioration of the Canadian constitution as a result of the Privy Council decisions. Mention has been made of the way in which judicial interpretation has altered the nature of the original federal structure, giving Canada in effect a constitution under which the central government has a limited number of powers and the residue remains with provincial authorities.[2] It was sentiment and colonial status which prevented the Canadian Supreme Court from being made the final court of appeal; from this point of view membership in the Commonwealth has greatly retarded the development of Canadian unity. It is fair to add, however, that most Canadians have accepted these decisions without much criticism until recently, when the seriousness of the Dominion's position has come to be recognized. If anything is to be done now, the responsibility rests upon Canada.

[1]The history of English-speaking Canada for more than a century has displayed a persistent Canadianism which has been willing to use the imperial connection for class or sectional aims and which has frequently sacrificed imperial interests. The annexation manifesto of 1849 was supported for reasons of commercial interest by a class which had just been claiming a monopoly of genuine loyalty. The imperialist sentiment of Canadian manufacturers at the Ottawa Economic Conference of 1932 was not very noticeable.

[2]See above, pp. 75 ff.

CHAPTER XI

THE PROBLEM OF NEUTRALITY

IN the preceding discussion of Canada's position in the Commonwealth, the question of neutrality has frequently arisen. As the international situation deteriorates and another world war seems to draw closer, the rights and duties of Canada in time of war are increasingly being discussed by Canadians.

EMERGENCE OF THE PROBLEM

Historically, Canada has always felt free to keep out of minor wars in which Great Britain might be engaged, but not free to keep out of major wars. Sir John Macdonald refused to lend Great Britain aid during the Khartoum incident in 1884, and in an interesting letter to Sir Charles Tupper he put forward the sensible proposal that "the reciprocal aid to be given by the colonies to England should be a matter of treaty deliberately entered into and settled on a permanent basis".[1] Sir Wilfrid Laurier distinguished between the "life and death struggle" and the "secondary wars" of England, holding that Canada was obliged to engage in the former only.[2] Mr. King took an isolationist stand, implying a right to non-participation, in the Chanaq affair in 1922. Events since then have shown that England may have obligations of a major kind in Europe which Canada does not share. Impliedly Canadian non-participation in a major war in which Great Britain might be involved was admitted in the Locarno Treaty. The Imperial Conference declaration in 1926, that the members of the British Commonwealth were "*autonomous Communities within the British Empire, equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs, though united by a common allegiance to the Crown, and freely associated as members of the British Commonwealth of Nations*", logically contained within

[1] Cited MacKay and Rogers, *Canada Looks Abroad*, p. 73.
[2] See below, p. 136, n. 1.

it the concept of neutrality in any war. The Statute of Westminster in 1931 legalized Dominion legislative independence and set the seal on the new constitution of the Commonwealth. But as it dealt with legislative and not executive power, and as it gave Canada no capacity to amend the B. N. A. Act, it did not clarify the specific issue.

In 1933, at the first British Commonwealth Relations Conference, the question of neutrality was side-stepped by the ingenious device of suggesting that it was "academic" and "unprofitable" to consider "legal conceptions as to war and neutrality appropriate to the pre-League world".[1] Already in that year, however, a formal political declaration of a policy of neutrality for Canada was enunciated by the newly-organized farmer-labour party, the Co-operative Commonwealth Federation, in its party manifesto. Many people in Canada were making up their minds to neutrality while the more bashful Commonwealth representatives were refusing to consider the problem. It was obvious by that date that the "pre-League" world had become the post-League world. Since then the repeated assertions by the Canadian government that Parliament is "free to decide" the question of participation in empire wars when the moment arises, is at once a recognition of the strength of this opinion in Canada and also an implied assumption that the freedom is unfettered by commitments. No serious discussion of the future of the British Commonwealth can now avoid facing squarely the problem of neutrality for its members.

The question that now presents itself is not peculiar to Canada. It requires, indeed, an answer from every member of the Commonwealth, though it is not essential that these answers should be all the same, since Australia and New Zealand might well feel that their geographical position and interests compel them to a different solution from that which

[1]Toynbee, A. J. (ed.), *British Commonwealth Relations*, p. 181. Three classes of people in Canada describe talk of neutrality as "academic": those who do not want the subject discussed at all; those who, like Prof. F. H. Underhill, (see Anderson, Violet (ed.), *World Currents and Canada's Course*, p. 130) feel that the Canadian people will be denied any choice when war starts by reason of existing commitments to intervene; and others who believe that, however legally Canada might assert her neutrality, the chance of maintaining it against potential foes would be negligible. It seems clear, however, that if a country ever wishes to remain neutral, the existence or otherwise of the right is a matter of some practical importance.

might be suitable for South Africa or Canada. The answer involves a choice between differing concepts of Commonwealth. Is the Commonwealth necessarily and for every member an offensive-defensive alliance?[1] Must every dominion support ultimately by armed force the foreign policy of the British government regardless of whether there is any possibility of controlling that policy? To put it more simply for 1938, has the Conservative party of Great Britain the power to declare war for every dominion? Or is the Commonwealth to be thought of as fulfilling the terms of the definition of 1926, namely, a free association of states completely independent in every matter of domestic and foreign policy? If the Balfour formula means what it says, it means that the right to neutrality is necessarily a part of the concept of the modern Commonwealth. Certainly the dominions cannot be equal to Great Britain if the government of that country can put them into a war, while their own governments have no such power.

It is not proposed to argue here whether or not the right to neutrality exists for Canada as a matter of law. The point is contentious, but the overwhelming weight of authority takes the view that legally the state of technical belligerency is created in the Dominion by a British declaration of war.[2] The argument for Canada's immediate commitment is stronger than that made out for dominions like Eire and the Union of South Africa, which have adopted legislation enabling them to control fully their own foreign affairs; the former country has even got rid of the special privileges for British naval vessels in its harbours. In any case, domestic changes within the Commonwealth as to how the royal prerogative may be exercised can have no effect on the international community, and unless the right is recognized

[1]Even the term "alliance" is improper to describe the existing situation. An alliance presupposes sovereign states, voluntarily entering into a compact. The present obligation of the dominions to take part in British wars is not a matter of agreement between equals but a relic of colonial status. A colony is necessarily at war when its governing authority declares it to be so.

[2]See MacKay and Rogers, *Canada Looks Abroad*, chap. XV. See also Kennedy, W.P. M., *The Constitution of Canada*, 2nd ed. (Toronto, 1938), pp. 540 ff.; Corbett, P. E., "Isolation for Canada", *University of Toronto Quarterly*, 1936, p. 120; Keith, A. B., *The Governments of the British Empire* (London, 1935), p. 99, *Constitutional Law of the British Dominions* (London, 1933), p. 70; Hancock, W. K., *Survey of British Commonwealth Affairs*, vol. I, (London, 1937), p. 305; Scott, F.R., "Canada and the Outbreak of War", *Canadian Forum*, June, 1937. Contra, Ewart, J. S., 1932 *Canadian Bar Review*, 495; Burchell, C. J., in MacKay and Rogers, *op. cit.*, pp. 241 ff.

abroad it is of little value. Nothing has been done officially by the Commonwealth to bring the existence of dominion autonomy in peace and war to the attention of foreign governments.

CONFUSION OF OPINION IN CANADA

Most people in Canada at the present moment are divided on, and confused about, the question of neutrality. They have not been taught to distinguish between the right to neutrality and a policy of neutrality, while the subtle differences between passive and active belligerency escape them altogether. A great many either do not see that the achievement of the right is an essential prerequisite for the exercise of a free choice—a choice that may just as easily be in favour of supporting Great Britain as of neutrality—or else they believe they already have the right and think that further discussion is an attempt to tie Canada to a permanent policy of neutrality. The political leaders have generally refrained from clarifying the issue, and have used language that is capable of contradictory interpretations. Mr. King has been most explicit, yet every statement he has made implies the existence of the right to neutrality, without discussing how it has been achieved or how it may be exercised. His attitude is succinctly expressed in this sentence: "It will be for this parliament to say in any given situation whether or not Canada shall *remain neutral*."[1] A state which "remains" neutral until parliament decides obviously is not made a belligerent by action of the British government. Again, on his return from the Imperial Conference of 1937, Mr. King said that the "full and untrammelled responsibility of the Canadian parliament for decision on the vital issues of foreign policies and defence was completely maintained throughout. It was made clear in the conference discussions that Canada was not committed to joining in any Imperial or any league military undertakings, and equally, that there was no commitment against such participation."[2] Despite the ambiguity of the term "participation" the whole tenor

[1]Canada, *House of Commons Debates*, January 25, 1937, pp. 249-50. Italics added.
[2]July 19; cited, Canada, *House of Commons Debates*, April 1, 1938 (unrevised), p. 2092.

of the statement implies that Canada has control over the declaration of war.

Against these statements of the Prime Minister are, as has been said, the opinions of nearly all the constitutional authorities. Moreover, Mr. Lapointe, the Minister of Justice, has acknowledged that Canada is automatically committed to a state of passive belligerency.[1] He has not, however, explained how "active" passive belligerency must be. For, assuming that no right to neutrality exists, Canada's legal relations with the enemy state are drastically changed without Canada's consent by a British declaration of war. The decision to send troops may be discretionary, but other vital matters are not. Automatic and complete economic sanctions against England's enemy legally go into force, for example, even before the Canadian parliament meets to decide its course of action. It would be illegal for any Canadian to trade with the enemy after the outbreak of war, since trading with the enemy is a crime. This is surely "active participation", yet it has never been so much as mentioned in any governmental statement of policy. Canada has also undertaken to allow the British government the use of the harbours of Halifax and Esquimalt for naval purposes, and this agreement is inconsistent with a neutral position.[2] Passive belligerency would thus, in the opinion of most people, be certain to become active participation. For this reason the present Canadian policy of *laissez-faire* as regards the right to neutrality would work out as a continuation of the traditional policy of participation.

Some Canadians who admit that this analysis is probably correct would reply that it is mostly irrelevant, since even if the right to neutrality were conceded and Canada tried to remain neutral, she would inevitably be dragged in, like the United States in 1917, if the war continued for long. There is no doubt much force in this contention. It is not safe to assume, however, that attempts at neutrality armed with

[1]He has said: "There is all the difference in the world between neutrality, and participation or non-participation, which we shall be always free to declare, in the event of any war. . . . But neutrality is quite different. . . . This question as to the right of the dominions to be neutral is one of the questions yet to be solved. . . ." Canada, *House of Commons Debates*, February 4, 1937, p. 547.

[2]The text of the Canadian government's undertaking is given in House of Commons, *Sessional Papers*, 1937, No. 285; also in MacKay and Rogers, *op. cit.*, p. 299.

more detailed legislative support than has existed hitherto will be useless in the future. And the real importance of the right to neutrality, from the Commonwealth point of view, is psychological. If Canada is involved in a war at its outset just because of the legal ties and their consequences, a great number of Canadians will vent their indignation upon the Commonwealth connection, whereas if they are dragged into the war otherwise they will have only themselves and the world situation to blame. A concession of the right would thus appear to be a safeguard for Commonwealth as well as for Canadian unity.[1]

Various factors, amongst which the creation of the Spanish Non-Intervention Committee in 1936 was perhaps the chief, led the Canadian government in 1937 to arm itself with wide powers for keeping Canadians from participating in foreign (i.e. non-British) wars or civil wars which might involve the peace of the country. Two statutes were passed by the Dominion parliament in that year, containing permanent provisions capable of application in any future situation. The first was the Foreign Enlistment Act.[2] This substantially re-enacted for Canada the provisions of the imperial Foreign Enlistment Act of 1870, and gave the Dominion government power to prohibit the enlistment of Canadians in foreign armies either during a war or a civil war. The second amended the Customs Act[3] so as to give the government discretionary power in peace or war to "Prohibit, restrict or control the exportation, generally or to any destination, directly or indirectly, or the carrying coastwise or by inland navigation, of arms, ammunition, implements or munitions of war, military, naval or air stores, or any article deemed capable of being converted thereinto or made useful in the production thereof, or provisions or any sort

[1]Some Canadians believe that foreign countries would refuse to recognize Canadian neutrality. Obviously the decision of enemies of Great Britain would be based on their conception of their own interest. Normally it would be to their interest to be at peace with Canada, though they would probably wish to interfere with trade coming from Canada and such interference might well lead to war unless Canada were content to submit quietly, like the Scandinavian countries from 1914 to 1918. Here again it is well to remember that 50 per cent. of Canadian trade is carried in British vessels, 37½ per cent. in foreign and 12½ per cent. in Canadian vessels.

[2]*Statutes of Canada*, 1937, cap. 32. It is interesting that the Canadian government introduced a Foreign Enlistment Act in 1875, but later withdrew it.

[3]*Statutes of Canada*, 1937, cap. 24, sec. 10.

of victual which may be used as food by man or beast . . . ". The Dominion government exercised its new powers under this legislation in the summer of 1937 when the acts were made applicable to Spain.

The present policy of Canada is a threefold one of emphasizing Parliament's freedom of choice without explaining what it means, providing legislation to assist neutrality in non-British wars, and proceeding with military preparations which lend themselves to some form of participation in the next war in which the Commonwealth is engaged. This policy appears acceptable to most Canadians, since the imperialists believe it gives them what they want and most of the others fail to perceive the degree to which it leaves them committed. If one looks for indications of opinion in the country, however, it is evident that a great body of opinion would favour the possession by Canada of the right to neutrality, so that the Canadian parliament could decide on each occasion what foreign policy it should pursue in the event of any war. Certainly French Canadians take this view, and they constitute 30 per cent. of the population. Of the remaining 70 per cent. another 20 per cent. is of non-British origin, and can scarcely feel a sentimental obligation to take part in every British war. In numerous bodies and associations representing different groups of English-Canadian opinion (farmer and labour groups, trades union meetings, university student conferences, etc.[1]) during the past few years, resolutions have been adopted either calling explicitly for the right or else advocating a foreign policy which implied that the right existed.

It appears reasonable to assume that a considerable majority of the people of Canada believe either that the Dominion has or that it should have the right to remain neutral whenever it so desires. There would not be so strong a support as this for a definite *policy* of neutrality, which would tie the hands of the government in advance, although,

[1]See, for instance, C. C. F. statement, cited MacKay and Rogers, *op. cit.*, p. 387; resolution of United Farmers of Ontario, 1936, and petition of 13,000 university students in 1937 asking for clarification of the legal situation. The Trades and Labour Congress of Canada voted in 1937 in favour of holding a referendum before Canada takes part in any future wars.

as pointed out below, isolationist sentiment has grown greatly in strength during the past seven years.[1]

ADVANTAGES OF CLARIFICATION

The right to neutrality is inherent in the principle of equal status. It may well be argued that the time seems to have arrived when this principle should be given its full effect in the international sphere, for it is now abundantly clear that no collective system of international security exists to render neutrality obsolete. Already constitutional writers are beginning to picture the state of affairs which would prevail were the dominions to acquire this further attribute of sovereignty. A single Crown common to all the members, but acting for each on the advice of the particular government concerned whether in peace or in war, would be the basis of the Commonwealth constitution. The citizens of each member country, while possessing the common status of British subjects for certain purposes of intra-Commonwealth cooperation, would also possess a separate nationality for purposes of international intercourse. Such ideas are not new to the Commonwealth; to extend them to situations of peace and war is merely to develop existing practices to a further point.

From the point of view of Canada, the change would require an abandonment of the present agreement regarding the use of the harbours of Halifax and Esquimalt by British naval vessels, an extension (though not necessarily to every country) of the Canadian diplomatic service, and the transfer of the remaining imperial prerogatives over foreign affairs from London to Ottawa. For the Commonwealth as a whole the change would best be effected after an agreement arrived at in an Imperial Conference, followed by formal notification to every foreign government of the new situation. The right having been established, individual dominions could then make separate agreements with Great Britain or with one

[1]See page 135, below. Mr. J. S. Woodsworth's motion in the House of Commons in 1937 calling for a policy of neutrality would have left the government no option but one of isolation in the event of war; its defeat therefore did not involve a parliamentary decision as to the advisability of acquiring the right of neutrality. See Canada, *House of Commons Debates*, January 25 and 28, and February 4, 1937.

another on matters of defence if they so desired. The regional grouping and interests of dominions would find effect within the Commonwealth according to the natural geographic and economic inclinations of the different members. Even those dominions which gained the right of neutrality but entered into no new commitments for defence, would still be as free as they are now to participate in Commonwealth wars. The Commonwealth would not be disrupted; it would, on the contrary, have achieved a peaceful change according to the best democratic tradition, and clarified a constitutional situation which is now clouded with doubt and uncertainty. It would have made a decision calmly and without ill-feeling which may otherwise have to be made in the stress of a sudden emergency. Thenceforth the Commonwealth as a whole could not be imperilled, as it can be at present, through the pursuit by a particular British government of a foreign policy which might involve England in war and yet meet with the strong disapproval of some or all of the dominion governments.

Those who argue that to discuss and plan for neutrality is to invite disruption of the Commonwealth, are repeating today an argument that has been steadily used to oppose or postpone every application of the democratic principle to the government of the former British colonies.[1] It is, on the contrary, highly dangerous to leave so delicate a question to be decided under threat of hostilities. A claim to the right of neutrality advanced at the beginning of a war, without general consent and when emotions were strongly aroused, might well be interpreted as secession. Even under the serious though less critical international situation which exists today, were Canada to make a *unilateral* declaration it would be interpreted in some quarters, no doubt, as implying a more complete withdrawal from the Commonwealth orbit than is intended by many of those who advocate acquisition of the right of neutrality. Such interpretations have been made of other steps toward dominion autonomy.

[1]The argument that greater freedom for the dominions strengthens rather than weakens the Commonwealth is well expressed in *The British Empire* (Royal Institute of International Affairs Study Group Report) (London, 1937), pp. 230-1. As was said by B. K. Long in Willert, (Sir) A., Hodson, H. V., and Long, B. K., *The Empire in the World* (London, 1937), p. 125, "Discussion and recognition of the most far-reaching dominion rights can only do good".

An agreement about neutrality reached by *Commonwealth* discussion in time of peace, however, need not involve any such threat of secession. Nor need constitutional changes in Canada, by which Ottawa secured the same degree of control as have South Africa and Eire over all kinds of treaties and documents affecting them to which the King's name must be appended, produce any more disturbance in the Commonwealth than occurred when those dominions added these functions to their powers of self-government, which many claim to have made neutrality legally possible.

CHAPTER XII

PRESENT OBJECTIVES OF CANADA'S EXTERNAL POLICIES

POLITICAL

THE student of Canadian affairs who understands the mixed nature of the Canadian population, the world-wide distribution of Canadian foreign trade, and the conflicting pulls of British sentiment and North American geography, will not be surprised to find that Canadian foreign policy lacks a clear and positive direction. Any government at Ottawa which must make decisions on international affairs is speaking for a political party which represents every section of the country and of the people, and therefore every principal difference of opinion. In no field of political life is André Siegfried's comment on Canadian statesmen more true, that they "fear great movements of opinion, and seek to lull them rather than to encourage them and bring them to fruition". Politicians must find a policy which will be supported, in its main lines, not only by a majority of the people of Canada, but by a majority of the members of each of the two major racial groups in Canada. Too definite a stand, it seems evident, will simply transfer every international quarrel to Canadian shores and produce two antagonistic camps within the country, as happened with the attempt to enforce conscription in 1917. In short, the internal political situation is such that instead of hammering out a policy at party caucuses or conventions and then putting it before the public for their acceptance or rejection, Canadian politicians have preferred to let the event, at the last moment, determine the policy.

A consequence of this fear in the political leaders is that the Canadian public is largely ignorant of, and confused about, questions of foreign policy. This is less true of the French Canadians; they are not better informed, but they

have at least a clear, simple policy of isolation from all foreign wars and entanglements. The majority of English-speaking Canadians have not, except in some quarters and quite recently, given conscious thought to the question of what foreign policy Canada should follow. Even the members of parliament devote little time to the problem. The Prime Minister, with all his other duties, is still carrying the responsibilities of the Secretary of State for External Affairs, and there is no effective parliamentary committee for detailed discussion of policy. Most of the debates that have occurred in the past three years have been due to pressure from the small C. C. F. group or other independents in the House of Commons.[1] Undoubtedly such bodies as the Canadian Institute of International Affairs, the League of Nations Society, and the Canadian Broadcasting Corporation through its discussions and nation-wide broadcasting of lectures, coupled with the seriousness of the threat of war, are helping in the building of an informed opinion, but the subject can still be kept well in the background of political issues.

At the same time a certain kind of foreign policy, though not consciously planned and selected, is given to Canada ready-made by facts of history, race, geography and economics. Proximity to the United States, constitutional and sentimental ties with Great Britain, geographic isolation from centres of world conflict, the necessity for extensive foreign markets, and more recently membership in the League of Nations, are basic influences determining the direction in which she is likely to move.[2] The absence of a nationally chosen foreign policy, therefore, does not mean the absence of a foreign policy, but rather it means a policy of drift in whatever direction these forces may impel the country at a given moment. Prior to 1914 the colonial status of Canada made the empire tie the predominant factor in every critical situation; the unity of the empire meant that in practice Canadian policy was inevitably what the British Foreign Office determined it should be on every major issue.

[1] On this whole question see Chapters XII and XIII in MacKay and Rogers, *op. cit.*

[2] See Scott, F. R., "The Permanent Bases of Canadian Foreign Policy", *Foreign Affairs*, July, 1932.

The insistence upon separate membership in the League of Nations, and the insistence on the progressive evolution of dominion status, were the first occasions on which Canada asserted a policy which might be called original. Yet once in the League Canada tended to follow rather than to lead, her only distinctive contribution being the early attempts to water down the obligations of the covenant as to sanctions. Now that Geneva has ceased to be a centre of major world affairs Canada is thrust back more upon her own initiative; the covenant gives little guidance upon policy, and theoretically the British Foreign Office makes no binding commitments for Canada. Thus, for the first time in her history, Canada is now faced with the full responsibilities of an autonomous state in a world of international anarchy.

In face of this new situation, the full implications of which are only beginning to be realized, certain fairly well defined groups of opinion can be discerned in Canada, centering around the three possible policies of non-intervention in foreign wars, imperialism or a British front policy, and collective security. These groups, it should be noticed, by no means differ on all points of foreign policy. They are all agreed that Canada must continue to trade in world markets—this means that there are no economic isolationists or "autarchists" in Canada. Again, nearly all their supporters are agreed that friendly relations with the United States, membership in the Commonwealth, and membership in the League should continue, though the non-interventionists insist that neither membership should involve commitments. The differences between these groups narrow down to questions of emphasis in policy and particularly to the problem of economic and military action in wars abroad.[1]

The non-interventionists (who generally call themselves isolationists though they do not envisage breaking all ties with foreign countries) are opposed to Canada's participating in overseas wars, whether for the League or for the Commonwealth. Canada's contribution to world peace, they feel,

[1]Canadian writers vary in their estimate of the number of these groups. Mr. J. W. Dafoe listed three in 1936 (*Foreign Affairs*, January, 1936) but five in 1937 (*World Currents and Canada's Course*, p. 144). Hon. Ian Mackenzie, Minister of National Defence, names five (*House of Commons Debates*, March 24, 1938). Prof. Underhill boils them down to two—those who want to take part in the next European war and those who don't.

is best made by her staying quietly at home and minding her own business. Her work for humanity is to develop her resources and to make them available to all in the markets of the world. She has no enemies, save those which the British connection or League obligations may make for her. People who want her raw materials can buy them freely enough. She can provide for her own defence, and can go peacefully on her own way, they feel, with every bit as much safety as any other American nation. Some non-interventionists would be isolationist as against Europe and the Far East only; they would welcome a development of Pan-Americanism for the better co-operation of all people in the two Americas, believing that here a regional security system is both feasible and desirable.

The imperialist or "British front" school believe that the Commonwealth is still a unit as far as primary issues of policy are concerned. Whether the relationship between the members be called an alliance, an entente or a partnership, it requires, they feel, that the dominions and Great Britain should stand or fall together in any emergency, and pursue parallel policies on major world issues. This opinion tends to view the United States with suspicion (though some would hope to see an "Anglo-Saxon front" emerge) and to dismiss the League of Nations as an impossible dream in a world of hard realities. There are shades of opinion within this imperialist camp, however, and many who formerly supported a League policy for Canada have reverted to the imperialist position, either because they believe a strong Commonwealth is the best alternative to a League, or because they think that the Commonwealth may be the foundation on which the collective system can be rebuilt in the future. Sometimes, making the best of both worlds, the spokesmen for a British front policy speak of "collective security within the Empire".[1]

The third policy for Canada, which still has many adherents despite its vanishing chances of realization, is a policy based on the idea of a revived League of Nations, leading eventually to the re-establishment of the collective

[1]E.g. Senator Griesbach, in *Queen's Quarterly*, Spring, 1937.

system of security. The supporters of this policy would hold that peace is indivisible and cannot be maintained by armed alliances, British or other. They believe that nothing has failed at Geneva except the statesmanship of the great powers, amongst which they would include Great Britain as a chief offender. British foreign policy ever since the National government took office in 1931 seems to them to have displayed the worst features of the old, secret diplomacy and imperialist "power politics" which they thought the English people had renounced when they subscribed to the covenant. The toleration of Japanese aggression in Manchuria in 1931, the indifference to Hitler's rearmament programme in 1933 and to his remilitarization of the Rhineland in 1936, the making of a private naval treaty with Germany in 1935, the cold-blooded nature of the Hoare-Laval Treaty regarding Abyssinia and the backing-down over sanctions, the farce of non-intervention in Spain and Mr. Chamberlain's new policy of collaboration with the League's arch-enemies, have produced in them a profound distrust of British influence in the present international situation. Canadian policy in the past they recognize also as having been short-sighted and selfish at Geneva but her greater remoteness from the issues and the small weight that her voice can carry, while not excusing her from blame, free her in their eyes from any major responsibility for the League *débâcle*. Many people, formerly of this collectivist opinion, their faith in a revived League being dead, have turned to a temporary isolationism rather than to imperialism as the present best policy for Canada. Having once raised their loyalty to the height of a world system they cannot accept as a substitute an empire alliance based merely on race and history and constantly intriguing to keep itself on the stronger side of a European balance of power. Other League supporters are hoping against hope that a positive alliance between existing League members, committed first to a stopping of further aggression and then to the progressive strengthening of the various organs of League co-operation, may yet arise out of the present chaos. To this they would wish Canada to lend her full support.

These three groups and their subdivisions include all those parts of the population which have thought about foreign affairs. There is in addition a large number of individuals who have not accepted any of these positions, and who drift along without positive direction, capable of being driven into one or another of the camps by the trend of the news and the pressure of popular feeling. This unattached opinion is content that Canada should continue playing the minor part she now plays, and believes she is reserving her own freedom to act as seems best when the moment for action comes. It is the way this opinion swings which will largely determine Canada's course of action should a war occur; those who can control the swing will probably control the bulk of opinion.

Estimates of public opinion are risky undertakings, but the association of particular policies with particular racial groups in Canada enables one to arrive at some sort of approximation of the numbers supporting an isolationist position at the present time. The French Canadians are almost wholly isolationist. Probably half of the 2,000,000 other persons of non-British origin are still too alien to British ideas or too opposed to British policy to favour European commitments. This makes approximately 4,000,000, or nearly 40 per cent. of the total population. To these must now be added an unnumbered but substantial group of people of British origin who, partly through the disillusionment following the last war and the breakdown of the League, partly through longer associations with North America, and for other reasons,[1] have moved into the isolationist position. In terms of mere numbers, it is not unreasonable to place in this group today fully half the population of Canada.[2] Many in the other half will turn isolationist if British policy continues during the next few years to be what it has been since 1931. Whereas up to 1914 the official attitude of Canada, should Great Britain be involved

[1]Left-wing political groups, apart from Communists, are inclined to isolationism. Then there are nearly 400,000 Irish Catholics in Canada, a fair portion of whom have no fondness for the British connection.

[2]Senator Molloy estimated 90 per cent. of the Canadian people to be isolationist in 1937; see quotation in Soward, F. H., "Canada and Foreign Affairs", *Canadian Historical Review*, June, 1937, p. 189.

in a major war in Europe, was "Ready, aye, ready",[1] today it is one of "No commitments", either for or against intervention. This is the political recognition given to isolationist sentiment.

Yet once again it must be remembered that the strength of the imperialist position is not in its surface showings but in its underlying controls. Its real power is found partly in its instinctive appeal to the ancient loyalties of the British half of Canada, partly in its occupation of those offices in government, industry, finance, the army, the church and the press which will enable it to crystallize opinion and formulate policy when a decision must be made, and partly also in that complex of relationships—constitutional ties, absence of the right to neutrality, co-operation in defence arrangements, adaptation of Canadian industry to British armament requirements, etc.—which contains within it by implication the whole of the imperialist policy, and which Canada can scarcely be expected suddenly to scrap when the moment of crisis has arisen. Against these pulls the arguments of the isolationists are likely to be of little avail. There will be no referendum at that moment to discover the opinion of the human beings who inhabit Canada; critical decisions will be made in a number of places outside of parliament where imperialist sentiment prevails; and inside parliament, where the major decision must be taken, the total French-Canadian and foreign group which is most isolationist holds only about 25 per cent. of the seats.

This analysis of Canadian sentiment toward foreign affairs has been given as a background against which can be set the present official policy of the Canadian government. Since 1937 it has been comparatively easy to outline the basic points of Mr. King's foreign policy, for in that year Mr. Escott Reid, national secretary of the Canadian Institute of

[1] "If there were an emergency, if England were in danger—no, I will not use that expression; I will not say if England were in danger, but simply if England were on trial with one or two or more of the great powers of Europe, my right hon. friend might come and ask, not $35,000,000, but twice, three times, four times $35,000,000. We would put at the disposal of England all the resources of Canada; there would not be a single dissentient voice." Sir Wilfrid Laurier, Canada, *House of Commons Debates*, Dec. 12, 1912, cited Dawson, R. MacG., *The Development of Dominion Status, 1900-1936* (London, 1937), p. 167. Compare Sir W. Laurier's statement in the House of Commons, Feb. 5, 1900, cited Dawson, *op. cit.*, p. 135: ". . . If England at any time were engaged in struggle for life and death, the moment the bugle was sounded or the fire was lit on the hills, the colonies would rush to the aid of the mother country."

International Affairs, made a summary of the policy as he found it in Mr. King's speeches and decisions on international affairs,[1] and Mr. King remarked in parliament that the summary was "a very good statement of some of the features of Canada's foreign policy". The principles enumerated were:

1. The guiding principle in the formulation of Canada's foreign policy should be the maintenance of the unity of Canada as a nation.
2. Canada's foreign policy is, in the main, not a matter of Canada's relations to the League, but of Canada's relations to the United Kingdom and the United States.
3. Canada should, as a general rule, occupy a back seat at Geneva or elsewhere when European or Asiatic problems are being discussed.
4. Canada is under no *obligation* to participate in the military sanctions of the League or in the defence of any other part of the Commonwealth.
5. Canada is under no *obligation* to participate in the economic sanctions of the League.
6. Before the Canadian government agrees in future to participate in military or economic sanctions or in war, the approval of the parliament or people of Canada will be secured.
7. Canada is willing to participate in international inquiries into international economic grievances.

Mr. King's only criticism of this statement was that "possibly it stresses too much what has to do with possible wars and participation in war, and does not emphasize enough . . . what has been done in the way of trade policies and removal of causes of friction between this and other countries". It would therefore seem proper to add to the last principle Mr. Reid's own amendment[2] to the effect that "Canada should pursue, within the measure of its power, 'the attempt to bring international trade gradually back to a sane basis, to lessen the throttling controls and barriers'". This endeavour is one that Mr. King has pursued with some success. Finally, to complete the summary of present policy, there should perhaps be added an eighth principle deducible from Mr. King's attitude during 1937, that whenever Great Britain and other powers chiefly interested agree to plans for localizing a war

[1] "Canada and the Threat of War", *University of Toronto Quarterly*, January, 1937, p. 243, quoted in Soward, "Canada and Foreign Affairs" (*op. cit.*), p. 195. Mr. Reid discussed the policy further in "Mr. Mackenzie King's Foreign Policy, 1935-36", *Canadian Journal of Economics and Political Science*, February, 1937, p. 86.

[2] In the last quoted article, at p. 97.

between states or a civil war, the Canadian government is willing to accede to such proposals provided they fall short of military commitments.[1]

It will be observed how this policy takes account of the permanent factors in Canada's background and environment, and how it gives expression to the important groups of opinion in Canada without offending those of opposite views. The "maintenance of the unity of the nation" means that Ottawa cannot embark upon a foreign policy which will so divide French and English, or Catholic and Protestant, as to threaten the existence of the federal union; foreign policy must always be tested by its effect on domestic unity, just as much as by its effect on Commonwealth unity or League unity. The second principle states a fact resulting from history and geography; Canada's relations with the United Kingdom and the United States (both considered, be it noted, as "foreign" policy) are of prime importance, and her policy at Geneva must not strain these relationships too far. The proposition that Canada should occupy a "back seat" at Geneva with regard to Europe and Asia is in line with the growing feeling that Canada is essentially a North American nation which should follow rather than lead in the solution of problems in remote continents. The fourth, fifth and sixth principles are a declaration of complete freedom from commitments to sanctions of any sort in any war; they conform to the rising tide of sentiment in Canada which is convinced that whatever decision is made on such vital matters should be one freely entered into to secure the best interests of Canada when all the factors, domestic as well as foreign, are considered. The seventh principle, the willingness to seek economic co-operation, is a prime necessity for any country as heavily committed as Canada to external trade. Finally, the participation in schemes to localize war means that in general such plans, when initiated by other powers, are likely to receive Canadian support.

While thus showing clearly the motives from which it springs, this present Canadian foreign policy, like that of most democratic nations today, shows a lack of positive

[1] A description of the new neutrality legislation is given above, p. 125.

direction and of long-range vision. It is principally one of preserving traditional relationships while subtracting their commitments,[1] and of a "wait and see" attitude for the future. It is a policy which enables politicians to postpone the evil day of decision, which may seem a good thing for the politicians but is a poor one for the people, since it is the negation of the democratic method and means that when the decision must be made a foreign policy dictated by blind forces instead of conscious purposes will prevail. It has already been pointed out how slight Canada's freedom of choice may turn out to be in so far as British wars are concerned, unless she takes steps in advance to make alternative courses possible.

ECONOMIC

The present objectives of Canadian economic policy spring from the nature of the Canadian economy. That economy, as has been pointed out, requires a large export market for a comparatively few staple products, and at the same time has developed a number of secondary industries which demand continued tariff protection. The interests of the primary producers, particularly the wheat grower, call for a policy of freer trade, but the manufacturing interests are politically stronger and have never been seriously challenged in their tariff stronghold. Present Canadian commercial policy, seeking as it must for ever-widening export markets, is thus unable to make concessions to foreign countries which would dislocate existing industries to any considerable extent. Two foreign markets are especially important to Canada—the United Kingdom and the United States; in both Canada holds a preferred position under the Ottawa agreements of 1932 and the trade treaty of 1935, and the maintenance of this position is the bed-rock on which her policy rests.

Because of the individualistic nature of the Canadian economy, economic policy is only in part, perhaps only in

[1]It is to be noted that the "policy of no commitments" differs from the old imperial relationship and also (probably) has altered Canada's obligations toward the League. As Mr. J. W. Dafoe has said, "The Canadian government's only admitted 'vital interest' is the defence of Canada—beyond that it will consider what it is prudent and necessary to do when decisions can no longer be deferred. This is rejection, not only of League engagements, but of any obligation, legal, moral, implied or advisable towards the Commonwealth of British Nations or any nation member of the Commonwealth". See Anderson, Violet (ed.), *World Currents and Canada's Course*, pp. 147-8.

small part, the creation of the government which the people elect. Canada exercises no control over her foreign trade in the sense that New Zealand does, where the government itself markets a considerable proportion of the exports through state boards. Every Canadian corporation is free to sell abroad where it will and at any prices it is able to get. Canadian financiers may invest Canadian funds in areas of their own choosing. For example, Canadian trade policy in the Far East has recently been to increase very rapidly the sale of such essentials to Japan as scrap iron, copper, nickel, lead and zinc, but this decision was not a government decision though it makes Canada an important factor in the Sino-Japanese dispute. So, too, there has been no parliamentary decision that Canada is to turn her resources to the manufacture of British armaments, though this is very definitely increasing Canada's commitments in Europe, as did the manufacture of supplies for the Allies by United States manufacturers from 1914 to 1917 increase American commitments. In considering the objectives of Canadian economic policy, this distinction between what the Canadian government decides and what independent Canadian exporters decide must be borne in mind, for frequently Canadian policy in fact will be determined by the exporters rather than by the government. Foreign policy proper has been socialized, is decided upon by the cabinet and is carried out by government agents. Economic policy in the international field is a resultant of the combined effects of governmental action on the one hand and the trade agreements, cartelizations, marketing agreements and sales policies of Canadian corporations on the other. Once economic policy (public and private) has turned in a certain direction, foreign policy cannot easily take a different course.

There is nothing isolationist in Canadian economic policy, however her foreign policy may show a trend in this direction. The only instance of the "no commitment" doctrine in the economic sphere is in regard to Spain, to which country, as has been pointed out, the government applied its neutrality legislation in the summer of 1937. Mr. Bennett went partially isolationist against the Soviet Union in 1931 when

he placed an embargo on certain Russian imports, but Mr. King removed that embargo in 1936. Canadian industry is developing steadily, but not in the direction of economic self-sufficiency since its dependence on foreign trade increases rather than declines. The question whether it is possible to be politically isolationist while the economy is so largely geared to the war preparation requirements of great powers in Europe and the Far East is one which has received little attention in Canada, even from the isolationists themselves.

So far as internal economic policy is concerned, it is difficult to define any "national" objective. Giving a free hand to business but checking its worst abuses, while protecting workers and farmers against certain economic and social hazards, contains about all that can safely be put into such a phrase. Individual initiative and the profit motive are the dominant impulses to economic action. That these incentives, operating amidst Canada's natural resources, will continuously raise the standard of living of an increasing population is the belief of a great majority of the people and proposals for national planning on a socialist scale are confined to left-wing minority political parties.[1] The idea that the first duty of the state is to see that the economy provides a basic standard of decent living for every citizen is not a political idea which either of Canada's major parties has yet espoused. Mr. Bennett adopted part of this philosophy in his election campaign of 1935, but the economic policy of the succeeding government has been of a more *laissez-faire* variety. Canada has experienced nothing like so great a movement for social reform during the past decade as has, for instance, swept over the United States. Such reform parties as have been at all successful politically have been provincial rather than national, like Social Credit in Alberta and the *Union Nationale* in Quebec, which undoubtedly came to power by capturing the demand for change.

[1]The League for Social Reconstruction has outlined its planning proposals in two books: *Social Planning for Canada* (Toronto, 1935), and *Democracy Needs Socialism* (Toronto, 1938).

CHAPTER XIII

CO-OPERATION IN THE COMMONWEALTH

WHEN people form a political association they do so with some object in view. They may wish to unite against enemies, to escape from tyranny, to improve their economic condition, to glorify a race or a religion. Political unity may also be the obligatory unity of conqueror and conquered. Association may be less than complete unity, as in treaties of alliance or trade. Whatever form it may take, a political relationship expresses some definite purpose or aim. What the British Commonwealth is feeling for today is a new definition of its own purpose, which will be valid for its nationally autonomous members under modern world conditions.

In the early days of the British Empire its growth and development were the result of racial expansion. The British peoples took to the sea and to foreign trade. They explored, conquered and settled in various parts of the world, some uninhabited, some inhabited. They sent their sons and daughters to build new homes in the new lands. The motives of the individual settlers were various, but the venture as a whole was a national venture. In a world of independent national states, where force was the ultimate arbiter of international disputes, this process of expansion and aggrandizement was purpose enough in itself. It brought prestige and power and by its mere existence made Britain great.

This centralized empire could not last. It could not last because centralized government, under early conditions of transport and communication, was necessarily unrepresentative of the distant territories, and the British people have never long tolerated autocratic government. Dominion autonomy was the inevitable product of the parliamentary British tradition. No person trained in that tradition could submit to having his life and destiny shaped by a govern-

ment which he could not control, not even when it was a British government. The same spirit which made Englishmen behead one king and expel another in the seventeenth century, turned the colonies into autonomous dominions in the twentieth century. Independence of action proved that the dominions were British in spirit, not that they were anti-British. It was failure to recognize their own characteristics when displayed by Englishmen outside England which lost the English their American colonies.

Today the old ideas of empire are dead in so far as the majority of Canadians are concerned. True, a strong body of imperialist tradition exists in Canada, which hankers after, perhaps believes in, the simple, old certainties of size and strength. But the continued enlargement of the empire, it need hardly be said, cannot be a part of dominion foreign policy. The sense of racial superiority which may come from seeing a map coloured largely in red or in thinking of the hundreds of millions of British subjects and of the unsetting British sun, is a feeling that any adult mind will want to eliminate rather than foster. Nor can the primitive slogan, "What we have we'll hold", act as a unifying principle for nations anxious to establish peace on a permanent foundation. The possibility that the Commonwealth, as it now exists, contributes to international insecurity through its failure to deal with the problems of colonies and raw materials must be frankly faced by every member. Appeals for joint action in matters of defence are equally inadequate as the basis of future co-operation; defence is only an instrument of policy, and not a policy in itself. Moreover, for Canada, the special assistance of the Commonwealth in defence matters is not at the moment essential. The principles on which the Commonwealth can continue to co-operate in the future will have to be principles different in kind and quality from those which sufficed in the past. What, then, are such principles?

In approaching this critical question care must be taken to avoid vague generalities. Since empire became Commonwealth, the preservation of peace has always been advanced as an aim of the Commonwealth association. So, too, has the maintenance of democracy. It is not questioning the sincerity

of these pronouncements to point out that they do not necessarily produce co-operation. Whose peace is to be preserved? Peace in Canada may best be secured in the opinion of many by avoiding all European wars. Democracy is further advanced in the Scandinavian countries which remained neutral in 1914 than in any of the countries which fought to make the world safe for democracy. The objectives of peace and freedom are undoubtedly objectives for the Commonwealth; the difficulty is that dominions may legitimately differ as to the best way of achieving these objectives.

It will be simplest in exploring the possibilities of Commonwealth co-operation from the Canadian point of view to start with the easier problems. It is beyond question a useful thing, both for the members of the Commonwealth and for the world, that between these members war is extremely improbable.[1] The practice of settling intra-Commonwealth disputes by negotiation and compromise is of great value to the partners in the association, and no doubt a good example to their fellow nations. The Commonwealth, by its mere existence as a large area of peace and peaceful change, performs a valuable function in a world society possessing too little of either.

Within the Commonwealth there is at the moment a great deal of co-operation on a multitude of technical matters, each of considerable importance in its own field. This "quiet co-operation"[2] covers such things as copyright, statistics, customs, patents, education, cable and wireless communications, workmen's compensation, oil pollution of navigable waters, forestry, and merchant shipping. Laws have been harmonized, standards developed, research planned and information exchanged. These forms of co-operation are extremely useful, and the fact that they can occur more easily amongst a number of nations because of the Commonwealth tradition makes the Commonwealth itself of value.

Underlying these various kinds of joint effort is the general idea of the progressive improvement of social and scientific

[1]The term "unthinkable", though frequently used, should perhaps be limited to relations between the Anglo-Saxon communities in the Commonwealth.

[2]See a useful survey of it in *The British Empire*, a report by a study group of members of the Royal Institute of International Affairs (London, 1937), chap. XII; also Palmer, G. E. H., *Consultation and Co-operation in the British Commonwealth* (London, 1934).

conditions in Commonwealth countries. Each dominion government is endeavouring to solve its local problems, many of which are affected by conditions in some other part of the Commonwealth. Wherever this is so, co-operation becomes valuable. Co-operation with other foreign states may be equally valuable; the Commonwealth promotes co-operation because the will to mutual aid is stronger.

In so far as the raising of the internal standard of living is a common objective for dominion governments, the existence of the Commonwealth is potentially of the greatest importance. A freer exchange of goods and services, a more co-operative and scientific development of Commonwealth resources and markets, can be made to benefit every member. British preference is a recognition of the common purpose of economic co-operation. There is, however, a danger lurking in any such scheme, the danger that a short-term benefit for the members may be secured at the expense of co-operation with foreign states. Nothing would be of less use to Canada, and it would seem to the Commonwealth as a whole, than an attempt to create an economic bloc out of the dominions, Great Britain and her dependencies. It has been pointed out that the Ottawa agreements have already evoked criticism from American and other sources. Economic co-operation remains a valuable principle of Commonwealth action if it is for the purpose of raising the general standard of living in Commonwealth countries (and not merely for the purpose of raising prices through production control) and if, in addition, it creates no obstacles to wider forms of world economic co-operation. If empire agreements are intended for the purpose of producing a bargaining power which can break down other nations' trade barriers, they might lead eventually to an increase of world trade, but the difficulty of changing the direction of the trade they stimulate makes such results highly doubtful.

In the matter of immigration, it has been shown how difficult is Canada's position. An unexpectedly long period of prosperity might produce a demand for employment which Canada could not fill from her own population. If this occurs, immigration will revive of its own accord. But this

condition has not yet occurred, save possibly in certain skilled trades, and the lack of labour here is due to the Dominion's own short-sightedness in not carrying on technical training amongst the unemployed. No new attempt to foster immigration by official action is likely to be expected from Canada at the present time. There is clearly no gain, from the Canadian point of view, in permitting individuals to transfer from the dole in England to the dole in Canada. State-aided schemes for shifting population from the British Isles to Canada belong to long-range planning rather than to immediate policy; indeed, Canada is having to face the problem of internal shifts away from her drought areas in the west to more suitable localities.

A majority of the human beings who constitute the population of the empire are not yet full citizens enjoying self-government. Viewing the empire as a whole, the right to select the governing authority and hold it responsible to the will of the people is a right possessed by a minority of British subjects. So long as this remains true, and accepting democracy as a Commonwealth ideal, the British nations have a large task to perform, a task that might perhaps be described as that of progressively eliminating the remnants of empire from the Commonwealth. The more politically advanced parts of the Commonwealth are thus under an obligation to co-operate for the purpose of raising the political, educational and economic level of the subject peoples. Perhaps the Commonwealth is nearing the time when it will accept the principle that the improvement of the condition of the native population is the first charge to be met out of the economic development of any area. Canada is not as directly concerned in this problem as some other parts of the Commonwealth, yet she has her minorities to whom she has not accorded full citizenship, and in this respect she faces an unfulfilled obligation. The British Commonwealth has not yet evolved what might be termed a "nationalities policy", which aims to achieve a progressive improvement in the cultural and economic advancement of native races.[1]

[1] A clear realization of the need for such a policy will be found in *The Alternative to War*, by C. R. Buxton (1936). See also Hancock, W. K., *Survey of British Commonwealth Affairs*, vol. I (London, 1937), p. 506.

In most of these various fields useful forms of co-operation can be developed or expanded, without the danger of offending organized groups of opinion. Greater difficulties begin to arise when the most important field of all is entered—that of foreign policy and its allied subject, defence. Even here the area of uncertainty can be narrowed through the existence of well-understood ideas. Imperial federation is dead forever, at any rate with Canada as a federating unit. Canadian foreign policy will remain autonomous, and no delegation of executive authority to a central imperial cabinet is conceivable. The existing centralization of the right to declare peace and war is being questioned because it conflicts with this principle of self-determination. It follows that there is a right to differ as to foreign policy. Members of the Commonwealth have agreed they will not take any international action likely to affect the interests of other members without previously giving an opportunity to each member affected to make its interests known, and "that neither Great Britain nor the Dominions [can] be committed to the acceptance of active obligations except with the definite assent of their own Governments".[1] Thus in place of formal machinery for reaching a united decision there exists merely an understanding, called by some writers a constitutional convention, that every government has the right to express its views in relation to the foreign policy being pursued by any other Commonwealth government, if in its opinion its interests are affected by the pursuit of that policy.[2] There is also a vague

[1] *Summary of Proceedings, Imperial Conference, 1926*, Cmd. 2768, cited Dawson, *op. cit.*, p. 342.

[2] The Imperial Conference of 1930 approved a three-point summary of the main recommendations made at previous Imperial Conferences "with regard to the communication of information and the system of consultation in relation to treaty negotiations and the conduct of foreign affairs generally".

The first point was, "Any of His Majesty's Governments conducting negotiations should inform the other Governments of His Majesty in case they should be interested and give them the opportunity of expressing their views, if they think that their interests may be affected." The report later makes it clear that this point does not apply merely to treaty negotiations: "The application of this is not, however, confined to treaty negotiations. It cannot be doubted that the fullest possible interchange of information between His Majesty's Governments in relation to all aspects of foreign affairs is of the greatest value to all the Governments concerned."

The second point was, "Any of His Majesty's Governments on receiving such information should, if it desires to express any views, do so with reasonable promptitude. . . . It is clear that a negotiating Government cannot fail to be embarrassed in the conduct of negotiations if the observations of other Governments who consider that their interests may be affected are not received at the earliest possible stage in the negotiations. In the absence of comment the negotiating Government should, as indicated in the Report of the 1926 Conference, be entitled to assume that no objection will be raised to its proposed policy."

The third point was "None of His Majesty's Governments can take any steps which might involve the other Governments of His Majesty in any active obligations without their definite assent." (*Summary of Proceedings, Imperial Conference, 1930*, Cmd. 3717, cited Dawson, *op. cit.*, pp. 403-4).

recognition that the purpose of these arrangements is to help to co-ordinate the foreign policies of the various governments.[1] Canada is not likely to promote any change in this situation, and the Canadian government in practice interprets the relevant resolutions of the Imperial Conferences to mean that its failure to express dissent from a United Kingdom policy of which it has knowledge must not be interpreted as meaning assent to that policy or a willingness to support it.[2]

What applies to foreign policy applies also to defence. Co-operation and consultation exist, but, in so far as Canada is

[1] "During the discussions [at the Imperial Conference of 1937] emphasis was laid on the importance of developing the practice of communication and consultation [on questions of foreign affairs] between the respective Governments as a help to the co-ordination of policies. . . . Being convinced that the influence of each of them in the cause of peace was likely to be greatly enhanced by their common agreement to use that influence in the same direction, they declared their intention of continuing to consult and co-operate with one another in this vital interest and all other matters of common concern." (*Summary of Proceedings, Imperial Conference, 1937*, Cmd. 5482, pp. 13-4).

[2] The views of the Canadian government on this point were set forth on a number of occasions during the parliamentary session of 1938.

(a) On March 17, Mr. T. L. Church asked the following question:

"Has any action been taken by the government to assure His Majesty's government of Great Britain of Canada's moral support, interest, co-operation and aid in the present foreign situation, and will any papers relating thereto be tabled?"

Mr. King replied as follows:

"Mr. Speaker, the answer to the question as drafted is in the negative. As already indicated in answer to a question by the member for Rosetown-Biggar (Mr. Coldwell) on March 1, the government has been receiving from the United Kingdom government certain communications relating to the international situation. Such communications are continuing. As indicated in that answer and in answer to a question by the member for Winnipeg North Centre (Mr. Woodsworth), on February 25, these communications are in the nature of information rather than consultation upon policies. As such, they are helpful to the Canadian government in assisting it to understand the actual facts of the current situation."

(b) In reply to a question asked by Mr. M. J. Coldwell on March 1, subsequent to the resignation of Mr. Anthony Eden and the ensuing debates in the British parliament, Mr. King said:

"The Canadian government has been furnished with full summaries of recent statements made in the British House of Commons by the Prime Minister of the United Kingdom and the former Secretary of State for Foreign Affairs. In addition, it has received a brief report of a conversation with a representative of a foreign government. These communications, as is usually the case, are in the nature of information rather than consultation. The Canadian government has not offered any opinion on the statements in question."

(c) The following excerpt from the debate on the defence estimates on April 1 is also instructive:

"Mr. COLDWELL: . . . The Prime Minister of Great Britain has stated in the house that the dominions have been consulted and that to some extent recent pronouncements in regard to Czechoslovakia are in part due, it is said, to the attitude of the self-governing dominions.

"Mr. MACKENZIE KING: Consulted, did my hon. friend say?

"Mr. COLDWELL: Yes, consulted.

"Mr. MACKENZIE KING: I do not believe the Prime Minister of Great Britain has used that word. I may be wrong, but my recollection is that the Prime Minister said that we had been kept informed of what had taken place. But that we had been consulted, or that any advice had been given by the government, was not, I think, suggested.

"Mr. COLDWELL: I think in certain press dispatches the word 'consulted' was used. I know that when I was thinking of what I was going to say I took that word 'consulted' from one of the dispatches. But if the right hon. gentleman says that that is not the word that should have been used, I take it that the government has been kept informed, and if there has been any actual or implied advice with respect to that information I think we should be given to understand what that advice may have been, if any has been given.

"Mr. MACKENZIE KING: I can assure my hon. friend right away that no advice has been asked and none has been given by the present government."

(Canada, *House of Commons Debates*, unrevised, March 1, 1938, p. 994; March 17, 1938, pp. 1530-1; and April 1, 1938, p. 2104).

concerned, stop short of an express understanding equivalent to a military alliance. The nature of the present defence policy of Canada has already been analysed, and it has been pointed out that, far from excluding the possibility of war in conjunction with Great Britain, Canadian defence plans take such an emergency into account while the government clings to the principle of parliamentary decision on each situation as it arises. In this matter also the policy of Canada is unlikely to change in the near future, given the divisions of opinion within the country. At the same time, on the economic side Canada is co-operating to a considerable extent through the acceptance by various industries of large orders for the manufacture of war equipment. This co-operation, as has been shown, is operating as one of the powerful underlying forces linking Canadian foreign policy ever closer to that of Great Britain, despite the surface retention of the "no commitment" policy.

If the problem of intra-Commonwealth co-operation on foreign policy could be based on an active League of Nations, then at once the situation would be clarified. Postulating a functioning collective system, Commonwealth foreign policy is replaced by League policy on the vital issues of war, and neutrality disappears. The first British Commonwealth Relations Conference was correct in its statement that in such a world the purely Commonwealth problem becomes academic. Theoretically, the ideal solution—if not the only solution—is a world system for the maintenance of law and justice in which the Commonwealth members have agreed to the nature of their commitments. The creation of such a system, in the opinion of many Canadians, thus remains as the ultimate and the most unifying principle of co-operation for Commonwealth members. Every form of co-operation inconsistent with that ultimate aim is dangerous and injurious to the welfare of the world and hence the Commonwealth. For though the great powers may have destroyed the effectiveness of the League they have not succeeded in destroying the effectiveness of the education in international behaviour carried on by the League. Unless every lesson learned since 1914 has proved false, power politics, balance of power

diplomacy, armed alliances unrelated to generous and sincere offers of settlement to opposing forces, are not steps towards peace, but are simply preparations for another war which in turn will create more problems than it solves.

The present world, however, has no such League. No great power is advocating an attempt to re-establish it. Its achievement has ceased to be (if it ever was) a leading principle of British foreign policy; if Britain and France were to win another war, can it be said that a new League with any greater chances of success than the last would be created? Today the dominating motive actuating Commonwealth members in international affairs is that of postponing immediate war and preparing to be on the winning side when hostilities begin. In such a world, co-operation between the dominions and the United Kingdom must necessarily be chiefly concerned with defence matters. Here the attitude of the dominions will vary in accordance with their national sense of need and commitment. Canada's share in defence co-operation will not be likely to change in the next few years. In the ultimate event of a European war involving Great Britain some Canadian contribution, even if only economic, is certain; its extent, particularly in a military sense, will depend on unpredictable factors both foreign and domestic. One thing can be said with safety: the degree of Canada's willing participation will be greatly increased if British policy leans to the principles of collective security.

The fields in which Commonwealth members may pursue joint policies are important. They are being developed to some extent now: their further expansion along proper lines is desirable. But no group of nations scattered about the world like the British nations, comprising within their borders a multitude of races, religions and economic areas, has any difficulties unlike those which are shared by mankind in general. The Commonwealth must seek the solutions to its problems, not apart from other peoples, but in conjunction with them.

For Canada at the present moment grave internal problems, economic, racial and constitutional, dominate all other issues. Commonwealth co-operation can be of some, but

probably not of great, assistance to her in solving these domestic difficulties. Canadians must first make up their own minds as to what kind of society they want and how they propose to get it; then only will they see clearly how to harmonize their foreign and domestic policies. Canada is searching for a new basis on which to re-establish her national unity, and until she finds it she has no accepted internal criterion with which to measure her external obligations. When she knows her own mind on her national objectives she will know better what contribution she can make toward international and intra-Commonwealth co-operation.

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A Decade of League For Social Reconstruction

BY F. R. SCOTT

Has there ever been as much social change in any decade as in that between 1932 and 1942?

That period is the lifetime of the League for Social Reconstruction, which, founded in Toronto in January 1932, has seen quite a lot of its ideas come true and others come at least nearer to realization.

Professor F. R. Scott of McGill, who was one of the original members, here sketches the work of the League and suggests that there is still need for thinking about the future of Canada.

TEN years ago, in January 1932, about eighteen people met in Toronto to draft a manifesto for a new social order in Canada. So large an undertaking for so small a group was undoubtedly presumptuous, the more so as most of them were professors—men, that is, whose ideas about practical affairs were by definition academic and hence untrustworthy. Those were days when the aura of infallibility had not yet worn off the captains of industry, though in places it was wearing thin; nor had "brain trusts" yet become an accepted institution of government.

However the world was due for great changes, that was clear, and these individuals were determined to create an organization through which to dissiminate their views about the future. Thus was born the League for Social Reconstruction. It defined itself as "an association of men and women who are working for the establishment in Canada of a social order in which the basic principle regulating production, distribution and service will be the common good rather than private profit." The substitution of democratic planning for capitalist anarchy was the central idea of the movement.

Ten years is a short time in the life of human communities. Great changes come slowly, perhaps particularly slowly in Canada, a country which has not yet fully awakened from the long sleep of colonialism. But future historians will probably consider the decade of the 1930's as being one of the most compressed periods of revolutionary change that the world has ever known. To gain some measure of how far we have moved, even in Canada, let the reader substitute the words "war effort" for the words "common good" in the L.S.R. statement and then ask himself whether the amended declaration of purpose would not be accepted by 95% of Canadians today.

If, by subordinating private profit to "war effort" we can produce the astonishing increase of physical goods and services now evident in Canada by comparison with 1932, why could we not have produced the same increase before the war by subordinating private profit to the "common good"? The war effort needs ships, guns, planes, tanks. The common good needs houses, schools, hospitals, roads, libraries, museums and more goods and services of all kinds. One is as easy to supply as the other.

The only thing wrong with the L.S.R. idea, it seems, was that we did not adopt it. Now we have been forced toward it by the war emergency. Mr. Hitler has been more persuasive than all the L.S.R. publications. Changing the economic system, it becomes clear, is primarily a problem of changing our habits of mind.

THE L.S.R. achievements in the way of publications have not been spectacular. It took as its model the Fabian Society, the early tutor of the British Labor Party. Even Canadian radicals have their imperialist connections; or perhaps it would be truer to say that they must look outside the "Tory Dominion," as the *New Statesman* has called us, for their inspiration. The American League for Industrial Democracy was another model consciously followed. But it is easier to copy an organization than to reproduce its personnel, and Canada could have used a Beatrice and a Sydney Webb. More particularly did we need a Bernard Shaw and an H. G. Wells; men, that is, who could inject new ideas with the needle of art rather than through an attempt to feed the patient with the tough meat of statistics and economic analysis. But alas, all Canadian art has done for us is to teach us to admire our landscape through pictures; it has not yet opened our eyes to our social vices or portrayed for us a glorious future. Yet this seems the only way to reach the multitude.

Nevertheless the L.S.R. did not perhaps do so badly, using such poor things as Frank Underhill, King Gordon, Eugene Forsey, Leonard Marsh, J. F. Parkinson, Graham Spry, George Grube and others. Its major work was the preparation and, rather surprisingly to itself, the publication of *Social Planning for Canada.* Into that cumbersome and rather disjointed volume went the arguments, the complaints, possibly the vision, of the planners. Though only seven men signed their names as co-authors of the book, its actual writing and compilation was the result of the joint effort of fully twenty-five individuals who might with some fairness be classed as experts in their fields.

No doubt this collective cooking is evident in the broth. Still the book sold, thus meeting the final test of capitalism. It ran through a second printing, and the royalties financed the L.S.R. for another two years. Not a little of the credit for this success must be given to the anonymous pamphleteer (well known to the members of the L.S.R.) who wrote a sixty page attack on the volume and its pernicious ideas, and had his diatribe distributed from the head office of his employers, one of the largest corporations in Canada, to a number of business men. That sent the sale up by the hundreds.

THE only other book to be published by the L.S.R. was *Democracy needs Socialism,* intended as a more popular version of *Social Planning for Canada.* It is doubtful if the L.S.R. could ever be popular in any sense of the term, and this second venture received, as it deserved, less attention than its predecessor, though managing to dispose of itself in due time. Then there were a number of pamphlets brought out during the decade; *Combines and the Consumer, Dividends and the Depression, Social Reconstruction and the B.N.A. Act, Does Canada Need Immigrants? The Church and the Economic Order, Recovery—For Whom?, Pioneers in Poverty, Rich Man—Poor Man.*

These did not achieve the wide scale that pamphlets must if they are to result in political change, but no doubt helped to spread the L.S.R. ideas. The L.S.R. also presented a brief to the Sirois Commission (who did not?), subsequently published under the title *Canada, One or Nine?,* the proposals of which can truthfully be said to have found a very considerable degree of acceptance in the final recommendations of the Commission. The L.S.R. bought, and saved from bankruptcy, the *Canadian Forum,* which it still owns. L.S.R. members, too, have done their fair share of public lecturing, both to their own and to other groups. At one time the organization had as many as twelve branches.

FROM the very first the relationship between the L.S.R. and the C.C.F. caused some concern. Obviously both were aiming at the same kind of new social order. But the L.S.R. carefully refrained from affiliating with the C.C.F., so as to preserve its independence and its right to criticize. Hence L.S.R. publications are not official C.C.F. publications. The L.S.R., too, was first in the field, for the C.C.F. was not formed till July, 1932. It is interesting to note however that the political party was formed entirely independently of the intellectual movement, for no L.S.R. members attended the Calgary meeting at which the C.C.F. was organized. Mr. Woodsworth, it is true, was president of both movements—but then nothing progressive and democratic could occur in those days without J. S. Woodsworth being somewhere in the picture. It was not long before most L.S.R. members became individual members of the C.C.F., and a comparison between the Regina manifesto of the C.C.F. in 1933 and the L.S.R. manifesto of 1932 will indicate the degree of influence which the eastern theoreticians had upon the western political movement.

Persecution? Some, but perhaps not more than was to be expected in a movement starting where it did at the time it did. There were some near escapes from loss of positions, and one prominent member of the inner L.S.R. group was deprived of his post in a Canadian college. His exile to Siberia meant a new and successful career in the United States. Such things occur even in the best democracies. The Canadian touch was the later discovery that a prominent member of his Board of Trustees was connected with a corporation that had failed to fulfil all its obligations with respect to corporation taxes.

Today, after ten years, the L.S.R. has virtually ceased to function as an organization. There has been a dispersal of leaders, and the actualities of politics, particularly since the new advances of the C.C.F., seem more attractive today than the pursuit of theoretic truth. This is perhaps a pity, for if ever Canadians should be concerned about their future it is now. Victory must be won, but it is going to require more than military victory to steer us through the coming years: the total elimination of Canada is more likely to occur through annexation to the United States than through occupation by Hitler. We shall only survive as a nation if we have a live ideal of ourselves as a nation. The L.S.R. has contributed a great deal toward the formulation of that ideal.

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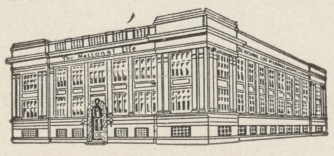

Established 1897